The Honorable John C. West  
Governor of the State of  
South Carolina  
State House  
Columbia, South Carolina 29211

Dear Governor West:

It is an honor to present the final report on the findings and recommendations of the Governor's Management Review Commission. This study was authorized by your Executive Order dated June 22, 1971. A copy of the order is reproduced on the following page.

In accordance with your initial request, the objective of the commission was to recommend changes and improvements which would result in more effective and economical operations of state government. We have accomplished this objective. In doing so, the commission carefully analyzed and evaluated agency operations, using proven management techniques. Thus, our recommendations are based on research coupled with experienced judgement.

Each commission member has considered it a privilege and an honor to have been part of this study group. Individually, they have expressed sincere hope that this endeavor will prove of material benefit to the citizens and taxpayers of South Carolina.

Respectfully submitted,

Lester L. Bates  
Chairman
Executive Order

WHEREAS, it is vital to the State of South Carolina that its governmental services be organized and operated on an efficient and economical basis and that the people of the State be assured of the effective expenditure of their tax dollars; and

WHEREAS, the Governor and leaders of South Carolina business and industry have conferred on a study to be conducted by the private sector of the State; and

WHEREAS, at such conference leaders of South Carolina business and industry agreed to examine the administration of services by the State Government with a view to making recommendations for greater efficiency;

NOW, THEREFORE, by virtue of the powers conferred upon me by the Constitution and Laws of this State, I hereby establish the Governor’s Management Review Commission and I hereby appoint Lester L. Bates, Sr., Chairman; S. C. McMeekin, Vice-Chairman; Thomas J. Robertson, Deputy for Fiscal Affairs; W. W. McEachern, Assistant Deputy for Fiscal Affairs; J. Willis Cantey, Assistant Deputy for Fiscal Affairs; W. F. Robertson, Deputy for Manpower Affairs; of such Commission.

I further authorize the formation of a nonprofit corporation under the Chairman’s leadership to carry out the intent of this Executive Order. The officers and directors of said corporation shall be appointed or elected as provided by law after consultation with the Governor.

The Commission and its representatives are authorized and empowered to make such analyses and investigations as may be considered necessary to determine the means by which the services of the South Carolina State Government may be rendered in the most efficient and expeditious manner. To assist in this undertaking, I further authorize and empower the Commission to retain Warren King and Associates, Inc., as consultants and such persons from business and industry as may be required.

In furtherance of the work of the Commission, I request every agency and employee of the South Carolina State Government to cooperate with and furnish to the Commission and its representatives such information and assistance as may be needed to accomplish the Commission’s purposes.

Upon the completion of its analyses and investigations, the Commission shall render a full report of its findings and recommendations to the Governor.

This Executive Order shall be effective immediately and it shall expire upon the submission of the final report to the Governor.

GIVEN, under my Hand and Seal of the Executive Department at the Capital, Columbia, this 22nd day of June, in the year of our Lord One Thousand Nine Hundred and Seventy-one and the Independence of the United States of America the One Hundred Ninety-fourth.

John C. West
GOVERNOR

ATTEST:

O. Frank Thornton
SECRETARY OF STATE
GOVERNOR'S MANAGEMENT REVIEW COMMISSION, INC.
Lester L. Bates   Chairman
Joe C. Norman    Executive Assistant to Chairman
S. C. McMeekin  Vice Chairman
William F. Robertson Deputy Chairman, Manpower Affairs
Thomas J. Robertson Deputy Chairman, Fiscal Affairs
William W. Bruner Treasurer
Hugh M. Chapman  Secretary
W. LeRoy Harrelson Information Officer
Miss Lois E. McGaha Executive Secretary
Mrs. Teena L. Field  Assistant Executive Secretary

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William A. Carlisle
Howard H. Lamar, Jr.
M. DuBose MacDowell
James C. Self, Jr.
William F. Thomas
W. G. Wiatt

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COMMISSION MEMBERS
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Robert R. Caswell
Joseph V. Cioffi
Stanley W. Converse, Sr.
Alfred W. Cox
C. S. Elliott
Norman Glick
Orion D. Hack
Ned G. Johnson
Edward M. King, Jr.
John L. Kisner
William S. Kleckley
Fred Koch
William H. Lawson, Sr.

THOMAS W. LEWIS, II
GEORGE C. LONG
HAROLD L. NICHOLSON
W. CROWELL PIERCE
MADISON E. RANES
WALTER C. ROBINSON
G. GERALD SMITH
RICHARD L. SMITH
G. H. STEWART
J. ANDREW SUTTON
NEAL TRUSLOW
MARION R. WALTZ
W. BROWN WYLIE
J. LARRY YARBOROUGH

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John Bell
Walter B. Brandon
Richard M. Duvall
Gordon D. Gill
Jack W. Hutton
George L. Long, Jr.

WILLIAM F. LONG
PETER P. OAK, JR.
E. D. REMY
WILLIAM S. WAGNER
E. T. WALLACE
L. J. WOLFE
ANDREW D. WOODWARD, JR.
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Foreword

The effectiveness of any large, complex organization is related to its ability to operate in an efficient and economical manner. In recent years, state government operations have been faced with a variety of problems arising from the increased requirement for services by state citizens. Combined with an outmoded organizational structure, these demands have resulted in an unprecedented growth in state expenditures to provide and administer services. The need for South Carolina to find ways of improving the economy and efficiency in state government functions is reflected in the table shown directly below.

<table>
<thead>
<tr>
<th></th>
<th>1960</th>
<th>1970</th>
<th>PER CENT INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>2.4-million</td>
<td>2.6-million</td>
<td>8.7</td>
</tr>
<tr>
<td>State Employees</td>
<td>21,319</td>
<td>38,088</td>
<td>78.7</td>
</tr>
<tr>
<td>Per Capita Personal Income</td>
<td>$1,528</td>
<td>$2,489</td>
<td>62.9</td>
</tr>
<tr>
<td>State Expenditures</td>
<td>$329.7-million</td>
<td>$982.4-million</td>
<td>170.1</td>
</tr>
</tbody>
</table>

In his campaign for the office of Governor, John C. West expressed a desire to promote economy and efficiency in state government. To help achieve this goal, Governor West approached the private sector for assistance. That appeal was enthusiastically welcomed by management officials from business and industry throughout the state. Jointly, this group formed the Governor’s Management Review Commission, a nonprofit organization, which was established by Executive Order on June 22, 1971.

The business community responded generously to this project. It donated approximately $400,000 in services and financial support to the commission. As a result, this work has been performed at no charge to the state’s taxpayers. The study was sponsored by the public-spirited firms and individuals listed in the final section of the report.

The study group consisted of 48 executives, most of whom spent 12 full weeks on the job. Total manpower was divided into six study teams, each under a team leader who served on the Executive Committee. This Executive Committee developed procedures and assumed overall responsibility for conduct of the study. A resident consultant from Warren King and Associates, Inc., Chicago, guided the program. All material presented in this report has the committee’s approval and support. Team members were instructed to confine their study efforts to current programs and procedures, with emphasis on bringing better management techniques to state government.

Findings have been carefully reviewed, revised, and considered. Recommendations for improving the administration of South Carolina’s state government exceed 500 in number. They are supplemented by data in backup files which will be made available if needed during the implementation stage. Approximately 80% of the recommendations can be implemented by administrative action. It should be noted that some of the recommendations have already been implemented or are in the process of implementation by department and agency heads. Their full implementation will have the following potential fiscal impact:

<table>
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<tr>
<th></th>
<th>ANNUAL RECURRENT</th>
<th>ONE-TIME NONRECURRENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>$73,784,000</td>
<td>$3,264,000</td>
</tr>
<tr>
<td>Cost Avoidance</td>
<td>$ 6,627,000</td>
<td>$5,359,000</td>
</tr>
<tr>
<td>Income</td>
<td>$29,642,000</td>
<td>$4,066,000</td>
</tr>
<tr>
<td>Cost</td>
<td>$ 568,000</td>
<td>$ 763,000</td>
</tr>
</tbody>
</table>

In addition, a number of recommendations will result in savings which are not reported because their magnitude could not be adequately determined at this time. The following principles were applied in compilation of the financial benefits contained in this report:

▸ Potential dollars claimed are state funds. Federal and local impact will result in some cases. Tabulations are shown in the Digest of Recommendations section.

▸ Savings claimed are the result of improvements for existing and ongoing expenditures which will result in reduced expenditures. In some instances, new revenues tend to offset a subsidy from state funds. There are also considered savings.

▸ Cost avoidance claims are based on the premise of not spending money to perform a previously planned function.

▸ Income claimed is the result of an increase in revenue produced which is based on offsetting an existing cost.
During the course of the study, the Governor’s Management Review Commission reviewed the operations of 90 units of state government, including agencies, departments, divisions, commissions, and institutions. Some were studied but are not contained in this report because meaningful suggestions for improvement were not presented. These include the Office of the Lieutenant Governor; The Public Service Commission; Probation, Parole and Pardon Board; Board of Bank Control; Employment Security Commission; Arts Commission; Department of Mental Retardation; State Agency of Vocational Rehabilitation; Commission on Alcoholism; and Commission on Aging. Of all state agencies, only the Public Service Authority requested they not be included in the study.

The scope of this project has been confined to reviewing the present organization and does not attempt to recommend an overall reorganization of state government. A separate committee has been appointed to study organization and this task falls under their scope of responsibility. However, it appears incumbent upon this commission to outline the fundamental issues which relate to sound management practices.

The Executive Branch of state government consists of nine elected constitutional officers and approximately 160 different agencies, commissions, departments, and institutions. In addition to performing the administrative and staff work involved in state government, these governmental units operate a wide variety of facilities and services to serve the citizens of the state. The Executive Branch is extremely fragmented under its current structure resulting in overlap in services, facilities, and staffs. Those agencies within the Executive Branch are fundamentally autonomous, but receive direction and control by the Legislative Branch through the appointment and budget process. Specifically, the following problems exist which can be corrected only by an organizational change of South Carolina’s state government:

► As the Executive Branch is constituted, elected officials need not be of the same political party nor are they under any compulsion to have like objectives. While some key people are appointed by the Governor, most others are named by the Legislature. This creates unresponsive, inflexible and, for the most part, unmeasured administration.

► Most boards, commissions, and agencies are not controlled by the Governor, although as chief executive officer, he is presumably responsible for programs they supervise.

► There is only limited long-range planning for the state. Each commission or agency functions autonomously leading to duplication of effort and waste of resources.

► The present organization is too fragmented for effective cost control of similar programs. This is reflected, for example, in the need for a central professional and occupational licensing board to achieve parity in fees and good administrative economics.

► The management structure does not provide for direct accountability. Many commissions and agencies are only answerable to their board, which in most cases meets once a month. Often, a board is charged with the day-to-day management of the commission, which is unreasonable on a one-day-a-month basis.

► There is a definite need for a clearer separation of the Executive Branch from the Legislative Branch of government. The Legislature must act as a check and balance for the Executive Branch. However, this purpose cannot be served when the organization is designed to provide direct operation and control of executive functions.

Professional management expertise is as critically important to state government in South Carolina as it is in any large, private enterprise. Perhaps it is even more vital because officials of our state are charged with a public responsibility to wisely administer taxpayers, revenues. This report illustrates many areas for improving the management of our state. However, it cannot be an all-inclusive solution to the many complicated and interrelated problems of operating any large organization. It is the hope of those people closely associated with the work of this commission that officials and taxpayers alike will look to this effort as a starting point for an ongoing, comprehensive review and improvement effort for the State of South Carolina.
Governor's Office

The executive power of the state is vested in the Governor by the Constitution. Agencies under his direct control include the Governor's Office and operations, South Carolina Law Enforcement Division (SLED), Planning and Grants Division, and mansions and grounds.

The Governor, elected for a single term of four years, is empowered to grant commutations, veto legislative bills, call special elections, and convene special sessions of the Legislature. In addition, he has appointive powers including staff assistants, directors, and members of various agencies, boards, and commissions, plus the Washington, D.C. liaison office.

As chief executive officer, the Governor is a member of the Budget and Control Board which is responsible for preparation and presentation to the Legislature of a budget for the ensuing fiscal year. By law, he is Commander-In-Chief of the state’s Military Department.

CURRENT PRACTICES

The Governor controls or coordinates activities of 80 state agencies in addition to elected and appointed officials of state government. Operating appropriations for the office of the Governor during fiscal 1972 amount to $329,300. Major routine operations of the office are carried out with assistance from three appointed executive assistants and two administrative assistants. The staff consists of 29 full-time employees plus a manager and secretary in the state-maintained Washington liaison office.

Basic responsibility for defining tasks, assigning individual responsibilities, and setting time frames resides with the Governor. Pursuit and monitoring of these definitions rest with his executive staff. The office is divided into the major areas of federally supported projects, planning and grants, education and training, public affairs, human resources, press, legal, appointments, legislative liaison, and mansions and grounds.

EVALUATION

It is difficult to fairly evaluate the overall performance since many personnel are new in their present assignments. In addition, new programs and procedures are being introduced which should improve overall staff efficiency. Much of the Governor’s time is consumed in making outside appearances. Because of his full schedule, in-office activities such as regularly scheduled meetings with staff assistants, department heads, and others are often neglected.

The portion of the capitol building which houses the Executive Branch is adequate for present operations. With the constant proliferation of boards, agencies, and commissions the time when these facilities will not be adequate is approaching. This enormous growth in size and complexity makes it difficult for the chief executive to keep informed, carry out plans, and execute policies.

The Governor has set ambitious goals for his term in office. Some are:

- Furnishing adequate housing for all citizens.
- Stopping discrimination in state government.
- Eliminating hunger and malnutrition and upgrading of health services.
- Improving the efficiency and effectiveness of state government.
- Reducing the high rate of unemployment.
- Providing programs for child development.
- Improving communications between government and the people.
- Increasing efficiency of the magisterial system.

Action has been started in each of these areas. Where necessary, legislative action has either been obtained or is pending.

RECOMMENDATIONS

1. Identify lines of authority and assignment of responsibility to individuals in the Governor’s Office.

The Governor’s executive office is the most prestigious one in the state’s governmental structure. It should serve as an example of an efficient and well-planned operation. Currently, there appears to be some overlap of responsibilities and lines of authority are not clearly defined. The magnitude and importance of the work emanating from this office requires the ultimate degree of efficiency if it is to serve as a guide for other state functions. To achieve this, responsibilities by position should be identified, overlap of functions eliminated, and lines of authority understood.
2. Provide an operating procedures manual for the office staff.

To function as a model of efficiency for state government, it is essential the Governor’s staff perform routine tasks in a consistent fashion. At present, there are few published guidelines to assist in achieving uniformity. Written procedures will assist new employees to understand the scope of their duties as well as clarify internal relationships between jobs and functions within the Executive Branch. A general outline of the basic administrative functions has been prepared. This should be expanded to encompass a complete operating procedures manual for the staff.

3. Establish regularly scheduled staff meetings.

For some time, regular meetings of the Governor and his staff have not been conducted. To improve communications, establish direction, provide policy and long-range planning, coordinate activity, as well as review and audit achievement and progress, it is essential such meetings occur on a regular basis. When conditions or problems to be considered involve agencies outside the Governor’s Office, such department heads should be invited to attend these meetings.

4. Require a written listing of objectives from each staff assistant and department head.

Management by objectives is becoming more prevalent each day in industrial organizations. In order to improve overall efficiency, quantitative and measurable objectives should be prepared by each key member of the Executive Branch. Performance against these objectives should be reviewed to indicate results achieved on a quarterly basis.

Mansion and Grounds

Operations of the Governor’s mansion and grounds are usually entrusted to the wife of the Governor. The Lace House and grounds are now included with the mansion. She has the advice and counsel of the Governor’s Mansion and Lace House Commission which was created in 1966.

CURRENT PRACTICES

The staff includes four butlers, two cooks, a dishwasher, four maids, three groundskeepers, a tour guide, and a mansion director. The director, tour guide, and a cook are paid employees, and the remaining are prison inmates. An adequate security staff is furnished by the Highway Patrol and SLED to protect the first family and the property. The Lace House is being readied as a tourist attraction and will be used for social functions which cannot be accommodated at the mansion.

The Governor’s Mansion and Lace House Commission is custodian of the contents of both houses and approves alterations, additions, and renovations. They also inventory and accept gifts of historical significance as well as promote beautification of buildings and grounds. Expenditures amounted to $70,000 in fiscal 1971 and appropriations for 1972 are $72,000.

EVALUATION

The operation seems to be efficiently run. Many groups which previously used area hotels are presently entertained and fed in the mansion. This represents good utilization of the facility and justifies the large staff. Working arrangements with the commission could be improved and more power given it to assure continuity between changing administrations.

RECOMMENDATIONS

5. Change the term of office of the members on the Governor’s Mansion and Lace House Commission.

Three members have their terms of office terminated during the middle of the Governor’s tenure and the other three just prior to the end of his term. This means the three new members who are appointed may or may not be suitable to the incoming Governor. Tenure should be changed to allow a new Governor three appointees at the time of his taking office and the other three at mid-term. Implementation would still afford continuity between administrations and allow the Governor to have a group of his own. The seventh member is the Governor’s wife or other designee whose term is concurrent with the Governor.

6. Change the authority of the Governor’s Mansion and Lace House Commission to require permanent inclusion of the first floor of the mansion as a public area.

Presently, any area of the mansion may be excluded from commission authority with approval of the Governor. The downstairs portion of the mansion is generally regarded as being public while upstairs is considered private living quarters. Due to the historical significance of the many antiques and other furnishings located downstairs, this should be removed from possible exclusion. Long-range plans should be developed by the commission so remodeling and refurbishing in the future would conform with them.
Secretary of State

The Secretary of State is a constitutional officer elected for a term of four years. His department is the office of record and issues commissions to elected state and county officers and to the Governor's appointees. It also administers the Business Corporation Act and filing procedures for the Uniform Commercial Code as well as the Uniform Securities Act. Additionally, the department registers labels, trademarks, cattle brands, lobbyists, and issues charters to eleemosynary institutions. The Secretary of State is ex officio Securities Commissioner, ex officio Chairman of the State Cemetery Board as well as its executive officer, and Escheat Officer.

CURRENT PRACTICES
The department is divided into the offices of the Secretary of State which employs 10 people and the Securities Commission which employs six. The Secretary of State's office is further divided into the Uniform Commercial Code, Records, and Corporation sections. The Secretary of State supervises the department with the assistance of the Deputy Securities Commissioner and the Deputy Secretary of State.

The Secretary of State's office is the custodian of all acts ratified by the General Assembly. After an act is approved by the Governor, the state seal is affixed and it is filed. In addition, this office prepares and records all commissions issued to elected officials and appointees. Under the Uniform Commercial Code, it maintains a central file of notices of security interest in collateral, providing this information upon request. Primary operations in administering the Business Corporation Act include:

- Granting and amending charters to domestic corporations as well as certificates of authority to conduct business functions in the state to foreign corporations.
- Maintaining a file on each corporation showing charter status, financial position, incorporative information, and a current office address.

The Securities Commission registers all securities offered or sold in the state unless the security is declared exempt from registration by the Securities Commissioner. This office registers broker-dealers, agents, and investment advisors. It also investigates possible fraudulent or prohibited practices.

Department expenditures for fiscal 1971 amounted to $158,300 and appropriations for fiscal 1972 are estimated at $173,000. Revenues should be about $600,000. Fee collections vary between $10,000 and $15,000 per week and are submitted to the Treasurer for deposit to the general fund.

EVALUATION
The overall effectiveness of this department is reasonably good. Although the Securities Commission is located several blocks from the office of the Secretary of State, this presents no problem because the functions of the two are not directly related. In the Secretary of State's office, greater flexibility is achieved through cross-training of personnel in the three sections.

Electrically operated equipment is used for filing security interest notices and notary public records. They conserve space and reduce labor compared to conventional filing cabinets. However, no system exists to efficiently maintain notary public files when present commissions begin expiring. Additional problems include the inadequate fee charged for a notary public commission and the cost of printing superfluous information in the annual report.

RECOMMENDATIONS
1. Reduce the annual report to only that information required by the Uniform Commercial Code and arrange published information in alphabetical order.

The code requires that the Secretary of State's annual report include abstracts from the certificates deposited by corporations receiving charters as well as transactions of escheat cases. The 1969-70 annual report has over 600 pages. The information required by the code covered approximately 60 pages. The additional material published included new notaries public, officials elected or appointed to various state and county offices, securities salesmen, broker-dealers, and investment advisors registered with the Secretary of State as well as a listing of registered items, miscellaneous fees, and a summary of fees. Publication of this information is unnecessary since it is on file and readily available to the public upon request. Based on the current circulation of 350 copies, elimination of 90% of the report's information would result in an annual saving of $5,000.

Corporations which are granted charters are arranged by date of charter in the report. More than 2,000 corporations were listed in the 1969-70 edition. By
using a file card for each corporation, this listing could be arranged alphabetically, making it easier to find a company with an unknown charter date.

2. Use data processing equipment for notary public files.

The Secretary of State must maintain a file on each notary public. Approximately 30,000 notaries are presently on file. By 1978, the number will increase to an estimated 45,000. In 1968, the tenure of the commissions was reduced from life to 10 years. The files are presently set up in alphabetical order. Starting in 1978, they will have to be reviewed monthly to obtain expiring commissions. Expiration notices will have to be typed and sent to the notaries. Maintenance of these files and typing will require at least one person full time.

The files should be placed on data processing equipment which can update the notary information and print expiration notices. This will eliminate the need to add one clerk resulting in an estimated annual cost avoidance of $5,000.

3. Increase the notaries public fee from $10 to $20 for a 10-year commission.

The present fee for a 10-year commission averages only $1 per year and allows the notary to charge for his services. These charges can amount to several hundred dollars annually in personal income for the notary. It is estimated that 40,000 notaries public will be registered in the state between 1968 and 1978. Increasing the commission fee to $20—or an average charge of $2 per year—will defray increased costs and result in additional annual income of $40,000.

4. Increase the fee charged for eleemosynary charters.

The present fee is inadequate and does not cover the cost of issuance. Therefore, it should be increased. This will cover issuance costs and bring it more in line with the regular corporate charter fee of $45. Since approximately 550 eleemosynary charters are issued annually, increasing the fee to $25 would result in an annual income of $12,000.

Comptroller General

The Comptroller General is elected for a term of four years and may succeed himself. He is responsible for conducting a preaudit of all payments made by the Treasurer and for reporting expenditures made against appropriations to the General Assembly each year. In carrying out these functions, the Comptroller General:

- Reviews and certifies that funds have been appropriated and are available for all vouchers for payments made by the Treasurer, except those for interest on public debts, the amounts do not exceed the agency's bond, and the vouchers have been correctly and accurately prepared.
- Maintains accounts that record all appropriations of the General Assembly and payments made from them.
- Keeps a separate set of records of the Treasurer's transactions to serve as a check on that office.
- Reports receipts to and disbursements made by the Treasurer, beginning and ending cash balances, monies due to the state, and amounts owed by the state to the General Assembly annually.

CURRENT PRACTICES

In addition to his duties as head of this office, the Comptroller General is a member of the Budget and Control Board. The office has 45 employees whose activities are structured into functions of payroll, preaudit, general accounting, keypunch, accounting control, and communications. Appropriations for fiscal 1972 are approximately $1.1-million, up about $45,000 from the preceding year.

EVALUATION

Key personnel of this office are dedicated and have extensive experience in their assigned responsibilities. Working conditions are good and facilities are available for future growth. The systems and procedures followed in accounting for and controlling appropriations and expenditures are operating adequately.

The Comptroller General's office processes payroll records and prepares checks for some 11,000 employees of 67 different state agencies and departments. Several of these agencies also maintain payroll
records. Some duplication exists in the control procedures and in the maintenance of control records. The South Carolina Code defines several responsibilities of the Comptroller General. However, because of changing conditions, they have either been assumed by other agencies or would be more effective if assumed by other government units.

RECOMMENDATIONS

1. Change the state payroll from biweekly to monthly with a prepaid salary advance equivalent to 50% of the net on the 15th and the balance at the end of the month.

Presently, there are about 75 employees in various agencies and the Payroll Department who devote part of their time to preparation and audit of payroll data. Implementation would reduce the number of master file updates from 26 to 12. Additionally, it would reduce the time required to audit and balance each payroll run by approximately 30%. This reduction in work load is equivalent to the output of one employee. Thus, savings of $6,000 per year can be attained.

2. Eliminate use of payroll advice forms in agencies that have basic payroll data stored in their data processing system and use computer-generated tapes or punched cards to update the master payroll file.

The Comptroller General maintains a master payroll file for approximately 11,000 employees. At present, changes to the master payroll file require payroll advice forms prepared by the various agencies. Payroll data for approximately 6,700 employees are also maintained on punched cards or magnetic tapes by the agencies. Preparing these forms is time-consuming and subject to error. This results in a significant duplication of effort since, in most instances, the same data could be supplied by the agencies through punched cards or magnetic tapes.

Current practice includes typing the payroll advice forms for changes, keypunching, and verifying the typed data, running a listing of the changes, and comparing them with the form. These functions could be eliminated for approximately 61% of the changes.

Implementation would reduce typing requirements by more than 2,000 hours. Additionally, keypunching and verifying time would be cut by some 1,570 hours per year. Also, manual comparisons of payroll changes would be lowered by 200 hours. Total net savings to the state should amount to $12,000 annually.

This recommendation covers only a portion of the duplication existing in payroll applications of the Comptroller General’s office and several state agencies. A more intensive study should be undertaken to determine if the duplicated payrolls should be processed by the Comptroller General or by the agency involved and the other application eliminated.

3. Increase the minimum assessment imposed by the Public Service Commission from $1 to $25.

The commission’s assessment to public service companies averages about 0.6% of the prior year’s gross receipts. A minimum assessment of $1 is levied. This minimum was an arbitrary decision made by the deputy comptroller.

Calculating, assessing, and collecting the tax requires from six to eight weeks of administrative time plus an equal amount of clerical effort. The cost is estimated to be $3,400 per year. Increasing the minimum to $25 would reduce the number of assessed companies from 176 to 97. Thus, 79 firms would be exempted from the assessment with a resulting revenue loss of approximately $475. The increase to the remaining 97 companies would average $4.90 each. Revising this minimum would result in savings of approximately $2,000 per year.

Treasurer

The Treasurer is elected for a term of four years and may succeed himself. He is responsible for collecting all sums due the state from county and state agencies, receiving, depositing, and accounting for funds in the state’s treasury. Additionally, he issues checks for disbursement of state funds in payment of debts and obligations as authorized and prepares monthly re-
CURRENT PRACTICES
The Treasurer's Office employs 22 people and has a
general fund appropriation of $295,000 for fiscal
1972. This office acts as a disbursing agent for the
defense of indigent residents with an appropriation
of $410,000 and also services all state indebtedness
in the form of bonds and notes amounting to ap-
proximately $240-million. The Legislature ap-
propriated $14.63-million for this function in 1972. The
Treasurer is also responsible for management of the
retirement funds for state employees, police officers,
and the General Assembly involving approximately
$500-million.

Working accounts are maintained in five Columbia
banks and all disbursements are made by the Treas-
urer through these institutions. Monies collected
during fiscal 1971, in excess of $1-billion, were
deposited in approximately 220 depository banks,
numerous savings and loan institutions, the U. S.
Unemployment Compensation Trust and used to
purchase Treasury Bills. During the year, 592,000
checks were issued in making approved disbursements.

EVALUATION
The Treasurer took office in 1967 and has made
significant progress in a number of areas. A plan to
improve the organizational structure and relationships
has been conceived and partially implemented. He
has cooperated with the Comptroller General and
State Auditor in combining their data processing
operations.

The magnitude of earning power of the funds man-
aged by this office is substantial. Improvements are
needed in the type of investments permitted and the
methods used in their management. Some record-
keeping operations which were computerized in 1968
are still being maintained on a manual basis and
should be discontinued. Improvement is needed in
the cash flow data for maximizing the investment
income.

RECOMMENDATIONS
1. Employ cash flow forecasting techniques to
reduce liquidity and increase the yield on
investment funds.

The methods employed by this office in the day-to-
day management of deposits do not involve formal-
ized methods of forecasting cash flows and cash re-
quirements. Rather, the informal techniques rely on
knowledge of recent deposits, disbursements, and
experience concerning float times involved. Thus,
the Treasurer is unable to fully invest these monies
for maximum yield.

Both a long-range and a moving short-term forecast
should be prepared that will predict highs and lows
in available monies to enable the Treasurer to plan
for more effective investment of the funds. A pre-
liminary study of cash flows made by the Research
and Statistics Division indicates the bulk of both
receipts and disbursements are predictable within a
narrow time range.

Aided by effective cash flow forecasts, the Treasurer
should be able to reduce demand deposits in Co-
lumbia banks by $3-million which could be invested
in Treasury Bills as well as reduce the total invest-
ment in these bills by $25-million to be reinvested
in higher-yielding market instruments with longer
maturities. The improvement in investment income
would amount to $387,000 per year.

2. Distribute all contingency disbursements
from the Treasurer's Office.

Under present procedures, checks are delivered by
the Treasurer to the paying agency for redistribution
to vendors. This practice reduces internal control
effectiveness as well as the time during which these
funds may be invested by the Treasurer. To imple-
ment this change, it would be necessary to establish
a vendor name and address file in the Data Pro-
cessing section and revise procedures to provide for
mailing the checks directly from the Treasurer's
Office. The cost will be more than offset by increases
in income resulting from extending the period of
investment by one to three days.

3. Employ a specialist to manage the investment
of all retirement, sinking, and general funds
controlled by the Treasurer.

Management and investment of these monies is cur-
tently handled on a part-time basis by three people.
Because much of their time is devoted to other duties,
they must frequently rely on advice and guidance
from outside counsel. The magnitude of the funds
— annual receipts and disbursements in excess of
$1-billion plus custodial funds in excess of $500-
million— warrants the full-time attention of a money
manager.

By employing a full-time professional, it should be
possible to maintain a fully invested position on all
state funds and maximize income potential by taking
advantage of market fluctuations. His salary of ap-
proximately $25,000 per year would be more than
offset by an increase in income from improved yields.

4. Employ professional investment service to
manage retirement funds.

The investment portfolio of this fund amounted to
$532-million on June 30, 1971. Its magnitude dic-
tates that the best investment management methods must be employed. Therefore, a plan should be developed for placement and review of these accounts to maximize returns.

Performance records of several investment firms indicate these funds could conservatively earn a higher return than that which has been experienced. While the potential improvement is substantially greater, a conservative estimate of increased yield to be realized from professional management is 1%. This would amount to approximately $4.9 million per year.

5. Amend the code to permit investment of retirement system funds in common stocks.

South Carolina is one of seven states that does not provide for investment of retirement funds in common stocks. The type of investments authorized by the code earn fixed interest income and do not provide maximum flexibility against inflation.

A study of rates of return on investments in common stocks listed on the New York Stock Exchange from 1926 through 1965 showed an average annual rate of increase including dividends and appreciation of 9.2%. The Treasurer reported a yield of 5.2% on $425.21-million in fiscal 1969. Balanced funds managed by professional investment firms have achieved yields greater than 8% over the period of 1960 to 1970. South Carolina's retirement fund has grown from $216.81-million in 1965 to $532.42-million in 1971 and is expected to continue growth at the same or a more accelerated rate in the future. Effective management of this fund requires a shift of some assets into common stocks.

Legislation should be passed to permit the purchase of common and preferred stocks up to a suggested 35% of the retirement fund, with provision for restrictions to assure quality investments. However, purchases in any one year should not be greater than 5% of the total value of all investments at the beginning of the year. In addition, no more than 1.5% of the fund should be invested in the stock of any one corporation and, at no time, should the fund own more than 5% of the voting stock of any company. This program should be coordinated with the shift to professional investment service.

Historical averages support an annual increase of 2% on that portion of a fund invested in common stocks. This would result in producing an additional $3-million to the fund annually. The state will reduce its contribution to the employees' retirement fund as a result of this increase.

6. Replace the tax-exempt portion of the retirement fund investments with higher-yielding securities.

The South Carolina Retirement System contained $36.81-million in state and local tax-exempt securities on August 31, 1971. Since the state's income is exempt from taxation, purchases of lower-yielding state and local securities is not sound investment practice.

South Carolina's code favors the purchase of local issues over foreign ones. Therefore, consideration should be given to liberalizing the statutes to reduce the preference given to local issues. These investments were purchased by previous Treasurers and the incumbent has plans to consolidate the various issues and replace them with a public offering.

These tax-exempt investments should be replaced by higher-yielding securities as early as possible. A conservative estimate of the increased yield is 2% and would result in an annual income of $736,000. While this saving accrues to the retirement fund, the state benefits by a potentially lower contribution rate.

7. Increase the yield of the retirement fund by replacing short-term investments with higher-yield securities.

As of August 31, 1971, about $25.9-million of the fund was invested in Treasury Bills at an average interest rate of 4.3%. Based on the fund's cash flow history, the short-term liquidity achieved by holding these bills is not necessary. During each of the last three fiscal years, it has experienced an increase of many millions of dollars as indicated in the table shown directly below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Input</th>
<th>Total Output</th>
<th>Excess Input over Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969</td>
<td>$65,845,611</td>
<td>$61,672,377</td>
<td>$4,173,234</td>
</tr>
<tr>
<td>1970</td>
<td>$81,672,377</td>
<td>$71,867,729</td>
<td>$9,804,648</td>
</tr>
<tr>
<td>1971</td>
<td>$81,672,377</td>
<td>$71,521,040</td>
<td>$10,151,337</td>
</tr>
</tbody>
</table>

This experience provides all possible necessary liquidity. Therefore, these Treasury Bills could be replaced with long-term higher-yield securities. Predicated on a conservative yield of 5.2% interest, an increase in annual income of $233,000 would be realized.

8. Change the mix of the sinking fund investment portfolio to encompass longer-term securities with corresponding higher yields.

At present, the portfolio consists of short-term federal, state, county, and municipal securities. There is no tax advantage from such investments. If the state purchased longer-term securities, an overall interest
rate increase of at least 0.7% could be achieved for an annual income of $210,000.

9. Amend the law which prohibits the administrator of an agency from withdrawing an amount exceeding his bond from the state's treasury in any 24-hour period.

This practice makes it necessary for certain administrators to withdraw payroll amounts several days before they are needed. The cost to the state in lost interest on these monies is substantial. Modification or repeal of this law should provide an annual saving of at least $25,000.

Attorney General

The Attorney General is a constitutional officer who is elected for a term of four years. His department provides legal counsel and is responsible for litigation in which the state or any of its agencies, boards, commissions, General Assembly, officials, or institutions are involved. The office also renders written opinions on points of law. While the state's circuit solicitors conduct criminal prosecutions, the Attorney General has general supervision over such matters.

CURRENT PRACTICES

With a complement of 45, including nine part-time personnel, the department is staffed with 24 assistant attorneys general, each reporting to the Attorney General. The attorneys, with the exception of one as specified by the code, are allowed no private practice. An administrative assistant has supervision of the legal secretaries, law clerks, and investigator. Secretaries are assigned to specific attorneys but any law clerk is subject to work for an attorney. The state's 16 elected circuit solicitors are paid out of the Attorney General's funds but are not under the direct supervision of the Attorney General. Local attorneys are sometimes employed to assist the state's attorneys. They are primarily used for jury cases pertaining to condemnation suits initiated by or damage suits brought against the Highway Department.

Condemnation and damage suits are assigned on a county basis. Each of 10 attorneys is responsible for all such litigation in specific counties. Assignments are shifted when necessary to balance the attorney's work load. Legal opinions are written by this office on any point of law when requested by a state, county, or municipal official. In fiscal 1970, 261 were prepared and published in the Attorney General's annual report.

Appropriations for fiscal 1972 amount to $904,000 as compared to $848,000 in 1971. This growth is for salary increases and the addition of one attorney and two secretaries to the staff. Salaries of the circuit solicitors are included in the appropriations. In 1972, their fixed compensation will amount to $285,900. It was $263,000 in 1971.

EVALUATION

The Attorney General's office is staffed with highly qualified, professional people. Cases handled by this office have averaged 1,700 to 1,800 per year for the past three years. While the caseload has remained about even, the attorneys' work load has grown due to an increase in time-consuming cases, such as Habeas Corpus, and a decrease in those requiring lesser time.

The administrative procedures, office space, and the supervision of lawyers needs improvement. The department is divided over two different floors of a building. This limits communications and reduces work effectiveness and cohesiveness.

RECOMMENDATIONS

1. Restructure the department.

The Attorney General has to make public appearances, attend out-of-state functions, meet with members of the General Assembly, and so on. In addition, he provides supervision to the 24 assistant attorneys general. The requirements of his schedule do not leave adequate time for desired supervision, particularly of new attorneys.

Therefore, two Deputy Attorney General positions should be created. They should be filled by promotion from the existing staff. In addition to duties assigned by the Attorney General, these two positions should assume direct supervision of approximately one-third each of the remaining 22 assistants. This should accelerate the professional development of new attorneys and coordination of functions. Addition of supervisory responsibility to the two positions may result in inadequate time for the Deputy Attorneys General to discharge their assigned duties. Therefore, one attorney should be added at th
bottom. Implementation costs are estimated at $25,000 per year.

2. Eliminate the position of the clerk functioning as a receptionist by combining the duties with those of the secretary functioning as a bookkeeper/secretary.

The primary responsibilities of the bookkeeper/secretary are to make expenditure disbursements, maintain expenditure records, and perform secretarial functions for the administrative assistant. Recently, a secretary to the assistant was added to the staff. Bookkeeping functions were previously performed by a secretary who, in addition, handled secretarial duties for the Attorney General and two assistant attorneys general. The administrative assistant's secretary has time for performance of her present responsibilities, including bookkeeping, and the receptionist's duties. Therefore, the position of receptionist should be eliminated and her duties assigned to the administrative assistant's secretary. This would result in an annual saving of approximately $5,000.

3. Review space availability to improve physical location of offices.

At present, the Attorney General's offices are poorly arranged in the basement and on the third floor. This limits accessibility to the law library by personnel in the basement. Also, attorneys working on the same type of cases are located on different floors which limits communications. The offices' files, copy machine, postage meter, and office supplies are located on one floor causing some secretaries to travel frequently from one area to another. A review should be conducted to obtain a suitable area to quarter the entire staff. No savings are identifiable.

Adjutant General

The Adjutant General's primary functions are to maintain trained reserve units for the country's armed forces and to be prepared to complement local civil defense staffs with support in the event of natural disasters, civil disturbances, rescue operations, or other emergencies. Additionally, he coordinates military services and civil defense activities by providing a state of emergency preparedness in response to a nuclear attack.

CURRENT PRACTICES

As head of the Military Department which is composed of the Army Guard and the Air Guard, the Adjutant General commands and administers affairs of the South Carolina National Guard. The Adjutant General, a constitutional officer, is elected for a four-year term. He appoints the Assistant Adjutant General of the Army Guard and the Chief of Staff of the Air Guard.

The Army Guard has 10,200 officers and enlisted men in 98 military units located in 76 armories. Through weekend training and two weeks of annual active duty, the guard maintains a combat-ready posture to meet state and national emergencies. The Air Guard, with 933 officers and enlisted men, has its facilities at McEntire ANG Base. This section has 23 planes including 19 F-102 aircraft. In addition to its status as a combat-ready unit, it maintains a 24-hour alert for unidentified aircraft.

The department's expenditures of federal and state funds for fiscal 1971 were approximately $10-million. Of these, $360,000 were paid from state funds and $9.67-million from federal funds. Expenditures for 1972 are estimated at $10.71-million. There are 711 full-time employees—31 state and 680 federal—in the South Carolina National Guard. The office of Adjutant General has 19 state and 17 federal employees.

EVALUATION

The Army and Air Guard are accomplishing their objectives through planned programs and evaluation techniques. Both the quantity and quality of equipment permits effective action training events. The Administrative section has an effective communications system with units of the guard and other agencies on a local, state, and national basis. Because personnel are federal civil service or state employees, a poor employment condition exists due to wide variances in civil service and state policies, rates of pay, and working hours for similar duties.

All money paid directly to the National Guard by the federal government is controlled by federal employees only, except for the Adjutant General, and amounts to approximately 90% of the guard's expenses. The federal government has the power to federalize the guard and take control away from the state. The percentage utilization of the armories is
low. However, it is necessary that they exist to maintain an immediate response capacity for emergencies and military requirements.

RECOMMENDATIONS

1. Discontinue preparation of the South Carolina roster of servicemen in the armed forces during World War II and the Korean conflict.

In 1967, the General Assembly passed an act authorizing the Adjutant General to prepare and publish a complete roster of all South Carolinians who served in the armed forces in World War II and the Korean conflict. An appropriation of $50,000 was made. The General Assembly specified distribution of 137 copies, primarily to libraries, with others to be disseminated at the Adjutant General’s discretion. Since 1967, preparation of the roster for World War II veterans has cost $66,000 and expenses for printing and distributing it have not been determined. Further, compilation of the roster of veterans who served during the Korean War is just beginning.

The need for these rosters is questionable. Information on any man’s service record can be obtained from the Army Records Center in St. Louis, Missouri, if an official need exists. Additionally, the roster does not contain the names of South Carolina men in World War II who joined the armed forces in another state. Discontinuing the work on the rosters will result in an estimated one-time cost avoidance of $70,000.

2. Halt use of the magnetic tape typewriter.

This typewriter, being used by the Adjutant General’s secretary, records correspondence on tape from which copies can be automatically typed. It is primarily used to type draft copies of the Adjutant General’s correspondence and National Guard regulations, thus saving time on the final copies. The secretary has time to perform these duties without the magnetic typewriter. Peak typing demands, caused by repeat correspondence, can be handled by obtaining assistance from other secretaries or a local letter shop at a nominal fee. Elimination of this typewriter will result in annual savings of $3,000.

3. Promote rentals of state armories.

The state’s 76 armories are used for training purposes primarily on weekends. They are available for rental to the public most of the time, including those weekends not used for training. Many armories have large inside areas which are suitable for auto shows, dances, and conventions. Those structures with smaller areas can be used for community, educational, and social activities. The facilities are being offered for public rental but without promotional emphasis. Income during fiscal 1970 was $46,500. With strong promotion, rentals could generate an additional income of $50,000 annually.

Election Commission

This commission is composed of five members appointed by the Governor. It elects an executive director who serves as the chief administrative officer. The commission administers election registrations and laws, maintains controls and lists of qualified electors by county-precincts, and provides election lists, materials, and guidance as needed for state, county, and local elections.

The commission also serves as the State Board of Canvassers, hearing protests and appeals in statewide general elections. In general elections, it declares persons elected and certifies all final determinations to the Secretary of State.

CURRENT PRACTICES

The executive director with the aid of an administrative assistant, two secretaries, and four clerks, handles administration duties, the central voter registration computer system, aid to county registration boards, and elections. The commission’s principal responsibility is the central voter registration system. One full-time clerk processes about 500 new registrations, changes or deletions per day.

Approximately 30 countywide and local elections are held in the state each month. This requires mailing computer election lists to local registration boards. After the election, two of the three copies are returned to the Election Commission so that the county code, name, certificate number, and date voted for each person voting can be keypunched to properly credit each voter in that election.

Annual commission expenditures fluctuate based on whether or not a statewide general election is held and also whether such an election involves a presi-
dential candidate. During 1970-71, which was a statewide general election year, the total expenditure was $636,000. The 1971-72 appropriation decreased to $442,000. However, 1972-73 expenditures, which will include a presidential election, are estimated at $733,000. The only income received by the commission is for providing a list of registered voters in a precinct upon written request by a qualified elector. The charge is $6.60 per 1,000 names. Of this, $5.50 is used for computer charges, leaving $1.10 for the commission. This amount is hardly sufficient to cover mailing costs.

**EVALUATION**

The operating costs for central voter registration are too high. In addition, the effectiveness of this system needs improvement.

**RECOMMENDATIONS**

1. **Redesign the form used for voter registration lists, reducing the number of copies from four to two.**

   Voter registration forms now contain one copy for the Election Commission, two voting poll copies, and one for the county voter registration board. The copy retained by the commission is unnecessary and should be eliminated. Also, for most elections, only one copy is needed at the polls. Two are sent for use in larger precincts to form two voting lines and speed up the election process. If the computer were programmed to split the list alphabetically in larger precincts, two lines could still be formed without the necessity for a second voting poll copy.

   In addition, the present form was designed for use on a scanner which is no longer available. Since the current format is very costly, it should be redesigned immediately. The annual expenditure is more than $8,500. Using competitive bids, the forms could be purchased for about $2,500. This would provide an annual saving of $6,000 with additional savings in clerical handling, mailings, and storage for a total of $8,000.

2. **Eliminate appropriations for the cost of the central voter registration system from the General Services' data processing budget and allocate them to the Election Commission.**

   Funds for data processing services to the commission are now appropriated to the General Services Division of the Budget and Control Board. As a result, the Election Commission does not have financial responsibility for or control of its report generating activities. During fiscal 1971, a total of $188,000 was spent for the operation of this system, an over-expenditure of $18,000. The additional expense could have been avoided with more efficient management and better coordination of needs. This can be achieved by assigning financial responsibility directly to the Election Commission. Improved control should result in a 5% to 15% reduction in data processing expenditures. Using 5% as a conservative estimate, the annual saving would amount to $9,000.

3. **Redesign the central voter registration computer system in conjunction with General Services' data processing.**

   The total cost for this operation during fiscal 1971 was $188,000. This is too expensive for a system which is high volume, but not complex. Current operating time is about 36 hours per week. During this time, approximately 900,000 records are accessed sequentially on magnetic tape. By redesigning the system to use disks, the time could be reduced to a maximum of 20 to 25 hours per week. At the present cost of $60 per hour for computer time, the cost reduction for an estimated 23 hours per week would be $40,000 annually.

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**Budget and Control Board**

This board is comprised of the Governor, as Chairman, the Treasurer, the Comptroller General, the Chairman of the Senate Finance Committee, and the Chairman of the Ways and Means Committee of the House of Representatives. All are ex officio members. Its major administrative responsibility is to develop annual budgets of all state activities and agencies for submission to the General Assembly.

**CURRENT PRACTICES**

The functions of the board are performed, exercised, and discharged by six divisions. Their specific activities are treated elsewhere in this report. Each division director reports to the board.

Meetings are held as required to resolve problems created by growth, economic conditions, availability
of resources, and other changes which affect functions of the divisions and state government. Recognizing the need to improve the financial management and budgetary processes, the Budget and Control Board has added personnel, functions, and established committees to resolve specific problems. Each committee has stated objectives and has made progress in reaching its goals. Because of the ex officio status of the members, the State Auditor as secretary is, in reality, functioning as an executive director to resolve problems that would not have a major impact on state activities. This is in addition to his duties as head of the Finance Division.

A significant amount of the board’s time is spent in developing the budget and in hearings with all agencies. Allocation of the state’s anticipated financial resources is determined from the budget hearings. Increases or decreases for the agencies are recommended by this board to the General Assembly.

**EVALUATION**

The General Assembly has expanded responsibilities and functions of the board since its inception. Today, it has authority to exercise considerable influence over all financial activities of state government.

There is no legislative authorization for a person or persons to assume the executive functions of planning, coordination, evaluation, control, and management of the day-by-day activities of the various functions of the six divisions. Although the Finance Division provides administrative services to the board, it does not provide executive management for the other five divisions. The State Auditor, operating in this environment and acting as secretary of the board, has been called upon to deal with an expanding number of agency activities that grow more diverse and complex.

Though this has not created problems in the past there is an inherent danger in losing control and
coordination of financial activities and in not being able to effectively plan for maximum utilization of the state's resources. Because the span of control continues to widen, a realignment of duties and functions should be undertaken.

RECOMMENDATION

1. Strengthen the board's management function by restructuring the organization.

A sizable growth pattern has occurred in the board's span of control. This is depicted in the organization charts as shown to the left. In 1950, it consisted of three divisions, compared to the six in the present structure. The current organization, coupled with the other duties of the board members, does not permit strong and active management of day-to-day operations. Services are not grouped for the most efficient management and coordination. Therefore, actions required for making changes and improvements are delayed and are not as effective as they could be.

To improve the span of control, the divisions and activities should be grouped into three major areas as depicted in the proposed organization chart shown above. Each would be headed by appointed directors not presently in the structure. The directors would be responsible to a proposed executive director who would, in turn, report to the board. To assure maximum independence and provide for a broad scope of activities, the State Auditor should report to the board. The proposed organization would result in increased salary costs of $125,000. Although no savings would result, the reorganization could be expected to improve the board's effectiveness and provide stronger and more efficient management of the state's administration and financial affairs. The groupings would be:

- General Services with responsibility for statewide services. Benefits would result from the control of standard programs and improved services to all departments and agencies.

- Financial and Information Services with accountability for operating budgets, capital budgets, and management information methods and systems. This would provide the coordination required for sound financial planning and control and incorporate the existing functions of Technology Utilization.
Employee Services would emphasize the need for greater attention to employee relations by developing programs to improve morale, working conditions, benefits, and motivation of state employees.

Finance Division

This division acts for the Budget and Control Board in handling numerous matters of financial administration. It maintains surveillance over state finances and provides services to various state agencies through activities of its Audit, Budget, Engineering, and Data Processing sections.

CURRENT PRACTICES

The State Auditor is head of this division. He is appointed by the Budget and Control Board and is responsible to that agency. The division is structured into five functional groups with 39 full-time employees. Its $936,000 appropriation for fiscal 1972 includes a $150,000 contingency fund.

Administrative consists of the State Auditor and other administrative and staff personnel. Audit conducts an annual postaudit of the books, records, and accounts of all state agencies and offices supported by an appropriation or provision of the law. Budget is responsible for assisting the state agencies and departments in preparing their annual requests for appropriations. It advises the board in developing its recommendations, assists in the legislative review, and supervises publication of the budget report.

Engineering is responsible for advising the board with respect to the review and evaluation of requests for permanent improvements, reviewing contractor bids, placing contracts, and surveillance of construction. Data Processing is responsible for producing financial management information required by the State Auditor, the Treasurer, the Comptroller General, the Budget and Control Board, and the General Assembly.

EVALUATION

The Administrative section of the division has made substantial progress in recent years in improving the budget format and budget preparation procedures. There is an awareness of the need to improve the budgeting process and a Director of Budget Planning has been employed in an initial step of recognizing the necessity for a formalized approach to budget planning.

However, the traditional budgeting process continues to be followed. Decisions concerning next year's appropriation are largely based on the level of current expenditures and increases in appropriations are primarily based on anticipated increases in revenues. Steps have been taken recently to require the justification of appropriation increases be made in terms of increased services, improved efficiency of operations, and the like.

There is a need to expand the postaudit function and increase the use of modern statistical and computer-based audit technology. No operational or performance type audits are performed and, due to the size of the staff, only limited analysis, standardization, and improvement of systems is possible.

The Engineering section provides general supervision over requests for funds, awarding of contracts, and startup of construction on permanent improvement projects amounting to approximately $80-million per year. Expenditures of this magnitude warrant critical analysis and control of major cost areas of construction as well as long-range planning of permanent improvements on a statewide basis.

RECOMMENDATIONS

2. Create a management systems group to design and implement necessary improvements and changes.

The division is limited in its ability to respond to the growing demands of government by the amount of time that personnel can spare from their constantly increasing duties. The fact that the board has appointed eight committees to deal with specific problem areas indicates an awareness of the need to improve and expand the management and accounting systems.

Without exception, each of these committees is dealing with a systems-type problem. While the part-time committee approach is obviously best under existing conditions, each of these problems would be better handled by a group of 10 to 15 specialists who have the training and time to concentrate on improving systems, procedures, and methods as well as to train state employees in operating the revised systems and methods. Many of the recommendations included in this report will require the skills of this group for successful implementation. Some of their principal areas of responsibility would be:

► Initiate organization studies.

► Provide special studies and programs as directed by the Governor.

► Design and implement management control and information systems.
Implement cost effectiveness and utilization evaluations.

Plan, specify, and operate the organization, hardware, facilities, systems, and methods of all data processing operations and provide high-level systems support to other agencies.

Design, initiate, and administer statewide systems and improvement programs.

Provide work measurement programs.

While a group of this size could not possibly meet the needs of all state agencies, their efforts should be supplemented with skilled personnel of the various state agencies. During the first few years of its existence, the group will require assistance from outside sources to implement the most critical of the needed improvement programs.

Based on the fiscal 1972 appropriations, costs subject to management engineering improvement are estimated at $550-million. Predicated on the fact that industry normally realizes savings of 10% to 15% from cost improvement programs, a saving of not less than $5.5-million in state funds should be achieved but only $2.75-million is claimed in addition to the other recommendations in this report.

The total number of personnel required can be determined only after statewide objectives and goals are defined. However, the total annual cost to acquire an initial staff of consultants and technicians should be about $150,000.

3. Increase the size of the professional staff and modernize audit program and techniques.

The present Audit section consists of a director, six professionals, and one secretary. Its capability should be increased by adding eight professional auditors including several with specialized skills in data processing and industrial engineering and one clerk.

Current audit practices concentrate on a 100% post-audit of transactions using manual techniques and preparation of the report on the agency’s condition. The audit functions should be modernized as follows:

- Amend any legislation that may prohibit use of modern audit techniques.
- Utilize computer audit and statistical sampling techniques in conducting audits to provide more meaningful conclusions for the effort expended.
- Develop detailed standard audit programs tailored to the accounting characteristics of the agency being examined. These will improve the quality of the work and assist the field staff in carrying out comprehensive reviews. A public accounting firm should be engaged to supervise preparation of standard audit programs.
- Initiate operational audits of state agencies on a selective basis. These audits will provide an independent evaluation of the overall effectiveness of an agency’s organization, operations, procedures, and staffing by an examination of organization structure, staffing requirements, procedures and controls for planning, budgeting and reporting, equipment and personnel utilization, records management, and facility layout and work flow.

Outside professional assistance should be utilized in developing operational audit procedures. The estimated increase in salaries of $110,000 to expand and improve the audit capability should materially increase the effectiveness of the audit effort and provide more meaningful reports on agency operations.

4. Develop a long-range budget for new construction and permanent improvements.

Proposals for new construction and permanent improvements are not supported by a long-range plan to justify the use of state resources for this purpose. There are no formal procedures to determine how available resources can and should be utilized to meet future requirements.

A long-range budget should be developed based on a comprehensive analysis of capital needs. It should include future plans of all agencies. General areas that would be meaningful are:

- Projection of needs for economic growth.
- Requirements for recreation and open space.
- Required investment for educational needs.
- Capital required for health and welfare.
- Best means to acquire and develop open space.
- Private sector participation in long-range plans.

Implementation costs are reflected in earlier recommendations for the division.

5. Adopt a statewide management accounting system based on the concepts of program, planning, and budgeting and the principles recommended by the National Committee on Government Accounting.

Present accounting and budgeting systems suffer from duplication of efforts, unnecessary clerical costs,
excessive use of computers, cumbersome systems, and problems of reconciling agency systems to overall state records. Some symptoms which indicate an urgent need for major improvements to the budgeting and accounting system are:

- Lack of a coordinated, centralized statewide planning effort.
- Absence of a comprehensive financial reporting system that includes activities of all state agencies.
- Lengthy, overly detailed budget procedures.
- Uncoordinated financial data submitted to the Legislature.
- Excessive transfers of appropriations.
- Incomplete reporting of expenditures.
- Duplication of accounting and payroll records.

To correct this, a planned program performance budget system should be adopted. Performance budgeting is primarily concerned with planning, management, and control of operating units to ensure that resources are obtained and used efficiently in accomplishing the state's objectives. Implementation would require strengthening the staff of the management systems group at an annual cost of $80,000. It is estimated that two to three years will be required to put a satisfactory management accounting system into operation.

Technology Utilization Division

The broad intent of this division is to act in a consultant capacity and as a service group to agencies and institutions of state government with reference to data processing.

The division, created during fiscal 1971, completed the year with a staff of five including the director and his secretary. Appropriations provide for a staff of 13 with a budget request for three additional people for 1973. The current appropriation is $172,000. The fiscal 1973 request amounts to $276,200, an increase of 62%. Most of the division's activities have been related to providing consultant assistance for various projects.

To date, the division has not undertaken steps toward accomplishing its defined objectives. There are 17 independent computer facilities, operating with little related planning, work sharing, or information exchange. Utilization of equipment is varied with some installations operating three shifts, seven days a week and others needing less than one shift, five days a week. Computer personnel, in general, require considerably more training, but there is no evidence of a program to correct this condition.

RECOMMENDATIONS

6. Create an advisory committee for the division. A committee should be appointed to provide overall direction for the state's EDP operations. It should consist of three industry representatives, skilled in systems, systems management, and data processing, as well as two government and one state education representative.

7. Develop a statewide plan for EDP operations. The division was organized with the objective of providing efficient and coordinated utilization of state data processing techniques, personnel, and equipment. This task is impossible without formalized long-range and short-term plans. The advisory committee should be able to offer valuable assistance in implementation.

8. Monitor operation of facilities to ensure conformance to statewide planning. Evaluations should be made of all proposals to acquire or modify equipment at existing or new facilities. This would ensure conformance to statewide planning programs and eliminate unnecessary expenditures.

9. Establish fees for computer time charged to smaller agencies without EDP facilities and advise them when computer time is available within the state system.

Some agencies are going to outside service bureaus to purchase computer time although facilities are available at other state agencies. Overall guidance would lead to greater utilization of the statewide system and lower costs.

Research and Statistical Services Division

This division has basic responsibilities for preparation of economic analyses to enable projection of general fund revenues as well as coordination and standardization of statistics for various state agencies. Additionally, it conducts a federal/state program of intercensus population estimates for counties and is charged with development of a statistical information system.

CURRENT PRACTICES

The Research and Statistical Services Division, headed by a director, was established as a separate
division within the Budget and Control Board in May 1967. For fiscal 1971, it operated with a staff of 10 people and expenditures of approximately $97,000. Its fiscal 1972 appropriation is $123,000.

At present, the division is organized into four sections. Economic Analysis and Projections prepares projections of major state tax revenues used by the Governor, General Assembly, and the Budget and Control Board. Population Estimates furnishes populace measurements by county for many state agencies, particularly those engaged in school, health, and highway planning. It also maintains close liaison with the federal Census Bureau. Statistical Coordination and Standardization functions to develop quality and consistency of output from various state agencies to avoid duplication of effort and overlapping of data collection. Additionally, it serves as a clearinghouse for research efforts. Statistical Information System provides control of data flow, quality, and selection of pertinent information to be put in a data bank or storage. This function has not been completely implemented.

EVALUATION
As a newly organized agency, the Research and Statistical Services Division is doing a reasonably good job although with apparent overstaffing. There is misuse of statistical data and research efforts because of a lack of coordination and standardization.

RECOMMENDATIONS
10. Eliminate the positions of administrative I and secretary and create a new position of statistician.

This division's fiscal 1972 appropriation of $123,000 provides for a director, an administrative I, an administrative II, two secretaries, a statistician II, two statistical clerks, and a demographer. These positions are illustrated in the present organization chart shown to the right.

One person classified as administrative I is responsible for departmental budget preparation, publications, library, personnel records, and other administrative duties. Most of his efforts are devoted to obtaining, proofing, and compiling data for research and statistical publications.

Data for such publications are received periodically in written form or by telephone from other state agency representatives, private sources, and the Research and Statistical Services Division. Proofing and compiling of this information is then performed for delivery to the printer.

The director could assume the duties for departmental budget preparation and personnel records. This would make it possible to eliminate the administrative I position for an annual saving of $12,000. In addition, the functions related to publications could be performed at less cost by a person classified as a statistician, but capable of performing clerical duties.

The secretarial job, which includes administrative I correspondence, typing of publications, and other staff member's letters and memorandums, should be eliminated. Typing performed by the administrative I's secretary should be transferred to the director's secretary. The remaining duties of the secretary should be assigned to the statistician. The proposed organization chart is shown on page 18. Annual savings of $5,000 will result from elimination of the
secretary, but additional costs of $8,000 will be required for the statistician. When implemented, net annual savings of $9,000 should be obtained.

11. Transfer the full-time programmer to the Data Processing section where his efforts could be more effectively utilized.

Presently, the programmer helps contribute to the lack of coordinated effort and service within data processing functions. Being a remote programming effort, there is the loss of maximum utilization. His transfer would provide annual savings of approximately $7,000 for the Research and Statistical Services Division. However, the Data Processing section would have an additional annual cost of that amount so no savings are claimed.

12. Expand efforts to ensure coordination and standardization of statistical data, act as a clearinghouse for such information, and develop a statistical information system.

While this division is accomplishing the functions of revenue and population projections, it is failing to handle the overall responsibility of coordination and standardization. Additionally, it is not functioning as a reliable clearinghouse for data and has not developed a statistical information system. As a result, there is wasteful duplication and overlapping of effort in many agencies. While there will be many benefits derived from accomplishment of this recommendation, they cannot be expressed in dollars.

Retirement Division

This division is responsible for payment of refunds, preretirement death claims, as well as monthly retirement and disability claims. Additionally, it collects and submits employee and employer social security taxes to the appropriate federal agency. Participation in the retirement system is compulsory for state employees and optional for those in counties, municipalities, and political subdivisions. The Treasurer is responsible for investing the funds of the system.

CURRENT PRACTICES

The Retirement Division provides accounting and recordkeeping activities for approximately 45,000 state; 70,000 school; 40,000 county, municipal, and political subdivision employees; police officers; and
members of the General Assembly. These cover active, retired, and terminated employees with more than 15 years of service who have vested rights in the system. Participating employees contribute 4% of their annual salary up to $4,800 and 6% for that portion in excess of $4,800. Currently, the employers pay 6.5% for retirement benefits and 0.4% for preretirement death benefits. During fiscal 1971, over 20,000 new members were enrolled into the fund. Retirees amounted to about 1,000 and withdrawals approximated 14,000. With 47 full-time employees, its administrative budget for fiscal 1972 is $423,700. The Budget and Control Board has retained the services of a New York-based actuary to provide technical advice needed to administer the system.

Checks covering retirement, preretirement death, disability, and withdrawal refunds are prepared on data processing equipment in the General Services Division. Maintenance of the division's master file is accomplished by General Services.

EVALUATION

The retirement system has experienced a 38% membership growth in the past five years. Records of earnings and contributions for over 155,000 participants are maintained on individual ledger cards, and produced on cumbersome and archaic bookkeeping machines. Major emphasis has been to make certain the records are accurately maintained.

The building which houses the division is below the standard for most other state agencies. Facilities are crowded and additional office space will be needed in the near future. Microfilm is used for the records of some participants who have been terminated.

Records of other phased-out participants are filed in storage facilities provided by General Services. The employees’ annuity amounting to over $155-million is maintained on individual ledger cards. Some are filed in fireproof containers while others are kept in regular file cabinets.

The statutes specify an actuary shall make an annual evaluation of the contingent assets and liabilities of the system. Data for this annual valuation are supplied by the division. However, such data have not been forwarded to the actuary for fiscal years 1968 through 1971. The last evaluation, completed in June 1969, covered fiscal 1966. Funds of the retirement system, amounting to over $532-million as of June 30, 1971, are invested by the Treasurer. Recommendations covering their investment have been included in the report of the Treasurer.

RECOMMENDATIONS

13. Automate operations and recordkeeping functions of the division.

Data covering the employee's present earnings and retirement contributions are maintained on individual ledger cards. At the end of the fiscal year, these data are transferred to summary cards. Current ledger cards are updated quarterly from payroll data supplied by 1,256 different employers. Bookkeeping machines are utilized in posting the information. This is slow and tedious.

Since a large amount of employer payroll records is prepared on data processing equipment, it seems logical that the posting operation be automated to accept input data in the form of punched cards or magnetic tapes. Several additional files and functions would also be included in the conversion to an integrated data processing system. This would eliminate 12 clerical jobs to provide savings of about $65,000 annually. Savings would be partially offset by the addition of a keypunch operator and a verifier plus computer time at a cost of about $18,000. Thus, net annual savings should total $47,000.

Major equipment such as three bookkeeping machines, two numeric accounting machines, and four card conveyors could be sold for about 20% of their original cost of $42,000. This would realize a one-time cost recovery of $8,000. The division has six employees over 65 years of age. In the event this conversion is accomplished, consideration should be given to their retirement. Implementation would provide these additional benefits:

- Facilitate safeguarding of records in case of fire.
- Enable the division to submit participation tables to the actuary on a timely basis which would enable him to make an annual evaluation of the fund as required by statute.
- Permit timely submission of annual statements of retirement contributions to each participant.
- Free approximately 1,000 square feet of office space for expansion of auxiliary functions.

14. Provide the actuary with data relative to membership participation in the retirement system at the close of each fiscal year.

Due to increasing work loads and endeavors of the director to hold expenditures within a tight budget, the division has not provided the actuary with participation tables for the past four years. Conversion of the records to electronic data processing would enable the division to provide these data immediately after the close of each fiscal year.
15. Require an annual evaluation of the contingent assets and liabilities within 180 days after the close of each fiscal year.

The statutes specify an annual evaluation should be submitted by the actuary. The most recent one was received in June 1969, for fiscal 1966. With a fund of over $500-million, it is very important to have current data concerning assets and liabilities of the fund. The present actuary is retained on an annual fee basis. It appears the state is either paying for services not being performed or effective use of the data supplied is reduced due to delays in submission.

16. Reduce the state's contribution rate to the retirement fund.

There are two classes of participants in the state retirement. Class one, an early option, has both reduced benefits and contribution rates. Therefore, over 99% of the employees are in class two.

The current contribution rates by agencies and institutions as well as political subdivisions of the state are based on a percentage of employee earnings, as follows. Class one is at 3.9% and class two at 6.9% for state employees and 6.05% for all others. These rates reflect a 1.1% reduction authorized by the Budget and Control Board on January 1, 1971.

The most recent actuarial evaluation of the fund covered fiscal 1966. Since up-to-date actuarial data of contingent assets and liabilities are not available, a forecast of projected fund activity was developed. As a base, it uses the 10-year experience of 16 southeastern state-administered retirement funds modified to anticipated growth patterns in the state.

In 1971, the fund's balance was $532-million or 26.6 times the total annual payout. For the forecast, the fund was increased to $3.8-billion within a 20-year period. Lacking recent actuarial appraisal, it is not possible to determine when the system will be completely funded. However, comparisons with nationwide fund trends indicate the forecasts are conservative. A 1965 study by the President's Committee on Corporate and Private Retirement Funds has projected that private pension plans will have assets of $225-billion covering 42.7-million employees by 1980. This calculates at $5,269 per participant whereas South Carolina's forecast is $7,112, or 35% higher. In developing the South Carolina forecast, which is keyed to the table shown below, a number of projections were made.

1. Participation growth was reduced over a 10-year period from 6% to 1.2% per year increase. This 1.2% increase matches the projected South Carolina population growth for the next 20 years. The figures cover only those employers now participating in the retirement system.

2. Employee contributions were escalated using the forecasted participation growth plus a 5% anticipated annual salary increase.

3. Employer contributions were calculated at 3.5% of the employees' compensation for the first 10 years and 5% thereafter. This will provide a fund increase of at least 10% annually for the next 13 years and 8% for the following seven.

![Table: Actual and Projected Flow of Funds Through the Retirement System for the 1965 to 1987 Period which are Based on 3.5% Employer Contribution for 10 Years Starting in 1973 and 5% thereafter.](image-url)

- In Millions of Dollars
- Estimated State Savings using Proposed Rates
4. Fund earning yields on the retirement fund were 5.65% in 1971. Since recent large investments are returning yields up to 9.5% annually, the forecasted yields were increased 0.25% each year to a yield of 8%.

5. Benefit and withdrawal payments averaged less than twice the rate of increase in fund participation for the 16 southeastern state funds which were studied. Since payouts are a liability of the fund, and to be conservative, the rate of state payout was raised to 10 times the rate of increase in fund participation.

6. Net fund increase is projected at 10% annually for 13 years and 8% for the next seven. Over a 20-year period, this will average $155-million annually.

7. As of June 30, 1971, the fund balance amounted to $532-million and contained $3,430 for each participant. It is projected that the fund will increase to $3.8-billion in 20 years with $17,870 for each participant.

8. Estimated savings in state contributions for the next 20 years will be $493-million. During this period, annual projected savings will fluctuate from a low of $18-million to a high of $32-million. Thus, estimated savings of $18-million are applicable to the first year. It is recommended that the rates, which include pre-retirement death benefits, be reduced again as follows:

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>CLASS ONE</th>
<th>CLASS TWO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973 to 1982</td>
<td>2%</td>
<td>9.5%</td>
</tr>
<tr>
<td>1983 to 1992</td>
<td>2.4%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

It should be emphasized that the calculations in the table to the left have not been actuarially reviewed. They are based on the philosophy that governmental retirement systems can be viewed differently from those of private enterprise. Government has a continuing existence, that is not assured and a taxing capability that is not available, to private enterprise and therefore can be more flexible in its approach to funding. On this theory, these calculations are believed to be prudent and conservative. In the interest of fiscal responsibility, it is urged they be examined further before implementation.

17. Discontinue FICA taxes on sick pay for state employees.

Under present procedures, social security taxes are computed and paid on employees' gross wage without any recognition of sick pay. Such payments made to employees may be excluded from FICA taxes for both the employee and the employer.

Procedures should be established to maintain adequate sick pay records of hours and dollars involved for state and public school employees. Based on current experience, implementation would provide an annual saving of $678,000.

18. Provide necessary safeguards to protect retirement records.

Currently, retirement records are not adequately protected against fire hazards. Correcting this would require a duplicate set to be filed in an off-premise facility or provide a fireproof vault. Either solution would be very expensive. A more practical answer would be to convert these records to data processing magnetic tape or disk and store them in a vault.

**Personnel Division**

This division was created to establish a classification and compensation plan for state employees and provide skills and expertise in personnel matters to agencies, departments, and institutions. Approximately 33,000 people were employed in fiscal 1971. There is no statutory authority such as a Personnel Act given to the division. The Personnel Director is responsible to the Budget and Control Board.

**CURRENT PRACTICES**

The Personnel Division, headed by a director and his assistant, consists of four functional departments each with a head. Its appropriation increased from $300,000 in fiscal 1970 to $470,000 in 1972. The staff grew from 26 to 35 during this period.

Classification and Compensation is responsible for maintenance of the state classification plan which was implemented in 1969. This involves the allocation of approximately 29,000 positions into some 2,000 classes which are assigned to the appropriate one of 29 pay grades. Another responsibility is research which includes soliciting, coordinating, and preparing data on pay rates from other states for review and comparison, as well as conducting occasional private and public sector surveys. Additionally, it is responsible for editing and proofing of transactions as related to the automated personnel data system.

Employee Relations is accountable for personnel policies, practices, benefits, hours of work, and the like. There are plans for this department to initiate and promote a safety program among state agencies. If health insurance coverage is approved for state employees, it will be responsible for developing and
maintaining the plan. To accomplish this, the fiscal 1973 budget request amounts to $814,000 of which $591,000 is state funds.

Employee Services deals with the areas of recruiting, testing, and training with practically all efforts given to the Board of Health and Department of Mental Health merit systems. Plans are underway to transfer administration of the three merit systems operated by eight other agencies to this division for consolidation. Office Services is headed by the director's secretary which includes the secretarial pool and those functions related to data entry in coordination with General Service data processing.

A vital part of the division is the automated personnel data system. In December 1969, the first agencies were converted to an expanded central personnel data file. Except for a few of the larger departments, all are a part of the system.

EVALUATION
The principal area of accomplishment of the division has been the state classification and compensation plan. Substantial progress has been made towards its maintenance as well as evaluation and classification of new jobs. Proposals have also been prepared which will help bring about standardization of policies, procedures, and practices within state-government relative to sick leave, annual leave, work hours, maternity leave, and so forth. Plans are to present these proposals to the Legislature in 1972. Very little progress has been made in the area of supervisory and employee training even though management training sessions have been conducted to enhance management ability among state employees.

Another accomplishment has been the design and maintenance of the central personnel information system. Presently, it is being expanded to include all agencies. To date, approximately 66% of the state's employees have been converted to the system. Efforts are underway to convert the remaining 20 agencies including the institutions of higher learning.

The division with its well qualified staff is ready to move in a comprehensive manner to provide necessary personnel administration assistance to all agencies. To make this step, its staff will need the authority, support, and cooperation of all state agencies, departments, and institutions.

RECOMMENDATIONS
There is no Personnel Act which sets forth responsibilities nor establishes rules and regulations as guide-lines. Additionally, there is a lack of uniformity regarding personnel policies and practices among state agencies. Such an act should be created to define the duties and responsibilities of the division. It would stipulate the rules and regulations by which personnel policies and procedures for all agencies of state government should be developed and administered pertaining to pay, attendance, leave, transfers, employee performance evaluations, disciplinary actions, recruitment, classifications, and the like. Further, all state agencies, departments, and institutions should comply with the law and its implementation by the division.

This act would allow for the establishment of equitable and uniform policies and procedures for sound personnel administration. Responsibilities would be clearly defined and outlined. Additionally, it will assure equitable treatment for all employees and correct practices which are detrimental to the morale and effectiveness of personnel. Identifiable savings to the state will be shown in many of the following recommendations.

20. Develop a personnel policy and procedures manual.
Presently, no manual is available which outlines policies, practices, and procedures pertaining to personnel administration. Also, there is a lack of uniformity regarding personnel practices and an apparent absence of knowledge on the part of agency and department heads.

There should be a source available to those charged with administration. It would describe personnel policies with respect to laws of work, sick leave, vacation, and so forth. This source would become the base for uniform personnel administration within state agencies. As a by-product of this manual, a simple, easy-to-read source could be made available to employees describing rules, benefits, and the like. There are no identifiable dollar savings.

21. Establish a statewide minimum 40-hour work week.
A recent statewide survey of state employees regarding starting and quitting times, as well as lunch and break periods, disclosed that hours of work ranged from 32.5 to 70 hours per week. Of the 33,000 employees who are covered by the classification system, over 12,000 work less than 40 hours a week. On the assumption that a minimum 40-hour work week is reasonable and acceptable as a standard, the state is spending approximately $144,900 each week for 41,000 hours not worked. Annually, this amounts to about $7.53-million without consideration of
fringe benefits, space, and equipment requirements. Considering these facts, the state should take steps to adopt a uniform minimum work week of 40 hours and require its observance.

The actual turnover rate experienced by the state retirement system is 10%. Only a 4% turnover is actually required among the 33,000 state employees for adjustment to a minimum 40-hour work week within one year. Therefore, it is not anticipated or suggested that the state remove excess personnel immediately through adoption of a uniform work week. This should be done gradually by attrition with an annual long-range cost avoidance of approximately $7.5-million. To allow for possible inclusion of part-time personnel and discrepancies in numbers, a conservative annual cost avoidance of $6.5-million will be accomplished.

22. Make retirement at age 65 mandatory.
The retirement age for state employees is 70 with certain exceptions prolonging this to 72. Some employees can still make a valuable contribution even though they are beyond the age of 65. However, many persons due to mental and physical strains become less effective as they get older. Frequently, their employment blocks promotion for younger people.

The accepted standard in business and industry is 65 with current trends to lower this. Social security uses the age of 65 for males and 62 for females to retire with full benefits. Therefore, all employees over 65 should be phased out over a period of six years. In the first year, employees who are 70 or older would be retired. During the second year, 69 year old employees would leave the state’s service and so on until in the sixth year when those aged 65 would retire. Thereafter, all personnel would be phased out at 65. No exceptions should be allowed.

There are about 450 employees who are 65 or over whose salaries amount to approximately $4-million annually. At least 25% can be eliminated, with approximately 169 of the remaining 338 positions being filled by employees with the same salary grade and the remainder by those who are two or more salary grades below the level of the person being replaced. Long-range savings will amount to about $1.2-million annually.

Office of Economic Opportunity
This office was created by Executive Order to provide coordination and direction of federal funds used to combat poverty at the state level. Coordination, technical assistance, and training are furnished to local agencies carrying out programs under the Economic Opportunity Act of 1964.

CURRENT PRACTICES
The Office of Economic Opportunity is staffed with a directorate with five employees. Field Operations has 11 employees, Program Development Planning and Coordination has eight, and Human Relations has three. Additionally, there are three consultants in the Division of Special Technical Assistance Program which is federally funded. The office’s expenditures for fiscal 1971 amounted to $310,000. Of this, $50,000 was from the state and the balance from the federal government. This office has no power except to advise local agencies on operation of the program. These local agencies are funded by federal and local monies.

EVALUATION
Effectiveness of the office is diluted by the amount of travel required to coordinate training programs, technical assistance, and auditing with 25 local agencies. A total of 38 programs are available to these local agencies. Operation of the six mobile units to dispense food stamps is providing a vital service.

RECOMMENDATION
23. Reduce the number of community action agencies.
There are 25 agencies to operate the federal program in the state. Audits must be performed in 25 locations and technical assistance is tailored to cover specific programs at each location. Reducing this number to 10 with appropriate staff reductions would achieve economies at the state level. By making fewer trips to 10 agencies, estimated annual savings of $10,000 could be realized. Of this, $2,000 is state funds. Additionally, this reduction would effectively cut training requirements by 50% which would achieve a cost avoidance of four employees and save $20,000 of which $4,000 would be state appropriations. Savings at the local level from reduced personnel requirements and auditing would affect federal and local funds but cannot be estimated.

General Services Division
This division supervises planning, construction, utilization of space, maintenance, repairs, and upkeep of state-owned buildings. In addition, it supervises insurance coverage, purchasing, printing, the centrex system, as well as sinking funds. General Services operates an interagency data processing center and
the supply and motor pool. It distributes surplus property, acts as the office of State Fire Marshal, and supervises LP gas regulations.

CURRENT PRACTICES
This division was formed in 1964 by combining a number of departments that were extending services to many state agencies. Since that time, other departments have been added and they include: Building and Grounds, LP Gas Regulations, Fire Marshal, Insurance and Sinking Funds, Lands and Legal, Data Processing, State Printing, Central Purchasing, Surplus Property, Motor Pool, Records Management, Centrex, and Office Supplies.

As of June 30, 1971, it had 341 employees. Operating expenses for fiscal 1971 totaled $4.08-million. The director is appointed by the Budget and Control Board for an indefinite period of time. He is assisted by a Deputy Director of Administration and a Deputy Director of Engineering Services.

EVALUATION
As structured, the division is operating as well as can be expected. A number of departments are not functioning as prescribed by the South Carolina Code. Because of their diverse nature, performance for each department will be appraised as a separate entity.

Data Processing
The Data Processing section of General Services was created to function as a service bureau for other state and local government agencies to automate the state purchasing function. As of September 1971, approximately 23 agencies were receiving some services from this data facility. The largest user is the Election Commission and its percentage of computer time is 42%. General Services uses 34% with other agencies accounting for the remaining 24%. Central Purchasing has not been automated. With a staff of 32 full-time employees, its expenditures for personnel services for fiscal 1971 amounted to $209,200.

Hardware in the center includes a 360/30 computer which is operating three shifts per day, seven days a week. Storage devices include magnetic tapes and disks with other associated peripheral equipment. All components are leased. The library of programs totals 637 with practically all written in COBOL.

There is practically no security, which is vitally needed. At times, checks are stored openly in office areas. Program documentation and backup master files are stored in the same area as current master files.

The bureau performs a satisfactory job of processing the work sent to it by the 23 agencies it serves. Secondary obligations such as reviewing requests for services and evaluating existing systems have not been handled as efficiently. The overall state data processing structure, in many instances, has not been taken into consideration. For instance, applications have been converted to the General Services' computer which should have been programmed on another state computer. The data processing function needs top-level attention because of the need for greater efficiency.

Space facilities are unsatisfactory which contributes to inefficiency and poor employee morale. Lost time and errors have resulted from inadequate space with consequent mishandling of input data and improper work flow.

RECOMMENDATIONS
24. Consolidate the General Services Division and Finance Division data processing centers into one General Services data center.

General Services' computer is saturated with work while Finance's computer has time available for additional processing. Due to this situation, plans have been made to upgrade both units to make the hardware 100% compatible. This would allow certain General Service applications to be run on the Finance computer and provide backup for both centers. The combined monthly rental of the two computers is $26,000 to which an additional estimated $3,000 per month is being added due to upgrading. The number of data processing personnel for both centers is 47 with annual salaries of approximately $395,000.

It appears that a large-scale computer at a rental charge of about $21,000 per month, operating in a multiprogramming environment, could handle the work loads of both existing units. Therefore, combining the computer centers appears to be in order. Consolidating these computers into one larger system would result in annual savings of $96,000 in hardware costs when compared with costs of the upgraded system. The current combined EDP personnel could be reduced by 33% for an estimated annual saving of $132,000. Additional benefits would include complete compatibility of programs. Furthermore, an increase in productivity of 10% to 20% could be expected with a large system. As part of the consolidation, the two divisions should evaluate existing applications to assess the current value of each. A review should also be made to ensure the computer installation and files are safeguarded.
25. Charge each agency with actual machine supplies, systems, programming, and overhead costs involved in the production of its records. General Services, data center should be fully financed by the agencies it services. Currently, it is partially supported by the general fund. Savings would accrue because each agency using the center would be required to account for the costs of its data processing work. This should cause managers to take a realistic look at the cost-benefit relationship of their projects. Each agency would be required to justify these expenditures in the same manner as any others. While it is anticipated savings will result as a by-product, they cannot be identified.

Insurance and Sinking Funds

The General Services Division functions as an insurer and provides coverage for state, county, and school properties on an all-risk basis. The state insures property at 8,199 locations for values exceeding $1.32-billion. The division collects an insurance premium from all agencies and departments for coverage granted. Last year, this agency paid over $1.07-million in claims while the state collected about $2.22-million in premiums. The insurance charge levied on participating agencies is approximately 50% of the standard bureau insurance charge.

The ability of the division to meet its claims payment obligations is guaranteed by use of an insurance sinking fund with assets of over $30-million and a reinsurance contract which limits fire and extended coverage losses to $250,000 per event. Losses resulting from such perils as earthquake, flood, collapse, subsidence, tidal waves, and the like are limited to $150,000 per occurrence. The average interest rate earned by the invested fund is approximately 5.3%.

Operations of the division are exemplary considering the mandates of South Carolina Law. However, certain defects in the program are noted. In a large number of cases, particularly in buildings with values over $1-million, the value of the building is insured, but the contents are not. Further, there is no independent or uniform property loss prevention program. Also, policies are written on standard fire insurance forms and are not tailored to meet the state’s needs regarding coverage terms, coinsurance requirements, adjustment procedures, premium payments, and so on. Additionally, loss retention is not used to the level which actuarial studies demonstrate would produce optimal savings.

Under the 1962 Workmen’s Compensation Law of South Carolina, certain public employees and officials were excluded from coverage. The state’s Workmen’s Compensation Fund was delegated responsibility for providing coverage to all employees of the state in the event they should sustain an injury arising out of and in the course of employment. All state agencies with the exception of the Highway Department are covered by this fund. Approximately $200,000 is provided annually for protection of state employees who are injured in the course of their employment. However, this appropriation is inadequate to pay the claims that are incurred. Therefore, some 405 municipalities, counties, schools, and other political subdivisions are debited with this cost.

The state relies, in most instances, upon the doctrine of governmental immunity to make it invulnerable to legal consequences of its negligent acts or those of its employees. Moral obligations to the state’s citizens for negligent acts are only met in certain specified areas. The Governmental Motor Vehicle Tort Claims Act provides a legal remedy for causes of actions against the state, its counties, and municipalities for damage due to negligence of their agents and employees while operating motor vehicles. It, however, limits recovery by any individual to $10,000. In order to meet this responsibility, some agencies have purchased their own insurance contracts while others have retained this risk. In the area of general liability, which includes hospital malpractice, some agencies have adopted the cloak of governmental immunity. Others have purchased insurance for various types of protections with various limits of liability. This has resulted in a plethora of general liability insurance contracts.

There are 34,850 employees of the state required to furnish public employee bonds. There are two types: one, an honesty or fidelity bond and the other a penal bond for faithful performance of duty. Limits for the 33,738 employees required to furnish the first type range from $500 to $750,000. For the remaining 1,112 employees required to furnish the second, the limits of coverage range from $2,000 to $2,250.

The state has 10 airplanes that are owned by five different agencies. Insurance coverage by types and limits vary by plane and by agency. There is a separate policy for each aircraft except that one agency has its three planes under one policy. Insurance on these 10 units is not purchased in one master contract and there seems to be no guidelines as to what coverages and what limits are purchased. Property damage coverage on the airplane hull has
been continued at the same value each year as it was when the plane was acquired.

RECOMMENDATIONS
26. Consolidate the state's insurance program to provide adequate and equitable protection for the state, its agents, and employees.

The insurance sinking fund has assets in excess of $30-million. Since this amount is more than an adequate reserve against fire and extended coverages, the fund is in a position to provide the same protection to liability, workmen's compensation, and fidelity. Such reinsurance or deductible type policies that may be needed over and above that which would be treated as self-insured should be purchased as a single policy for each of the types involved at a substantially lower premium than now experienced on a fragmented basis.

It is anticipated that only a part of the $30-million in the sinking fund will be required to support these programs. Therefore, none of these funds should be released for support of any recurring type expenditure. A study should be made to determine the feasibility of using the balance of the fund, beyond that required to support these programs, as a revolving fund for purchasing properties and providing planning in advance of funding construction of capital improvements.

The revolving fund should be refunded by appropriation when the projects are approved. None of the fund should be applicable to projects or obligations that are of a recurring nature but should be applicable only to capital improvements. The study should establish proper parameters to protect the fund against dissipation or being committed to those projects requiring continuing support. Agencies, schools, county, and public subdivisions should be charged premiums commensurate with the cost of supporting this program but not for the purpose of increasing the fund beyond actuarially determined amounts required for reserve. No savings are claimed. However, the cost to those securing the coverage will be substantially reduced. Dependent upon the outcome of the study, there may be further cost avoidance due to the shortening of the overall time for site procurement design and construction of capital improvements.

27. Purchase an all-risk aggregate loss policy to limit losses to $2.5-million.

Costs to the state for its reinsurance program are estimated at $705,000. The cost of a $2.5-million aggregate loss program would be approximately $280,000. This would result in an average net savings in reinsurance premiums of $425,000. Actuarial studies have shown that the probability of losses ever exceeding $2.5-million in any fiscal period are nominal.

28. Reduce the premiums charged to various agencies of state and local government.

The annual premium for fire and extended coverage and difference in conditions insurance will exceed $2.3-million. At the same time, it is estimated that losses and other expenses would amount to $1.3-million. Therefore, rates could be reduced by more than $1-million, or 44.1%. Implementation will not cut costs, but it will tend to reallocate the money in a more productive and economical fashion.

29. Establish a viable loss prevention program.

The present loss prevention program is operated by the reinsurance carrier. Its purpose is to eliminate or lessen the probability of any one loss exceeding $250,000. The carrier has been extremely successful. However, the real thrust of such a project should not just be aimed at large losses. Therefore, a total prevention program should be inaugurated. It is expected that the cost will be $30,000 per year.

30. Endorse the present state reinsurance contract to comply with the federal Disaster Act of 1970.

This law provides replacement coverage for all state, county, or municipal property destroyed in a national disaster as dictated by the President of the United States. By utilizing such an endorsement, the state can reduce the cost of its reinsurance and, at the same time, provide better coverage.

31. Adopt a central medium for providing protection to the state and its agencies for liability imposed under the South Carolina Governmental Motor Vehicle Tort Claims Act.

The advantage of having one device for handling all claims under this act would principally be that it would allow the state to affect desired economies of scale. The limits of liability coverage carried by various departments insured with private carriers varies considerably throughout the state. If a citizen were hit by an automobile controlled by an employee of the University of South Carolina, the claimant would be able to collect damages up to $100,000. If he were hit by a state police vehicle, the maximum he would be able to collect would be $10,000. It is difficult to establish the exact savings that would accrue from an overall program. However, an estimate would be $50,000 if all coverages were brought under the control of one agency.
32. Make a study of the cost involved in extending the Tort Liability Act to encompass all areas of general liability.

The doctrine of governmental immunity is being impinged upon by court and legislative decisions of other states who have abandoned it. The state, in many of its functions, operates in a proprietary manner where the cloak of immunity is not impervious to penetration. The immunity dilemma has left a great area of concern in the minds of many agency administrators. Thus, a large number of agencies have purchased general liability insurance policies, paying standard rates. If these policies were consolidated and one means of meeting the problem selected, substantial savings would accrue. Estimated one-time cost to conduct a study is $10,000.

However, more important than the savings that would result from combining these policies would be to relieve the inequity inherent in this situation. The state owes a responsibility to its employees and citizens, and it seems totally unfair for the state to punish one of its citizens which it may have wronged through its negligent act by disallowing his right to seek indemnification.

33. Consolidate the state's present bond program into two master bonds, one for fidelity bonding and the other for penal bonding.

There appears to be an inconsistency between the amounts of bonds required for the various agencies and the possible consequences of their actions. Individuals required by statute to furnish bonds to the state or to the people of the state should be covered under one master bond. The surety's liability for an individual should not exceed the amount of coverage provided under the existing bond applying to the individual. Under the master fidelity bond and penal bond, $1-million and $5,000 coverage respectively per individual could be provided. Implementation should save $22,000 a year.

34. Determine the state's position on the question of governmental and/or sovereign immunity with regard to the purchase of aircraft liability insurance.

If it is determined that aircraft liability insurance is to be purchased, consolidate the eight aircraft insurance policies now in effect and carry one limit of liability for all 10 aircraft. Under one master insurance policy, all planes could be covered for a limit of $5-million, which is the present limit carried on four of the planes, for approximately the same amount as the present cost. This would increase the liability limit carried on the other six.

35. Determine the correct model and year of all aircraft and reduce hull value insured to the actual cash value as shown in the Aircraft Blue Book.

It appears that the value of the aircraft for hull insurance purposes was determined at the time of the initial purchase or acquisition. Although the actual cash value of the airplanes decreases with age, the amount of insurance coverage on the aircraft hull is not being reduced each year.

The combined insurance value of the airplanes now insured for hull coverage is about $1,02-million. However, the blue book actual cash value of these aircraft is approximately $650,000. This results in the state paying a premium of $370,000 of insurance coverage on which it can never collect. Annual premium reductions are estimated at $5,000.

36. Eliminate the voluntary settlement and medical payments insurance coverage on the nine state airplanes where it is now purchased.

Voluntary settlement insurance is accidental death and dismemberment insurance. The medical payments insurance would cover medical expenses for individuals injured while flying or on one of the aircraft. This benefit gives preferential treatment to individuals using this mode of transportation as opposed to other methods of travel. Elimination of this coverage where it is now purchased would annually save the state approximately $13,000.

37. Employ a full-time risk manager.

The state needs the services of a professional risk manager to oversee and determine the optimum means for treating risks which can only produce loss. The annual cost is estimated at $33,000.

Central Purchasing

This department is staffed by the State Purchasing Officer, six assistant purchasing officers, and seven secretarial clerks. Its appropriations for fiscal 1972 amount to $127,000. At present, the purchasing officer reports to the Director of General Services.

During fiscal 1971, direct purchases amounting to $15.9-million were made for numerous state agencies, schools, and other departments. An equal amount was spent by these agencies by releases against Central Purchasing term contracts. Direct purchases by other state agencies conservatively amount to $100-million. Total state purchases amount to approximately $116-million.

If items requisitioned are available from General Services' supply room, Central Purchasing prepares
an invoice and arranges for shipment of the material. A number of items are stocked by the Highway Department in their depot. There are 284 purchase contracts in effect for terms of up to 12 months. These cover a broad range of items. State agencies, counties, municipalities, and political subdivisions are able to make purchases against them. All automotive equipment is purchased by Central Purchasing. This appears to be the only commodity bought for all state agencies and departments.

There is a need for formal written policies and a clear-cut definition of responsibility. Additionally, there has been a lack of strong, effective management over the past years. It is estimated that less than 25% of the total state’s purchasing is being handled by Central Purchasing. The department is overstaffed for the present volume of work and does not make adequate use of materials and equipment.

RECOMMENDATIONS

38. Strengthen the department to fulfill the statutory intent.

Central Purchasing is charged with the responsibility of purchasing for all state agencies. Due to the lack of strong professional procurement personnel, this responsibility has been only partially accepted. Consequently, the purchasing function has been assumed by most state agencies. This fragmentation has compromised the power of volume procurement, caused considerable duplication of effort, and resulted in costly operating inefficiencies.

To effectively perform the purchasing function, the department should be reorganized under an experienced professional purchasing director. He would develop policies, procedures, rules, and regulations for use by all purchasing functions in state government. Additionally, the director would audit activities and results as well as give advice and provide direction where needed. Furthermore, responsibility for statewide centralized purchasing by this agency must be clearly established. In addition, the committee on purchasing policies and standardization should be reactivated to ensure that effective policies and procedures are written. Most items presently exempted from the scope of Central Purchasing should be removed from this classification. Responsibility for the supply room should be transferred to Central Purchasing. The printing operation carried out by the supply room should be expanded so that work for other agencies could be performed.

A survey of 14 departments identified purchases in excess of $100-million. As a number of major agencies were not included, total purchases should exceed $125-million. Centralizing, reorganizing, and strengthening corporate and industrial purchasing functions for multipurpose operations along the lines proposed has, oftentimes, yielded a cost reduction of goods purchased in excess of 10%. Implementation would result in estimated annual savings of $12.5-million.


At present, no purchasing manual exists. One should be prepared bringing together all purchasing policies and procedures. This manual should be widely distributed and become the key communication tool concerning purchasing practices. As an illustration, handling of small order purchases, emergency requisitions, verbal quotations, and the like would be covered. It would significantly improve operating efficiency throughout state agencies. Benefits are included in another recommendation. A one-time cost of $15,000 is anticipated.

40. Standardize purchase order forms.

Currently, each agency has its own form. These forms have from four to 10 parts. In most cases, five parts will do. By adopting a standard format and combining orders, savings would be realized. During fiscal 1971, more than 175,000 purchase orders were issued. Estimated savings of $25 per thousand are anticipated and would amount to over $4,000 annually.

41. Establish signing authority levels for purchase orders and contracts.

Presently, all purchase orders are brought to the attention of the State Purchasing Officer for review and rubber stamp signature. Each qualified employee should be authorized to sign those orders he issues. However, buyers should be limited to $15,000. The purchasing manager’s limit should be $100,000. All purchases over $100,000 should be signed by the director. No dollar savings can be estimated.

42. Incorporate administrative functions into an automated data processing system.

Limited use is made of data processing. It is not possible to obtain accurate information on annual purchases, vendor performance, requirements for a given period, price, volume, or other data needed for negotiation of purchase contracts. A system should be developed to monitor price, delivery, quality performance, as well as to provide statistical information. It would allow closer control of cash flow and expedite preparation of purchase orders. Savings will be made in operation and reduction of inventory levels. There will be a one-time cost to
design and implement this system. Both costs and savings are reflected in a prior recommendation.

43. **Eliminate the magnetic tape typewriter.**
All purchase orders are prepared on a magnetic tape typewriter. The tape is not put to any other use. Until such time as tape is used for computer input, orders should be prepared on a regular electric typewriter. Returning this unit to the supplier would result in savings of more than $2,000 annually.

44. **Discontinue use of signature stamps on purchase orders and documents.**
Presently, rubber stamps are used to sign purchase documents. This custom could allow validation of orders without the knowledge of authorized personnel. It should be stopped and the rubber stamps destroyed. Audit procedures should ensure all purchase orders are properly authorized.

45. **Institute a warehouse system in areas of agency concentration under Central Purchasing's jurisdiction.**
At present, there is a small supply room operated by General Services for office supplies and a warehouse managed by the Highway Department for electrical, janitorial, safety, radio, automotive, and other miscellaneous items. Only some agencies use these facilities. Authority to set up stores for this purpose has been given to General Services by the Budget and Control Board. Starting in Columbia, central warehousing facilities should be established under Central Purchasing to supply state agencies with food staples, medical, housekeeping, janitorial, office supplies, and the like. Local supply rooms should be limited to an inventory of 30 to 60 days.
Agencies would requisition directly from the supply depots for weekly deliveries of materials at cost. As the need arises, consideration should be given to establishing warehouses in other locations. Anticipated savings and costs involved are incorporated in a prior recommendation.

46. **Investigate maintenance contracts on office equipment.**
Each department currently makes arrangements for maintenance contracts after purchase of machines. A study is needed to determine the number of contracts, annual costs, and services rendered. It is common practice in industry not to put items such as typewriters, adding machines, and dictating equipment on contracts until maintenance costs exceed contract costs. Other types of equipment should be grouped together under blanket contracts where needed. As there is no estimate of money being spent, it is impossible to determine the savings.

47. **Eliminate sales tax payments on purchases made by the state.**
The state currently pays a 4% sales tax on its purchases. In fiscal 1971, this amounted to $5-million. Disbursement of these dollars deprives the state of the use of approximately $850,000 on an annual basis. If the funds were invested at 6%, additional annual income of $51,000 would be achieved.
Since many suppliers doing business with the state have sufficient volume to reach the $5,000 maximum, it is impossible to project savings in fees paid for sales tax collection on state purchases. Other unclaimed savings would result from elimination of clerical work in connection with tax handling on approximately 175,000 purchase orders.

**State Printing**
This department consists of three people and it has a fiscal 1972 appropriation of $334,000. Of this sum, $300,000 is for legislative and annual report printing. All printing purchased by this department is by bid. A separate bid is received for each order except for legislative printing and annual reports. The code stipulates all printing and office supplies are to be purchased by the Budget and Control Board. However, this is not being done. The Comptroller General requires the board to approve all invoices for these items although it only purchases a portion. This function has been assigned to the Printing Officer who does not purchase office supplies.
A good deal of wasted time and effort is being expended in this department. Bids are requested on every order regardless of size. No effort has been made to standardize forms or printed matter. Although this agency is charged with responsibility for purchasing all state printing, only a small percentage is bought by the department.

**RECOMMENDATIONS**
48. Eliminate the department.
This unit of the Division of General Services is basically performing a purchasing operation and duplicates the function of Central Purchasing. Responsibility for procurement of printing should be transferred to Central Purchasing where the function can be adequately performed without staff additions. Savings of $37,000 per year will be realized.

49. Eliminate invoice approval by the Printing Officer.
The Comptroller General sends all invoices for printing and office supplies to the Printing Officer for
approval. This unnecessary procedure requires at least 50% of one person's time. Eliminating it would provide annual savings of $4,000.

Records Management

This department is set up to store records primarily for short-term periods. All material received at the center must be labeled showing agency name and eventual disposition, nature of data in boxes, and retention period. Upon receipt, the material is catalogued and stored in racks. Microfilm services are provided on request. Such records are disposed of by selling them as scrap paper or by transference to the Department of Archives and History. Three employees are assigned to the unit and appropriated salaries for fiscal 1972 are about $21,000.

This unit within General Services is supplying a useful service. Floor space rental at the center is considerably less expensive than an office and material can be stored almost ceiling high. Little work is being done in the way of records management. Security and fire protection facilities are adequate.

RECOMMENDATION

50. Transfer this function to Department of Archives and History.

These two departments belong together. The Department of Archives and History has funds appropriated for records management and has proposed a bill for legislative action to implement a system. Therefore, this function of General Services should be transferred to them. No costs or savings are involved.

Motor Pool

The General Services Division was authorized by the Budget and Control Board to operate a motor pool for use by state employees, as well as to permanently assign vehicles to individuals who use an automobile 12,000 or more miles per year on business. The pool was established in 1964. Funds are obtained by appropriation, charging users of permanently assigned cars at the rate of $0.07 per mile for a minimum of 1,000 miles per month, and from sales of excess motor vehicles.

There are 2,600 automobiles operated by the state. Of this total, the motor pool is assigned 58, the Highway Department 1,476, the South Carolina Law Enforcement Division 108, and the balance of 958 vehicles to other agencies.

All automotive equipment is bought through Central Purchasing on receipt of a requisition which has been approved by the Budget and Control Board. Supervision of the motor pool is a part-time job along with the supply room, General Services mail room, duplicating facilities, and courier service. Its fiscal 1972 appropriation for these functions amounts to $59,000.

Some 55 of the passenger vehicles assigned to the motor pool are on permanent assignment. The very large ratio of the assigned to the unassigned reduces the pool to a level that makes the remaining vehicles rarely available to the casual user. A report for April 1971, showed 11 of these vehicles were operated less than 1,000 miles, and an additional 10, below 1,200 miles.

The General Services Division does not provide for a planned preventive maintenance program. No control is exercised to assure that any service is provided. Rather, it is left up to the individual. Services are usually obtained from the Highway Department which bills General Services at a rate determined to cover actual costs plus a reasonable amount of overhead. These vehicles are straight-line depreciated over 36 months. However, replacements are not made on any set schedule.

Budget and Control Board regulations require that passenger vehicles may be individually assigned, upon board approval, when official use exceeds 12,000 miles annually. They will be assigned if use is in excess of 15,000 miles per year. No attempt is made to recover motor pool vehicles which do not meet this requirement.

Operating in this manner, the pool can hardly be recognized as such because its three unassigned autos are rarely available to the casual user. It is generating operating and replacement funds through its rental fees which are ample for a fixed number of vehicles. However, there is a constant demand to provide additional permanent assignments which only can be made by the appropriation of state funds. The increase amounted to 13 automobiles in fiscal 1970 and eight in 1971.

RECOMMENDATIONS

51. Establish a management program for control of state-owned vehicles.

Although the Budget and Control Board approves all purchases of automobiles, their assignment and utilization is basically controlled by the individual agencies. Regulations, policies, and guidelines are frequently ignored. A strong fleet management program will overcome the abuse of vehicles and benefit the state through improved utilization. The program should include:
Control over all state vehicles.

Elimination of state-owned vehicles for personal use.

Establishment of uniform specifications for vehicles and accessories to allow for bids on a larger number of vehicles to obtain better prices.

Creation of uniform replacement standards.

Provision of a system for collecting data on expenses, mileage, and other information so comparative costs can be made monthly.

Implementation of a uniform preventive maintenance program.

Coordination of vehicle utilization in motor pool.

Appointment of a fleet manager to coordinate the total management program under the Director of Purchasing.

There will be an approximate annual cost of $40,000 to establish this program. Savings to the state are reported elsewhere.

52. Increase, through reassignment, the number of cars for casual use by state personnel to not less than 50 vehicles.

There are only three cars available for casual use. Initially, the pool should be increased to 50 vehicles and adjusted up or down as the need exists. Many cars should be available for reassignment or sale from individuals who no longer qualify for permanently assigned cars. Standard and intermediate cars should be placed in the pool for casual use or assigned to individuals who qualify. Luxury cars should be sold.

A survey of 11 agencies showed their employees were reimbursed for slightly over 5-million miles last year at $0.09 per mile. As figures for a number of large agencies were not available, it appears a conservative figure of 10-million miles were driven by state employees in personal cars. The average operating cost of motor pool cars last year was $0.063 per mile. Therefore, savings of $0.027 a mile or $270,000 could be realized if all employees used state-owned vehicles for business travel.

53. Eliminate use of state vehicles for personal use on a no-charge basis.

Automobiles are frequently assigned to state employees because of their position rather than need. At the same time, many people who need cars for official business use their own. Those who have state-owned automobiles are allowed to use them for personal activities at the state’s expense.

On the average, employees who operate state-owned vehicles drive them between 6,000 and 12,000 miles per year for personal use. To correct this situation, the Budget and Control Board should discontinue assignment of automobiles to persons who do not use them for travel on official business in excess of 12,000 miles per year. Further, it should insist that all employees who travel in excess of 12,000 miles annually on state business do so in a state-owned vehicle. Individuals insisting on using their own cars should only be reimbursed at the state’s average operating cost for its fleet.

It is recommended that all employees who are assigned a vehicle be allowed to use it for personal use. However, they must reimburse the state at a rate of $0.04 per mile for all personal miles driven. Assuming each automobile is being driven close to 9,000 miles per year for personal use, savings on 2,600 automobiles would approximate 23.4-million miles or $936,000.

54. Establish standards for all automobiles and accessories.

At present, the only automobile standards in existence are for patrol cars. There are guidelines available which are adhered to in a few instances. Large fleet management organizations recommend the following automobiles be used. Chevelle Malibu—2-door or 4-door hardtop, 4-door sedan; Plymouth Satellite Sebring—2-door hardtop, custom 4-door sedan; Ford Torino 500—2-door or 4-door hardtop, 4-door sedan; and American Matador—2-door hardtop, 4-door sedan.

It is suggested these automobiles be equipped with a standard 8-cylinder engine, 3-speed automatic transmission, radio (AM), air conditioning, tinted glass, vinyl upholstery, wheel covers, front floor mat, and power steering. Further, all cars should be replaced after 60,000 miles or four years whichever occurs first.

We concur with these recommendations and suggest they be adopted by the state with very few exceptions. Highway Patrol cars and other law enforcement agencies’ cars would, of necessity, be exempt along with the limousine used by the Governor.

Intermediates are suggested over standard models because of their initial lower cost plus higher resale value and lower operating expenses. One fleet management company states net depreciation on intermediates is $8 to $10 per car per month lower than for standard models. Additionally, expenses for gasoline, oil, maintenance, and tires are lower by about $4 to $6 monthly.
Savings of $12 to $16 per month can be realized on approximately 2,000 automobiles or $336,000 annually. Further savings would be realized by allowing annual contracts to be let out for bids on large numbers of cars. The initial lower cost of intermediates is close to $300 each. About 700 cars will be replaced annually for savings of approximately $210,000. Thus, total annual savings of $546,000 should be attained.

55. Evaluate intermediate cars for use by the Highway Patrol.

For 1972, Chrysler, Ford, and General Motors claim they have intermediates which are adequate for the Highway Patrol. During 1972, at least 25 units should be purchased and evaluated by the state to determine how well they operate. If performance is satisfactory, the balance of the fleet should be changed as soon as possible. If acceptability is established by the trial, annual savings of more than $140,000 can be achieved through replacement of 300 patrol cars the first year and savings of $191,000 each succeeding year. No savings are shown.

56. Standardize tire purchases for new cars and replacements.

Presently, a number of makes and types of tires are purchased for passenger vehicles and Highway Patrol cars. Studies conducted by the Highway Department indicate one tire gives up to 300% more wear than some others. Costs of the better tire vary from $2 each to 50% more. Therefore, specifications on new cars should include one for tires, requiring vehicles be delivered with 6-inch rims and “70” series radial tires which assure 40,000 or more miles. All replacement tires should be of the same type if the wheels will take them.

Mileage driven on all state-owned vehicles is difficult to determine. Our assumption is that the average, including Highway Patrol, is 30,000 miles each year. With original equipment tires, the average obtained is approximately 16,000 miles. By switching, a potential savings of about 2,800 sets of tires a year would be realized. Average tire costs are $61 per set. With a conservative 100% increase in tire life, annual savings of $87,000 could be effected.

57. Purchase antifreeze in bulk.

Presently, all antifreeze is purchased in cases of six one-gallon containers. This is expensive and lends itself to waste and pilferage. Last year, 18,000 gallons were purchased. A cost reduction of $0.20 per gallon could be realized if the product were purchased in 55-gallon drums. This would provide annual savings of over $3,000.

58. Service and repair state-owned vehicles at Highway or Education Department facilities.

Currently, these departments restrict activities to their own equipment except at one location, the SCHD Equipment Depot. The SCHD operates a total of 48 shops and the Department of Education has 40. Together they maintain over 15,000 vehicles and expend more than $6.7-million in parts and labor annually. If their services could be extended to all agencies and an interchange of services developed between them, there would be a savings of at least $100,000 per year to the state.

Buildings and Grounds

This bureau is responsible for maintenance and upkeep of all state-owned and leased buildings in Columbia as well as to help state agencies determine and locate their space needs. Set rental fees for all agencies are based on the amortization of the building plus maintenance and operating costs. Annual rentals per square foot vary from $1.96 to $4.16. The bureau is also accountable for the purchase of land around the capital complex and construction of buildings on these tracts. Additionally, it is required to maintain the grounds within the State Capitol and supervise maintenance of the grounds at the Governor's mansion and state house. Allocation of space and collection of rent for the new underground parking is also performed.

The appearance of buildings and grounds is a credit to this department. They are well kept and in good repair. Allocation of office space on the present system appears to be liberal — 110 square feet for clerical, 160 for professional, and 250 for administrative personnel. Parking space was assigned originally on a seniority basis. As more spaces become available, they will be assigned on a first-come basis. A charge of $3.50 biweekly is charged for space in most cases.

RECOMMENDATION

59. Increase the fee charged for reserved underground parking.

Presently, the fee is $3.50 for two weeks. This is not enough nor is it consistent with fees being charged by operators around the capital complex. A study made several years ago showed that private off-street parking rates ranged from $3 to $15 per month and the average within a block of the state house was $7. Effective immediately, the rate should be increased to $5 bimonthly. As there will be approximately 1,000 spaces available by early next year, this will
increase annual income by $39,000. However, the added revenue will not begin to recover costs.

Surplus Property

This department reports to the Director of General Services. Presently, it has 25 employees with approval for 29. Its fiscal 1972 appropriation amounts to $211,000. However, allotments that are spent must be put back into the general fund. Surpluses are kept in a special fund to make improvements in the department.

Surplus Property obtains personal property from the federal government for distribution to the state's health, educational, and civil defense agencies. Items donated are brought into a warehouse near Columbia where they are identified, tagged, and put on display. Interested agencies visit the warehouse and select items they can use.

During fiscal 1971, it obtained federally donated property worth $6.14-million at acquisition costs. Attempting to be self-sustaining, a nominal service charge was assessed to cover packing, handling, transportation, and overhead expenses. These materials were then sold to eligible agencies for $209,000. The department's attempt to be self-supporting is improving. In fiscal 1968, it showed an operating loss of $7,000. This was reduced to $6,000 for 1969. Profits of $15,000 and $45,000 were reported for 1970 and 1971, respectively.

Surplus Property appears to be operating effectively with its present staff. It is expected that when the administrative offices are moved from the General Services area to the new facilities at the warehouse, further improvement will be made.

RECOMMENDATIONS

60. Promote department functions to all eligible state agencies.

A number of eligible agencies are not taking full advantage of surplus materials. Promotional material is needed for distribution to all health and educational facilities. If all eligible agencies were to take full advantage of the benefits, at least double the amount of materials and goods would flow through the department.

Assuming the material donated in 1970 had a value of 25% of original acquisition cost, and that the agencies would have purchased these goods elsewhere, the state conservatively could have made a saving of $1.53-million. Actually, the savings are considerably higher. At today's prices, new costs would exceed $6.14-million. Therefore, doubling the amount of surplus material distributed to state agencies would provide an additional saving of $1.53-million per year.

61. Reduce the number of full-time authorized employees from 29 to 25.

Presently, there are 25 employees on the payroll. These people are able to handle the work load effectively. Should a short-term need arise for extra labor, it could be readily obtained on a day-to-day basis. Elimination of these four authorized positions will provide an annual cost avoidance of $12,000.

Centrex

In 1970, the state had 27 PBX and five Centrex systems as well as 14,000 telephones in use. Total billings to the state for fiscal 1970 amounted to about $3.77-million, excluding expense related to operators and administration. Costs of the central system in Columbia were in excess of $325,000.

There are 15 WATS lines and 19 FX lines from the central Centrex system. When intrastate long distance calls are made, they must be placed through the operator who assigns the least expensive available line, FX, WATS, or in-state long distance. Calls are billed to an agency at a flat rate of 50.82 cents regardless of length, or line used for 70% of those placed. These figures are based on a statistical sampling over a period of time. Out-of-state long distance calls are billed at actual cost. The revenue generated allows the operation to be self-supporting and no appropriations are requested or required. A concerted effort is being made to hold down expenses. Operations are being reviewed, new systems are being evaluated, and numerous recommendations have been made to cut costs.

RECOMMENDATIONS

62. Give General Services authority to work with the telephone company to provide the most economical system based upon statewide needs and requirements.

A study was made by General Services and the telephone company of the Wildlife Resources Commission. Consequently, a system was recommended at a cost of approximately $1,000 per year less than that ordered. The agency decided it wanted the original system and had it installed. If proper authority was vested in General Services, this would not happen. An evaluation of the type proposed reveals industry can save from 10% to 25% of the total bill. With
a conservative estimate of 10%, savings of $400,000 per year should be attained.

63. Require students to pay total cost of telephone service.
There are currently 2,940 telephones installed in dormitory rooms at the University of South Carolina. The cost for nine months is $48 per room for double occupancy. Students are charged $20 each for a total of $40. If these students were obligated to pay the total cost for their telephone service, the added income would amount to $23,000 per year.

Lands and Legal
At present, no single state agency has responsibility for real or personal property. An attempt is being made to list all state-owned real estate. Not all land is listed as state property; some is in the name of individuals and agencies. Due to relocation of roads and abandonment of old roadside parks, certain properties have, in effect, been lost. Also, some agencies buy, sell, and swap land as they see fit. The program of listing all real estate is worthwhile. A thorough job appears to be progressing.

RECOMMENDATIONS
64. Require all agencies to report inventories of personal property to General Services where a record can be retained on data processing equipment.
Presently, only the smaller agencies report inventory and no single agency has an idea of the personal property owned by the state. Bringing this together under one agency and putting it on tape will centralize state ownership records and facilitate updating of records and production of reports. Information will be readily available to agencies on surplus property and make transfers easier. Implementation will free space in most agencies. Savings cannot be determined.

65. Complete the inventory of real property and have all deeds registered in the name of the state.
Presently, property is registered to agencies, individuals, and the like. As agencies cease to exist and persons leave, serious problems are created. Therefore, all property should be listed in the name of the state. One agency should be made responsible for all property and should assist in purchase, management, and disposition. While no savings are estimated, it is felt the gain would far exceed the cost of implementation.

66. Conduct an in-depth feasibility study of assigning responsibility for coordination of personal property, purchases, rental, repair, maintenance, moving, and storage to this department.
No central control is exercised over these functions. Each agency must inventory personal property annually. Those agencies with 100 employees or less send their findings to General Services. Larger agencies keep inventory records in their files. Further, no system exists whereby an agency can be made aware of surplus items.

Furniture and equipment could become the property of this department, who would lease it to agencies. Rental fees would include repairs, maintenance, and moving expenses. All requisitions for equipment should be routed through Lands and Legal prior to purchase to ensure the needs and advise availability of surplus items. Some costs would be involved but potential savings would more than offset them.

Office Supplies
A revolving fund of $30,000 is maintained by the Treasurer to purchase office supplies for departments, agencies, boards, and commissions. Total sales for fiscal 1970 amounted to $176,400, an increase of 10% over the previous year. Average inventory on hand amounts to approximately $20,000. A messenger service is also provided for agencies requesting records for reference from the record center, making bank deposits, and picking up checks from the Comptroller General.

This department is the mail room and copying center for other agencies in General Services. In addition, it operates a room for bursting, decollating, cutting, and binding of forms and documents produced by Data Processing.

Because of limited funds and space, the department is restricted in the quantity and variety of items carried. In some instances, contracts have been entered into with vendors to stock items for them.

RECOMMENDATION
67. Consolidate the Office Supply section with Central Purchasing.
Due to the limited space and funds, this operation is unable to expand to service the entire state. In another report, the task force recommended that Central Purchasing set up and operate a warehouse function to serve the state's needs. By combining this with it, some duplication of effort will be eliminated. Savings or costs cannot be identified.
Planning and Grants Division

This division is located administratively in the Governor's Office and acts in a staff capacity to the chief executive and his assistants. Its mission is to optimize state and local government expenditures by properly matching them with federal funds to achieve essential and desired objectives of governmental operations and services.

CURRENT PRACTICES
The division, created by Executive Order, increases the technical and management capability of the Governor as well as state and local government by providing research, planning, and coordination. The Planning and Grants Division operates through the Community Affairs, Housing Affairs, Law Enforcement Assistance, Highway Safety, State Affairs, and Narcotics and Controlled Substances sections. Functional support is provided through the Finance and Management section. Additionally, the Coastal Plains and the Appalachian Regional Commissions operate under the Governor's Office. These units are administratively outside of the division but perform similar functions in federal aid coordination. Employing approximately 85 people, it operates with an annual state appropriation of about $600,000. During fiscal 1972, it will administer federal funds in excess of $8-million.

EVALUATION
This division lacks a proper organization structure and the director's position is vacant. Further, the Executive Order of 1967 which created the division should be updated. Office space is in three separate locations causing excessive administrative and clerical overhead. Additionally, a statewide cost allocation plan is needed.

RECOMMENDATIONS
1. Reorganize the division.
The present structure shows seven line and two staff sections reporting directly to the Governor's Office. This is depicted in the chart shown below. While not shown, the Appalachian Regional Commission performs a mission similar to Planning and Grants even though not reporting administratively under the division.

| PRESENT ORGANIZATION |
| PLANNING AND GRANTS DIVISION |
| GOVERNOR |
| EXECUTIVE ASSISTANT |
| COMMUNITY LIAISON OFFICER |
| FISCAL OFFICER |
| COASTAL PLAINS DIRECTOR |
| COMMUNITY AFFAIRS COORDINATOR |
| HIGHWAY SAFETY COORDINATOR |
| HOUSING AFFAIRS COORDINATOR |
| LAW ENFORCEMENT ASSISTANCE DIRECTOR |
| NARCOTICS AND CONTROLLED SUBSTANCES COMMISSIONER |
| STATE AFFAIRS ADMINISTRATOR |
A new structure is recommended as illustrated in the proposed chart shown above. It would incorporate Highway Safety, Law Enforcement Assistance, and Narcotics and Controlled Substances under one coordinator because of parallel missions and impact. Similarly, Housing Affairs, Appalachian Regional Commission and the Coastal Plains Regional Commission would be organized under a coordinator. State Affairs and Community Affairs would continue to report to the director as would the Community Liaison and Accounting sections. Since individual section fiscal integrity is being implemented, an Accounting section with only two clerical positions instead of the present eight is advised. Positions eliminated in the Management and Finance section would be absorbed in line sections resulting in implementation at no additional expense. Coordinators for State Affairs and Community Affairs would be staffed by the present section heads. The other two coordinators would be section heads with additional responsibility.

2. Prepare a consolidated statewide cost allocation plan.

The federal Bureau of Budget has provided a method of identifying costs of operation, overhead, and central service functions of state government and properly allocating them to state agencies and departments. This program which is described in the bureau's circular A-87, has been implemented in 47 other states. Advantages to the state are derived from the fact that overhead and operation costs of statewide service agencies now receiving federal aid are considered as indirect costs. The state's total costs then become a part of their matching efforts. The U.S. Department of Health, Education and Welfare must approve any plan. Advice on this program has been sought from a nearby state which recently completed its own cost allocation program. Informed sources estimate potential savings of $2-million annually can be obtained when this program is implemented.

3. Provide a new Executive Order to redefine the mission of the division.

This division was established by the previous Governor. A majority of the section heads and many key personnel were recruited at that time. A new Executive Order outlining the scope, direction, and methods of operation would provide this organization with a better defined program of service to the state.

4. Appoint a full-time director.

The division's present structure suggests a loose confederation of sections reporting to the Governor's Office through an executive assistant. A director's
position exists but is not presently staffed. The division consists of approximately 85 employees whose activities need the guidance of a full-time executive director. His salary requirements would approximate $20,000 annually.

5. Consolidate the division’s office into a central location.

Presently, the division’s sections have office space in three buildings. The Wade Hampton Building and the 915 Main Street location each require a receptionist and copy equipment. The Narcotics and Controlled Substances section located at the Columbia Building requires a secretary to carry all copy work as well as incoming and outgoing mail to the Wade Hampton office.

Centralization of offices into one area would eliminate one receptionist at $5,000 annually and one copy machine at $4,200 annually. With a secretarial pool, the number of secretaries could be reduced from 25 to 20 for annual savings of $25,000. Thus, a centralized location will save $34,000 per year.

6. Reorganize the Law Enforcement Assistance Program section.

The present structure of this organization, depicted in the chart shown above, lists the Deputy Director for Planning with three functions reporting to him. There is also a Deputy Director for Administration with one function and three part-time research clerks.

Under the traditional organizational concept, four separate functions each staffed with one person could not possibly require a sub-level for reporting purposes. Adoption of the proposed organization as depicted below, would eliminate the two deputy
director positions for annual savings of $28,000. The four functions would report to the Executive Director without any loss of effectiveness.

7. **Unify the state's planning districts organization, structure and direction.**

The state is organized into 10 multicounty planning districts. Their function is to locate and define worthy local projects and provide proper planning, implementation, and administration. Each of the districts is organized and funded differently and each pursues a separate program of federal "governorship." The net effect is 10 efforts in securing federal program funding rather than a concentrated statewide program. A study should be initiated to organize and define planning district objectives.

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**South Carolina Law Enforcement Division**

This division, commonly referred to as SLED, renders investigative, technical, and manpower law enforcement assistance to solicitors, grand jurors, mayors, city and county managers, the Attorney General's Office, and law enforcement agencies of the state. It also conducts any investigations the Governor feels necessary to safeguard the people of the state.

**CURRENT PRACTICES**

The functions of the division are grouped into five basic areas of Investigations, Special Services, Technical Service, State House Security, and Criminal Justice. Investigations handles criminal, administrative, arson, liquor, and vice probes. Special Services directs dog support for tracking humans, aircraft for search and rescue, extraditions, mercy flights, and traffic controls. It also provides information on organized crime and expertise on bomb threats. Technical Service includes chemical and physical crime lab analysis, polygraph services, forensic analysis for firearms and fingerprint identification, document comparison, foot and tire impressions, tool mark examinations, and voiceprint identifications. State House Security protects the capitol complex while the Criminal Justice function maintains records and fingerprint cards on criminals or suspected criminals. It also maintains the teletype network which has instant communications with every county of the state and direct access into the 48 states within the continental United States.

The division is staffed with 117 people. SLED requires its special agents to be familiar with and capable of conducting investigations into all types of criminal activities. Expenditures are covered by state appropriations and federal grants. Fiscal 1971 state appropriations were almost $1.5-million and federal funds totaled $169,000.

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**EVALUATION**

Lack of working space in the division's headquarters is a serious problem, particularly in the Chemistry Laboratory and Records sections. The number of chemical analyses has increased from 479 in 1968 to 6,132 for nine months in 1971. In the Records section, fingerprints are submitted from the arresting agency only on a voluntary basis. Recent legislation giving SLED authority to require fingerprints for each arrest will increase the section's space and workload demands. A comprehensive study has been made to determine the space requirements to alleviate the problems, and a request made for federal money to construct adequate facilities.

**RECOMMENDATIONS**

1. **Direct each law enforcement agency to inform SLED if a case is closed while waiting for evidence analysis from the division's chemistry laboratory.**

At present, many unnecessary analyses are conducted because SLED is not informed when cases are closed before the laboratory test is conducted. An estimated 10% of the analyses fall into this group. Each law enforcement agency should be directed to inform SLED when a case is closed before laboratory results are reported. This will result in an annual saving of $5,000.

2. **Charge fees for blood-alcohol, lead, drugs, and poison analyses conducted for private hospitals and doctors.**

These studies are conducted without charge for physicians or hospitals requesting them. Private laboratory fees are about $15 per test. A similar charge by the division will result in an annual income of about $3,000 to offset laboratory costs.
Department of Corrections

This department is responsible for providing a system of security and confinement for men and women who have committed crimes against society. It also provides a program of rehabilitation for prisoners that will enable them to become more productive and law-abiding upon release.

CURRENT PRACTICES
The State Board of Corrections operates and manages the Department of Corrections. This board, consisting of the Governor and six appointees, employs a director for the department who, in turn, hires all other personnel.

The department functions through the Divisions of Administrative Operations; Institutional Operations; Special Services; Research, Planning, and Development; Community Prerelease Programs; Youthful Offenders; and Public Service Careers. As of October 17, 1971, it had 639 employees. Expenditures for fiscal 1971 amounted to $1,708 per inmate for a total of $5.48-million. The department's inmate population reached on all-time high of 3,211 confined adults within its 15 facilities.

EVALUATION
The director has made numerous improvements in operating methods and procedures. With limited financial means, the department has established a professional staff possessing a vast knowledge of correctional systems, and it has succeeded in limiting the annual cost of confinement to only $1,708 per man.

The inmate population of about 3,200 is 133% of rated capacity. This has created an enormous work load to manage the many correctional programs. As a result, some operations such as the Correctional Industries Division have suffered. There are many areas for improvement within this division that need special attention to guide it toward a more efficient operation as well as remain capable of providing the inmates with a good rehabilitation program.

Maintaining an adequate security force has become a critical problem. There is an excessive turnover rate of officers which has caused wasted expenditures. The department has reached a crisis in its growth. When physical expansions are necessary to meet inmate requirements, decisions have not been reached as to what is the most effective total correctional system.

RECOMMENDATIONS
1. Initiate a statewide market survey to determine preferred products for manufacture by Correctional Industries' furniture factory.

This furniture factory had sales of $223,000 for fiscal 1971, yet suffered a net loss of $13,000 not including its share of the $211,000 administration overhead. Of the $223,000 in sales, only $145,000 was for standard items manufactured; the remaining coming from custom made products, furniture re-finishing, and reupholstering. Seven of the 27 standard items had statewide sales of less than 50 each. A market survey will indicate specific items of furniture for standardization which could increase sales by as much as 35% resulting in possible net annual income of $30,000. However, that income is not claimed at this time.

2. Investigate the feasibility of having Correctional Industries maintain and operate a centralized textbook depository for the Department of Education.

The State Board of Education purchases textbooks by contract from various publishers. Included in this contract is a stipulation that the publishers establish and maintain a central textbook depository in South Carolina. The publishers then determine one private organization to manage it.

Since prison industries already operates a textbook bindery for repairing used books, it is possible that the Department of Corrections could establish and operate a central textbook depository at considerable savings. A similar recommendation appears in the Department of Education report.

3. Increase the charge to the Highway Department for special automobile license tags.

The Correctional Industries' license tag plant manufactures approximately 1.6-million sets of plates for the Highway Department annually for a fee of $0.31 per set. Under new legislation, the Highway Department can sell special individualized tags to the public for $15 per set. These special plates hinder production schedules and are more expensive to manufacture. It is estimated that 8,000 special sets of 1972 tags will be manufactured this year. Charges to the Highway Department for special tags
should be increased to $1.50 per set. This will increase income to the agency by $9,000 annually. However, there will be no net effect to the state.

4. Stop using mailing envelopes for license tag containers.
During fiscal 1971, the Correctional Industries' tag plant inserted 1.6-million sets of license tags in a mailing envelope before shipment to the Highway Department. Records indicate only 130,000 or 8.1% were actually mailed by the department. The remainder were sold over the counter. A simple taping operation could bind the tags together and eliminate the use of mailing envelopes for 1.47-million sets. This would result in annual savings of $22,000.

5. Discontinue use of wooden shipping crates for new license tags.
Correctional Industries furnishes 32,000 wooden crates for shipment of tags by Highway Department trucks to county offices throughout the state. After the tags are sold, the empty crates are returned by truck to the SCHD warehouse in Columbia to await collection by Correctional Industries. Of the 32,000 crates, about 16,000 must be replaced annually due to deterioration, misplacement, or damage. The cost of materials alone, excluding prison labor and return freight, amounts to approximately $15,000 annually. Therefore, 32,000 disposable cardboard crates should be purchased for $0.34 each or approximately $12,000. This would eliminate the manufacturing of wooden crates, save $3,000 annually, and make 5,120 manhours available for other productivity.

This is the largest facility in the southeast processing 10.5-million pounds of laundry per year. It is located at the Manning Correctional Institution and was constructed in 1963 at an expense of $1.5-million. On January 1, 1972, an outstanding debt of close to $1.28-million will remain. This penalizes the correctional industries.

The laundry presently operates eight hours per day using prison inmates to man 160 jobs. A fee of $0.06 per pound is charged state agencies whereas the commercial rate is approximately $0.10. Two six-hour shifts per day will result in a 50% or 5.25-million pound increase in production. Savings to prospective state agencies would be $0.04 per pound or $210,000 annually. In addition, Correctional Industries' net revenue on 5.25-million pounds will conservatively amount to $80,000 annually. If this amount were applied to the laundry department beginning on May 1, 1973, the note could be paid off by 1979 with total interest savings of approximately $109,000.

7. Establish a truck tire recapping plant to be operated by Correctional Industries.
Use of recapped truck tires offers huge savings to state, county, and city governments. A recommendation in the report on the Highway Department points out that 9,600 recapped truck tires could be used each year. The difference in cost of these commercially recapped tires and new ones would amount to a saving of $157,000.

Correctional Industries could establish and operate a recapping plant capable of producing 16,000 tires per year to meet the Highway Department's demand and also furnish 6,400 recaps to other state agencies, counties, and cities. A building and equipment investment of $80,000 would be required. This would basically be a five-man operation, but rehabilitation would be incorporated into the program. Correctional Industries should realize approximately $50,000 per year to retire this debt, assuming the charges to state agencies and departments are close to competitive commercial prices.

8. Make a study of the dual correctional system in South Carolina.
Presently, there are 53 county prison camps in 40 counties of South Carolina. Each operates autonomously to each other and the Department of Corrections. This dual system creates two problems which are of interest to the economics of corrections. The first is the overcrowded condition which exists in the Department of Corrections, presently operating at 133% of capacity. Many inmates are transferred by the counties to the department with no regard to the current population. The county prisons have a capacity for approximately 3,000 inmates but are operating at 50% to 60% capacity. A second problem is the fact that the optimum correctional system in South Carolina cannot be planned effectively due to a lack of statewide statistical information pertaining to adult offenses.

This comprehensive study is necessary to ensure that the needed physical expansions in the department are constructed for statewide service in the most economical way. If the findings of such a study recommended overall integration of local and state facilities, improvement in operations of the correction system and undetermined savings of considerable magnitude should be provided.
Department of Juvenile Corrections

This department, under present laws, has sole responsibility for operating the Reception and Evaluation Center as well as the South Carolina School for Boys, the South Carolina School for Girls, and the John G. Richard School for Boys.

CURRENT PRACTICES
When a child is assigned to the department by the courts, he is admitted to the Reception and Evaluation Center for a period not to exceed 45 days for diagnosis. This facility is operated by a staff of 76 employees including psychiatrists, psychologists, sociologists, religious, and educational personnel.

The correctional schools are administered by an average of 261 employees who care for about 520 juveniles. These schools are set up as a district receiving equal benefits from the State Board of Education. During fiscal 1971, the department’s expenditures were $2.94-million. It will operate on an appropriation of $2.86-million for fiscal 1972 and has requested $4.15-million for 1973.

EVALUATION
The majority of the personnel appear to be dedicated, but lack coordination of direction. There is a critical need for a well defined plan which can physically incorporate the existing facilities and structures along with the needed expansion and improvements. Its efforts to bring about centralization do not seem to be economically feasible.

The Reception and Evaluation Center is showing good results. The South Carolina School for Boys has a beautiful campus with high morale. Its grounds are kept well and the farm is managed at a profit and benefit to the taxpayer. The South Carolina School for Girls also has a good physical appearance. The administrator has established several policies that are paying off. One such policy is permitting girls to work outside, make phone calls, and go home on weekend trips. The John G. Richard’s School for Boys office is depressing. Grounds are well kept around the office and homes of employees but are bare around the rest of the campus. The runaway record is improving. The Juvenile Center and farm operation is top heavy with staff and seems to operate in confusion. There appears to be a lack of sufficient statistics kept on the child’s reaction to various programs.

RECOMMENDATIONS
1. Renovate the five cottages rather than build additional dormitories, and maintain the School for Boys at Florence.

The economics of a 1969 proposal to move the School for Boys from Florence to Columbia at an expense of $2.6-million was primarily based upon the need for additional cottages. Presently, there are five cottages on the Florence campus, each consisting of a 25 foot by 67 foot dormitory to sleep 40 children. There is a wing at the opposite end of each cottage serving as an apartment for counselors.

The practice of maintaining apartments on campus at the correctional schools in Columbia has been discontinued without conflict. Rental charges of $15 per month with all utilities furnished do not warrant their continuation. The present dormitory area can be doubled by renovating the apartments at a total expense of approximately $100,000. No additional counselors will be required. This one-time expenditure will eliminate the need for dormitory construction estimated at $1.2-million. Implementation will provide a one-time cost avoidance of $1.1-million.

2. Conduct a thorough study to provide a plan of development.

The Department of Corrections has no written modernization and expansion plan for the future. There is an immediate need for a comprehensive study to define goals before any construction is initiated.

3. Use existing facilities for vocational training and similar activities.

Plans have been initiated to construct a vocational school at an estimated cost of $750,000. Presently, several youths from the John G. Richards School for Boys are sent to Midland Tech. The state already operates a regional vocational school and the Opportunity School in Columbia. Therefore, it appears this construction is unnecessary and the existing facilities should be utilized. Implementation will provide a one-time cost avoidance of $750,000.


This would be economical as well as fulfill the schools’ intent to prepare a child to return to his or her community. Coeducation would create a more satisfactory student-teacher ratio as well as a stu-
dent-classroom ratio without additional construction. Further, it would provide 27 classrooms for an average student headcount of 561. At present, John G. Richards School for Boys has a ratio of 16.4 students per teacher while the South Carolina School for Girls has a ratio of 5.9. Jointly, the ratio would be 11.9 students per classroom with 33 teachers plus two in the intensive care units. Elimination of four teachers and one principal would provide annual savings of $38,000.

5. **Speed up processing time at the Reception and Evaluation Center and eliminate the academic program.**

This center operates school facilities to prevent loss of time in community schools. The average processing time is 36 days which includes 30 hours per week of school attendance. State law allows 30 days per school year of unexcused absences before mandatory failure is required. In cases where excess processing time is required, busing could be utilized for school attendance. If the processing time could be lowered to an average of 20 days, savings could be achieved by faster evaluation through the center. At an average cost of $4,000 a year per child, savings of $176,000 annually would be obtained for the 1,000 children. In addition, seven teachers could be eliminated for savings of $49,000. Net annual savings of $225,000 should be obtained.

6. **Transfer all mentally retarded children to the Department of Mental Retardation.**

This department is not qualified nor equipped to treat mentally retarded children. Further, the law stipulates no person shall be committed to it who is seriously handicapped by mental illness or retardation. At present, there are about 90 mentally retarded children assigned to the department. Not only would these children receive more specialized care but annual net savings of $90,000 per year would be realized due to the difference in cost of treatment between the two agencies. The Department of Mental Retardation maintains a waiting list but highest priority should be assigned to these children.

7. **Increase the charge for housing provided to personnel at the correctional institutions.**

Nine houses in Columbia and 13 in Florence are available to certain employees depending upon the requirements of their jobs. Monthly rental rates are $15 including utilities at Columbia and $15 with a refund of $5 as a utility subsistence in Florence. These rental and utility charges are insufficient and a major source of poor morale among employees. While the value of this property is limited by location, a reasonable charge of approximately $75 per month should provide $20,000 income annually.

8. **Use the South Carolina School for Boys Farm as a model for John G. Richards' farm.**

Based on production figures from each farm, the South Carolina School for Boys reveals good management with a higher production rate and operation at a profit. This farm is operated with a manager, milker, and seven paid employees. John G. Richards operates with four in managerial and supervisory positions, a milker, a herdsman, and seven paid employees. Both schools use students on the merit-pay system. It is apparent that three in the supervisory status and one herdsman are not needed. Dropping these four positions would save the farm operation a minimum of $20,000 per year.

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**Board of Juvenile Placement and Aftercare**

The board was established to rehabilitate juvenile delinquents found guilty by the courts and placed in a correctional school. Children under 10 are assigned directly to Juvenile Placement and Aftercare.

**CURRENT PRACTICES**

The department provides services to 555 children in their homes, foster homes, church-operated institutions, and schools for mentally retarded at a cost of $446 per child. In fiscal 1970, it disbursed $141,800. The budget for 1971 was $296,800.

A district counselor contacts the juvenile and his family within 30 days after the child's assignment to a correctional school. The home improvement team, consisting of a team captain, a home economist, a social worker, and a registered nurse goes into the home to prepare a proper environment for his return. If this cannot be accomplished, foster homes are found for the children, or church-operated institutions are used.

Counselors work with local agencies, schools, and homes making regular reports to the central office.
on the child's progress. The board makes the decision as to when the child is ready for release from the correctional school.

EVALUATION
At present, the staff is administering to as many children as possible with existing personnel and facilities. Improvements such as increased personnel and centralization of certain field offices would improve efficiency of the Board of Juvenile Placement and Aftercare, resulting in larger numbers of children being counseled.

RECOMMENDATION
1. Study the feasibility of reducing the return rate through increased counseling.

The Reception and Evaluation Center processes approximately 1,500 children per year. About 1,000 are released and the rest assigned to various detention institutions. Experience reflects a return rate of 40% on those who have been released by the center and 23% on those referred to institutions. Strengthening the professional counseling staff should reduce these percentages substantially and eliminate unnecessary administrative costs.

The Industrial Commission is charged with enforcement of the Workmen's Compensation Act of 1935 as well as subsequent changes and additions. It holds hearings and determines claims for loss under the act and investigates violations. In addition, it makes surveys and studies into causes of industrial accidents and makes recommendations to employers as necessary.

CURRENT PRACTICES
The commission consists of six members, appointed by the Governor, with the consent of the Senate for staggered six-year terms. One of the commissioners is designated as chairman. These commissioners devote their full-time efforts to the commission. They employ additional staff as required to carry out the work loads. During fiscal 1971, the commission expended $809,900. It received appropriations of $866,400 for fiscal 1972. No revenues are collected for the general fund. It is divided into the State Workmen's Compensation Fund, as well as Administration, Claims, Safety, Coverage, Compliance, and Statistics sections.

EVALUATION
From an administrative standpoint, the commission is set up in a very unwieldy fashion. All the commissioners are full-time employees. Each of the section heads report to one commissioner. Any decision made by him regarding administration of a section can be overruled by a majority vote of these officials. Thus, they are charged with administration in addition to their full-time job of conducting public hearings on workmen's compensation claims. Nevertheless, the department seems to accomplish the maze of paperwork involved in as expeditious a manner as possible.

RECOMMENDATIONS
1. Separate quasi-judicial functions of the commission from the administrative duties and appoint a full-time administrative director.

Serious consideration should be given to separating the administrative duties and the quasi-judicial functions of the Industrial Commission. A greater degree of efficiency could be promoted in this manner. This system would call for a director who would be appointed by and serve at the pleasure of the Governor. The appointee would have full administrative powers for the department. With no administrative functions, the commissioners could devote full time to hearing compensation cases. Salary for the director is estimated at $17,000 annually.

2. Transfer duties of the Safety Division to the Department of Labor's Division of Safety.

The State Workmen's Compensation Law provides "the commission shall make studies and investigations with respect to safety provisions and the cause of injuries in employment covered by this article, and shall make from time to time to the General Assembly and to employers and insurance carriers such recommendations preventing such injuries."

This provision seems to duplicate functions of the Division of Safety in the Department of Labor which is charged with preventing accidents to South Carolina workers by visiting and inspecting factories, mills, merchantile establishments, and so on.
The Industrial Commission should furnish the Department of Labor with all necessary statistical information as well as reports of their safety studies and investigations. This would eliminate a safety director, an assistant safety director, and secretary to provide annual savings of $20,000.

3. Implement a file destruction system.

Presently, files are sent to the state warehouse for storage with no destruction date. Since there were approximately 80,000 cases filed for workmen's compensation in fiscal 1970, the amount of paper stored can reach staggering proportions. There is a statute of limitations on the time a claim can be made after an accident occurs or payment is made. After this date, the files should be destroyed.

Department of Insurance

This department is charged with regulating and enforcing the laws which apply to insurance companies operating within the state. It proposes recommendations for changes in existing laws and makes rules and regulations within the decrees pertaining to insurance companies. Further, the department licenses insurance companies and agents to do business in the state and determines rates charged for insurance. Taxes imposed upon insurance companies doing business within the state are also collected.
CURRENT PRACTICES
The Department of Insurance is governed by the Insurance Commission which consists of five members appointed by the Governor for staggered six-year terms. These appointments must have the approval of the Senate and three members must have no connection with the insurance industry. The Chief Insurance Commissioner is chosen by the commission and serves at its pleasure. Expenditures for fiscal 1971 were $990,000. Appropriations for fiscal 1972 amount to $1,09-million. It will collect an estimated total of $14.9-million from fees and taxes during that year. Of this total, approximately $11.04-million will be credited to the general fund and the balance distributed directly to the counties. The department underwent realignment on September 15, 1971. As illustrated in the chart to the left, the prior organization was a line type. The proposed organization chart which is shown directly below, will be on a functional basis.

EVALUATION
This department is staffed with dedicated and conscientious employees. They have the protection of the public in matters pertaining to insurance as their primary objective. The Chief Insurance Commissioner has recently been changed and the new appointee is reorganizing the agency to provide the best service possible to the public within some stringent guidelines.

The department has been reorganized along functional lines. The chief actuary will retire in less than a year and there is no current replacement. In addition, it has been forced into auditing all premiums charged by the insurance companies for assigned risk automobile policies.

RECOMMENDATIONS
1. Charge a fee for the audit of assigned risk insurance premiums.
Due to the complexity of figuring the premiums for assigned risk automobile policies, numerous mistakes were made by the insurance companies. Thus, the department was receiving a large number of high premium complaints. To reduce these charges and protect the public, the department has initiated a program to audit all automobile premiums under the assigned risk plan.

During 1970, a total 129,410 new applications and 63,687 renewal policies were audited. Close to $116,000 was returned to policyholders, and about $68,700 in additional premiums were collected by the insurance companies as a result of audits. Seven people are engaged to audit these premiums. A charge of $0.25 per audited premium should be made. This would result in an annual income of $48,000 and pay for the cost of collection charges.

2. Implement an insurance records systems management study.
During fiscal 1971, this department collected more than $14-million in taxes and fees. It licensed over 780 companies, audited their tax returns and financial statements, as well as published their financial statements in the annual report of over 400 pages. An audit for solvency is made of all insurance companies in the state every three years.
The department deals with a maze of paperwork and forms. Use of automatic data processing is necessary, but converting the existing forms and records to an automatic system would probably create as bad a situation as now exists. Therefore, a study of the records system should be made and a logical automatic record system evolved. Such a study should be conducted by a management information firm hired by the state. The estimated one-time cost would be about $25,000.

3. Eliminate writing receipts for checks.
The department writes receipts for all checks received for licenses and taxes. This practice requires one person to spend three months during the first of the year writing receipts. These receipts are then posted to the journal and are returned with the new license. When the books are audited, time is spent to check these receipts against the journal. The canceled checks should serve as a receipt.

4. Issue company licenses on a permanent basis.
Insurance company licenses are reissued each year and are only revoked after a legal action. These licenses should be permanently issued with the renewal fee collected each year. Processing costs the state approximately $1,000 annually. Implementation will save that amount.

5. Deposit money in the bank daily.
This department collected approximately $14-million in fees and taxes in 1970-1971. A majority of this money was collected in a 59-day period between February 1 and April 1 of each year.

The checks are attached to the firm's financial statements and sent to the Company License section where the financial statements are checked to be certain the taxes are correct. These checks are then forwarded to bookkeeping where a receipt is written and returned to the Company License section which returns it to the firm. After that, a bank deposit is made. Some of the checks remain in the office as long as the full 59-day period. An estimated $10-million remains in the office for 30 days. At 6% interest, this would amount to $50,000. Mail should be opened, totals checked against the check, sent to bookkeeping for posting in the journal, and the check deposited. Implementation should provide an annual income of $50,000.

Dairy Commission

This commission is charged with establishing and regulating the dairy market by setting minimum milk prices at the producer, wholesale, and retail levels for the state in order to maintain a stable market. In addition, it regulates and inspects dairy products brought into the state to be certain they meet standards imposed by the Board of Health.

CURRENT PRACTICES
The Dairy Commission consists of nine members appointed for three year terms by the Governor, plus the Commissioner of Agriculture. A director is appointed by the commission. Its fiscal 1971 expenditures amounted to $105,000. The dairy industry was assessed for two of the 12 months permitted by the statutes. About $20,500, plus $425 in license fees were collected and paid into the general fund.

The commission is organized into the Administrative, Auditing, and Inspection sections. Currently, 10 positions are authorized; two are vacant. The price of milk is set by the commission and is based on the annual costs of production and distribution.

EVALUATION
The commission, although very small, is doing a fine job in regulating the state's dairy industry. It is well administered, but should be industry supported.

RECOMMENDATION
1. Assess the dairy industry as provided in the statutes.

The statutes stipulate "in addition to any amount appropriated by the Legislature out of the general fund for the operation of the commission, any expenses, including salaries, travel, or per diem found necessary for the proper and effective administration and enforcement of this article shall be met by maximum rate of assessment." The fiscal 1972 appropriations require the commission to assess the dairy industry, as now authorized by law, for two months during the year, the revenue from which shall be deposited to the credit of the general fund. By assessing the industry for the full 12 months authorized by law, the total should be $120,000 or enough to support the commission.
Department of Labor

This department is responsible for enforcement of state laws pertaining to labor. It sets within federally established guidelines, employee safety and health regulations applicable to the state's businesses. Also, it employs the necessary methods for inspection and control of industrial and business establishments as well as enforcement of these regulations. The department investigates industrial disputes, strikes, and lockouts and takes steps leading to conciliation. In addition, it acts as a clearinghouse for agricultural, commercial, and industrial statistics and provides these data to other state agencies.

CURRENT PRACTICES
The Department of Labor is headed by a commissioner appointed by the Governor with the advice and consent of the Senate. It consists of the Conciliation, Inspection, Standards and Statistics, Safety, and Apprenticeship Divisions. During fiscal 1971, expenditures were $378,000. Employing about 40 people, its fiscal 1972 appropriation will amount to $423,000. The largest of the divisions is Inspection with 17 inspectors. It conducts inspections of industrial and business establishments to verify compliance with the state's labor, health, and safety regulations.

In June 1971, the department obtained a federal grant of $92,000 from the Occupational Safety and Health Administration to study, evaluate, and identify the state's needs in preparing a plan to comply with the Williams-Steiger Occupational Safety and Health Act of 1970. This grant was supplemented by $17,000 of general funds. A separate, 10-man study organization has been constituted.

EVALUATION
Activities of the department are undergoing considerable change as a result of an intensive review by the new commissioner and effects of the Williams-Steiger Act. In the past, the department was poorly managed. This is illustrated by the lack of performance standards and inspection schedules in the Division of Inspection and inept handling of data in the Division of Standards and Statistics. There has been poor acceptance by both labor and management of conciliators in the Division of Conciliation and no measurable improvement has been shown from efforts of the Division of Safety. Further, administration costs have been high in the Division of Apprenticeship. Changes now underway should alleviate some of these problems. However, considerable improvement is still needed.

RECOMMENDATIONS
1. Delegate inspection of restaurants to the Department of Health.
State law requires the department to inspect restaurants. The working hazards in restaurants are simple in nature and could be monitored by the Department of Health when they make their inspection for sanitation conditions. This single inspection would be more efficient for the state and acceptable to restaurant operators. Having it performed by the Department of Health would not mean any loss of authority or responsibility by the Department of Labor. It could still act to correct unsafe conditions when necessary. No savings are claimed since restaurant inspection is believed to have taken less than a full-time man in recent years.

2. Deactivate the Apprenticeship Division.
Relatively few people use the services of this division. Other organizations such as the federal government, employers, and technical education schools provide training for a number of persons in a variety of crafts and trades. Thus, the services of the Department of Labor are superfluous and represent a duplication of effort. For fiscal 1970, approximately $32,500 was budgeted for this division. Its request for fiscal 1973 amounts to $26,400. Implementation should result in realizing annual savings of approximately $26,000.

3. Use federal Bureau of Labor Statistics data as the cost of living index.
State law requires an annual statistical report on the cost of living as it relates to labor. In the past, this has been obtained from quarterly surveys of food prices and required the equivalent of one full-time employee. A more accurate index can be obtained from the Bureau of Labor Statistics and is available at no cost. The detailed breakdown of food prices in the annual report is of little use and could be replaced by the single figure. The department has already started investigating this recommendation. Elimination of the position will result in annual savings of $6,000.
4. Coordinate the annual questionnaires sent by the Department of Labor with those forwarded by other governmental agencies to employers.

Inquiries from the Department of Labor must be, according to law, sent to every manufacturing establishment by the first of July of each year to obtain statistics concerning capital invested and number of employees. This law should be changed to permit the commissioner to establish dates of mailing and reporting, number and type of establishments to be queried, and type of information desired. With such changes, the commissioner could coordinate the questionnaire with the data gathering forms of agencies such as the Industrial Commission and the Employment Security Board as well as requirements of the Williams-Steiger Act.

During fiscal 1970, the Division of Standards and Statistics spent about $43,000 plus a share of administrative charges. Coordinating the questionnaires with other agencies should save from 20% to 50% of this cost. Annual savings of $9,000 are based on the lower percentage figure.

5. Use electronic data processing.

A considerable amount of data is compiled and analyzed by the department. Much of this information needs statistical calculations such as correlation coefficients and sigma limits. Computer programs are available to do these jobs in seconds as compared to days of manual effort. Other data can be saved, retrieved, and analyzed much cheaper using electronic data processing. Much needed data that is available at various government agencies can be exchanged and used readily if available on magnetic tape at General Services' computer. The use of electronic data processing will provide faster service, better statistical analysis, and cheaper results. Annual savings of $10,000 are conservatively estimated on a reduction in staff of one person.

6. Eliminate the conciliators for mediating industrial disputes.

At present, there are two full-time conciliators and mediators to investigate industrial disputes, strikes, and to act as arbitrators. This same service is provided by the federal government. Representatives of both labor and management in South Carolina have stated these conciliators are of little value in obtaining settlements. The commissioner has authority to appoint conciliation committees with the same powers as the full-time conciliators when and if the need arises. Phasing out these positions will save $30,000 annually.

Aeronautics Commission

This commission, which was established in 1935, is charged with promoting and developing air transportation. It develops, maintains, and operates airports located within the state's airport system in conjunction with either local and federal aid or with state funds. In addition, the commission licenses aircraft and aerial applicators in South Carolina, and maintains a flying service for other state agencies on a first-come first-served basis.

CURRENT PRACTICES

The Aeronautics Commission consists of seven members. They are appointed by the Governor, one from each congressional district and serve for four years. An additional member is chosen from the state at large by the Governor for a six-year period.

The commission is divided into an Administration section, Airport Maintenance, and a Regulating, Training and Inspection Division. Expenditures during fiscal 1971 totaled $326,000. Its budget appropriation for fiscal 1972 is $426,200 for operations and included $75,000 to purchase a new aircraft. Additional monies totaling $44,500 were appropriated by the General Assembly to be used with matching local money for repairs to three airports. Also, $55,800 was allocated for development of these airports. There are 21 full-time and four part-time employees.

EVALUATION

The commission is well organized and administered. However, it seems to be operating beyond its scope of authority in certain areas. Three aircraft are owned and operated by the commission. There are three pilots within the organization who spend approximately 75% of their time on commission-related flying activities. The remainder of the flying time for the aircraft and pilots is spent in transport-
ing personnel from other agencies for state business. Although this is probably a worthwhile endeavor, there seems to be nothing in the statutes to authorize this service.

The state leases 16 airports for operation and maintenance and performs partial upkeep on 34 other facilities. Additionally, it furnishes erosion protection, weed control, and mowing of grass at 71 airports by personnel based at five locations in the state. Thus, supervision is difficult due to the distances involved.

RECOMMENDATIONS

1. Establish a license fee for aircraft and aerial applicators.

The state's aviation law requires all civil aircraft based in the state 30 days or more must be registered. Excluded are air carriers and aircraft used exclusively by the federal government. No fee is charged for registration. In 1970, 932 aircraft were registered in the state. The commission also issues permits for aerial applicators and 36 were granted during that year. A $25 fee for aircraft registration and aerial applicator permits would result in an annual income of over $24,000.

2. Transfer erosion and weed control, mowing operations, and painting of center lines, numbers, airmarkers and the like to the Highway Department.

The commission provides mowing, erosion and weed control for 71 airports and aerial applicator strips. This function should be transferred to the Highway Department since they have equipment in close proximity to the airports. By eliminating mowing operations at least one man-year could be saved in transportation charges, plus eventual cost of replacing mowing equipment for highway travel. Net annual saving of $12,000 will result.

State highway equipment could also be used for repainting center lines and erosion control. Therefore, the two dump trucks and one front-end loader should be transferred to the Highway Department.

Licensing Board for Contractors

This board is charged with examining, licensing, and issuing original licenses and renewals. Further, it regulates persons who offer to construct projects involving an expenditure in excess of $30,000 or install plumbing, heating, air conditioning, or electrical work where the cost is over $7,500. The board reports all violations of laws to the Attorney General's office for assistance in obtaining injunctions or prosecution.

CURRENT PRACTICES

The Licensing Board for Contractors is comprised of five members appointed by the Governor for staggered five-year terms. The board in turn employs a secretary-treasurer who serves as the chief administrative officer. It issues renewal licenses annually, gives four scheduled examinations per year in addition to special examinations, searches for violations of licensing laws, and investigates any complaints of violations. Additionally, it audits yearly financial statements to determine that the contracting firms are solvent before issuing a bidder's license. This board employs four people in addition to the secretary-treasurer and has an appropriation of $64,700 for fiscal 1972; compared to $60,000 in fiscal 1971.

EVALUATION

The board regulates, collects fees, and conducts examinations for the state's general contractors and subcontractors who are subject to the law. With a force of five people, their efforts are, at best, minimal. As of May 1971, there were approximately 1,835 contractors licensed in the state. A total of 1,282 bidder's licenses are issued and estimated fees of $264,100 are collected by the board and credited to the general fund.

RECOMMENDATIONS

1. Issue licenses by computer.

The board issues approximately 1,835 contractor's licenses and 1,290 bidder's licenses per year. All are issued manually at one time. During this period, temporary help is hired at a cost of $2,700 to issue the licenses. The issuance of a bidder's license is dependent upon a review of the contractor's financial statement.

Cards could be punched for the contractor's financial statement and guides placed to call attention to the need of a future review. If no further action was necessary, a license would be written by the computer.
The bidder's license information would require five cards or a total of 6,450. One would be an identification card. This same card would be used to write the contractor's license for those who had a bidder's license. Another card would be punched for contractors who had no bidder's license. This amounts to 1,835 contractor's licenses less 1,230 bidder's licenses and results in 545 additional cards.

Assuming 50 cards are punched per hour, about 140 hours would be required. At $5 per hour for keypunch operators including messenger service, the cost would be $700. Existing state computers with spare time would be used to issue the licenses. A draft of the roster required by law would be furnished to the printer. Implementation will provide an annual saving of $2,000.

2. Decrease the amount of rented floor space.
The board utilizes 1,644 square feet of rented floor space or approximately 330 square feet per person. Of the five employees, two are in the office only one day a week. Files now stored in the office could be sent to dead storage earlier and floor space reduced to about 200 square feet for each employee. This would be more than General Services criteria. Annual savings at $3.65 per square foot would be approximately $2,000.

Tax Commission

The Tax Commission is responsible for directing and enforcing the state's tax statutes. It collects revenue under these laws from income, sales and use, estate, license, beer, wine and alcoholic liquor, and gasoline taxes. Additionally, the commission maintains an intensive auditing program to provide equitable assessment of personal property as well as equalize and fix assessed values for public utilities and specialized business activities. Pertinent data on all revenues and expenses are collected, maintained, and published by this agency.

CURRENT PRACTICES
This commission consists of three commissioners appointed by the Governor, with advice and consent of the Senate for staggered terms of six years. Its chairman is chosen by the Governor from these commissioners. The commission is divided into the Administrative, Individual Income, Corporation Income, License, Sales and Use, Property, Estate, and Data Processing Divisions.

It employs approximately 550 people; about 60% are located in Columbia. The operating expenditures for fiscal 1971 amounted to $5.6-million. Total tax collections for that period reached some $560-million, an 11% increase over the previous year. Sales and use tax collections comprise approximately 40% of total revenue with individual income taxes accounting for 20%. The Tax Commission maintains district offices in Charleston, Greenville, Florence, Spartanburg, and Columbia to furnish assistance in tax matters and provide local auditing and contract functions.

EVALUATION
The commission is staffed by a dedicated and essentially long-service contingent of personnel. Working procedures are coordinated without a formalized procedural base. This agency is the major revenue-producing department for the state. However, there is some slowness in making revenue deposits which could earn additional interest earnings. Further, there is a reluctance to make greater utilization of automated data processing systems and techniques to provide faster and more accurate handling at reduced operating costs. The low pay scale, in certain areas, severely limits the commission's ability to secure and maintain new and qualified people. Applications of data processing techniques have been fragmented and its computer system is inadequate to handle the job that should be done. Unfortunately, the Data Processing Division has neither the time nor the personnel to formulate needed planning and justifications.

RECOMMENDATIONS
1. Reorganize the Tax Commission.
This commission is divided into eight operating divisions as shown in the top chart to the right. Each is headed by a director with virtually all operations reporting to him through an assistant. There are 99 management/supervisory positions for an average reporting structure of 5.7 people per director/supervisor. For example, the Estate and Gift Tax Division has a director, assistant director, and two supervision levels for a staff which is composed of five persons.
Significant economies can be effected by reorganizing the commission into five operating divisions as depicted in the chart shown below. This can be accomplished by combining the individual and corporation income tax areas into one operating division, each with an assistant director heading the subdivision. The estate and gift tax function, which associates with individual income taxes, should become an operating section within the Income Tax Division. Property tax activities, which are basically concerned with business properties, should be located within the Corporation Income Tax Division and assume the abandoned property activities now being set up. The Sales and Use Tax, License Tax, Admin-
istration, and Data Systems Divisions should continue as they are, with the assistant directors and supervisors leading the operating sections.

Some office areas such as files and general accounting will see personnel reductions through these mergers. It is estimated at least 10 clerical positions can be eliminated for approximate savings of $50,000. In addition, three director and two assistant director positions can be phased out. Savings would amount to $80,000. Also, eight positions can be terminated by having the abandoned property functions handled by the property tax staff. Savings of $70,000 are possible here. At least 10 of the 62 secretaries can be eliminated for savings of $60,000. Thus, total savings would amount to $260,000 annually.

2. Discontinue the practice of maintaining a two-year dead letter file on income tax refund checks returned by the postal system.

Currently, any income tax refund check returned by the post office as non deliverable is retained for two years. At the end of that period, the check is canceled and the funds are redeposited with the Treasurer. Approximately 3,000 checks are maintained per year at an average amount of $50 each. Notices are mailed to local media once a week for publication in county newspapers. They indicate the name and address of the taxpayer. Checks are then remitted upon demand. These returned checks should be retained for a period not to exceed 30 days to allow for notice posting and a taxpayer payment request to be processed. After that, a master file should be maintained while the check is canceled and the money returned to the Treasurer for investment. At a 5% per year investment return rate, this money would yield $15,000 annually.

3. Establish a work measurement program for classified positions.

This commission does not have a work measurement program to evaluate 548 classified positions. Such a program measures work loads, determines possible courses of action, selects the optimum, and establishes standards necessary to rate the process. Industrial firms that have instituted such programs have experienced an 11% to 30% reduction in personnel costs. For the commission, with a classified position payroll of approximately $4.4-million, potential savings of $478,000 to $1.3-million could be realized. The lowest percentage would provide savings of $478,000 per year.

4. Discontinue microfilming of short form and nontaxable income tax returns.

Current practice calls for microfilming about 120,000 short form and 50,000 nontaxable income tax returns annually. These films are stored in the Calhoun Building for a three-year period. However, less than 1% are required for further processing or evaluation. Therefore, the microfilming procedure should be discontinued and the actual file stored in the general warehouse for the three-year period. At an average of three pages of documentation for each file, some 170 rolls of microfilm at $3 each are required. Elimination of processing and film costs would provide annual savings of over $4,000.

5. Revise the tax code requirements concerning withholding income tax payments and declarations to conform to the federal system.

South Carolina law provides that employers must remit tax monies withheld from employee’s salaries to the Tax Commission on a quarterly basis by the end of the following month. In practice, most withholding agents remit as late as possible.

Federal tax regulations require employers with monthly liability of over $200 but less than $2,000 to deposit the taxes by the fifteenth of the following month for the first and second month of the quarter and by the end of the month following the last month of the quarter. Employers with $2,000 or more in liability on the seventh, fifteenth, twenty-second, or last day of the month must make deposits within three banking days of those dates. Aligning the state’s withholding system with the federal government’s would allow businesses to process both accounts together. Further, it would make over 90% of the tax monies due to the state treasury available 30 to 120 days earlier.

The increase in office work load brought about by this change could be offset by increased utilization of automated data processing techniques. For fiscal 1970, $150-million in withholding taxes were collected at the rate of $12.5-million each month or $2.89-million per week. With 90% of the total revenue falling into the second category and 10% into the first, the estimated annual increase in income due to interest earnings is $1.18-million.

6. Change the sales and use tax license renewal date to January 1.

A total of 130,000 items are processed during the peak months of April and May when sales and use tax license renewals are made. In contrast, the work load is down to 40,000 items in November and December. Adjusting the license renewal date to January 1 instead of July 1 would allow about 85,000 items to be processed in each period. Elimination of two keypunch personnel and two accounting clerks would provide potential annual savings of $18,000.
7. Revise the revenue processing system to ensure tax remittances are deposited not later than 24 hours after receipt. Current revenue processing procedures provide that several processing steps be completed before tax remittances are separated from the tax returns. Without exception, the receipts should be divested from the tax return, with appropriate file number correlation being made, as the initial processing step. Deposits should be made the same day, by night drop if necessary, instead of 11 a.m. for the previous days’ processed receipts. Delays result in substantial amounts of money “in float” for periods of five to 30 days with at least 98% of remittances having a minimum of a day’s delay. Refinement of procedures would result in increased income from interest earnings of approximately $300,000 annually.

8. Replace the practice of providing medical sales tax refunds with an over-65 identification card which would eliminate initial payment. Current practice calls for residents who are over 65 years old to pay the 4% sales tax on prescriptions and other medical items. The taxpayer must provide a tax return form for the druggist/pharmacist to fill out and mail to the Tax Commission where it is processed. Any return over $0.50 is remitted and the average is about $1.

This program is about one year old. Costs of processing one form is estimated to be $4. In the first year, approximately 1,000 returns were handled. During the second year, that number should double. Therefore, the practice should be replaced by one which would provide an identification card, which would be presented to the druggist/pharmacist, who keeps sales tax and medical data under state laws. This would exempt the purchaser from making the sales tax payment. Estimated net savings are $8,000 per year.

9. Convert sales tax returns to a packet-billing approach. Currently, a sales tax return is mailed to retail merchants each time a payment is due. Approximately $80,000 sales tax returns were mailed in 1970. About 80% of these were monthly and 20% quarterly. The mailing cost of these returns is approximately $35,000 per year. In addition, 48,500 renewed license applications are mailed independently at an annual cost of $3,000.

Mailing all necessary preaddressed return forms together with the renewal license at one time would effect a saving of about $35,000 per year. Information on delinquency rate history should be obtained from states such as Michigan and Kentucky who use this approach before the proposal is implemented in South Carolina.

10. Make the property tax assessment activity self-supporting or discontinue the service. The Property Tax Division employs 53 people and has a budget of $398,000 for fiscal 1972. It provides a property assessment consulting service function to 21 of the 46 counties and endeavors to maintain a degree of uniformity in property assessment levies. No fees are collected because a previous tax assessment of 0.3 mills was repealed. Since less than half of the counties benefit from this program, there is little justice in having all taxpayers contribute to the funding. Therefore, those counties using this consulting effort should be charged on a cost basis for the services rendered. This would recover $398,000 annually.

11. Upgrade the electronic data processing capabilities to replace the current manual tax return and auditing functions. The commission is not making proper use of electronic data processing techniques. Its computer is being used for mathematical verifications, some statistical computations, and provides moderate data output. The computer does not perform an audit function, makes little effective use of federal information tapes or programs, and plays a minor role in preparing letters and forms used in taxpayer notification. At present, 58 clerical employees manually process about 85,000 returns.

A full systems evaluation is required to determine those areas which are being neglected. Some specific items now evident are:

- Audit all tax returns by computer, manually audit exceptions.
- Utilize available federal income tax computer information tapes and processing programs.
- Prepare delinquency and assessment notices by computer.
- Provide analysis and projection of state revenues as well as other data preparation.
- Combine and maintain taxpayer information files.
- Perform accounting functions by computer.

In addition, a study of the Tax Commission’s data processing requirements, procedures, personnel, techniques, and applications is needed. Increased capability appears to be mandatory. Systems and pro-
programming personnel are too few and are not schooled in advanced application techniques and languages. Education of the other divisions as to the benefits to be derived from EDP utilization must be formalized and continuously promoted.

Implementation of these techniques, over a one-year period, would cost about $100,000 in systems analysis and programming activities. There would be an anticipated reduction of 19 office auditors and 40 accounting and general clerical staff positions. This should provide annual savings in excess of $500,000.

12. **Revise the schedule of retail license fees imposed by the Sales and Use Tax Division.**

The schedule of retail license fees imposed by this division was set in 1951. Since that time, processing costs have risen considerably while the schedule has remained fixed. Therefore, consideration should be given to revising that schedule to provide for equitable distribution of these costs.

Some 46,000 businesses operating at a single location are only required to pay $5 per year. Processing cost per application is over twice that figure. Raising this fee to at least $10, and graduating the schedule from that base, would provide additional annual revenues in excess of $300,000.

13. **Provide preaddressed withholding return forms to corporations annually rather than on a monthly or quarterly basis.**

A packet-billing approach to mailing preaddressed withholding return forms on an annual basis should be undertaken. Currently, return forms are sent each quarter. For some 43,000 businesses required to file, a single mailing would save $10,000 in postage and handling.

14. **Study the elimination of discounts paid to retail businesses for collecting the sales and use tax.**

Commissions paid to businesses in fiscal 1971 are estimated at $2.85-million based upon the graduated schedule of discounts allowed. The purpose of the discount is to offset the cost of collecting and reporting the tax. Most businesses make a profit on this commission because they normally process their accounts for state and federal tax purposes at the same time. The cost for this effort is minimal.

Many states consider the collection of state taxes to be a cost of doing business and allow no commission and 24 no longer grant discounts. Elimination of the discount would provide some $2.85-million of additional revenue for the state. In addition, interest at 5% would provide earnings of $140,000 per year.

A careful study should be made by a joint legislative/industry committee to evaluate actual costs to retailers and adjust or eliminate the schedule according to proper business practices. Implementation, after the study, should provide additional revenue. Unfortunately, such revenue cannot be determined with any accuracy at this time.

15. **Restructure the income tax filing system to one which utilizes individual social security numbers.**

At present, filing and record identification is accomplished by file number affixed in the processing sequence. A new number is utilized for each taxpayer every year. A study should be undertaken to determine the conversion requirements using social security numbers as taxpayer identification. This would enable cross-checking of gross incomes, withholding, prior returns, and so on by data processing and would, most likely, result in the collection of additional revenue. Implementation would also allow for more direct correlation of taxpayer files with the federal Bureau of Internal Revenue records.

16. **Utilize individual post office boxes for each operating division.**

One post office box is used for all Tax Commission mail. Utilization of a separate post office box for each operating division would allow for direct delivery to the mail handling area. Additionally, it would eliminate the current staff of five mail clerks in the Administration Division.

A relatively large number of mailings are received in this central area without proper identification as to the tax division involved. Checks attached to these documents are routed until properly identified. This represents a loss of interest earnings to the state. Phasing out the five mail clerk positions at $5,000 each will provide savings of $25,000. Rental of four additional postal boxes should not exceed $300 per year. Thus, annual net savings of over $24,000 would be realized.

17. **Charge an administrative service fee, in addition to the designated penalty and interest, for delinquent taxes and processing bad checks.**

Approximately 7,200 bad checks are received annually. A service fee of $2 for processing each should be added to penalty and interest assessments. This will tend to offset administrative costs involved in processing and generate an income of about $14,000 per year.
Alcoholic Beverage Control Commission

This commission is responsible for regulating and licensing of alcoholic beverages, beer, and wine as well as enforcing the Possession and Consumption Law pertaining to the sale of alcoholic beverages at public gatherings. It grants licenses and certifies breweries and wineries shipping their products into South Carolina. Additionally, the commission conducts hearings on reported violations and renders judgments as to financial penalties, license revocations, and confiscation of commodities.

CURRENT PRACTICES

The commission consists of three members. Its General Administration, Licensing, Hearing Officer, and Investigative sections report to the commissioners through the Administrative Director who is responsible for day-to-day operations.

The ABC Commission employs 35 people and had expenditures of $422,000 in fiscal 1971. Revenues over the last three years have been essentially constant at about $1.3-million. During fiscal 1971, it conducted about 8,000 inspections, involving some 680 violations with total penalties and confiscation sales amounting to $77,500. Final judgments were rendered by the commissioners in hearing sessions, on some 305 cases.

EVALUATION

Routine work in the issuance of annual licenses and processing of new applications could be handled more efficiently by avoiding duplication of effort with the License Tax Division of the Tax Commission. In addition, investigation activities are more in line with duties of the existing law enforcement agencies and could be readily integrated into their operations avoiding further duplication.

RECOMMENDATIONS

1. **Return the administration and license processing functions of the commission to the Tax Commission.**

The ABC Commission was separated from the Tax Commission in 1967. This has brought about a costly duplication of administration functions, records, personnel, and handling of routine processing services. Geographic separation of the agencies has resulted in mail shuttle services between locations, redundant handling of payment checks, files, and has confused the public.

Therefore, all license application and processing functions should be transferred to the License Tax Division of the Tax Commission. Appropriate files should be combined and maximum use made of the computer systems. Specific positions which could be eliminated include a mail clerk, a receptionist, an offset printing machine operator, an accounting clerk II, and a secretary I. This would save $25,000 annually.

Administration activities such as payroll, accounting, and supply services would be included with those of the Tax Commission. This would phase out two more positions for a $25,000 saving. Personnel, currently budgeted at $1,000 per year by the commission to handle peak license loads, would not be required in a larger organization where proper scheduling could accomplish the task. Implementation would provide net annual savings of $51,000.

2. **Transfer the Investigation Section and hearing officer functions of the ABC Commission to the Law Enforcement Division.**

Present work loads placed upon the 15 investigators in the ABC Commission are so heavy, that a minimum of six more agents will be needed at an annual cost of approximately $45,000 per year. The commission’s investigation efforts should be transferred to SLED, where maximum use could be made of the entire law enforcement body, its communication systems, and the latest law enforcement techniques would provide a broader base for operations and better coverage. It would also eliminate the need for additional agents, providing an annual cost avoidance of $45,000. In addition, agents could be rotated through training programs at SLED to increase overall investigation efficiency.

3. **Move the commission’s offices.**

In conjunction with the recommendation to transfer the administration and license processing functions to the Tax Commission, the associated office personnel should be moved to a more economical location. They should be allotted a maximum of 150 square feet per person as contrasted with the 360 in their present location. Annual savings of $29,000 should be realized.

4. **Study the license fee structure to determine if an increase in fees is necessary.**

The present fee structure for alcoholic liquors was set in 1954; that for beer and wine dates from the
late 1940's. While ABC revenue exceeds total operating costs, it is advisable to consider updating the fees based upon increases in processing and enforcement costs over those 15 to 25 years.

Several licenses cost more to investigate and process than the licensee is charged. Special 15-day, hot beer, and license transfer charges are in this category. Costs for investigation, processing, and license issue exceed $10 per license while $5 is charged. For example, a 25% increase in fees would bring about $275,000 in additional license income per year. However, this income is not claimed.

5. Establish a fee for wholesale and retail sales employee permits.

Liquor wholesale salesmen and retail liquor store clerks must be registered with the commission before they may be employed. No fee is charged. Permits for wholesale salesmen expire on June 30 each year and must be renewed. Those for retail clerks are good until revoked or suspended for cause by the commission. For compatibility in handling and issuance of registration permits and to cover investigation and processing costs of about $4 each, a $5 fee should be charged. These permits would expire annually and be properly renewed for the following year. Based on approximately 4,600 registrations in fiscal 1971, implementation will provide an annual income of $23,000.

6. Charge a fee to process license applications which are denied by the commission.

Processing license applications requires a character investigation of the principals, a survey of the intended area of operation, and preparation of attendant paperwork. These applications are accompanied by the full fee.

Currently the entire fee associated with a denied license is refunded although such applications cost more because of hearings, appeals, and additional handling. Therefore, a minimum fee should be charged for the processing. Three categories are involved. They are those that can be denied on basic ground by the license clerk; those requiring a hearing conducted by the hearing officer; and those necessitating a hearing conducted by the three-man commission.

In fiscal 1971, 500 denials were issued; 215 required full commission hearings; 234 necessitated hearings by the hearing officer; and 266 were handled by the license clerk. A suggested fee structure would be $50 for the full commission, $20 for a hearing officer, and $10 for the license clerk. Implementation should provide an estimated annual income of $20,000.

Civil Defense Agency

This agency is responsible for organizing and operating the state's Civil Defense and Natural Disaster Emergency Programs. It establishes the concepts and policies necessary to guide county governments in general emergencies to make the most effective use of resources under their control. It maintains close liaison with the Office of Civil Defense, Department of Defense, and local civil defense agencies.

CURRENT PRACTICES

The director is appointed by the Governor for a four-year term with the advice and consent of the Senate. The major effort of the agency is in the Community Shelter Planning Program. This is a federally funded activity through which specific shelters, for use in a nuclear emergency, have been identified, marked, mapped, and provisioned for South Carolina residents. Individual county plans have been completed for 30 of the 34 counties participating in the state program. In the area of natural disaster control, a detailed state operation plan was completed in 1970. That plan provides the framework for state and federal support to local governments' natural disaster emergency operations.

Federal financial assistance is provided for the agency and all qualified subdivisions for personnel, administrative supplies, and related activities. During fiscal 1971, approximately $425,000 in federal funds were received. In addition, $1.27-million in federal surplus supplies and equipment were obtained for $43,000 or 4% of original cost. State funding for fiscal 1971 was $145,000.

The Civil Defense Agency employs 31 people and consists of the Administration, Communications, Plans and Operations, and Shelters sections. It maintains a radiological testing laboratory and provides extensive information and educational programs.
EVALUATION

The agency is optimally staffed and operated in an efficient manner. Personnel perform diverse but coordinated activities and appear well versed in programs. Maximum utilization of the Rutledge Building as an administration site allows the state to receive rental funds from the federal government. Emergency plans provide for rapid conversion of the site to an emergency shelter for 174 people and use as the state's operations base. The agency's communication system is linked to the Law Enforcement Division's and national communications networks.

There is minor opportunity for direct dollar savings. However, certain efficiencies appear possible if the agency exercised more direct control over the appointment and operations of local directors. In addition, use of automated techniques for inventory control, emergency file retrieval, and financial data handling would allow for operational economies.

RECOMMENDATION

1. Develop and utilize automated data processing systems and techniques.

The agency, since its establishment in 1958, has been manually handling vast amounts of data on personnel, materials, equipment, shelter locations and ratings, stocks, as well as maintaining paper records. Duplicate copies of much of this information are provided to the local county directors.

Access to the data is limited to those in its proximity and familiar with it. Preparation and/or retrieval by anyone else is virtually impossible.

Utilization of modern computers available within state agencies would allow for faster data access, single central file maintenance, and eliminate large storage area requirements. Access to the Law Enforcement Division or local emergency agencies would eliminate delays in nonoperating periods.

In addition, the agency prepares budget data and conducts financial audits and analysis manually. Budget preparation and financial audit and analysis could be performed by means of simple data input preparation with the computer performing calculations and processing the necessary forms.

Implementation will eliminate one accountant at $9,000 annually and a clerk at $5,000 per year. Since 50% of their salaries are funded by the federal government, annual savings to the state will amount to $7,000.

Department of Veterans Affairs

This department is responsible for aiding, assisting, counseling, and advising veterans, their widows, dependents, and orphans in presenting and prosecuting claims with the federal Veterans Administration.

CURRENT PRACTICES

The department is under the supervision of a commission consisting of the Governor as chairman, the Attorney General, and the Adjutant General. The Governor appoints a State Veterans Affairs Officer who, in turn, designates a Veterans Affairs Officer in each of the 46 counties. Normally, the county offices have an officer with possibly one secretary. Their operating budgets average $11,800 including salaries. An annual administrative cost of $540,000 during fiscal 1972 will be required to operate the 46 offices. Of this amount, the state appropriates $307,000 and the counties $233,000. Total expenditures for fiscal 1971 amounted to $425,000.

The department's office in Columbia consists of the state officer and nine employees and has an appropriation of $115,000 for fiscal 1972. It conducted 230 appeal hearings and wrote over 10,000 letters in connection with the presentation and prosecution of veteran's claims. Currently, 265,000 veterans are living in South Carolina. There are about 56,000 running awards including death awards to survivors of deceased veterans.

EVALUATION

The Veterans Administration disburses more than $120-million annually in the state. Cash benefits amount to approximately $94-million. Performance and effectiveness of the 46 county offices greatly influence the benefits awarded to South Carolinians. They could be increased by placing outlying offices under closer control of the headquarters' office.

At present, complete supervision of each office is impossible. Therefore, the Columbia office functions as a clearinghouse for problem areas as well as conducting personal appeal hearings with the Veterans Administration.
RECOMMENDATION

1. Centralize the 46 county offices into 16 district offices.

Veterans served by the county offices range from a low of 540 in Calhoun County to a high of 31,150 in Greenville County. This variation, combined with the large number of offices, hinders good administrative guidance by central headquarters. The annual office expense varies from a low of $0.44 per veteran to a high of $10.79. Additionally, analysis of Veterans Administration benefits distributed throughout South Carolina reveals a county variation from a low of $281 to a high of $479 per veteran. The 46 counties furnish approximately 43% of the funds required to operate the offices and the County Legislative Delegation determines the salary for the officer.

The services rendered by the county offices are unlimited. Problems and needs of veterans fall into categories of welfare, health, mental health, benefits and claims, education, social security, vocational rehabilitation, training, paperwork assistance and the like. Many of these functions are available through other state agencies and could be processed on formation of the 16 district offices. In addition, centralization of the offices will result in combined state and county annual savings of $286,000 in operating expenses by providing improved utilization of personnel and facilities. Based on the present proportion of expenditures, implementation will result in a saving of approximately $163,000 per year to the state. The balance of this saving would be shared by the counties.

Commission on Higher Education

The commission was established in 1967 to coordinate and direct higher education in South Carolina. Specifically, it is charged with:

- Making studies regarding roles, operations, structures, and external relations of institutions of higher education.
- Determining enrollment trends, student costs, business management practices, accounting methods, operating results, and capital fund requirements.
- Reviewing annual budgets and submitting recommendations to the Budget and Control Board.
- Approving all new programs before they are undertaken.
- Assuming responsibility for programs of a temporary nature as may be assigned by the annual Appropriations Act.
- Promoting a clearer understanding, greater unity, and good will among public and private institutions of higher learning in the interest of serving the educational needs of the people on a statewide level.

CURRENT PRACTICES

The commission, which meets once a month, consists of 14 members. Seven are appointed by the Governor for staggered terms of four years. Additionally, one member comes from each of the boards of The Citadel, Clemson University, The Medical University of South Carolina, South Carolina State College, the University of South Carolina, Winthrop College, and the State College Board of Trustees.

A commissioner directs the permanent staff and is responsible for administration of this office. Six professional staff members report to him. In fiscal 1970, there were seven employees and a budget of $850,700 to cover administration and programs. For fiscal 1972, there are 10 employees with an appropriated budget of $915,600.

EVALUATION

The Commission on Higher Education fills an essential need. Its dedicated staff of professionals seems to work effectively with the state-supported institutions. However, much of its work is considered by these institutions to be controversial. The leading issue is the proposed formula method for appropriations. To date, its effectiveness is hampered by a lack of authority. It is structured as an advisory commission with little power to enforce its recommendations and findings.

RECOMMENDATIONS

1. Strengthen and control the Commission on Higher Education.

This can be accomplished by authorizing the commission to prepare and submit a consolidated annual
appropriations request to the Budget and Control Board in behalf of all eight state-supported institutions of higher education. Additionally, the commission should be sanctioned to require discontinuance of existing academic programs. Further, its authority and scope should be limited to specifically authorized duties and functions.

Each institution feels it can best maintain its standards of performance when allowed to operate with minimum outside control. Perhaps the most consistent concern involves the fear of an expanding bureaucracy encroaching on matters of individual institutional responsibility.

The other side of the balance concerns the benefits to be expected from effective coordination of all state-supported higher education. Five categories of the commission's activities offer pronounced opportunity. They are:

> Assisting the Budget and Control Board as well as the General Assembly in adequately dealing with appropriations requests through the use of a formula method.

> Avoiding needless duplication in programs of the various institutions.

> Promoting cooperation between institutions.

> Administering certain programs such as federal assistance for facilities construction, and state and federal student aid.

> Preparing long-range planning for higher education, subject to General Assembly approval.

Implementation should clear away existing uncertainties and provide for the application of sound business practices to state-supported higher education. Application of such planning and avoidance of duplication should reduce operational expenditures by at least 4% and possibly 10%. Thus, an annual saving of between $2.76-million and $6.9-million should be attained.

2. **Adopt a plan for eventual repayment of a portion of the state subsidy provided to former students as they become able to pay.**

With the costs of higher education rising faster than the state's economy, the prospect of appropriations becoming a larger proportion of the budget appears realistic. Many anticipate higher rates of taxation as the only alternative to the option of decreasing higher education opportunities in state-supported institutions.

Particulars of such a plan of later repayment would require careful consideration by the Commission on Higher Education. Important points would include determination of the proportion of state subsidy to be repaid and the method of administration. To gain some idea of the potential value of such a plan, the following trial calculations were developed and are shown in the table below.

<table>
<thead>
<tr>
<th>ANNUAL EARNINGS</th>
<th>ANNUAL REPAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 7,000 - $ 8,000</td>
<td>$ 50</td>
</tr>
<tr>
<td>8,001 - 10,000</td>
<td>100</td>
</tr>
<tr>
<td>10,001 - 12,000</td>
<td>150</td>
</tr>
<tr>
<td>12,001 - 15,000</td>
<td>250</td>
</tr>
<tr>
<td>15,001 - 20,000</td>
<td>350</td>
</tr>
<tr>
<td>20,001 - 25,000</td>
<td>500</td>
</tr>
<tr>
<td>25,001 - 35,000</td>
<td>650</td>
</tr>
<tr>
<td>35,001 - 50,000</td>
<td>800</td>
</tr>
<tr>
<td>50,001 and over</td>
<td>1,000</td>
</tr>
</tbody>
</table>

To remain conservative, it is assumed that only $500 per student-year will be recovered, the average annual payment will be $150, and the student body enrollment will remain at the 1971 level. Consequently, within six years, 32,000 students would be affected. Thus, an annual income of $4.8-million should be attained.

3. **Cancel plans for a staff of computer personnel and hire a statistical analyst.**

Currently, the Commission on Higher Education plans to hire a staff of five computer personnel to design and implement a computer-based management information system. Costs for personnel, equipment rental, and supplies would amount to $97,000 per year. The number of individual data items is large. However, most of it is annual or semiannual in nature and could be processed manually by a statistical analyst. Paying him an estimated annual salary of $20,000, a net cost avoidance of $77,000 should be obtained.

4. **Evaluate unimproved real estate owned by the colleges and universities.**

At present, tracts of land are owned by colleges and universities that should be evaluated. These lands are too valuable to hold if there is no immediate or long-range plan for their use. Mention of specific tracts will be made in each write-up of the state-supported institutions of higher education with monies involved. There may be other land areas not discussed in this review. They should be covered in a study by the commission.

5. **Absorb the function of the Commission for Higher Education Facilities into the Commission on Higher Education.**

The Commission for Higher Education Facilities, as required by the Federal Higher Education Facilities
Act of 1963, was formed before the Commission on Higher Education came into existence. These two agencies operate under separate management. At present, this function is performed by a coordinator, secretary, and statistician. Its funding could be transferred to the Commission on Higher Education which would reduce the state’s appropriation by $37,000.

6. Transfer the responsibility for establishing tuition and university/college maintenance and activity fees to the Commission on Higher Education.

Establishing tuition and university/college fees should be the responsibility of the Commission on Higher Education. The difference between the fee schedules illustrated in the table below and the actual cost of education, after adjusting for federal funds and grants, becomes the amount the state must appropriate to underwrite deficits.

<table>
<thead>
<tr>
<th>INSTITUTION</th>
<th>RESIDENT TUITION</th>
<th>RESIDENT FEE</th>
<th>NON-RESIDENT TUITION</th>
<th>NON-RESIDENT FEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of South Carolina</td>
<td>410</td>
<td>600</td>
<td>400</td>
<td>600</td>
</tr>
<tr>
<td>Clemson University</td>
<td>100</td>
<td>400</td>
<td>120</td>
<td>720</td>
</tr>
<tr>
<td>Wofford College</td>
<td>150</td>
<td>400</td>
<td>110</td>
<td>630</td>
</tr>
<tr>
<td>The Citadel</td>
<td>135</td>
<td>385</td>
<td>435</td>
<td>635</td>
</tr>
<tr>
<td>South Carolina State College</td>
<td>130</td>
<td>380</td>
<td>300</td>
<td>350</td>
</tr>
<tr>
<td>Francis Marion College</td>
<td>200</td>
<td>450</td>
<td>200</td>
<td>450</td>
</tr>
<tr>
<td>College of Charleston</td>
<td>150</td>
<td>400</td>
<td>450</td>
<td>500</td>
</tr>
</tbody>
</table>

The fees should be reviewed frequently and adjusted as changes occur. If schedules currently in effect at the University of South Carolina and Clemson University were adopted at all state institutions, approximately $700,000 of additional revenue would be produced. Many students attending state-supported schools are capable of paying substantially higher fees. An increased schedule for basic fees with more liberal policies for students in need of financial assistance is worthy of review. Until such time as the schedules are adjusted, no savings or costs can be determined.

7. Include a discussion of joint activities on each meeting agenda for the Interinstitutional Library Committee.

During surveys of the school libraries, suggestions were made by personnel concerning possible areas of cooperative activities between the various facilities. Included in these suggestions were:

- Central storage of infrequently needed materials to lower storage costs and reduce future library expansion requirements.
- Consolidated contracts for binding services.
- Reduction of costs through centralized technical processing.
- Development of computer-based systems for purchasing and circulation control activities.
- Establishment of a central depository for federal documents.

Library professionals should give regular attention to such items of potential joint activity as well as to others they may originate. Regular reports on these areas from the Interinstitutional Library Committee would be desirable.

8. Accelerate development of the Higher Education Consortium in the Charleston area.

The Commission on Higher Education has been authorized to develop a Higher Education Consortium in the Charleston area. The purpose is to provide a coordinated working relationship between The Citadel, the College of Charleston, and the Medical University of South Carolina in several areas including administrative activities. Coordinated efforts in accounting, printing, purchasing, and the like could produce annual savings of $105,000.

A one-time cost avoidance for the purchase of printing equipment totaling at least $120,000 could be achieved through better use of equipment presently owned by the colleges and university. Administration of these coordinated activities will require qualified supervision. The consortium should investigate the alternatives to determine if the most effective way to provide such services is through a separate nonprofit corporation autonomous of the users or through administrators who would be responsible to the presidents of the institutions.

9. Establish the Medical University Computer Center as the data processing facility for the Charleston Consortium.

It is evident that the computer system at the Medical University is not fully utilized since more than 40% of the “partition” time is available for other use. The batch processed work loads of these agencies should be consolidated on this computer. The annual saving will be $81,000.

10. Combine the purchasing power of the institutional libraries to acquire domestic in-print materials.

The directors of the libraries estimate their current rate of purchasing domestic in-print materials totals $395,000 per year. If a 5% discount could be achieved through combined purchases, it would amount to $28,000 annually. The particulars of such an arrangement should be established by the Interinstitutional Library Committee and the resulting arrangement administered by same.
The Medical University of South Carolina

This university was started in 1824 under the management of the Medical Society of South Carolina. In 1913, the Legislature passed a bill which transferred ownership of the school to the state and committed the state to the support of medical education. Its mission is to conduct a professional university granting degrees in medicine, dentistry, nursing, and related health service fields. The institution has a school of graduate studies leading to a Master of Science or a Doctor of Philosophy degree in various basic sciences.

CURRENT PRACTICES

The medical university is governed by a 15-member Board of Trustees. The Governor, Chairman of House Committee on Military and Public Affairs, and Chairman of Senate Committee on Medical Affairs serve as ex officio members. The remaining 12 are elected by the General Assembly for staggered terms of four years.

The president, elected by the board, is the chief administrative officer. The Vice President for Academic Affairs, Vice President for Development and Public Relations, Vice President and Treasurer, Personnel Director and Chief of Campus Security supervise major departments and report directly to him.

This university is the center of a 45-acre medical complex including the Medical University Hospital, the Charleston County Hospital, the Veterans Administration Hospital, and the Charleston County Health Department. Thus, a close working relationship is provided for clinical and preclinical aspects of the health service professions. The relationships of staff and faculty, total operating expenses, state appropriations, and full-time equivalent students are set forth in the table shown below.

<table>
<thead>
<tr>
<th>SCHOOL YEAR</th>
<th>1970-71</th>
<th>1971-72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>3,047</td>
<td>3,080</td>
</tr>
<tr>
<td>Faculty</td>
<td>292</td>
<td>225</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$25.55-million</td>
<td>$28.28-million</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>$15.42-million</td>
<td>$16.43-million</td>
</tr>
<tr>
<td>FTE Students</td>
<td>1,185</td>
<td>1,458</td>
</tr>
</tbody>
</table>

EVALUATION

The Medical University of South Carolina is fulfilling its mission of conducting a professional school granting degrees in health service fields as well as operating a teaching hospital. Its general administrative structure is adequate. The structure of the Nursing Services Department is a significant factor in the high cost of current operations.

RECOMMENDATIONS

1. Allocate the cost of the university's communications system to academic departments based on usage.

The Medical University of South Carolina has budgeted $500,000 for the cost of telegraph and telephone services in fiscal 1972. Of this, $324,000 is allocated to general administration, $168,000 to educational programs, and $8,000 to the hospital. Additionally, copying costs for the university are budgeted at $144,000 for 1972.

This school experiences significantly higher costs for telegraph, telephone, and copying services than other universities. However, more effective control is available to the university by means of charging the cost of service to users. Since the largest portion of the annual cost relates to usage by faculty and the professional staff of the hospital, the university should begin to charge appropriate departments. If, as a result of exercising more control over these costs, the university is able to reduce the cost of services by only 5% annually, a saving of $32,000 would be realized.

2. Charge auxiliary enterprises for services provided by the general administration of the university.

Auxiliary enterprises in the university are charged with direct costs of operations. However, these enterprises do not pay for the services provided by the central administrative unit. These include accounting, budgeting, personnel, physical plant, purchasing, and general administration. In the absence of detailed information regarding the cost of providing these services, a reasonable charge of 5% of revenues should be made to compensate for providing them. Based on budgeted auxiliary enterprise revenues of $83,000 for 1972, this assessment would reduce the university's operating cost by about $4,000 annually.

3. Assess auxiliary enterprises for the cost of fringe benefits on employee salaries.

Salaries of employees involved in the operation of auxiliary enterprises are charged against these activities. However, employee fringe benefits in the
form of contributions to the state retirement system are not charged. Wages of these employees will approximate $26,000 for 1972. If auxiliary enterprises are charged for fringe benefits, the state's contribution to the retirement system will be reduced by at least $3,000 in fiscal 1972.

4. Charge the university bookstore with a portion of overhead and utilities.

The bookstore is currently using university services in areas such as accounting, purchasing, personnel, and general administration. It should be charged a reasonable fee for the services. In lieu of making a detailed analysis of the cost of providing these services, the university should charge the bookstore a fee of 5% of annual store sales which would amount to about $8,000 per year. In addition, this auxiliary enterprise should be charged for utilities and space on the campus. This charge would amount to at least $4,000 yearly. Implementation will provide a net annual income of $12,000.

5. Assess the bookstore for the cost of fringe benefits on employee salaries.

Salaries of employees involved in operating the bookstore are paid from revenues generated. They amounted to approximately $14,000 in fiscal 1971. If the bookstore were charged with the cost of fringe benefits, savings of $2,000 in state contributions could be realized.

6. Institute a property control function.

As of June 30, 1971, the Medical University of South Carolina had invested in excess of $12-million in equipment for educational and hospital purposes. Information regarding losses suffered annually due to lack of control over physical assets is not available. However, if losses in the amount of 0.1% of the university's investment were prevented through establishment of a property control function, the program would pay for itself. Additionally, the university would also benefit through higher utilization of owned and leased equipment resulting in future reductions in capital investment and annual operating costs. No savings are claimed since the benefits cannot be estimated.

7. Increase the student application fee to $15.

The university charges a $10 application fee. Current costs of processing applications indicate a fee of $15 would be more reasonable. This increase would produce a minimum annual income of $6,000.

8. Increase the fee charged for transcripts to $3.

Currently, the university is charging $1 for each transcript after the initial one. To recover direct and administrative costs incurred in providing this service, the college should charge a reasonable fee of $3. The increased income to the medical university would be negligible.

9. Establish a work measurement program for the classified positions.

This medical university does not have a work measurement program to evaluate 450 classified positions. Such a program investigates the possible course of action, selects the optimum, measures the work load, and establishes standards. Industrial firms that have applied a work measurement program have experienced reductions in personnel costs varying from 11% to 30%. If these percentages were applied to the Medical University of South Carolina, a potential saving of $245,000 to $675,000 annually can be achieved. Implementation would require the addition of two experienced work measurement analysts. Allowing for this expense, and using the lowest experience of 11%, implementation should provide annual savings of not less than $218,000.

10. Transfer the annual net revenue on the operation of clinical laboratories to the general operations of the university.

The clinical laboratories are operated with charges based on services made to the Medical University Hospital and other hospitals in the Charleston area. These laboratories generated revenues of $100,000 in 1971 and had an accumulated surplus of $500,000 on June 30, 1971. However, surplus and income are not treated as part of the university's operating budget. Since this activity is an integral part of operations, the revenues and surplus should be transferred to the university's general operating funds.

11. Require that the Director of Nursing Services report to the Hospital Administrator.

The present organization of the hospital provides that the Director of Nursing Services report to the Dean of the School of Nursing. Within Nursing Services there is no centrally established and controlled scheduling system. The current system relies heavily on the ability of untrained individuals and results in abnormal fluctuations in personnel assignments without regard to work load, census, or other factors. The policy of substituting two licensed practical nurses for a registered nurse is costly and affects the quality of patient care. No savings are claimed. However, the continuing benefits to be derived from work methods and work measurement programs are dependent on an adequate organizational structure for support.
12. Initiate a work methods and work measurement program at the university's hospital to reduce costs as well as improve service and operating efficiency.

The hospital employs more than 1,400 persons, excluding residents, interns, faculty, and clerical staff. It does not have a work methods and work measurement program. When used by industry, such a program investigates possible courses of action, selects the optimum, measures work loads, and establishes standards. Based on detail staffing analysis compared to other hospital statistics, it is conservatively estimated that the cost of nursing services could be reduced by about $1.2-million annually. The most significant factors, which are discussed elsewhere, are the organizational structure and the lack of formal scheduling procedures.

The remaining hospital department personnel costs, when compared to other hospital standards, reflect above average costs estimated at $208,000 annually. These costs could be saved if a work measurement program were initiated. Net annual savings of approximately $1.4-million should be achieved upon implementation.

South Carolina State College

This college was founded in 1896 as an institution of higher learning to meet the needs of South Carolina's black population. Today, its major objective is to provide a broad range of education in fields of liberal arts and sciences with practical training and instruction in professional education without regard to race, color, or creed.

CURRENT PRACTICES

South Carolina State College is governed by a Board of Trustees consisting of nine members. The Governor serves on this board and eight others, one an alumnus, are elected by the General Assembly for staggered terms of six years. Its president, selected by the board, has responsibility for general administration of the college. Reporting to him are the assistant to the president, Vice President for Academic Affairs, Director of Business and Finance, Director of Planning and Development, and Dean of Student Affairs.

The college is situated on 150 acres in Orangeburg. An additional 300 acres of farmland is owned by the college. Relationships of staff employed, faculty, total operating expenses, and state appropriated funds to full-time equivalent students are shown in the table to the right.

EVALUATION

The college has a unique role as the only predominately black institution of higher education supported by the state. It is endeavoring to provide a sound education to those admitted. However, it has a higher than average cost of operation. Additionally, the internal accounting and informational systems

<table>
<thead>
<tr>
<th>SCHOOL, YEAR</th>
<th>1976-77</th>
<th>1977-78</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>276</td>
<td>299</td>
</tr>
<tr>
<td>Faculty</td>
<td>146</td>
<td>143</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$6.23-million</td>
<td>$6.8-million</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>$4.22-million</td>
<td>$4.45-million</td>
</tr>
<tr>
<td>FTE Students</td>
<td>1,676</td>
<td>2,189</td>
</tr>
</tbody>
</table>

are not adequate to meet administrative requirements. Its computer center needs an enlarged staff to better utilize existing equipment. The physical plant needs supervision in areas of custodial and grounds maintenance.

RECOMMENDATIONS

1. Convert machine accounting systems to computer-based programs.

The accounting systems are currently maintained on bookkeeping equipment. There are 12 employees in the Accounting Department and it is estimated that three additional clerks are needed. To avoid adding three employees at an annual cost of $15,000, present systems should be converted to computer programs which could be maintained by the current personnel. The one-time cost of implementation has been included elsewhere.

2. Join Education and Institutional Cooperative, Inc. and take advantage of purchasing discounts offered.

All state institutions of higher education except South Carolina State College belong to this cooperative. A review of current purchases at other schools indicates that an average of 20% of their annual volume is placed with the cooperative and discounts average 43% or approximately 18% more than can
be obtained from other sources. A realization of this additional 18% would represent annual savings of $51,000.

3. Charge auxiliary enterprises with the cost of fringe benefits for employees.
Salaries of employees involved in the operation of auxiliary enterprises are charged against these activities but fringe benefits are not. Such benefits approximate 12% of direct salary costs. If auxiliary enterprises are charged with these costs, the state's contribution to the retirement system will be reduced by at least $20,000 in fiscal 1972.

4. Assess auxiliary enterprises for services provided by the general administration of the college.
Auxiliary enterprises in the college are charged with direct costs of operations. However, they do not pay for services provided by the central administrative unit. These include accounting, budgeting, personnel, physical plant, purchasing, and general administration. In the absence of cost information, a charge of 5% of revenues should be made. Based on projected revenues of $1.09-million for 1972, implementation would result in reduced operating costs to the college of $55,000 annually.

5. Charge salaries for bookstore personnel to this operation and fringe benefits on athletic fund and bookstore payrolls to these activities.
Salaries of employees involved in athletics are included in the budgets of these activities. However, salaries are not charged against the bookstore. Fringe benefits are not charged against either. These benefits approximate 12% of direct salary costs and if they were included with athletic and bookstore operations, the contribution of the state would have been reduced by at least $5,000 in fiscal 1971. If applicable salaries were charged against the bookstore, the college's payroll cost would have been reduced by $10,000 in 1971.

6. Charge the athletic fund and bookstore for services provided by the central administration of the college.
These enterprises are not charged for services provided by the central administrative unit. They include accounting, budgeting, personnel, physical plant, purchasing, and general administration. In the absence of cost information, a charge of 5% of revenues should be made. Based on budgeted revenues of $358,000 for 1972, implementation will result in reduced operating costs to the college of $18,000 annually.

7. Add a systems analyst/programmer.
There is only one member of the data processing staff qualified to design and implement computer applications. To use the computer for administrative applications, at least one additional person must be added at an estimated cost of $14,000 annually.

8. Institute cost accounting techniques in areas of vehicle maintenance, building maintenance, and custodial expenses.
The present accounting system does not provide complete information for measuring the utility of vehicles and buildings in use. Also, the age of many buildings indicates a need for development of such data. A system utilizing costing techniques with respect to maintenance and custodial costs should be implemented to provide a basis for long-range planning. Future benefits are not measurable at this time.

9. Establish a work measurement program for the classified positions.
Currently, the school does not utilize a work measurement program to evaluate its 197 measurable classified positions. Such a program investigates possible courses of action, selects the optimum, measures the work load, and establishes standards. Industrial firms with work measurement programs have experienced reductions in personnel costs varying from 11% to 30%. If these percentages were applied to South Carolina State College, a potential saving of $103,000 to $275,000 could be achieved. The program would require a work measurement analyst. Allowing for this added expense, and using the lowest experience of 11%, implementation should provide annual savings of about $88,000.

10. Reduce costs of operating the cafeteria with a contract from a leading food caterer.
South Carolina State College is operating its cafeteria at a per-student cost of approximately $16.50 a week. In comparing costs with other institutions, a reduction of $0.75 per student, per week is possible by using a contract caterer. This would allow savings of $35,000 annually.

11. Institute a student car registration fee of $5.
Parking areas require a substantial capital investment and funds for maintenance. At present, no fee is imposed. A charge of $5 per semester would provide the college with additional annual revenue of at least $2,000 and reimburse the institution for maintenance costs.

12. Increase the acceptance fee to $50.
The primary purpose of this fee is to facilitate planning, scheduling, and handling of students prior to
registration. A $50 fee instead of $35 will effect this result.

13. Raise student transcript fees to $3.
Presently, the college is charging $1 for each transcript after the initial one. To recover direct and administrative costs incurred in providing this service, it should charge a reasonable fee of $3. This would yield a minimum annual income of about $7,000 based on present experience.

The college provides student identification cards at no charge. As a means of recovering direct and administrative costs incurred, it should charge $2. Based upon current enrollment levels, this will yield a minimum annual income of over $4,000.

15. Increase the late registration fee from $5 to $15.
For many years, most state institutions have been charging a late registration fee of $10. Today, a charge of $15 more fairly reflects the costs of time consuming and disruptive late registrations to the institution. Implementation would provide approximately $1,000 per year taking into account the estimated decrease in the number of late registrations.

16. Charge a student application fee of $15.
The college is not charging an application fee as other major institutions do. However, it is incurring the same costs as other schools. The current costs of processing applications indicate a fee of $15 would be reasonable. This increase would produce a minimum annual income of $24,000.

17. Raise the rent for faculty living in housing owned by the college.
There are 19 houses and eight apartments on the college campus. At present, rent paid by the faculty to live in these units is not sufficient to make them self-supporting. It is felt the rent should be increased at least $10 per month. If this is achieved, there will be an additional income amounting to about $3,000 per year.

18. Review the need for the continued operation of the Felton Laboratory School.
The school was started to meet practice teaching needs of students who did not have access to many of the state's public schools. Today, the legal restrictions causing this situation have been removed. As a result, the continued operation of the school should be reviewed to determine if the benefits derived are commensurate with the cost of operation.

19. Convert the library classification system from Dewey to Library of Congress.
All libraries of state-supported institutions of higher education use the Library of Congress classification system except South Carolina State College. If this library is to benefit from future cooperative activities, it must make the conversion. Implementation will require a one-time cost of $100,000.

20. Purchase library books and other materials through jobbers.
The South Carolina State College's library is the only facility which buys directly from the publishers rather than through jobbers. Publishers grant discounts of 10% of list price. Jobbers offer discounts of 30%. Implementation would provide annual savings of $13,000.

21. Develop a plan to utilize 150 acres of land and dispose of the remainder.
The college owns 300 acres of land used in academic agricultural programs which have been discontinued. It is investigating possible use of 150 acres for other purposes. The remaining acreage should be sold. The one-time income is estimated at $112,000.

University of South Carolina

This university was chartered by the General Assembly in 1801 to conduct a general institution of higher education in arts and sciences and fields of advanced education.

CURRENT PRACTICES
The University of South Carolina is governed by the Board of Trustees which consists of 20 members. The Governor, Superintendent of Education, and Chairmen of the Committees on Education of the Senate and the House of Representatives are ex officio members. The remaining 16, one from each Judicial Circuit, are elected by the General Assembly for staggered terms of four years.
The president is the chief administrative officer and is chosen by the board. The Provost, the Vice Presi-
students for Advanced Studies and Research, Business Affairs, Development, and Student Affairs, as well as the Directors of Athletic Department and Information Services supervise major operations and report directly to him.

The university's main campus is situated on 206 acres in Columbia. This institution is also responsible for the operation of regional campuses in Columbia, Aiken, Beaufort, Conway, Lancaster, Allendale, Spartanburg, and Union. Relationships of staff and faculty, total operating expenses, state appropriations, and full-time equivalent students are set forth in the table which is shown below.

<table>
<thead>
<tr>
<th>SCHOOL YEAR</th>
<th>1970-71</th>
<th>1971-72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>1,225</td>
<td>1,403</td>
</tr>
<tr>
<td>Faculty</td>
<td>1,007</td>
<td>1,117</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$27.31-million</td>
<td>$33.04-million</td>
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<tr>
<td>State Appropriations</td>
<td>$17.65-million</td>
<td>$22.85-million</td>
</tr>
<tr>
<td>FTE Students</td>
<td>15,763</td>
<td>18,321</td>
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</tbody>
</table>

EVALUATION

The university is fulfilling its mission of education and research. However, several areas appear to offer opportunities for better business practices. Among these are registration, fee structure, classroom utilization, and auxiliary services. Being the largest university in the state opens up some avenues of possible assistance and cooperation with other state institutions.

RECOMMENDATIONS

1. Establish a work measurement program for classified positions.

Currently, the university does not have a work measurement program to evaluate its 950 classified positions. Such a program investigates the possible course of action, selects the optimum, measures the work load, and establishes standards. Industrial firms that have applied a work measurement program have experienced reductions in personnel costs varying from 11% to 30%. If these percentages were applied to the University of South Carolina, a potential saving of $475,000 to $1.3-million annually can be achieved. Implementation of the program would require the addition of at least three experienced work measurement analysts. Allowing for this expense, and using the lowest experience of 11%, implementation should provide annual savings of not less than $430,000.

2. Increase use of existing classroom space as enrollment grows.

A recent study established 45% as a standard ratio for classroom utilization. At present, the ratio for the University of South Carolina is 32%. Many factors influence the attainment of higher classroom utilization including facility design, campus layout, special equipment, faculty schedules, and so on. However, the difference between the accepted standard of 45% and the existing percentage indicates that improvement is needed.

An effective preregistration system is a necessary preliminary step. Another important requirement is the existence of an understanding between the administration and faculty regarding flexible classroom assignments. A final step would be the development of a computer procedure to assign classroom space.

Enrollments at the main campus of the university are expected to grow from 15,000 to 20,000 students. Accommodating the increase without additional facilities will require a utilization ratio of 43%. Initially, a goal of 38% should be established. Attainment will provide a construction cost avoidance of $595,000.

3. Charge $2 for student identification cards.

The university has no fee for student identification cards. To recover direct and administrative costs incurred in providing this service, the university should charge a reasonable fee of $2. Implementation would yield a minimum annual income of $30,000.

4. Increase the student application fee to $15.

Currently, the university is charging a $10 application fee. The present cost of processing applications indicates a fee of $15 would be more reasonable. This increase would produce a minimum annual income of $35,000.

5. Raise the fee charged for transcripts to $3.

The university assesses a fee of $1 for each transcript after the initial one. To recover direct and administrative costs, it should charge a reasonable fee of $3 which would provide a minimum annual income of $20,000.

6. Institute an academic reservation fee of $50.

Most institutions of higher education have an academic reservation fee. The primary purpose of this fee is to facilitate planning, scheduling, and the handling of preregistration. Also, based on the experience of other institutions, an annual income of $7,000 can be anticipated due to no-show applicants.

7. Charge the athletic fund and campus shop with the cost of administrative services.

The athletic fund and campus shop use university services in the areas of accounting, personnel, purchasing, physical plant, and general administration.
However, these activities are not assessed for the services rendered. If a charge of 5% of revenues were made for the reimbursement of these costs, the general and administrative budget of the university could be reduced by $165,000.

8. Charge the athletic fund and campus shop for the cost of fringe benefits on employee salaries.
Salaries of employees involved in operating the non-academic athletic program and the campus shop are paid from revenues generated by these activities. Fringe benefits given to these employees are in the form of contributions to the state retirement fund and are paid by the state. Salaries covered by state retirement contributions for the athletic program amounted to $490,000 and those for the campus shop totaled $100,000 in 1971. If a charge of 12% was made to these activities, annual savings of $75,000 could be realized.

9. Assess auxiliary enterprises with the cost of fringe benefits on employee salaries.
Salaries of employees directly involved in operating auxiliary enterprises are charged against these activities. However, fringe benefits, in the form of contributions to the state retirement system, are not charged. The salaries of employees budgeted for auxiliary enterprises will approximate $37,000 for 1972. If auxiliary enterprises were charged with the cost of fringe benefits, the state’s contribution to the retirement system will be reduced by at least $100,000.

10. Charge auxiliary enterprises for services provided by the university.
Auxiliary enterprises are charged with direct costs of operations. However, they are not charged for services such as accounting, budgeting, personnel, physical plant, purchasing, and general administration. In the absence of detailed information regarding the cost of providing these services, a reasonable assessment of 5% of revenues should be made. Based on budgeted auxiliary enterprise revenues of about $2.16-million for 1972, this charge would result in reduced operating costs of $108,000 annually.

11. Make the post office self-sustaining.
At present, the university’s post office is operating at a loss. Therefore, a study should be made to determine the best course to have this service facility break even. If this is done, an additional saving of approximately $15,000 per year should be realized.

The Citadel

The Citadel, which was founded in 1842, is one of the few military colleges in the country except for the service academies. Traditionally, its student body has been male and organized as a corps of cadets. All of the cadets receive R.O.T.C. instruction with about 70% accepting commissions from the armed services upon graduation. In recent years, the approximately 1,900-member corps has been supplemented by some 300 commuting students, 350 graduate students, and 275 evening students. During summer sessions, male and female students from surrounding areas are allowed to take courses.

CURRENT PRACTICES
This institution is governed by a Board of Visitors consisting of 15 members. The Governor, Adjutant General, Superintendent of Education, and Chairmen of the Military Committees of the House and Senate are ex officio members. The remaining 10 must be graduates of The Citadel. Seven are elected by the General Assembly and the other three are chosen by the Association of Citadel Men. All serve staggered terms of six years each. Responsibility for the general administration of the college is assigned to the president who is elected by the Board of Visitors.

Of the 1,900 cadets, about half are from South Carolina with the balance from 43 states. The college occupies a 100-acre campus in Charleston. Relationships of staff and faculty, total operating expenses, state appropriations, and full-time equivalent students are depicted in the table directly below.

<table>
<thead>
<tr>
<th>SCHOOL YEAR</th>
<th>1970-71</th>
<th>1971-72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>451</td>
<td>452</td>
</tr>
<tr>
<td>Faculty</td>
<td>157</td>
<td>156</td>
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<tr>
<td>Operating Expenses</td>
<td>$7.68-million</td>
<td>$8.09-million</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>$3.58-million</td>
<td>$4.04-million</td>
</tr>
<tr>
<td>FTE Students</td>
<td>2,543</td>
<td>2,700</td>
</tr>
</tbody>
</table>

EVALUATION
The demand for excellence on the individual cadet permeates every facet of campus life and exerts an influence in the institution’s administration. The long tradition of military involvement creates direct costs
resulting in higher operating expense and contributes to additional indirect costs by hindering efforts to sustain a capacity enrollment. Although the size of the class of 1975 is up sharply from the prior two years, applications for enrollment have declined alarmingly in the past decade. While school officials receive the best efforts of a dedicated staff, significant questions arise in areas of asset management and general administration.

RECOMMENDATIONS

1. Change the method of serving food from family to cafeteria style.

The Citadel, being a military college, serves its meals family style. This is expensive. If the serving method was changed to cafeteria style, it is estimated that food could be served for $0.30 per student, per day less. Based on a 1,900-member cadet corps, this would provide a saving during the nine-month schedule of approximately $136,000 per year.

2. Establish a work measurement program for measurable classified positions.

Currently, no work measurement program is in operation. There are 336 classified positions that are measurable. Such a program investigates the possible course of action, selects the optimum, measures the work load, and establishes standards. Industrial firms with work measurement programs have experienced reductions in personnel costs varying from 11% to 30%. If these percentages were applied to The Citadel, a potential saving of $158,000 to $440,000 per year can be achieved. Implementation would require the addition of an experienced work measurement analyst. Allowing for this expense, and using the lowest experience of 11%, implementation should provide net annual savings of $143,000.

3. Institute cost accounting techniques in areas of building maintenance and custodial costs.

The present accounting system provides no information for measuring maintenance costs of buildings in use. A system utilizing job-order costing techniques with respect to maintenance and custodial costs per building should be implemented to provide a basis for long-range planning.

4. Utilize existing facilities and administrative staff to educate a greater number of students.

Indications reflect an underutilization of physical facilities, library resources, and administrative capacity. The institution is capable of educating 1,000 to 1,500 more students each year without an appreciable increase in noneducational costs and no additional commitments for physical facilities.

Present enrollment policies have achieved a total enrollment of 2,700 FTE students for the 1971-72 school year. A capacity of 3,700 FTE students has been determined to be supportable. Achievement of this enrollment would spread the overhead and operative costs over a broader base. This would substantially reduce the per-student cost and enable the state to provide additional educational opportunities to students at minimum cost. A one-time cost avoidance of $750,000 can be achieved if an enrollment of 3,700 FTE students is obtained.

5. Increase the student application fee to $15.

The Citadel is presently charging a $10 application fee. Current costs of processing applications indicates a fee of $15 would be more reasonable. Such an increase would produce a minimum annual income of $7,000.

6. Raise fee charged for transcripts to $3.

Presently, the college is charging $1 for each transcript after the initial one. As a means of recovering direct and administrative costs incurred in providing this service, the college should charge a reasonable fee of $3 which would yield a minimum added annual income of $6,000.

7. Sell the teller machine and discontinue renting the encoder.

These units are not being used. Furthermore, using them to capture cash transactions data does not appear to be cost-justified. The teller was purchased for $5,000. Its estimated resale value is $3,000. The encoder is rented for $500 a month or $6,000 annually. Implementation will provide annual savings of $6,000 and a one-time income of $3,000.

8. Consolidate operations of the two computer centers.

Two independent and nonprogram compatible computer centers are currently in operation at The Citadel. One is used for administrative applications an average of 135 hours per month. The other is used about 100 hours a month for academic work, registration, and student academic records. A two-shift operation on one of the systems would appear to be sufficient to service both areas. Equipment rental savings would amount to $24,000 annually.


Current and near-term requirements do not exceed two daily shifts of computer time. Thus, third-shift and weekend time can be sold. If the system were rented for only $15 per hour and 25 hours were used, income would amount to $375 a week. Annual ex-
penses, including an operator would be less than $10,000. Therefore, the net income would be about $9,000 annually.

10. Increase the rental for faculty housing.
There are 127 housing units and eight B.O.Q. units on the campus. At present, rent paid by the faculty for these housing units is not sufficient to make them self-supporting. Therefore, the average rent should be increased to $100 a month per housing unit. If this is achieved, it will result in savings to the institution in the amount of about $105,000 per year.

11. Institute a preventive maintenance program.
The college has no preventive maintenance program in effect. Scheduled inspections and checks tend to minimize costly breakdowns. Experience indicates that reductions in material and labor costs of 30% or more can result from such programs. Assuming only a 5% reduction, annual savings of at least $20,000 would be achieved by implementation.

The book store and canteen are not charged for their share of utilities and maintenance. These auxiliary enterprises should pay for their fair share. If such charges are made, a savings to The Citadel's state appropriation of at least $4,000 per year would be realized.

13. Charge auxiliary enterprises for services provided by the general administration of the college.
These enterprises are not charged for services provided by the central administrative unit. They include accounting, budgeting, personnel, physical plant, purchasing, and general administration. In the absence of cost information, a charge of 5% of revenues should be made. Based on budgeted revenues of $1.62-million for 1972, implementation would result in reduced operating costs to the college of $81,000 annually.

14. Assess auxiliary enterprises with the cost of fringe benefits for employees.
Employee fringe benefits are not charged against auxiliary activities. Benefits approximate 12% of direct salary costs. If these enterprises were charged, the state's contribution to the retirement system will be reduced by at least $52,000 in fiscal 1972.

15. Charge the athletic fund for the cost of fringe benefits for employees.
Fringe benefits are paid by the state and not charged to the athletic fund. If a charge of 12% of salaries was made to the fund, savings of $8,000 could be realized.

16. Assess the athletic fund for services provided by the general administration of the college.
Athletic activities are not charged for services provided by the central administrative unit. They include accounting, budgeting, personnel, physical plant, purchasing, and general administration. In the absence of cost information, a charge of 5% of revenues should be made. Based on budgeted revenues of $300,000 for 1972, implementation would result in reduced operating costs to the college of $15,000 annually.

17. Seek federal assistance to underwrite costs of military operations conducted at The Citadel.
The Citadel incurs an annual cost of approximately $250,000 in excess of present assistance from the federal government to provide a military education and environment for its students. Annually, this school commissions a substantially higher number of regular officers than most institutions of comparable size. There is ample support for requesting the federal government to underwrite this additional expense.

Francis Marion College

This institution of higher learning was founded July 1, 1970, as a four-year college in Florence, South Carolina. It is a successor to a two-year branch of the University of South Carolina which was established in 1957. The college makes the advantages of a strong liberal arts undergraduate college curriculum as well as needed professional programs available to qualified students. Francis Marion is a regionally oriented school established to meet the needs of the state's Pee Dee area.

CURRENT PRACTICES
Francis Marion College is governed by the State College Board of Trustees. This 16-member board was created in 1969 to supervise all new state-supported four-year colleges.
The president is the chief administrative officer and is appointed by the Board of Trustees. The Vice President for Academic Affairs, the Vice President for Business Affairs, the Director of Public Relations, the Vice President for Student Affairs, the Director of the Library, and the Director of Educational Research and Planning supervise major operations and report to the president.

The campus is situated on a 200-acre site. The college has a contract to acquire an additional 100 acres by 1974. Its physical plant consists of two buildings with two structures and a power plant under construction.

The relationships of staff and faculty, total operating expenses, state appropriations, income from tuition, and full-time equivalent students are shown in the table below.

<table>
<thead>
<tr>
<th>SCHOOL YEAR</th>
<th>1970-71</th>
<th>1971-72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>48</td>
<td>58</td>
</tr>
<tr>
<td>Faculty</td>
<td>39</td>
<td>59</td>
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<tr>
<td>Operating Expenses</td>
<td>$1.13-million</td>
<td>$2.15-million</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>$1.01-million</td>
<td>$1.64-million</td>
</tr>
<tr>
<td>FTE Students</td>
<td>770</td>
<td>1,235</td>
</tr>
</tbody>
</table>

**EVALUATION**

This college is currently fulfilling its purpose of providing an undergraduate education to qualified residents of the Pee Dee region of South Carolina. Since the school is only one year old and has a relatively small enrollment, there are no significant administrative or operational problems. However, it should begin to implement cost accounting systems which are currently in use at other institutions. This will provide better control of operations as the college grows in size. Fees charged to students for various services are generally lower than the cost of providing them. Because the institution is a commuter college, it has no dormitory facilities. However, the school’s future policies regarding living quarters for students should be resolved as soon as possible.

**RECOMMENDATIONS**

1. **Institute cost accounting techniques in the area of vehicle, building maintenance, and custodial costs.**

   The present accounting system provides no information for measuring the utility of vehicles and buildings currently in use. An informational system utilizing job-order costing techniques with respect to maintenance and custodial costs should be implemented to provide a basis for long-range planning. The future benefits of such a system are not measurable at this time. However, the growth potential of Francis Marion indicates need for development of such information.

2. **Establish an educational foundation for receiving assets to be used to further the college's development.**

   The creation of foundations by state educational institutions has provided significant benefits to the schools and the state. The ability to utilize private sources of funds to further the educational goals of the college provides administrators with a valuable management tool. Financial benefits which would accrue to Francis Marion are dependent on the growth of the foundation.

3. **Utilize the computer facilities of another state institution of higher education with available time.**

   The college is presently using the equipment and programming capabilities of a local service bureau. These services are available from other state institutions of higher education with computers. If the college were to use institutional facilities, the annual cost of $15,000 would become revenue for that institution and reduce state appropriations accordingly.

4. **Institute a preventive maintenance program.**

   Presently, the college has no preventive maintenance program. Scheduled inspections tend to minimize costly breakdowns. Experience indicates that reductions in material and labor costs of 30% or more can result from such programs. Costs of material and labor in fiscal 1971 were minimal. However, they will increase as the institution grows and implementation should produce substantial future savings.

5. **Reduce campus acreage by 100 acres.**

   Presently, Francis Marion owns 200 acres of land and has an option to acquire an additional 100 by 1974. The college’s master plan is based on an anticipated total campus area of 300 acres. However, as a four-year institution, there are limitations on its growth potential.

Larger and similar-sized schools have been able to develop on campuses of substantially smaller size than anticipated by Francis Marion. Therefore, the master plan should be modified to provide for development of the campus within 200 acres and the excess land be disposed. This would allow the recovery of the original contract price and, therefore, an income of $200,000 less the cost of redesigning the master plan. The geography of the land requires execution of the contract but allows for 100 acres to be sold.
6. Increase the student application fee to $15. Francis Marion is currently charging less than some other state institutions for application fees. The current cost of processing applications indicates that raising the $5 fee to $15 would be in order. Implementation of this increase would produce a minimum annual income of $12,000.

7. Raise the late registration fee to $15. Currently, the college imposes a late registration fee of $5. Most state-supported institutions have been assessing a fee of $10 for many years. A charge of $15 more fairly reflects the cost of time-consuming and disruptive late registrations. Increased annual revenues to the college would approximate $1,000 after giving effect to a desired decrease in the number of late registrations.

8. Increase the student car registration fee from $0.50 per year to $5 per semester. The commuter orientation of the school requires substantial capital investment and maintenance of parking facilities on a continuing basis. The current fee being charged is insignificant and should be augmented to offset maintenance costs. An increase in the fee would provide the college with an additional annual income of at least $10,000. This revenue would reimburse the college for annual maintenance costs and provide a small contribution toward amortizing the capital investment.

9. Charge $1 for student identification cards. Presently, the college provides student identification cards at no charge. To recover the direct and administrative costs incurred in providing this service, a reasonable fee should be charged. This would yield a minimum annual income of $3,000 based upon current enrollment levels.

10. Substitute an academic reservation fee of $50 for the present acceptance fee of $25. The institution of the fee will further facilitate planning, scheduling, and handling of preregistration. Although additional annual income of $1,000 will result, the main purpose is to encourage early registration.

Clemson University

Founded in 1889, Clemson is a land-grant, state-assisted institution. Its mission is to provide a multipurpose system of higher education consisting of instruction, research, and public service.

CURRENT PRACTICES
This university is governed by a 13-member Board of Trustees. Six are elected by the General Assembly for staggered four-year terms with the remaining seven serving terms for life. The president, as the chief administrative officer, is appointed by the board. The Vice Presidents for Academic Affairs, Business and Finance, Development, Executive Affairs, and Student Affairs report to him.

The main campus is situated on 700 acres in Clemson. It also owns 30,000 acres in various parts of the state which are used for research purposes. Relationships of staff and faculty, total operating expense, state appropriations, and full-time equivalent students are illustrated in the table to the right.

EVALUATION
Clemson is fulfilling its mission of providing multipurpose education in the state. Its administrative structure appears adequate to meet the needs of the university. The institution's role as a land-grant university carries with it extensive responsibility in the area of agricultural research and public service. To meet these responsibilities, it is charged with the management of widespread land holdings.

RECOMMENDATIONS
1. Establish a work measurement program for the classified positions.
With 539 positions classified as measurable, Clemson does not have a work measurement program. A program of this type investigates possible courses of action, selects the optimum, measures the work load, and establishes standards. Industrial firms that have initiated such a program have experienced personnel cost reductions varying from 11% to 30%. If these percentages were applied to Clemson, a potential
saving of $285,000 to $775,000 could be achieved. Such a program would require two experienced work measurement analysts. Allowing for this added expense, and using the lowest experience of 11%, implementation should provide estimated annual savings of not less than $250,000.

2. Replace the computer in the business office with a remote batch type terminal attached to the computer in the University Computer Center.

The existing unit is used as a terminal and as a separate computer. Planned updating of existing computer applications would permit the entire computing load to be carried on the larger unit in the center. Using a terminal for a basis of calculations, savings in equipment rental would amount to approximately $20,000 per year.

3. Increase use of existing classroom space as enrollment grows.

A recent study established 45% as a standard ratio for classroom utilization. At present, the ratio for Clemson University is 26%. Many factors influence the attainment of higher classroom utilization including facility design, campus layout, special equipment, faculty schedules, and so on. However, the difference between the accepted standard of 45% and the existing percentage indicates that improvement is needed.

The preliminary step of an effective preregistration system has already been implemented. The administration has also achieved an understanding with the faculty in regard to flexible classroom assignments. A final step would be the development of a computer procedure to assign classroom space.

Enrollments at Clemson are expected to grow from 8,000 to 10,000 students. The cost of constructing additional facilities is estimated at $580,000. If the utilization rate were raised to 32.5%, this cost could be avoided.

4. Charge a student application fee of $15.

Clemson University is not charging an application fee while other major state institutions do. However, it is incurring the same costs as other schools. Current costs of processing such applications indicate a fee of $15 is reasonable. Implementation of this fee would produce an estimated annual income of $90,000.

5. Raise the fee charged for student transcripts to $3.

The university now charges a fee of $1 for each transcript after the initial one. To recover the direct and administrative costs incurred in providing this service, it should charge a reasonable fee of $3 which would yield an additional annual income of $14,000 based on present experience.

6. Charge a $2 fee for student identification cards.

Currently, the university provides such identification cards at no charge. In an effort to recover direct and administrative costs incurred in providing this service, Clemson should initiate a reasonable charge of $2. Imposition of this fee would yield an annual income of approximately $16,000 based upon current enrollment levels.

7. Increase the student automobile registration fee to $5 per semester.

Parking areas at Clemson require a substantial capital investment and maintenance funds for upkeep. Currently, a fee of $2 per year is charged. A fee of $5 per semester would provide the institution with $40,000 of additional annual revenue. This would reimburse the university for maintenance costs and provide a small contribution to amortizing the capital investment.

8. Increase the late registration fee to $15.

Clemson, like most state institutions, has been charging a late registration fee of $10 for many years. However, $15 would more fairly reflect the cost of time-consuming and disruptive late registrations. The increased annual income to the university would approximate $1,000 while taking into account the estimated decrease of late registrations.

9. Charge auxiliary enterprises with the cost of fringe benefits for employees.

Employee fringe benefits are not charged against these activities. These benefits approximate 12% of direct salary costs. If auxiliary enterprises were charged these costs, the state’s contribution to Clemson University will be reduced by at least $62,000 in fiscal 1972.

10. Charge auxiliary enterprises for services provided by the general administration of the university.

These enterprises are not charged for services provided by the central administrative unit. They include accounting, budgeting, personnel, physical plant, purchasing, and general administration. In the absence of cost information, a charge of 5% of revenues should be made. Based on budgeted revenues of $1.48-million for 1972, implementation would reduce operating costs to the university by $74,000 annually.
11. Assess the athletic fund, canteen, bookstore, and Clemson House for services provided by the general administration.

These activities are not charged for services provided by the central administrative unit. They include accounting, budgeting, personnel, physical plant, purchasing, and general administration. In the absence of cost information, a charge of 5% of revenue should be made. Based on revenues of $2.54-million, implementation would result in reduced operating costs to the university of $127,000 annually.

12. Charge the athletic fund, canteen, and bookstore operations with the cost of fringe benefits for employees.

Employee fringe benefits are not charged against these activities. Benefits approximate 12% of direct salary costs. If these activities were charged, the state's contribution will be reduced by at least $74,000 in fiscal 1972.

Winthrop College

Winthrop College was established in 1891. Its function is to provide an institution of higher education for female students. The school incorporates a liberal arts college and professional schools of business administration, education, home economics, and music. It offers bachelor's and master's degrees in those fields.

CURRENT PRACTICES

This institution is supervised by a Board of Trustees which consists of 13 members. The Governor, Superintendent of Education, and Chairmen of the Education Committees of the House and the Senate are ex officio members together with nine other persons, seven of whom are elected by joint ballot of the Senate and the House of Representatives, and two graduates appointed by the Alumnae Association.

The president is the chief administrative officer and is elected by the Board. The Vice President for Academic Affairs, Vice President for Business and Finance, Dean of Students, Director of Public Relations, and the Director of Academic Planning and Institutional Research report to the president.

Winthrop's campus is located on 88 acres in Rock Hill. It holds an additional 290 acres of undeveloped land known as the Winthrop College Farm. Relationships of staff and faculty, total operating expenses, state appropriations, and full-time equivalent students are set forth in the table below.

<table>
<thead>
<tr>
<th>School Year</th>
<th>1971-72</th>
<th>1971-72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>330</td>
<td>372</td>
</tr>
<tr>
<td>Faculty</td>
<td>206</td>
<td>214</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$7.42-million</td>
<td>$8.37-million</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>$4.13-million</td>
<td>$4.47-million</td>
</tr>
<tr>
<td>FTE Students</td>
<td>3,556</td>
<td>3,800</td>
</tr>
</tbody>
</table>

Evaluation

The college is fulfilling its responsibility for educating females in the state. Winthrop is one of the very last tax-supported institutions in the United States dedicated to this mission. There is a downward trend of enrollment at the freshman level.

Its administrative structure and plant facilities are more than adequate to meet current needs. The college has shown progress in the data processing field with budget and expenditure comparisons, but investments in this facility are not being fully utilized. Certain assets are not currently being managed in a manner which will yield the highest return.

There is a need to determine future enrollment policies regarding coeducation. All long-range planning, including management of its real estate, is conducted on a dual basis. This creates unnecessary confusion and costs.

Recommendations

1. Institute cost accounting techniques in areas of vehicle maintenance, building maintenance, and custodial costs.

The present accounting system does not provide complete data for measuring the utility of vehicles and buildings. An informational system utilizing costing techniques with respect to maintenance and custodial charges should be implemented to provide a basis for long-range planning. Future benefits are not measurable at this time. However, the age of many of the buildings indicates need for development of this information.

2. Establish a work measurement program for those classified positions that are measurable.

No work measurement program is currently in operation and there are 221 measurable classified positions.
Such a program investigates the possible course of action, selects the optimum, measures the work load, and establishes standards. Industrial firms that have initiated work measurement programs have experienced reductions in personnel costs varying from 11% to 30%. If these percentages were applied to Winthrop, a potential saving of $100,000 to $300,000 per year can be achieved. Implementation would require the addition of an experienced work measurement analyst. Allowing for this expense, and using the lowest experience factor of 11%, implementation should provide net annual savings of $85,000.

3. Utilize the existing physical facilities and general administration to educate more students each year.

Recent studies conducted by the staff reflect an underutilization of physical facilities, library resources, and administrative capacity. This institution is capable of educating 1,800 to 2,000 additional students without an appreciable increase in non-educational costs and no additional commitments for physical facilities.

Present enrollment policies have achieved a total enrollment of 3,680 FTE students for the 1971-72 school year. A capacity of 5,550 FTE students has been determined to be supportable. Achievement of this enrollment would spread overhead and operating costs over a broader base. This would substantially reduce the per-student cost and enable the state to provide additional educational opportunities to students at a minimum cost. A one-time cost avoidance of $1.1-million can be achieved if an enrollment of 5,550 FTE students is obtained.

4. Add a full-time second-shift computer operator to the staff.

The existing computer facility is utilized less than two full shifts. However, academic users complain of unsatisfactory time and are requesting establishment of a separate computer center for their use only. Minimum cost of such equipment and personnel would be $24,000 annually. The addition of a full-time operator would enable the facility to serve all users and yield a net cost avoidance of $19,000.

5. Implement procedures for recovery capability in the event computer programs or data are destroyed.

As the computer center gains utilization, it becomes important to maintain a recovery ability in the event of accidental loss of data and computer programs or sabotage. The existing procedure provides for duplicate copies of certain data files, but they remain in the computer room. An adequate retrieval capability would provide for recovery of all materials from physical loss and include source language computer programs.

6. Add a systems analyst to the staff of the Vice President for Business and Finance.

Making profitable use of the computer facility for administrative purposes requires individual applications be identified and designed by an experienced systems analyst. This addition would increase annual operating costs by approximately $15,000 but would result in many benefits.

7. Sell unused computer time.

Current and near-term requirements do not exceed two daily shifts of computer time. Because the contract with the computer vendor allows for unlimited usage, third-shift and weekend time could be sold. If the system were rented for only $15 per hour and 25 hours were used, income would amount to $375 a week. Annual expenses, including an operator, would be less than $10,000. Therefore, the net income would be about $9,000 annually.

8. Increase the student application fee from $5 to $15.

Currently, Winthrop is charging less than the other state institutions for application fees. The present cost of processing applications indicates a fee of $15 would be more reasonable. This increase would produce a minimum annual income of $16,000.

9. Raise the late registration fee from $5 to $15.

Most state institutions have been charging a late registration fee of $10 for many years. A charge of $15 more fairly reflects the cost to the institution of time-consuming and disruptive late registrations. Increased annual revenues to the college could approximate $1,000 taking into account the estimated decrease in the number of late registrations.


The college provides student identification cards with no noted and identified fee charge. As a means of recovering direct and administrative costs incurred in providing this service, a reasonable fee of $2 would yield a minimum annual income of $8,000.

11. Increase the transcript fee to $3.

Presently, the college is charging $1 for each transcript after the initial one. To recover direct and administrative costs, it should charge $3 which would provide an annual income of $10,000 based on present experience.
12. Reduce the academic reservation fee to $50.

The primary purpose of a preregistration fee is to facilitate planning, scheduling, and handling of students. A fee of $50 instead of $75 will effect this result just as readily and work less of a hardship on the disadvantaged student. Implementation will not result in any loss of income.

13. Establish a diploma fee.

No diploma fee is charged at the present time. Due to the cost involved in preparing them for graduates, a fee of $5 should be established. Implementation would provide an annual income of approximately $4,000.

14. Transfer post office activities from auxiliary enterprises to the general operations of the university.

Winthrop is the only institution of higher education which treats its post office operations as an auxiliary enterprise. To assure there is consistency in handling funds generated by this type of activity, the accumulated net revenue of the post office which amounted to $33,000 on June 30, 1971, should be transferred to the general operating funds of the college. Annual net revenue of $4,000 should also be included beginning in fiscal 1972.

15. Sell the 75 acres fronting on Cherry Road.

The college owns some desirable acreage that is not needed for future campus development. The estimated value per acre is $20,000. Sale of this property should produce approximately $1.5-million in one-time income.

16. Charge auxiliary enterprises with the cost of fringe benefits for employees.

Employee fringe benefits are not charged against these activities. Benefits approximate 12% of direct salary costs. If auxiliary enterprises were charged, the state’s contribution will be reduced by at least $42,000 in fiscal 1972.

17. Charge auxiliary enterprises for services provided by the general administration of the college.

These enterprises are not charged for services provided by the central administrative unit. They include accounting, budgeting, personnel, physical plant, purchasing, and general administration. In the absence of cost information, a charge of 5% of revenue should be made. Based on budgeted revenues of $1.47-million for 1972, implementation would result in reduced operating costs to the college of $73,000 annually.

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College of Charleston

The College of Charleston was founded in 1770 and began its corporate existence in 1785 as a private institution. In 1826, it became the first municipal college in the United States when the City of Charleston appropriated funds for its administration. The college became a coeducational institution in 1918 and was restored to its private status in 1949.

The Legislature authorized transfer of the college to the higher education system of the State of South Carolina, effective July 1, 1970. Its function is to conduct an institution of higher education to meet existing needs of education in the local community with programs leading to the bachelor’s and master’s degrees and stimulate development of the coastal plains area.

CURRENT PRACTICES

The college is one of two existing four-year institutions governed by the State College Board of Trustees. The president is the chief administrative officer and is appointed by the Board of Trustees. The Vice President for Academic Affairs, Business Affairs, Student and Community Affairs, Alumni and Development, and Institutional Research report to him.

The school is situated on 8.5 acres. It is anticipated that campus acreage will be increased to 16 by 1974. A marine biology laboratory, which is located on James Island, is also operated by the college.

Relationships of staff and faculty, total operating expenses, state appropriations, income from tuition, and full-time equivalent students are set forth in the table below.

<table>
<thead>
<tr>
<th>SCHOOL YEAR</th>
<th>1970-71</th>
<th>1971-72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>81</td>
<td>113</td>
</tr>
<tr>
<td>Faculty</td>
<td>60</td>
<td>75</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$1.13-million</td>
<td>$2.79-million</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>$500,000</td>
<td>$1.25-million</td>
</tr>
<tr>
<td>FTE Students</td>
<td>796</td>
<td>1,437</td>
</tr>
</tbody>
</table>
EVALUATION
The college utilizes management concepts of budgeting and measurement of productivity more effectively than many schools. Their systems should be reviewed by other institutions for possible applications. One of the most significant problems is the condition of the physical plant. The neglect of many maintenance activities in prior years has resulted in a serious deterioration of property which should be corrected immediately.

RECOMMENDATIONS
1. Institute cost accounting techniques in areas of vehicle maintenance, building maintenance, and custodial costs.
The present accounting system does not provide a means for gathering data needed to measure the utility of vehicles and buildings. Current plans for extensive expansion of facilities require a job-order cost system be designed and installed to provide the information necessary to control maintenance and custodial costs. Future benefits to be derived from such a system are not measurable.

2. Institute a preventive maintenance program.
The college presently has no preventive maintenance program. Scheduled inspections tend to minimize costly breakdowns. Experience indicates that reductions in material and labor costs of 30% or more result from the operation of such programs. Assuming only a 5% decrease, annual savings of at least $5,000 would result from implementation.

3. Review costs of operating the cafeteria with a leading food caterer.
The college operates its cafeteria at a per-student cost of approximately $16.35 per week. This includes utilities, maintenance, and supervision. Costs should be checked each year with a leading food caterer to see if food service expenses could be reduced. No saving can be estimated at this time.

4. Institute a work measurement program for classified positions that are measurable.
Currently, this school does not have a work measurement program to evaluate 65 classified positions. Such a program investigates the possible course of action, selects the optimum, measures the work load, and establishes standards. Those industrial firms that have applied a work measurement program have experienced reductions in personnel cost varying from 11% to 30%. If these percentages were applied to the College of Charleston, a potential saving of $34,000 to $91,000 annually can be achieved. Implementation would require the addition of an experienced work measurement analyst. Allowing for this expense, and using the lowest experience of 11%, implementation should provide net annual savings of $19,000.

5. Assess auxiliary enterprises for services provided by the general administration of the college.
These enterprises are not charged for services provided by the central administrative unit. They include accounting, budgeting, personnel, physical plant, purchasing, and general administration. In the absence of cost information, a charge of 5% of revenues should be made. Based on budgeted revenues of $283,000 for 1972, implementation would result in reduced operating costs to the college of $14,000 annually.

6. Charge auxiliary enterprises with the cost of fringe benefits for employees.
Employee fringe benefits are not charged against these activities. Benefits approximate 12% of direct salary costs. If auxiliary enterprises were charged, the state's contribution will be reduced by at least $8,000 in fiscal 1972.

7. Increase the student application fee to $15.
Currently, the College of Charleston is charging a $10 application fee. The cost of processing applications indicates that a fee of $15 would be more reasonable. This increase would produce a minimum annual income of about $5,000.

8. Raise the late registration fee to $15.
The college currently levies a late registration fee of $10. A charge of $15 more fairly reflects the cost to the institution of time-consuming and disruptive late registrations. Increased annual revenues would be negligible taking into account the estimated decrease in late registrations.

The college charges a fee of $1 for student identification cards. To recover direct and administrative costs incurred in providing this service, a reasonable fee of $2 would yield a minimum annual income of $2,000.

10. Increase the fee charged for transcripts to $3.
Currently, the college is charging $1 for each transcript after the initial one. In order to recover direct and administrative costs, it should charge $3 which would provide a minimum annual income of $1,000 based on present experience.
Department of Education

This department is responsible for administering state, federal, and local funds in compliance with laws and directives passed by the state and federal government as well as rules of the State Board of Education. It also provides administrative leadership and supervision for public schools at the county and district level.

CURRENT PRACTICES
The Department of Education is organized into the Divisions of Administration and Planning, Instruction, and Finance and Operation. Approximately 10% of the state appropriation of about $206.13-million for fiscal 1971 is controlled by the department for transportation, school books, driver education, school lunch supervision, and administration. The remainder flows through the department to the state’s 93 school districts.

This department’s personnel consists of about 900 employees of which some 500 are assigned to the school transportation system. Instruction is provided by approximately 30,000 teachers at a cost of close to $149.5-million or 68.98% of the state’s distribution of funds.

EVALUATION
The state’s 93 school districts vary from 500 to 57,000 pupils. Instructional television facilities appear to be underutilized. By contrast, the film library is filling only 50% of the first request dates and is failing to fill requests 16% of the time. Also, many offices of County Superintendents of Education have overlapping functions. The department’s data processing equipment is not being utilized at its capacity. Currently, a fee is not required for teacher certification. In addition, over 50% of adult vocational education expenditures are for agriculture and homemaking where career opportunities are limited. Some of the activities overlap with the state’s technical education system.

RECOMMENDATIONS
1. Reorganize and reduce the number of school districts.

South Carolina has a total of 93 school districts. Student enrollments in these districts are illustrated in the table to the right.

<table>
<thead>
<tr>
<th>ENROLLMENT</th>
<th>NUMBER OF DISTRICTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 1,000</td>
<td>3</td>
</tr>
<tr>
<td>1,001 - 2,000</td>
<td>19</td>
</tr>
<tr>
<td>2,001 - 5,000</td>
<td>32</td>
</tr>
<tr>
<td>5,001 - 8,000</td>
<td>13</td>
</tr>
<tr>
<td>8,001 - 12,000</td>
<td>14</td>
</tr>
<tr>
<td>12,001 - 19,000</td>
<td>7</td>
</tr>
<tr>
<td>19,001 - 60,000</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>93</td>
</tr>
</tbody>
</table>

disadvantage from the standpoint of quality of education and efficiency. Smaller school districts, they contend, cannot afford special teachers, for instance, to conduct slow reader classes. Additionally, depth of management is not available and the general quality of education is lessened. From a financial point of view, the cost per student for administration at the district level varies with size. Data from a study of administrative costs at the district level are revealed in the table below.

<table>
<thead>
<tr>
<th>PUPILS PER DISTRICT</th>
<th>DISTRICTS STUDIED</th>
<th>NUMBER OF STUDENTS</th>
<th>ADMINISTRATIVE COSTS PER STUDENT PER YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,650 to less than 500</td>
<td>10</td>
<td>11,853</td>
<td>$17.80</td>
</tr>
<tr>
<td>12,000 to 60,000</td>
<td>10</td>
<td>95,831</td>
<td>$10.69</td>
</tr>
</tbody>
</table>

Currently, 67 of the school districts are below the 10,000 pupil standard. Therefore, consolidation into 48 districts would be advantageous from the standpoint of quality education as well as administrative efficiency. The state provides $11.5-million annually for district operations. Mergers into more economical units should reduce administrative costs by $7 per year, per student. Covering over 250,000 students, this will save $1.8-million annually. Combining maintenance efforts within larger districts should realize an additional 10% reduction of the current $9.5-million cost or almost $1-million annually.

2. Abolish the offices of the County Superintendent of Education, County Attendance Supervisor, and County School Lunch Supervisor.

The state is paying $340,000 a year for superintendents in 25 counties that are administratively staffed at the district level. The position of county superintendent is basically clerical in nature. His prime responsibility is to reissue funds from the Department of Education through the County Treasurer to school districts. Transfer of funds could be accomplished by direct disbursement from the County Treasurer.
Additionally, the state is providing a County Attendance Supervisor and a County School Lunch Supervisor in each county at an annual cost of $500,000. Basic functions of these jobs would be absorbed at the school level in conjunction with district reorganization. Attendance should be the responsibility of each school principal, and all schools have adequate lunchroom supervision at the local level. Implementation will save $840,000 per year.

3. Mechanize the payroll activity at a central location.
At present, each school district has a payroll system for its teachers and staff. At least 50% of the 50,000 district level personnel are paid by a manual payroll system at a cost of about $0.50 per check and the remainder through a mechanized system at approximately $0.30 each. Utilization of the Department of Education’s TEC data processing equipment could provide this payroll function at $0.25 per check including necessary wage reports. Savings could also be achieved by using a standard check for all employees. Annual savings would be approximately $67,000.

4. Charge teachers a fee for certification.
Fiscal 1972 appropriations for teacher certification amount to $135,000. An annual fee of $5 paid by the state’s 30,000 teachers would produce $150,000 in income, offsetting the cost of certification.

5. Discontinue payments for practice teaching.
The state pays $92,000 annually to public school instructors to supervise and direct practice teachers. This teaching is accomplished during class hours when they are on duty and requires no additional time. These payments for practice teaching are unnecessary and their elimination would save about $92,000 annually.

6. Establish a work measurement program for classified positions.
During the 1959 to 1971 period, the school population increased 12.3% and the office staff of the department grew from 135 to 400, a 200% rise. Work measurement programs have resulted in 11% to 30% reductions in positions based on industry standards. The 162 classified secretarial, clerical, and administrative positions represent $631,000 in payroll and a potential reduction of $69,000 to $189,000 could be expected from a work measurement program. Implementation would require hiring a measurement systems analyst. Using the lower figure, net annual savings of $54,000 should be attained.

7. Adopt a 12-month school year.
South Carolina operates a traditional nine-month school program for 600,000 students in 24,000 classrooms. Adoption of a 12-month school year with 25% of the student body on vacation and 450,000 in class at any one time would require only 17,300 classrooms leaving an excess of 6,700 for future growth. Vacations would be taken in each of the four quarters.

The state presently funds $19.4-million annually for classroom construction at $30 per year, per student. Approximately $12-million is for debt service, leaving $7.4-million for new construction. A 12-month school program should avoid new construction for the foreseeable future at annual savings of $7.4-million. Offsetting this would be increased maintenance and utility costs of $1.6-million annually. Installation of air conditioning would reduce gross savings to $3.5-million. Assuming a five-year amortization, this would amount to $700,000 annually. After allowance for amortization, net annual savings of $5.1-million will be realized.

8. Initiate a study to require summer school, at state expense, for students failing the regular nine-month term.
Each year, some 40,000 students fail and are not promoted. This represents a direct cost of $21.4-million to the state because of the many programs tied to student population and the teachers required. Based on an average per-student cost of $535 for nine months, the summer session would cost approximately $7.1-million. It is unlikely all failures could be made up during the summer months. However, it is reasonable that 80% could. The state can avoid the cost of a student repeating an entire year by providing a less costly summer program. An added benefit would be the expected reduction in the number of dropouts. This program would appear to save the state $17.1-million which is offset by the summer school expense of $7.1-million. As yet, the recommendation is untested, therefore, no savings are claimed.

9. Eliminate duplication of supervisory responsibilities between county and area supervisors in four of the nine areas of the state as divided by the Department of Education’s Office of Transportation.
This office is responsible for control and management of school bus transportation in the state. It is headed by a director who reports to the Deputy Superintendent of Education for Finance and Operations. His responsibilities as well as those of an assistant direc-
tor are delegated to nine area supervisors of transportation, a supervisor of training and safety, a manager of purchasing and supply, and two maintenance specialists.

School buses are serviced from 40 maintenance points across the state. Each of these facilities is independent of the others. They are staffed by two grades of mechanics, helpers, a parts manager, and a shop foreman. The shop supervisor is responsible to a county supervisor who, in turn, is accountable for all phases of transportation in his district. He provides overall supervision to the shops and the field service function, monitors performance of the drivers and safety programs, and serves in a liaison capacity between the school districts and the state office and/or the area supervisor.

The area supervisor provides overall supervision to a number of district operations. Five county supervisors also serve as area supervisors, in addition to supervising the operation of their own county. Four areas are served by area supervisors who have no county responsibilities. These areas could be given overall supervision by a county supervisor, and the area supervisor's job eliminated. This would result in potential annual savings to the state of approximately $43,000.

10. Check price and voucher preparation for confirming purchase orders in each shop office rather than in the office of Manager of Purchasing and Supply.

The Department of Education owns approximately 5,600 school buses and some 400 service-type vehicles which are used to service the buses. Buses are replaced on a 10-year schedule. All specifications for chassis and bodies are written by the Office of Transportation and advertised for bids through Central Purchasing.

The Manager of Purchasing and Supply is responsible for preparing specifications for all equipment, parts, and supplies used by the department. Additionally, he prepares requisitions and contracts which are advertised for bids through General Services' purchasing agent. Contracts, of two-year duration, for parts are prepared and awarded. After awards are made, each of the 40 shops are allowed to write their own purchase orders direct to the vendor. The manager establishes contracts for prices of parts and supplies on an annual or biannual basis. Monthly statements are sent to the districts who forward them with the purchase orders to the manager. Each item is checked against the contracts and a voucher prepared for payment.

Since these contracts are established, the district parts manager should be allowed to check his own prices and prepare vouchers. The checking could be reduced to spot checks or restricted to annual audits. The work load in the office would be distributed to 40 district managers eliminating the job of one accountant and resulting in an annual saving of over $9,000.

11. Direct expansion of maintenance facilities to more centralized locations.

The Office of Transportation has experienced tremendous growth since its inception in 1951. Gross operational expenditures have risen from $3.1-million to about $9.9-million in fiscal 1970. Property and maintenance facilities have grown from one pilot shop in 1958 to 40 independent facilities in 1968.

This expansion has produced an organization which, while meeting its needs, has created areas of duplication within the department and other state agencies. In comparing the operating expenditures of this office with the national average from 1954 through 1969, the national norm has increased by 290% and the state's has been 230%.

The national average of the cost per pupil transported in fiscal 1970 was $51.52. That of the seven adjoining southern states was $33.59 while South Carolina costs amounted to $24.99 per pupil. North Carolina is the only state with lower costs at $22.54 per pupil.

Presently, each of 40 service locations is performing all phases of school bus maintenance within its district. Over the past 20 years, it has expanded routes and the number of buses about 5% per year. This normal growth could necessitate three additional mechanics be hired each year. By requiring all major maintenance be performed in locations reflecting the largest concentration of equipment, employees and facilities could be better utilized. A central point in each area of operations could be established. Labor could reduce as much as 50% as expansion occurs. This could result in the potential savings of salary for one and one-half mechanics per year or approximately $12,000 per year. These cost avoidances could be multiplied by as many years as the current trend continues.

12. Require copies of individual school district budgets and independent audit reports be sent to the Department of Education.

Currently, the state's school districts are not required to submit copies of annual budgets to the Department of Education. A requirement to submit this budget
would provide the department with substantial planning input. Similarly, copies of reports prepared by independent auditing firms would provide useful data in the area of fund expenditures. No additional expense is anticipated.

13. Investigate discontinuing the practice of using a privately operated central depository for textbooks.

The state has contracted the operation of a state depository for textbooks for more than 75 years to the same company. For fiscal 1971, an expenditure of $4.7-million was made for new textbooks. Of this amount, 10% or $470,000 was paid to a private company operating the central textbook depository. In addition, this firm received $116,000 or 10% of the contract value for all used textbooks shipped from central depository to schools throughout the state. Establishment of a state-operated depository could result in substantial annual savings. It is believed this recommendation cannot be put into effect until the present contract expires on May 31, 1976. Therefore, no savings are claimed.

14. Utilize data processing to schedule school bus routing.

Projects in other states utilizing computers to plan school bus routes are demonstrating significant savings. The number of buses required after computer programs are operational has shown a reduction of 10% to 40% savings being reflected in lower operation cost and fewer new bus purchases. South Carolina spends $10.3-million annually for school bus operations, licenses, driver salaries, maintenance, shop operations, labor, and supervisor salaries. Additionally, the state spends $3.2-million each year for new buses. Using a conservative guide, at least 10% or $1.35-million can be saved from bus operating expenses and savings of $320,000 can be realized by fewer new bus purchases. A one-time cost for implementation is estimated at $100,000 per year.

Advisory Committee for Technical Training

This committee, created in 1961, has responsibility for development and implementation of an adequate vocational and technical training program in South Carolina.

CURRENT PRACTICES

The committee consists of eight members, six of whom are appointed by the Governor upon advice and consent of the Senate. Its two ex officio members are the State Superintendent of Education and the Director of the State Development Board. Policies are implemented through the office of the Executive Director. For fiscal 1972, it will have an appropriation of $16.5-million. Of this sum, $13.6 is state funds. Actual expenditures in 1971 amounted to $16.33-million.

This agency is organized into the Departments of Administration, Program Services, Technical Education Centers, Industrial Services, and Regional Technical Centers. Administration consists of the Comptroller's Office, a personnel director, and a management information system. Program Services gives support to the entire TEC system in the form of research, planning, manpower, and informational services.

The 13 Technical Education Centers (TEC) are geographically located to be within 30 miles of 95% of the state's population. These centers are 75% financed by state funds. The remainder is from local and federal funds as well as student fees. Cumulative enrollment for the 1970-71 school year was 81,400. Industrial Services works with potential employers by organizing special schools for specific skill training. The Regional Technical Centers, formerly the area trade schools, offer vocational training on an open-door basis. Several federally financed programs are conducted through this division. Enrollment for 1970-71 was close to 1,700 students.

EVALUATION

Many of TEC's current internal relationships are not well defined. Their equipment investment is not properly controlled and appears to be underutilized in several areas. Furthermore, the committee's authority over individual centers needs clarification. The four Regional Technical Centers lack adequate funds and administrative support while overlapping facilities exist. Additionally, the advisory committee does not properly address itself to acquiring federal funds.
RECOMMENDATIONS

1. Centralize printing for the technical training system.
The committee has a printing facility at Bluff Road with four printing presses and two employees. It gives priority to printing for special schools and does very little for the various technical centers. Consequently, these centers contract approximately $107,000 of work to local printers. A check of the centers indicates a net saving of 40% could be achieved by centralized printing. This amounts to $43,000 per year. Existing equipment and manpower is adequate to service their requirements.

2. Provide a full-time agent to secure federal funds and foundation grants for the TEC system.
The fiscal 1972 budget lists $1.6-million in federal funds, $980,000 of which is for manpower development and training. Most Technical Education Centers are making individual efforts to secure federal funding and foundation grants. It is felt an effort at the state level to secure federal funds and foundation grants would produce substantial increases.

Currently, the committee is using the services of an administrator on a part-time basis for this effort. A full-time endeavor should produce an increase of $1.6-million. Much of this will be for new programs. However, 20% of the additional $1.6-million should apply against programs currently funded from state appropriations. It would, therefore, represent a new source of income and a reduction in state appropriations. An annual income of $320,000 should be obtained after implementation.

3. Transfer responsibility for establishing fees in Technical Education Centers to the Advisory Committee for Technical Training.
The present structure of quarterly fees in the 12 operational centers is illustrated in the table which is shown below.

<table>
<thead>
<tr>
<th>CENTER</th>
<th>IN-STATE</th>
<th>OUT-OF-STATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charleston</td>
<td>$35</td>
<td>$35</td>
</tr>
<tr>
<td>Chesterfield</td>
<td>45</td>
<td>45</td>
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<tr>
<td>Florence</td>
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<tr>
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<td>50</td>
<td>80</td>
</tr>
<tr>
<td>Horry</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Midlands</td>
<td>75</td>
<td>150</td>
</tr>
<tr>
<td>Orangeburg</td>
<td>45</td>
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</tr>
<tr>
<td>Pecopton</td>
<td>50</td>
<td>125</td>
</tr>
<tr>
<td>Spartanburg</td>
<td>165.50</td>
<td>106.50</td>
</tr>
<tr>
<td>Sumter</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Tri-County</td>
<td>58</td>
<td>78</td>
</tr>
<tr>
<td>York</td>
<td>43.20</td>
<td>79.20</td>
</tr>
</tbody>
</table>

While the policies relative to establishment of fees should be the responsibility of the committee, the table demonstrates support for an average quarterly fee of $55 for resident students and $100 for non-residents. Adoption of these fees on a statewide basis would produce $100,000 annually of local income and reduce the state's responsibility by a like amount. Periodic review of these fees by the advisory committee would be expected.

4. Close the TEC's Columbia warehouse.
The TEC system maintains a large warehouse in Columbia for various types of equipment. Estimates of the dollar value stored range from $1-million to $3-million. This facility has no sprinkler system. Dispersing of serviceable equipment into local TEC and regional centers and disposal of unserviceable equipment would allow this warehouse to be closed. Direct salary savings of three employees and one supervisor would total $32,000 annually. Savings of rent, maintenance, and utilities would approximate $10,000 a year.

5. Close the warehouse at the West Columbia Regional Technical Center.
TEC maintains a warehouse at West Columbia to service the regional centers at Denmark, Beaufort, and Kingstree. Moving the equipment and supplies into individual centers and buying for direct delivery would justify closing this facility. Two warehousemen positions would be terminated at a saving of $12,000, and an operating cost of approximately $8,000 annually could be eliminated.

6. Mechanize the management information system, student and faculty records, financial records, and reporting on a statewide basis.
The committee presently requires all Technical Education Centers to provide the input for a management information system that, according to the centers' estimates, necessitates an annual payroll of $68,000 of which 50% is state funds. Additionally, student and faculty recordkeeping, the basic input for this management information system, is handled manually at each center at an approximate cost of $168,000 per year, 50% of which is state funds.

The use of the Department of Education's data processing equipment for student registration and records and faculty recordkeeping would provide the management information system data as a byproduct. Two clerical positions per center, one now doing the management information system and the other in student registration and records, could be eliminated by the adoption of a mechanized system.
At $10,000 annually per center, $120,000 — 50% state and 50% local funds — could be saved.

In addition, utilization of this data processing capacity in the area of financial records and reporting would eliminate one clerical position in each center. Raw data should be introduced into the system with summaries of income and expenditures as an output. Savings in clerical payroll annually should be $64,000 of which 50% is state funds. Offsetting this saving would be additional manpower requirements at the computer installation of $30,000 annually. Implementation will, thus, save $77,000 in state and $77,000 in local funds per year.

7. Mechanize TEC's recordkeeping system.
In an effort to control the state's investment in equipment, TEC is providing a manual record system staffed by one supervisor and three full-time clerks at an annual cost of $26,000. Conversion to a mechanized system utilizing the Department of Education's data processing equipment would provide the control at no additional manpower cost. TEC's clerical staff could be reduced from four to one with a resulting annual saving of approximately $20,000.

8. Streamline the state's reimbursement of funds to Technical Education Centers.
Currently, the committee requires all centers to submit a detailed monthly report of expenditures for reimbursement. In typed form, this report lists each expense item and is accompanied by three copies of the invoice. Included is a listing of all salaries paid even though the committee maintains a complete file. Estimated annual cost in the centers to prepare and submit this reimbursement is $20,000. These procedures could be streamlined by eliminating all typing, sending copies of properly identified invoices, and requiring the committee to reimburse for salaries based on their records. Implementation will provide annual savings of $5,000 to the state and $5,000 to local governments.

9. Reduce the withdrawal rate of TEC students.
For fiscal 1971, the TEC system experienced a withdrawal of students at 24% of the cumulative full-time enrollment. Informed authorities within TEC state poor selection of students who are not academically qualified and lack of counseling with those experiencing difficulties are the major causes of this high withdrawal.

Many students who cannot perform satisfactorily can be screened out with better testing procedures. At $400 per full-time equivalent student, the budget could be reduced $200,000 annually. Better counseling procedures incorporating assigned faculty advisors, written reports of interviews with proper follow up, and shifting students into more suitable career areas would further reduce the withdrawal rate of students.

Educational Television Commission

The Educational Television Commission was established in 1961 to develop a statewide communications system to serve the educational needs of the people of South Carolina. The mandate of the educational television network is to bring to South Carolinians a broad range of learning sources and instruction to serve all levels of educational needs.

CURRENT PRACTICES
The commission consists of 12 members including the Superintendent of Education, the Chairmen of the Senate Finance and Education Committees, and the Chairmen of the House Ways and Means and Education Committees. The remaining seven members are appointed by the Governor (one from each congressional district and an at-large member who acts as chairman). All serve six-year staggered terms.

The commission reports to the Governor and the General Assembly.

The organization, directed by a general manager, is comprised of the Administration and Finance Departments with Divisions of Education, Special Services, and Operations. During 1968, there were 175 employees and projections for 1972 raise this number to 328. Expenditures for fiscal 1971 amounted to $3.47-million. Appropriated funds in 1972 total $3.6-million.

The commission transmits ETV programs through a statewide multichannel closed-circuit network and six open-circuit broadcast transmitters. It also assists state schools and agencies with other communications needs and with development of instructional and educational materials. To provide the resources
10 develop a mass means of economical public education. South Carolina ETV has concentrated on establishing a well-equipped central production and transmission agency in Columbia. It has four studio systems and two mobile units. One studio and one mobile unit are capable of color production. To supplement these video tape capabilities, the center includes a department of cinematography, graphics, animation, and carpentry.

**EVALUATION**

Educational television appears to be accomplishing its mission within budgetary limits. Expansion of transmission capacity to include the entire school system would not substantially increase the cost per user. The purchasing function would benefit from a centralized purchasing department. Clerical manpower may be excessive and the printing and mailing functions should be consolidated. Coordination of class schedules of the 224 schools now using closed circuit television would double programming output. The general building and facility layout does not support an efficient operation. A plan is needed to provide funds for realistic equipment replacement.

**RECOMMENDATIONS**

1. **Eliminate the position of payroll clerk and combine the duties with other work.**

This agency has 150 full-time and 25 part-time employees. Its full-time staff is paid biweekly with checks prepared by a computer. Computations are done mechanically. Only a change of status requires clerical work. There is not enough of this work to occupy a full-time employee as a payroll clerk. Therefore, this position should be eliminated and the duties incorporated with other functions. The annual saving would be $5,000.

2. **Combine the Printing Department and mail room.**

Because the Printing Department and the mail room are physically separated, their efficiency suffers. Printed material — at the rate of 1.5-million pieces a year — must be trucked to the mail room for distribution. Incorporating these two functions into a single department would save the agency $6,000 per year in supervisory wages and about $1,000 annually in transportation costs.

3. **Coordinate the scheduling for the 224 schools using closed circuit television.**

These schools have a variety of beginning times and lengths in their class scheduling. This variation significantly restricts the volume of television programming that can be aired. Commission personnel estimate that the output could be doubled if a uniform schedule were adopted. Present costs per student hour would be cut in half.

After effecting this change, the installation of multi-channel transmission should be carefully considered if total usage reaches the upper limits of closed circuit capacity. No direct dollar savings can be determined at this time.

4. **Study the feasibility of the state owning its transmission system.**

This agency spends $1.3-million annually for a leased microwave system. Railroads and private power companies in the state own and operate their own communication facilities because they are more economical and flexible. A telecommunications study for South Carolina by a management consultant indicates an economic comparison of buy versus lease is warranted. Therefore, an in-depth analysis by commission personnel is recommended. Annual savings cannot be predicted.

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**School for the Deaf and the Blind**

The primary function of the school is to provide education to the deaf, blind, and learning disability persons in the state. This is accomplished through a comprehensive program of primary and secondary instruction as well as vocational training.

**CURRENT PRACTICES**

This school is under the supervision of a Board of Commissioners which is comprised of the State Superintendent of Education, the State Health Officer, and seven members appointed by the Governor. Board policies are implemented through the Office of the Superintendent. During fiscal 1971, 570 students were enrolled and its expenditures amounted to $1.9-million. Of this, $1.7-million was state appropriated. Expenditures are supervised by a business manager.

The Education Department consists of separate schools for the deaf and the blind, each with a prin-
principal. In addition, a unit is provided for aphasic children and a vocational school provides training in 15 separate trade skills. Its campus consists of 147 acres and 16 main buildings. Several classrooms and dormitories are under construction to provide space for 140 additional students in January 1972. A new central kitchen was opened for the 1971-72 school year.

The school employs a staff of 250 of which approximately 170 are instructors. While state and federal funds provide for all operating expenditures, parents are required by law to pay a maintenance fee. These fees are reserved for various capital expansion programs.

**EVALUATION**

The school is well managed and facilities demonstrate good maintenance practices. Its open campus does not require the current security expenditures and the infirmary is more than adequate for the school's needs. Collection of maintenance fees required by state law has not been good. Furthermore, more emphasis is needed on competitive bid purchasing. The number of vendors for kitchen supplies can be reduced and truer costs should be established for staff meals. Adjustments in current schedules will open avenues for further conservation of operating funds.

**RECOMMENDATIONS**

1. **Initiate a better system to manage collection of maintenance fees.**

   Presently, the school is collecting about $30,000 of the $55,000 billed to parents each year for student fees. For 1969-70 and 1970-71, $54,500 is in arrears. Therefore, a monthly report should be submitted to the superintendent stating current conditions including amounts billed, collected, and in arrears. Channels are not available to secure fees from parents with social security income. Implementation should provide a 75% collection ratio and result in additional annual income of $12,000.

2. **Close the school on weekends.**

   At present, the school remains open on weekends to care for about 25% of the student body. "Cottage parents" are paid for more than 80 hours of work per week, including approximately 35 hours on weekends. A weekend closing program would reduce these hours by 50%. In addition, the school would not have to provide meals and utilities. Also, the children would receive many benefits from weekend visits to their homes.

Implementing this program would provide total annual savings of $152,500 of which $114,000 would be for salaries, $33,500 for food, and $5,000 for utilities. Offsetting the savings would be a transportation expense to return the students to their homes. Several alternatives are feasible and the estimated cost should not exceed $15,000. Therefore, the net annual saving would be approximately $137,000.

3. **Establish a purchasing function.**

   Currently, the school allows all department heads to buy although purchase orders are processed through the business manager's office. Expenditures during the 1970-71 school year for items that would benefit from a competitive bid procedure totaled over $200,000. No additional clerical help would be required. Savings are reflected elsewhere.

4. **Buy food supplies from fewer vendors.**

   The kitchen presently buys milk, ice cream, bread, general supplies, meat, cookies, and the like from 14 vendors. This effort can be reduced by securing such staples from six separate suppliers. While most items do not lend themselves to competitive bids, ice cream and bread do. Other supplies can be selected on quality and/or service. Overall benefit of fewer vendors would be to minimize ordering and bill paying requirements. Exact dollar savings cannot be determined.

5. **Increase the staff's lunch fees to $0.65 for the school year and $0.75 during the summer period.**

   The staff pays $0.25 for a lunch prepared in the school's kitchen. An estimate of food and labor cost would put the price of these meals at $0.65 each. During the two summer months, the kitchen operates to provide lunches for only the 80 full-time staff members. Therefore, a charge of $0.75 is more realistic. Implementation would provide an additional income of $22,000 annually.

6. **Use the laundry for linens only provided a weekend closing program is initiated.**

   The school employs eight laundry workers at an annual salary of $16,800 and buys laundry supplies at a cost of $1,600. Student clothing accounts for 60% of the work load. Soiled clothing is collected on Friday and returned the following Thursday. If all students were to go home on weekends, their parents could provide the necessary laundry service. Using the school laundry for linen service only would result in an annual saving of $11,000 and a one-time cost avoidance for equipment replacement of about $15,000. Continued efforts to secure an
outside vendor to provide laundry service are also recommended since a contracted linen service should provide even greater savings.

7. Reduce the security force to two men.
This campus is not fenced and has no apparent security problem. The present force of four men costs $26,600 a year. Furthermore, the school does not prevent visitors from having free access to the grounds and no attempt is made to keep anyone in. A reduction in manpower to two guards, who would act as night watchmen, should protect the school from unauthorized visitors. Day activities are sufficiently supervised by the regular staff. Annual savings would be about $13,000.

8. Increase the rent on five residences from $10 to $50 a month.
The school owns five residences which are rented to employees at $10 a month. This charge does not cover annual maintenance costs and upkeep. Comparable houses in the Spartanburg area would rent for $60 to $75 a month. An increase to $50 would cover the school’s maintenance expense and provide a $2,000 annual income.

9. Avoid construction of a new infirmary by utilizing an existing building.
The school’s infirmary was licensed with a waiver that requires a new building be constructed by February 1973 in accordance with the Board of Health’s specifications. Cost estimates for this new facility are approximately $250,000. The present building was renovated with fire escapes and other modern features but does not meet Board of Health requirements. Converting this unit for dormitory, classroom, or shop use and restoring another building for an infirmary at a modest cost would provide a one-time cost avoidance of $150,000.

Opportunity School

This school was established in 1921 and, after 25 years, was placed under a Board of Trustees. It was given independent status by the Legislature in 1969. The primary purpose of the Opportunity School is to make elementary and secondary education available to adults who did not complete these studies during their youth. High school equivalency certificates are granted.

CURRENT PRACTICES
The superintendent reports to a 12-man board and implements school policy through nine department heads. The staff consists of 60 employees including 29 teachers. Expenditures in fiscal 1971 were $637,000 of which state appropriations amounted to $351,000. For fiscal 1972, the annual budget is $719,000 of which $397,000 is state-appropriated.
Average enrollment consists of 300 boarding students and 115 day students. The 100-acre campus contains 200,000 square feet of recently completed buildings. A vocational rehabilitation unit provides on-campus screening and testing for applicants both prior to admission and after graduation. The school provides basic elementary and secondary courses.

EVALUATION
While the mission of this school is to train adults, approximately 90% of the students are under 21 years of age. The nine departments reporting to the superintendent are inefficient and several positions should be eliminated. The school would benefit from centralized purchasing. Student room and board fees do not cover operating expenses of the dormitories and food service. The campus is open on weekends to care for the 15% of the student body remaining there. Security functions could be combined with the Columbia Regional Technical Center. One full-time employee is used to operate a canteen for students and to service vending machines although the income is spent on other activities.

RECOMMENDATIONS
1. Reorganize the school administration so that only three people report to the superintendent.
The superintendent now has nine department heads reporting to him. The present organization is given on page 85. The administration structure would be improved by eliminating six of the department heads, leaving only a Director of Education, Director of Finance and Director of Other Services. A chart depicting the proposed organization is shown below.

Since the Director of the Afternoon School supervises only four teachers and 65 students, this position could be absorbed by the Director of Education. The Director of the Evening School should remain because of the hours of operation for that activity. The position of Dean of Women could be abolished and the major function of supervising house mothers delegated to the Director of Other Services. Currently, 80% of the applicants are secured through Vocational Rehabilitation. This department could supply all of the applicants, and abolish the position of field representative. The total
annual saving through implementation would amount to $19,000.

2. Hire two additional janitors.
The school began occupying new facilities in April, 1971. Lack of sufficient janitorial service was evident after six months, particularly in the dormitories. The state has an investment of nearly $3-million in the new facilities and two additional janitors are necessary to preserve this investment. The annual cost is estimated at $7,000.

3. Centralize the purchasing function.
Purchasing is presently the responsibility of the department heads. Centralizing the function could provide annual savings of at least 10% or $16,000. This activity should be the responsibility of the Director of Finance. No additional manpower would be required. Savings are not claimed.

4. Contract vending machines to replace the present canteen operation.
The school employs a full-time employee at a cost of $5,000 annually to service present vending machines and operate a canteen for the students. Profits are used for student activities and the state is not reimbursed for the labor expense. Contracting the vending operation and replacing the canteen with additional vending machines would save the state $5,000 annually. Student activities would still receive funds from the commissions paid by vendors on sales.

5. Combine the school's security functions with the Columbia Regional Technical Center.
The school now employs a full-time night watchman at an annual cost of $5,000. There are plans to purchase a new car for him at a cost of $2,000. The Columbia Regional Technical Center provides 24-hour coverage for its campus. Since the two facilities are adjoining, a combination security force, using the center’s police to patrol the school, would save the state $5,000 annually as well as provide a one-time saving of $2,000.

6. Increase boarding student fees to cover actual dormitory and food service expense.
Currently, the school charges students $70 a month for room and board. The 1970-71 figures showed that this amount failed to cover the expense of dormitory and food service by $10,000. Increasing the fee from $70 to $74 a month would provide an annual additional income of $10,000 to cover these services.

John de la Howe School

This school cares for children who are either orphaned or, for some urgent reason, must be separated from their home environment or community. As an agricultural and mechanical facility, it attempts to provide the best possible physical care and mental training for children so they may become self-supporting.

CURRENT PRACTICES
The school operates under a seven-member board, appointed by the Governor with Senate consent for five-year staggered terms. The board elects its officers, a superintendent, and a three-member advisory committee of women. The only compensation the board receives is travel expense to a meeting and $15 per day while attending. The superintendent employs the faculty and staff subject to board approval.

The staff is organized into general administration, social services, education, cottage life, recreation, dietary, farm and dairy, general plant, medical care, and laundry. This structure provides the superintendent with the coverage required to meet the school’s objectives. John de la Howe has facilities for 210 children and the turnover rate is about 110 students annually. On September 1, 1971, the enrollment totaled 191 with the boys’ facilities at capacity. The staff numbered 52 full-time and six part-time employees. Appropriations for fiscal 1972 are about $476,800.

EVALUATION
The 11th and 12th grades attend McCormick High School to take advantage of its broader curriculum. The 9th and 10th grades, which attend school at John de la Howe, would benefit from a similar arrangement. The school also has approximately 1,100 acres of forest land which are not being used to advantage.
RECOMMENDATIONS

1. Send the 9th and 10th grades to McCormick High School, retaining only grades one through eight at John de la Howe.

The present curriculum of John de la Howe does not meet senior high school requirements while the number of students limits the flexibility needed to add the necessary courses for accreditation. Vocational training, currently requested by more and more of the students, is provided at McCormick High School. If the 9th and 10th grades continue to attend John de la Howe, it will be necessary to add a librarian and another teacher to the staff.

Transferring the 44 students involved to McCormick will provide an annual cost avoidance of $13,000 by not filling the two positions. In addition, the present faculty could be reduced by one for an annual saving of $7,000.

2. Establish and implement a revenue-producing forestry management plan for John de la Howe's forest land.

At present, the approximately 1,100 acres of forest owned by the school are not being managed. In the past few years, the school has received more than $100,000 from timber sales, but has made no plans to replenish the harvested areas. Under a comprehensive forestry management plan, the school's acreage could produce an annual income of approximately $12,000. The cost of managing the forest would be $2,000 per year.

Department of Archives and History

This department is charged to receive, preserve, catalogue, and make available to the public all official state, county, public, or historical records no longer in active use as well as destroy or dispose of records having no legal or historical value. Additionally, it develops and marks important historical sites in cooperation with the Department of Parks, Recreation and Tourism.

CURRENT PRACTICES

The department consists of nine areas of operation including administration, inventory and arrangement, reference and research, historic services, state records survey, publications, county records survey, repository services, and historic preservation. It employs 69 full-time and part-time personnel. Archives and History received $682,000 in state appropriated funds, $20,000 in federal funds, and $9,000 in revenue from services in fiscal 1971. In fiscal 1972, it will expend about $1.12-million. State appropriations will amount to $612,200 of this total.

The department is governed by the South Carolina Commission on Archives and History, a nine-member group. They meet approximately four times each year on an on-call basis.

EVALUATION

This department is providing an excellent level of service to the state and is operating with a high degree of effectiveness in its mission areas. Their beautiful building with its recent expansion has given them adequate facilities. The state and county records management areas are moving forward despite being hampered by the lack of legislative authority to establish and enforce a records management program.

Good progress is being made in the department's efforts to publish records and papers. Document and record restoration is a time-consuming process requiring precise handling and restoration techniques to prevent damage to the items handled. They estimate the current backlog will take about 50 years to process under current staffing conditions.

RECOMMENDATIONS

1. Establish a Records Management Law.

State Records has inventoried approximately 500,000 cubic feet of records now housed throughout various agencies. It estimates that one-third are necessary active files, one-third are inactive and could be sent to general storage, and the remainder are obsolete and should be destroyed. Implementation would provide an annual saving of $1.2-million in record storage costs. Additionally, a one-time saving of $2.36-million could be realized by reissuing file cabinets instead of purchasing new ones.

2. Permit the County Records staff to lease an appropriate efficiency apartment on a short-term basis in the areas where microfilming teams are assigned.

Based on current practices, the department must have these men stay in a motel at a commercial rate
and drive to and from Columbia each week. The average rate for a room is $10.50 per night. Each man is there four nights per week at a cost to the state of $42. Total room cost is in excess of $336 per month. An efficiency apartment would cost about $175 per month. Implementation will provide annual savings of about $2,000. Should the section be successful in obtaining the requested budget funds to employ a second crew, the resultant savings could double.

3. Increase the staff but charge counties for some of the special record services requested to offset the additional cost.

A situation existed where a county wanted its records microfilmed and offered to pay for the service. However, County Records was unable to stop work in one county and offer this service. That county then contracted this work to an outside firm at a fee of $10,000. The work was unsatisfactory which resulted in the county spending an additional $10,000 to have the records filmed in the proper sequence.

The state should approve the budget request to increase the staff and provide a second field crew to be utilized where a county is willing to reimburse the state for the cost of services performed. Savings are not measurable in dollars but would likely be near a break-even point with a considerable decrease in the 20 years involved to complete the first cycle for the 46 counties.

4. Utilize the new photo lab facilities.

Records and Documents Restoration is working in enlarged quarters which has a photo laboratory that can handle large-size documents. It is recommended this facility with its large basins be utilized for the smaller documents allowing two to four times the pages to be bathed at the same time. Estimated savings cannot be expressed in dollars but will be evident in the volume of pages restored. Last year over 100,000 pages were processed.

5. Reduce hours of operations.

Reference and Research is open daily to the public from 9:00 a.m. to 9:00 p.m. for a total of 80 hours per week. Last year, 6,500 persons used this facility, 3,500 during regular hours and 3,000 throughout evening and weekend hours. Archives has secured a staff of part-time employees which rotate to handle these evening and weekend hours at an annual cost of about $15,000. These evening and weekend hours should be cut in half and the facility made available one week night and on weekends. Annual savings are estimated at $7,000.

6. Amend requirements of the Archives Act.

Archives should be granted legislative relief from the Attorney General’s ruling that they permanently store records received since enactment of the Archives Act in 1953. It is presently storing 250 cubic feet of obsolete and worthless data. Also, the department is hesitant to receive any records from other state agencies without a time-consuming screening process. The ruling is cumbersome and creates an obstruction toward fulfillment of their mission. Estimated savings would be $1,000 annually based on storage costs of $2.50 per square foot per month.

7. Overhaul the administrative functions.

There is a demonstrated need to review administrative functions and procedures. Job descriptions are outdated, manual procedures should be automated, services should be costed, and purchasing procedures should be streamlined. Further, duplication of printing and reproduction facilities should be eliminated. No savings are claimed.

Confederate Relic Room and Museum

The Confederate Relic Room and Museum was started in 1895 by the Wade Hampton Chapter of the United Daughters of the Confederacy to collect and preserve relics of the war between the states. Through the years, this mission has evolved and expanded in that the museum now collects, preserves, and displays relics as well as other historical artifacts and material depicting the state’s heritage from the colonial period to the present day.

CURRENT PRACTICES

Personnel consist of a custodian, technical assistant, and clerk-typist. Expenditures for fiscal 1971 amounted to $52,000. The appropriation for fiscal 1972 is $24,000. The museum is housed on the lower floor of the World War I Memorial Building adjacent to the campus of the University of South Carolina. The relics and books displayed are donations. Certain rare books are in storage and these are made avail-
able to researchers upon request. The museum attracts many visitors of whom approximately 50% are school children. Over 51,000 people took advantage of the museum's facilities in 1970.

EVALUATION
The agency's mission has completely changed since the organization was originally created. Insufficient funds require the custodian to use personal funds to maintain membership in national societies and to attend to many duties which should be contracted. The staff is inadequate and the clerk-typist must keep books, conduct tours, and help with maintenance chores in addition to her regular duties. Additional space is also needed since more relics are currently being stored than displayed.

There is no statutory provision for museum funds. In 1901, a room was obtained in the State House and the following year, the Legislature provided a small salary for the custodian. Funds have been received annually since this date, but the custodian does not report to any specific board or commission.

RECOMMENDATION
1. Transfer the administration and operation of this agency to the Department of Parks, Recreation and Tourism.

Currently, funds to operate the museum are being appropriated without statutory provision and there is no individual, board, or commission within the government to which the agency is required to report. Until a State Museum Commission is created, the existing agency most closely identified with the museum in basic functions is the Department of Parks, Recreation and Tourism. Therefore, it should absorb this activity. No additional funding would be required since the present appropriation would simply be included in the department budget. If a State Museum Commission is created, the agency would then become an integral part of the new operation.

State Library

This organization is responsible for creating and improving public and institutional library service throughout the state. It provides reference and research facilities for government agencies, library service to the visually and physically handicapped, supervision of library construction in the state, reference and interlibrary loan services, and consulting advice to public libraries and state institutions.

CURRENT PRACTICES
Completion of the State Library Building consolidated activities which had been housed in three separate places. This has been tremendously helpful to the library in its service activities. The agency is administered by a Board of Directors consisting of seven members. Reporting to this board is the Librarian who directs a staff of 30 persons. Its operating budget for fiscal 1972 is almost $1.6-million with $722,000 supported by state appropriations. Most of these funds are distributed to regional and county libraries.

EVALUATION
The State Library Building contains much unused space, having been planned to accommodate the requirements of the next 20 years. While such long-range planning is commendable, unused areas could be occupied for other purposes in the interim period. The organization appears to function well and in accordance with good business practice.

RECOMMENDATION
1. Designate the State Library as the regional depository for federal documents.

Several libraries have agreed to store various federal government publications. Some have expressed a desire to have these materials maintained centrally, but in a manner which would permit ready access. The State Library with its available space is an obvious site. Curtailing future construction will provide a one-time cost avoidance of $100,000.

The State Library and the University of South Carolina Library should be jointly named as the regional depository. The State Library will provide service to public libraries, school libraries, and certain agencies of the federal and state government. The University of South Carolina Library will administer requests from the colleges and universities and the federal agencies connected with college and university programs.
Board of Health

This board was created to provide the best possible health for the people of South Carolina. To achieve this, it has established these objectives:

- Educate and inform children and adults so they will adopt good health practices and make intelligent decisions regarding their health needs.
- Study diseases, then determine causes and methods to prevent or alleviate them.
- Control health hazards and promote desirable development of environmental resources.
- Cooperate and plan with other providers of health services to develop reasonable health, manpower, facilities, and services.

CURRENT PRACTICES

The Board of Health consists of every member of the South Carolina Medical Association, the Attorney General, and the Comptroller General. Actual duties are performed by its Executive Committee which consists of 11 members appointed by the Governor for seven-year terms. This committee is required to cooperate with the Attorney General and the Comptroller General.

The board’s chairman is Chairman of the Executive Committee. The Executive Committee also recommends appointment of its chief executive officer, the State Health Officer. He is empowered to perform committee functions which include employment of the necessary staff for the divisions in this agency.

During fiscal 1972, the board will maintain 1,810 full-time employees with expenditures of close to $10.6-million from the state. Also, funding from federal and local sources provides approximately $11-million and $3.5-million respectively.

To properly provide health needs, the state has been divided into 13 health districts each with a district health officer. These districts are staffed with a competent supervisory core consisting of a physician, nurse, sanitarian, administrator, nutritionist, medical social worker, and a secretary.

The board operates a laboratory which conducts a wide range of health-related tests. In addition, its staff trains and monitors other public and private laboratories working in the same field. Laboratories are also operated by the Pollution Control Authority, Department of Agriculture, Highway Department, South Carolina Law Enforcement Division, and Clemson University Public Service Activities. A marine research laboratory is under construction by the Wildlife Resources Department.

EVALUATION

Recently, the Board of Health experienced reorganizational changes. Although sound judgment was exercised, there are areas where further consolidation would be beneficial and economical. Multiplicity and lack of funding, together with personnel classification policies, seem to generate most problems.

Austerity programs are in effect within some of the bureaus. However, additional benefits would result if management training courses were utilized. Fees are charged for only part of the bureau services performed. As a result, the state is losing considerable potential income. The Executive Committee is an efficient, authoritative group. However, better representation would be achieved by broadening its membership.

Although computerized techniques are employed, there is a need to press further into this area since money savings are indicated. The Board of Health also maintains the largest central laboratory within the state along with six district facilities. The central lab is set up to utilize a digital computer and further usage would produce greater economies in testing procedures. Overall operations within the board indicate a trend toward more personnel and higher operational costs to meet health needs.

There is no centralized control of laboratories within state government. This results in many instances where two or more facilities perform the same kind of tests for the same purpose. In all state laboratories, the ratio of degreed professionals to nondegree technicians is high. Inflexible personnel policies make hiring TEC graduates virtually impossible while college graduates qualify in fields for which they were not trained. Safety practices in these lab facilities do not meet accepted standards.

RECOMMENDATIONS

1. Broaden the scope of appointments to the Executive Committee.

Presently, seven members come from South Carolina Medical Association and one each from Dentist’s, Nurse’s, Pharmacist’s, and Veterinarian’s As-
associations. Some decisions require medical skills and technology. Accordingly, broadening its scope with the addition of industry and community leaders would better serve the interests of all state citizenry. Since district health officers are charged with care of the health needs at the community level, they would be qualified to make recommendations to the Governor for appointment of six industry or community leaders to give this balance to operations of the Board of Health.

Accordingly, a revision should be made to the committee's structure. This would fix the number at 12 members to be appointed by the Governor, six on recommendations of the various medical professions and six composed of industry and community leaders.

2. Reorganize the Program Management Division and obtain the services of an administrator versed in computer technology.

The Program Management Division has accomplished a great deal, however, original goals have not been met. In fact, 50% of the programming effort has been in areas other than the original priorities.

A report entitled Data Processing Feasibility Study — 1969 indicated an annual cost of operation of $155,000 while appropriations for fiscal 1972 show a cost of $207,000 which presumably includes the cost of 70 to 80 hours per month of time on the computer system. Indicated savings at the time of the report amounted to $250,000 annually and quite possibly this figure may have changed. Sharing a machine with another agency is not as productive as having ones' own. Perhaps this accounts for some of the increased cost along with normal salary raises.

Therefore, tighter management controls must be obtained to keep costs down and productivity high. To achieve this, a program administrator skilled in the art of programming, and knowledgeable in the area of hardware, should be obtained and the division reorganized. Services of this individual can be obtained for around $20,000 per year. He could achieve $200,000 in annual savings by automating various procedures within the board. Thus, net annual savings of $180,000 should be obtained.

3. Install a systematic method of documenting, storing, reproducing, and providing statistical information to serve the board's needs.

Vital Records processes 11,300 documents of births, deaths, divorces, annulments, marriages, and fetal deaths per month. In addition, 62,000 requests are handled each year for vital records of one sort or another. There are 35 authorized positions with four vacancies. Also, there are many form letters written where an automated machine would eliminate duplicate typing.

The Commonwealth of Virginia, for example, has established a procedure for handling vital statistics. We would recommend a study be implemented starting with Virginia to determine the best methods to reorganize the present working procedure. As a result of the study and implementation, six clerks could be eliminated for annual savings of $24,000.

4. Distribute duties and functions of the Bureau of Preventive Health Services into other bureaus of the Board of Health.

It is recognized that operations carried out by this bureau are necessary to meet the health needs of the state. However, from a management viewpoint, the citizens would be better served if its functions were absorbed by other Board of Health bureaus. Fiscal 1972 appropriations include $400,000 in salaries for 62 employees. It is estimated 25% could be saved and result in annual savings of $100,000.

5. Institute a management training course for all bureau chiefs.

Industry has recognized management training courses should be given to their more skilled professionals. It has found them to be extremely beneficial in terms of personnel relations and operational economics. Therefore, a mandatory management training course should be initiated and conducted by one of the state universities to train the bureau chiefs in modern management techniques. Duration of this course would be set by the conducting authority, however, a scheduled updating sequence should also be established. A minimal cost is anticipated. While instituting this procedure may not reflect immediate savings, those for the future will be substantial.

6. Reduce the number and frequency of expenditures related to printing bulletins and other publications.

Some 10 different publications were issued during fiscal 1971. Contract printing costs amounted to $31,000 and postage charges were $19,000. A review indicates an annual saving of $30,000 could be realized by reducing the number and frequency of publications.

7. Implement a plan for allocation of existing office space.

The Board of Health presently rents 3,300 square feet on Barnwell Street for $10,725 and 4,812
square feet of floor space at Middleburg Plaza for $21,654. There are over 9,000 square feet available in the Mary White Building and the recreation center at the State Park Hospital as well as 1,200 square feet in a vacant residence facility. By relocating into existing available space, this agency could save over $32,000 annually.

8. Establish a records retention schedule for the central and county offices.

In the past, there has been delay and confusion in destruction of records. Audits would be required to ensure destruction schedules are followed. Board of Health personnel have estimated file space could be reduced by 50% which would make 150 file cabinets available from the central office. Space savings could also be expected from the county offices. A one-time saving of $9,000 would be realized by making file cabinets available to General Services for use by other agencies. Approximately 450 square feet of floor space would also be vacated which would result in annual savings of more than $1,000.

9. Establish fee schedules for services which are not construed to be in the area of public health.

There are about 700,000 laboratory tests performed annually by the Board of Health. Of course, 300,000 are not deemed by department officials as in the realm of public health services. For these tests, a fee of $5 each is not unreasonable. Also, approximately 15,000 passport immunizations are administered each year for which a $2 charge per shot is not unreasonable. This would result in an annual income of $1.53-million to the state to help offset the costs of public health services.

10. Review and revise forms used by the Board of Health.

Approximately 318 different forms are printed by the board. A control function should be established to review forms for revision and deletion. Sizable savings may be expected by reduction in printing costs and storage space. During fiscal 1971, the agency spent about $35,000 to print departmental forms. This included contract costs of $33,000. Implementation will provide minimum savings of $5,000 annually.

11. Eliminate posting of individual items to expense allocation sheets on bookkeeping machines and post totals from EDP printouts.

Prior to fiscal 1972, individual items were posted by bookkeeping machines in the Finance Division to some 3,500 expense allocation sheets. By using current EDP printouts, items can be posted in totals to some 500 expense sheets. Implementing this procedure would eliminate one clerk at savings of $5,000 per year.

12. Dispose of unused property at the State Park Hospital.

This hospital has approximately 364 acres of land of which 269 are not used. A plan for the State Park Health Center which was published in January 1970, indicated future development of the facility required an area of only 95 acres. The report also stated permanent retention of any additional acreage could not be justified. Sale of the excess property would result in a one-time income of $538,000. In addition, the tax gained by the county would approximate $4,000 annually.

13. Establish a Central Laboratory Division within the Department of Health to include all laboratories of state agencies except those of medical and educational institutions, SLED, and the Highway Department.

At present, a number of important tests which differ little in the skills and equipment required to perform them are carried out in from two to as many as five state laboratories. Coordination of related activities is very limited and the sharing of test loads is almost nonexistent, except between central and district labs of the same agency. Consequently, duplicate skills and facilities exist in many places within the laboratories. Their activities are increasing rapidly and can be expected to continue to grow. Today, state laboratory costs exceed $1-million annually.

Coordination of activities to eliminate duplication, provide more efficient use of resources available, and improve information to regulatory agencies can best be achieved by immediate centralization of administration and eventual concentration of facilities. The savings which can be expected are estimated to be at least $250,000 annually.

The policy-making executives in state government must retain control of the objectives of the work performed by the proposed Central Laboratory Division. Therefore, a Laboratory Advisory Board should be formed. It would be chaired by the Chairman of the Board of Health and include the heads of all agencies served. The Central Laboratory, as a service organization, cannot determine needs. The agencies served can do this and should allocate funds based on their anticipated requirements and costs established by the division. Billings would be based on services performed.
Consolidation must be carefully planned and timely if maximum benefits are to be derived. Costs should be kept low with minimum disruption of services. When the division is created, its administrators should be charged with preparing a consolidation plan within two years. A particular case in point is the new laboratory facility approved for the Department of Agriculture. If possible, its construction should be stopped and the facilities provided at the central site.

The Central Laboratory Division should be organized technically along functional lines. This is the key step in eliminating duplicate testing. For example, all heavy metals analysis would go through one laboratory rather than several. Purchasing, personnel, stores, repair facilities, and other supportive services should be centralized. Coordinated purchasing would result in larger quantity buying of many common items with attendant price savings. The central laboratory should provide facilities as required by SLED. However, that agency should continue to operate a Laboratory Division due to courtroom testimonies required in criminal cases.

14. Improve personnel policies for all laboratory employees.

Salaries and benefits in state laboratories are well below industrial levels in many categories. The merit system does not acknowledge Associate of Applied Sciences (A.A.S.) degrees from TEC, nor is it flexible enough to recognize experience in lieu of degrees. Tests for employment are unrealistically difficult for nondegree people and restrict availability of such personnel. On the other hand, tests for degreeed individuals are sufficiently lax to allow qualification in specialties for which many of these people are not trained.

The results are that almost all state laboratories are out of balance in their ratio of professionals to nonprofessionals as compared with industrial labs performing similar work. Typical ratios in industry are 1:5 to over 1:20 versus 1:1 to 1:2 in most state laboratories.

A new job level structure is needed with two basic groups such as professional and nonprofessional. Within each there should be parallel ladders of relatively broad grades representing supervisory and technical specialist functions. The ratio of professionals to nonprofessionals should follow industrial practice. Maximum use should be made of the skills of nonprofessional supervisors and technical specialists at the A.A.S. degree level. Thus, the professional's background can be used where they are needed and not squandered on routine test work. It is estimated there would be little direct cost. Improved efficiency is envisioned but the effect of this in dollars cannot be determined.

15. Improve laboratory safety practices.

Accepted safety practices are frequently not followed in state laboratories. Illustrative examples include a general lack of use of safety glasses, failure to fasten high pressure gas cylinders, flammable solvent storage in locations where a major incident would block personnel escape, and some cases of bad housekeeping. These conditions should be corrected by adopting modern safety practices. Also, an audit procedure should be developed. Implementation could cost as much as $50,000 on a one-time basis with small amounts during ensuing years.

Department of Mental Health

This department provides research, education, prevention, training, treatment, and rehabilitation for mentally ill as well as alcoholic and drug addicted persons of the state. It also has jurisdiction over hospitals, clinics, centers, and mental health institutions for licensing, regulations, and future development.

CURRENT PRACTICES
The governing body of this department is the Mental Health Commission which is comprised of seven members appointed by the Governor, with advice and consent of the Senate, for five-year terms. The Commissioner of Mental Health directs activities of the Divisions of Psychiatric Hospital Services, Program Development Services, Educational and Research Services, Administration Services, Long Term Care Facilities, Community Mental Health Services, and Alcohol and Drug Addiction.

With 3,114 employees and a fiscal 1972 appropriation of about $19.4-million, the department operates
five institutions in the Columbia area and 14 community clinics throughout the state. A 44-bed unit for care and treatment of addicts and alcoholics, is being prepared within the Craft-Farrow State Hospital. This facility will be increased to 150 beds.

EVALUATION
Crowded conditions exist at Craft-Farrow and the State Hospital. Substantial numbers of patients in each could be better served through outside facilities at savings to the state. Community mental health centers could be a major factor in the reduction of these crowded conditions.

Maintenance costs are high. Many structures are old and in need of major repair. A number of the buildings will require renovations to eliminate hazardous conditions. The turnover rate is high in the lower classification grades. For example, 351 or 59.4% of the nursing assistants resigned during fiscal 1971. Inefficiency exists in personnel utilization and records, bookkeeping, distribution of various funds, and consolidation of related operational functions. Charges for employee meals, medical care, and commissary privileges should be updated.

RECOMMENDATIONS
1. Transfer personnel records to Administration Services in the facility where the employee reports.

All personnel records are now stored and maintained in the office of the Personnel Director. This procedure requires added paperwork and duplication of records. The record transfer would distribute the work load and their maintenance would be the responsibility of the administrator's secretary.

Notices of personnel action for pay grades one through 10 should be prepared and approved in Administrative Services. Copies would be mailed directly to payroll, State Personnel, and employees. Action for pay grades above 10 would be routed to the Personnel Director for merit range verification and approval. The director would maintain appraisal records for employees in the merit range of the pay scale to ensure stability of pay treatment.

Those employees under the federal merit system would have their notice of personnel action routed through State Personnel. Payroll deductions, insurance, and other transactions that require the employees' signature would be handled locally. Transferring the records would relieve the services supervisor unit, the classification compensation specialist unit, and the community mental health secretary of their duties. This would provide annual savings of $47,000.

2. Transfer the Inspection and Licensing Division to a similar division in the Board of Health.

The agency is charged with licensing, regulating, and inspecting nonstate-operated hospitals and institutions for care and treatment of the mentally ill. This requires one half-time employee at an annual cost of $5,000. However, only $360 of income is derived from the 20 institutions to be inspected. The Board of Health has a similar division which inspects other facilities and is able to assume this responsibility without additional cost.

3. Establish a schedule of admissions by appointment, except for emergency cases.

Patient admissions are currently made on an arrival basis. This causes an uneven flow, and creates congestion and confusion in the admitting area. It also prevents desired privacy for patients and their families.

From midnight to 8:00 a.m., two people handle 5.6% of admissions. During the 8:00 a.m. to 4:00 p.m. shift, 10 employees are utilized to admit 65.6% of the patients while three are employed to accommodate the remaining 28.8% during 4:00 p.m. to midnight. Five additional people are used to cover seven-day operations, which brings total personnel up to 20. Prearranged arrival times would allow reduction of eight people with an annual saving of $38,000. Late emergency arrivals could be handled by nursing assistants.

4. Discontinue free hospitalization and medical care to certain department employees at the Byrnes Clinic.

Employees who were hired prior to June 30, 1962, are provided free hospitalization and medical care at the Byrnes Clinic. Total care cost for fiscal 1970 was $25.37 per patient day. This service was provided for 617 patient days to employees in 1970, and 846 patient days in 1971. Based on the 1970 cost, and an average of 731 patient days' care per year, implementation will provide annual savings of close to $19,000.

5. Charge employees the wholesale price for drugs, plus a 3% handling fee as well as the 4% sales tax.

Employees obtain drugs through the department's pharmacy facilities at no charge. In addition to loss
of the cost of drugs, the state is losing sales tax revenue. Further, no fee is made to cover handling costs. Drug usage costs by employees amounted to $54,900 in fiscal 1970, and $55,500 in 1971. By making this charge, an annual saving of $59,000 would be achieved by the department.

6. Charge employees actual cost for meals.
Employees who eat in the department's dining room are charged $0.17 per meal. The average actual cost for each per meal served in fiscal 1970 was $0.398. Charging employees $0.40 per meal will result in an annual saving of about $120,000.

7. Close the Employees' Fund and transfer the balance to the general fund.
This fund was created from a 15% commission from vending machines at Craft-Farrow Hospital, the State Hospital, and the administration building. Expenditures from the fund are used for various purposes, one being the purchase of service award emblems for employees. At present, the balance at Craft-Farrow Hospital is $19,460, and it exceeds $2,500 at the State Hospital. Transferring the total would provide a one-time income of $22,000 to the state.

8. Transfer excess cash from the Canteen Fund to the general fund.
This fund was created from profits generated at canteens operated at the State and Craft-Farrow Hospitals. Use is not restricted by law. The present balance at State Hospital is sufficient for working capital and is $32,300 at Craft-Farrow. Allowing for ample working funds, the excess of $30,000 should be transferred to the general fund.

9. Turn over all earnings from the patients' general fund in excess of amounts to be used within the year to the general fund.
The present balance in this fund, representing earnings on investments, is $115,000. Although not committed, it is estimated that $40,000 will be used within one year for the patients' recreational and general welfare as well as to erect covered walkways between the hospital buildings and the like. It would appear that a minimum of $75,000 could be transferred to the general fund.

10. Revise the rate structure for hospital services.
Care and maintenance charges at the agency's facilities are now assessed at $3.50 per day. Actual cost per patient ranges from $6.42 to $25.37. If actual rates were adopted, there would be an annual savings to the agency of $660,000.

11. Transfer the patients' account bookkeeping to computer operation.
Approximately 4,000 patients' accounts are maintained by manual machine posting. They should be transferred to the agency's computer operation which has ample capacity to perform this function at a nominal additional cost. Implementation would eliminate two clerks and save $8,000 per year.

12. Consolidate the five supply centers eliminating one full-time employee at each.
Besides the main warehouse, this agency maintains supply centers at five other locations. These centers should be combined with the main warehouse to eliminate one $6,000 employee at each. Effective distribution would require one additional light truck at an annual cost of depreciation and operation of $1,000 and a driver at $4,000. With an annual cost of $5,000, savings of $25,000 per year should be attained.

13. Adjust markup of goods sold at the commissary to compensate for recorded losses.
A recorded loss for commissary operations for the two-year period ending December 1970, was $9,600 on a cash basis. A more realistic accounting would have included fringe benefits of $3,800, rent of $2,400, and depreciation of $800. This would have increased the loss to $16,600. Therefore, the markup should be increased to a point where this loss will be absorbed over a two-year period, resulting in an annual saving of about $8,000.

14. Establish a system of cost control for use by department heads and supervisory staff.
At present, there are no means available to department heads or supervisory staff for controlling costs. Private industry has utilized cost control systems to assist in managing operation costs. A cost control system, whereby department heads and supervisory staff would be responsible for the effective use of allocated funds, should prove most beneficial.

Properly utilized, this system should result in a conservative saving of 1% of the total budgeted state fund. For fiscal 1972, budgeted funds amounted to $19.4-million. Therefore, annual savings of $194,000 may be anticipated.

15. Reschedule the cooks, cooks' helpers, and vehicle operators in Food Service at Craft-Farrow to a 10-hour, four-day work week.
At present, these employees are scheduled to work 11 hours every other day. During each biweekly pay period, these 58 employees receive four hours pay
at the overtime rate. By rescheduling to 10 hours, the overtime hours could be eliminated, resulting in annual savings of about $15,000.

16. Reduce the Engineering Division's personnel at Craft-Farrow and South Carolina State Hospitals.

At present, maintenance personnel total 194 at the two institutions. One of the major problems is unscheduled remodeling projects. These have caused maintenance to lag in a number of areas. By increasing the work load per maintenance man to the level used by industry, Engineering Division employees could be reduced to 155 for an annual saving of $258,000.

17. Implement a plan for repayment of stipends paid to graduates of the Wm. S. Hall Psychiatric Institute and make a charge for costs to those who enter business outside the Department of Mental Health.

The Wm. S. Hall Psychiatric Institute was established as an educational and research facility in 1965 and accredited in 1968. Students from any part of the country are accepted by the institute. There is no provision for repayment of stipends or an agreement to remain in the state after graduate studies have been completed.

Therefore, graduates of the institute who join the professional staff of the Department of Mental Health for a period of time equal to their study should be exempt from repayment of stipends. Further, individuals who choose to remain in the state in private business should be required to repay 50% of monies received over a period of years dependent on actual income. Additionally, all individuals choosing to enter business outside the state should be required to repay 100% of monies received as stipend over a period of years dependent on actual income. The schedule of average annual stipends is shown in the table below.

<table>
<thead>
<tr>
<th></th>
<th>LENGTH OF</th>
<th>STATE FUNDS</th>
<th>FEDERAL FUNDS</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Child psychiatry fellows</td>
<td>5 years</td>
<td>$10,009</td>
<td>$3,625</td>
<td>$13,634</td>
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<tr>
<td>General psychiatry residents</td>
<td>3 years</td>
<td>7,310</td>
<td>4,450</td>
<td>11,750</td>
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<tr>
<td>Psychology interns</td>
<td>1 year</td>
<td>7,124</td>
<td>0</td>
<td>7,124</td>
</tr>
<tr>
<td>Chaplain residents</td>
<td>1 year</td>
<td>4,380</td>
<td>0</td>
<td>4,380</td>
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</table>

Each year, the institute is staffed to train eight child psychiatry fellows, 18 general psychiatry residents, four psychology interns, and four chaplain residents. There are six other types of training but stipends are negligible. A possible repayment plan, based on annual earnings, is shown in the table below.

<table>
<thead>
<tr>
<th>ANNUAL INCOME</th>
<th>GRADUATES REMAINING</th>
<th>GRADUATES LEAVING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $12,000</td>
<td>$250</td>
<td>$500</td>
</tr>
<tr>
<td>12,001 to 18,000</td>
<td>500</td>
<td>1,000</td>
</tr>
<tr>
<td>18,001 to 24,000</td>
<td>750</td>
<td>1,500</td>
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<td>24,001 to 30,000</td>
<td>1,300</td>
<td>2,000</td>
</tr>
<tr>
<td>30,001 and over</td>
<td>1,250</td>
<td>2,500</td>
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</tbody>
</table>

With full teaching staff loads, it is estimated annual savings would amount to $50,000 at the end of five years.

18. Dispose of surplus land.

Approximately 500 acres of fields and woodlands are surplus to future needs of the department. Selling this acreage would result in a one-time income of $1-million. In addition, the tax gained by the county would be approximately $6,000 per year.

Department of Public Welfare

This department extends financial assistance to the aged, the blind, permanently and totally disabled, dependent children, and provides general assistance to persons in need. It licenses and establishes standards for certain agencies, institutions, or family homes for receiving children for care and maintenance, and performs miscellaneous welfare functions, including adoption, foster home, and protective services for children. The department also administers the Medical and Hospital Care Program for public assistance recipients, the Medicaid Program, and the U. S. Department of Agriculture's Food Stamp Program. Also, homemaker service is provided to helpless as well as homebound persons and, in emergencies, to families with children.

**CURRENT PRACTICES**

The department operates under the Board of Public Welfare which is comprised of one member from each congressional district and a chairman from the state-at-large. County boards of public welfare are appointed by the state board or the State Director,
upon the recommendation of the county legislative delegations and state Senators.

This department is administered by a State Director, appointed by the state board, while county directors are selected by the respective county boards. All employees, except the director and his confidential secretary, are under a merit system.

Employment on October 21, 1971, totaled 1,609. Recent allocations have created 405 vacancies, brought about by the increase in the food stamp program and expansion from a six district concept for the state to 10. Funding for the agency for fiscal 1971 amounted to an estimated $88.5-million of which $21.1-million was state appropriated.

EVALUATION

Efforts have been made by the present administration to provide services more efficiently. However, the lack of personnel qualified in modern business management techniques is apparent. Intensified programs for management personnel are needed to study, develop, and implement procedures which will better utilize personnel and facilities.

The Data Processing section appears to be adequately staffed for present operations. Leadership within the section is both innovative and superior. Some county departments report a lack of continuity in the line of communications between them and the department. Having the Procurement section of the Finance Division responsible to the Comptroller has created a situation whereby all purchases must be approved by Finance before orders can be placed.

Until recently, the county welfare departments were understaffed and it was impossible to make an attempt to handle even the most important cases in Children and Family Services. The addition of new case workers should be sufficient to serve welfare recipients during fiscal 1972. Federal changes in the Food Stamp Program will become effective January 1, 1972, and should double the number of cases being processed. This section needs top priority in developing automated procedures to ensure maximum service at minimum cost. Practices in the Finance section need streamlining to eliminate duplication of operations, and convert manual operations to the computer.

RECOMMENDATIONS

1. Modify the department's organization.

The State Director has seven division and 46 county directors as well as two advisory councils reporting to him. This has made it impossible for him to provide the guidance needed for a growing organization. The proposed modification would bring related functions together into five major bureaus reporting to the director through two deputys. One will head the Administrative Bureau while the other directs Social Services. The Administrative Bureau will consist of two sections, Management Services and Financial Information Services. Social Services will have three sections: Children and Family Services, Public Assistance, and Medical Assistance.

Management Services will include personnel, staff development, purchasing, and special projects. Financial Information Services will include data processing, finance, and research and statistics.

Children and Family Services includes an adoptive unit, institutional and group care, foster care, day care, child development, and licensing. Public Assistance covers field services, food stamps, quality control, and appeals. Medical Assistance is responsible for medical utilization and review, institutional liaison, professional services, medical records, medical review, and medical claims, as well as evaluation procedures.

The state is presently divided into six districts with a field supervisor, a consultant, and a clerk. By upgrading the field supervisor's job to district director and having the county directors report to them, the organizational lines of communications would be greatly strengthened. The district directors would report to the State Director. Existing personnel can fill these new positions.

2. Establish a system for internal control of property and equipment in state and county offices.

Current plans are to hire a property clerk whose duties will be tagging and keeping records of property and equipment. A system of internal control, where each office would report changes of property and equipment status to the Finance section, has proven effective in private industry. A similar system in this department would negate the need for a property clerk and result in a cost avoidance of approximately $6,000 annually.

3. Develop a computerized system of reporting sick and annual leave as well as mileage payments for employees.

Presently, all county employees are required to fill out daily reports on sick and annual leave. These are, in turn, sent to the state and, during the manual processing period, several forms are used to ac-
cumulate data. Therefore, a form should be developed to account for these activities and be forwarded weekly to the data processing group. Once a month, a computer run could be made to give the accumulated information to all departments, counties, and other areas. Mileage information could be utilized to determine the most economical methods of vehicle assignment for the department. Annual savings of $6,000 would be realized from elimination of a clerk at $5,000 and annual postage of $1,000.

4. Implement a data collection improvement team and charge them with responsibility to redesign the forms and processing procedures within the department.

There is no single authority for screening and digesting the information reporting and processing procedures. This is evident because over 200 forms are in use, and untold numbers of statistics, reports, and calculations are being performed on a manual basis. Also, new systems are being proposed without thought to integrating them with present procedures.

The director should establish this team and have its manager report directly to him. The team should include at least one representative from the county, and one from Data Processing. A rotation policy should be effected among the members to keep ideas fresh and prevent isolation from day-to-day operations in their respective areas. Once the forms and processing procedures have been redesigned, this team should provide continuous monitoring and screening of new procedures prior to implementation.

An example for a more efficient operation in the Finance section is manual posting of various records including the voucher register. Forms revision and conversion to a computer operation would make for a more efficient operation. Substantial savings are possible, but none are claimed.

5. Mechanize the maintenance of personnel records and make the local records official.

Presently, when personnel action is required, a form DPW 431 must be prepared. This is forwarded to personnel with the approval of the county board and director. However, a short form P11 is completed for any person whose employment begins between pay periods. Long form P10, which places the employee within the normal pay period, is also prepared.

The payroll change forms are forwarded to Finance with the approval of the director, personnel offices, and merit system supervisor, where they are hand-posted on a computer payroll proof. A control summary is prepared and forwarded to Data Processing along with the proof, which is keypunched, verified, and balanced with the control summary. This operation is duplicated in the Comptroller General’s Data Processing section.

By revising form DPW 431 so it could be computerized, and preparing a personnel service record card, records could be maintained at the local level. Personnel action requests would be made on the revised DPW 431 and forwarded to personnel where they would be approved and posted on the record card. This form would then be forwarded to Data Processing for preparation of a computerized record. The processed data could then be forwarded to the Comptroller General for his use. Such action would result in a reduction of five employees and two computer runs and provide annual savings of $38,000. Of this, $19,000 would be state and $19,000 in federal funds.

6. Revise and update the policy and procedure manuals.

There is a definite need to revise the existing policy and procedure manuals. Field personnel waste a considerable amount of time and cannot make decisions because the manuals have been supplemented by letters and/or changes have not been sent to the county office. Therefore, they should be revised so county supervisors can fulfill their duties and responsibilities without confusion or delay. Policy should be established and appropriate procedures prepared for coordinating the preparation and distribution of instructions and information. Distribution lists should be maintained so new or modified procedures will be received promptly by the field office.

7. Develop a snap-out mailer and computerize mailing of ATP cards on a monthly basis.

Authority to purchase cards for the Food Stamps Program are prepared manually for mailing twice a month. A snap-out mailer handled by computer will reduce mailings to one each month, resulting in a reduction of 23 clerical positions for annual savings of $136,600. An additional saving of $73,500 per year in reduced postage will be achieved for a total of $210,100. Of this amount, $79,000 will be state and $131,000 federal funds.

8. Discontinue use of mobile food stamp vans.

Six mobile food stamp vans are operated in 11 counties. The state is required to furnish one case worker assistant and one issuance clerk for each. Only 8% of the households served used the vans in July 1971.
Discontinuing them would provide savings of $48,000 in state and $27,000 in federal funds.

9. Place claims review and contracted claims processing in the Medical Assistance Division and discontinue contracted services.

Claims for hospital and related services are processed by private contractors to determine eligibility, completeness, and accuracy. Fees for fiscal 1970 were $347,400. Half of this cost is federally funded. By canceling these services, the state would save approximately $174,000.

A related claims review service is handled in the Finance Division at a cost of almost $62,000 annually. Funding is half state and half federal. The same services under the Medical Assistance Division are 75% reimbursed by the federal government. By shifting claims review from Finance to Medical Assistance, the state would realize a savings of 25% or $15,000.

There would be an annual cost of $16,200 for two clerks and a supervisor, of which $4,000 would be paid by the state. Total savings to the state would be $185,000. Federal savings would amount to $162,000.

10. Institute a management training course.

Industry has found such courses to be extremely beneficial in terms of personnel relations and operational economics. Therefore, programs should be initiated and conducted by one of the state universities to train the state personnel in modern management techniques. Potential savings, while not claimed, are expected to be substantial and will more than offset costs.

11. Provide training for case workers and related staff at the district level.

Training for case workers and related staff is conducted in Columbia and Walterboro with the majority at Walterboro. The conferences are of three- and five-day duration. This requires the conference to be away from his county and be eligible for per diem and travel reimbursements.

During fiscal 1971, 156 attendees attended three five-day sessions and 64 were at four three-day sessions at $15 per diem and $0.09 per mile for travel. Expenses of getting attendees to the classroom approximated $80,000.

If the training had been conducted in the district, the per diem costs would have been eliminated for savings of $66,000. However, the travel expenses with a meal per day and classroom expenses would have been increased by $8,000. Thus, the total annual savings would be $54,000. Of this, $27,000 represents state funds and the balance federal funds. There would be a one-time cost of $4,000 for a station wagon and portable visual aid equipment.

12. Charge homemakers actual costs of material and insignia for uniforms.

Presently, 97 homemakers are furnished material and insignia for uniforms. Fiscal 1971 costs for uniform material and insignia was $850. Anticipated growth and increased costs are estimated to reach $1,000 annually in fiscal 1972. Since state-supported nursing personnel are required to furnish their own uniforms, there is no need for the state to incur this cost.

13. Employ specialists to make a systems and a management review, as well as cost control studies.

This department has undergone rapid expansion in services. It is apparent that systems and management have not been developed to cope with expanded responsibilities, although efforts have been made to update operations. It is beyond the capabilities of present personnel to make systems and management reviews and perform their day-to-day routines.

To function effectively and economically, the department should establish a system of cost control for division chiefs and the supervisory staff. Presently, there are little, if any, means available for controlling costs. Many private industries have used cost control systems to detect deficiencies and provide remedial measures. Properly interpreted and implemented, a cost control system should affect a saving of 1% on state appropriated funds annually. Applied to fiscal 1972 state appropriations of $26.7 million, the annual saving amounts to $267,000. A one-time cost to develop these programs has been estimated at approximately $200,000 over a 24-month period.

14. Rescind the requirement that monthly travel expense accounts be typewritten.

There are between 900 and 1,000 field case workers in this department who submit monthly travel expense accounts. These are prepared by clerical personnel in conformance with a long-standing belief that typewritten accounts were required. There is no such requirement and accounts in long hand would suffice. Typing of 900 expense accounts at 10 minutes each would require 9,000 minutes or 150 hours monthly. This is equivalent of one clerk's full time.
Elimination of the position would provide an annual saving of $4,000.

15. Establish a records management program.
This department has no formal record retention schedule. Although the Department of Archives and History has studied the subject, results remain unreported. Filing space is overcrowded and purging of inactive and unnecessary records would alleviate this condition. A realistic program for microfilming permanent records should be initiated to replace the present practice. However, its microfilming equipment is outmoded, obsolete, and must be replaced before any program can become operative. Nominal monetary savings, and a more efficient operation should result.

16. Eliminate 23 pages of salary schedules and 17 pages of statistical data from the department's annual report.
This department's annual report of 75 pages for fiscal 1970 contains 17 pages of narrative, 23 pages of salary schedules by counties, and 35 pages of statistical data. The salary schedules, and half of the statistical data could be eliminated. A total of 1,000 copies were printed at a cost of about $2,000. Compilation and typing of these data are a formidable task, necessitating the use of extra help in the typing section. It is not possible to determine the cost involved to produce these typed data. However, printing costs should be reduced to provide annual savings of $1,000.

Commission for the Blind

This commission consists of five members who are appointed by the Governor with consent of the Senate for staggered terms of four years. Of the members, two must be visually handicapped. The commission elects its chairman for a two-year term and appoints the director who is also the chief administrative officer. It has responsibilities to:

► Operate a program to prevent blindness.
► Establish, equip, and maintain centers for vocational, industrial, and other training.
► Employ itinerant teachers to assist visually handicapped students.

CURRENT PRACTICES
The commission's Educational Services unit provides assistance to visually handicapped individuals in public or private schools including those students attending the School for the Deaf and the Blind. Some 900 children were given assistance during fiscal 1970. The library has approximately 43,000 talking books and records available.

A home management program is provided to teach individuals how to perform duties such as cleaning, cooking, laundering, and sewing. Its prevention of blindness program supplies eye examinations and follows up on treatment of persons afflicted with or suspected of eye diseases. During 1970, 5,600 people received assistance through this program. Business Enterprises and Home Industries trains blind persons for and supervises operations of 53 concession stands. Vocational Rehabilitation evaluates each individual in educational and vocational aptitudes and trains the blind for selected vocational employment. Last year, jobs were obtained for 147 individuals.

The administrative office conducts this agency's operations and business affairs. Full-time employees for fiscal 1970 and 1971 were 62 and 82 respectively. General fund appropriations for the 1970 and 1971 fiscal periods were approximately $590,000 and $915,000. Its 1972 budget of $882,000 provides for 97 employees. Federal contributions for fiscal 1970 and 1971 amounted to $563,000 and $1.18-million. It is anticipated that about $1.22-million will be received in 1972.

EVALUATION
The commission should be commended for its dedication, enthusiasm, and accomplishments despite inadequate facilities and a limited professional staff. However, there is a lack of understanding by potential clients as to which agency should be contacted for assistance and service.

RECOMMENDATIONS
1. Consolidate the area offices into six district offices.
Currently, the commission has 13 area offices with another planned for Bennettsville. Further, there are 14 counselors and 16 secretaries in these offices. Caseloads per counselor vary from 354 in Greenville to 1,933 in Florence. Unification of area offices into
six district offices with equalized caseloads will result in a reduction of six counselors and 10 secretaries. Annual rentals for the offices amount to $18,900 and should be decreased by $10,000. With consolidation an additional $85,000 annually would be saved in salaries. Of this, $30,000 is state and $55,000 is federal funds.

2. Expand the number of concession stands to include more state and federal office buildings.
The 53 concession stands operated by rehabilitated blind citizens as private businesses showed an average monthly income of $358 per individual during fiscal 1970. Furthermore, $26,360 was returned to the state in sales tax receipts. Expansion of this program would make more blind individuals self-supporting. This should reduce the amount of welfare payments to these persons.

3. Request assistance from the Department of Archives and History to establish a record retention schedule.
This commission has been in existence for only five years and has never had a federal audit. Although there is no immediate problem of record storage, a study should be initiated to set up a retention schedule and evaluate a system of microfilming versus storage and eventual destruction of records.

**Children’s Bureau**

The Children’s Home Society was organized under a charter in 1909 and its name was changed to the Children’s Bureau in 1930. Under the direction of a Board of Directors, the bureau is authorized to accept children for placement, place them in adoptive homes, and consent to their adoption.

**CURRENT PRACTICES**
This bureau is headed by a supervisor who works under the direction of a six-member board appointed by the Governor for staggered terms of four years with the consent of the Senate. The Governor is also an ex officio board member. Expenditures for fiscal 1971 amounted to $265,000. Appropriations for fiscal 1972 total $318,000. It is staffed by 30 full- and part-time employees.

**EVALUATION**
The Children’s Bureau operates on two floors which leads to inefficiency. It maintains a listing of expenditures and the Comptroller General’s office keeps similar records. Overlapping responsibility is evident between the bureau and the Department of Public Welfare in providing adoption services. Adoptive parents are not required to make any payment except for the child’s clothing at time of placement.

**RECOMMENDATION**

1. Consolidate adoption services of the state by merging the agency into the Department of Public Welfare.
Consolidation of the Children’s Bureau with the adoption services rendered by the Department of Public Welfare should be made. This will centralize state appropriations and federal matching funds, facilitate budget preparation, and broaden adoption services. The bureau has an appropriation of $318,000. Federal matching funds are not available to this agency. If the consolidation is affected, approximately $250,000 of state funds would be saved. Additional savings of approximately $25,000 could be expected through the reduction of administrative personnel. Thus, net annual savings of $275,000 should be realized.

**State Development Board**

This board promotes economic advancement of the state through attraction of new business and industry as well as expansion of current facilities and promotion of agricultural and other goods. Training, site selection, technical aid, and other help is available to further this objective. Local governments and other civic groups are provided advisory aid and counsel.
CURRENT PRACTICES
The board is governed by a 17-member commission appointed by the Governor with advice and consent of the Senate. Currently, its major effort is devoted to promoting South Carolina nationally and internationally through a program of advertising, personal contacts, and work with federal agencies to attract new industry. The board operates its own jet aircraft to fly prospects into and around the state.

The Industrial Division has a skilled group of salesmen to convince the industrial prospect to locate his facility in South Carolina. Marketing the state’s products both domestically and internationally is also a responsibility of this division.

The assistant director is responsible for personnel and fiscal administration as well as foreign trade efforts and the Agriculture Division which is active in promoting agriculture and related industries. The Geology Division is dedicated to providing a better understanding and usage of the state’s geological framework.

Supporting Services provides statistical information, market surveys, manpower data, training coordination, and integration of federal programs. They also furnish technical services to aid in expansion of existing industries. Communications is responsible for statewide public relations, a national advertising program, printing, and audio-visual production.

The board had 65 employees in fiscal 1970 and 56 in 1971. Expenditures in 1971 amounted to $1,37-million of which approximately $107,000 was federal and other funds. State appropriations for fiscal 1972 are $1,51-million and $175,000 in federal funds are anticipated.

EVALUATION
The State Development Board has been successful in promoting new industry. However, there are no guidelines or standards in terms of departmental expenditures versus additional jobs added or new payrolls brought into the state.

The director has too many groups reporting to him considering the amount of time he is required to be away. Overstuffing is apparent with regard to technical and clerical people. Printing and advertising is very effective but may be overdone. For example, the board issues a monthly publication called Trends, while Impact is provided by the Technical Educational Center once a month. These magazines overlap and could, possibly, be combined.

An inordinate effort is directed toward handling a modest federally funded program. Also, there appears to be too much aid provided in initiating programs for operational businesses.

RECOMMENDATIONS
1. Fill the position of Director of the Industrial Division.

Currently, eight sections in the division report to the director of the State Development Board along with three other divisions and the aircraft pilots. Because of this, and due to the demands of travel and administrative duties, there is a lack of coordination and guidance within this division.

If the position of director of the division were filled from within, proper guidance and closer cooperation could be achieved. Thus, a reduction of at least one industrial representative could be accomplished. Savings of $15,000 annually would result.

2. Reduce the number of secretarial and clerical positions by establishing secretarial pools.

Currently, there is one secretarial or clerical position for each two technical people. According to good business practices, this is excessive. By forming two secretarial pools, a total of four positions could be eliminated. Savings to the state would amount to $22,000 annually.

3. Remove the Geology Division from the board and place it under the proposed Department of Natural Resources and Conservation.

While the Geology Division helps development of resources to a degree, it does not serve the statewide purpose as effectively as possible. This division is capable of serving as the state’s geological survey agency but is hampered by being a part of an agency with a narrower scope. By combining it into the proposed Department of Natural Resources and Conservation, needed geological information relating to the entire structure of the state could be accumulated and made available to the board and others. This move will not adversely affect the work of the State Development Board but will allow greater efficiencies in the proposed department. The savings generated will be shown in the recommendation creating the new agency. This represents a reduction in the board’s expenditures of $60,000 annually.

4. Transfer the administration of federal programs to the Director of Supporting Services.

Currently, one professional is assigned the responsibility of administering $115,000 in federal funds
annually. This is not a full-time job and could be handled by the director. Elimination of this position would save $11,000 annually.

5. **Reduce personnel in the board's Communications Division.**

Presently, there are eight employees in the Communications Division. The division is overstaffed for the work to be done. A reduction of one employee could be accomplished without adversely affecting the quality or quantity of work. This would provide annual savings of $8,000.

6. **Establish a ratio of operating costs to the desired annual industrial development rate.**

The board has no guidelines or restrictions to self-audit its performance. The only restraint is a budget limitation imposed by the Budget and Control Board. Since this is a skilled and expert group, it should have a professional approach towards justification of its size annually.

7. **Renegotiate advertising and public relations contracts.**

Public relations fees amount to $81,400 annually. The return for this expenditure is questionable. Negotiating a new national advertising contract with a local firm should provide annual savings of $40,000.

8. **Consolidate Trends and Impact into one magazine to be published by the Technical Education Center.**

Currently, the board publishes 6,500 copies monthly of Trends at an annual cost of $30,000. A total of 13,500 copies of Impact are printed monthly by the Technical Education Center at a cost of $40,000 per year. Additionally, the board would like to reestablish printing of Hotline, a four-page newsletter.

Much of the information printed in these two publications is overlapping and, in most cases, the interstate distribution is to the same groups, businesses, or individuals. By coordinating and combining this information, a single publication could be produced allowing better coverage and readability. The Hotline newsletter could be inserted in the copies destined for interstate circulation. The cost of publishing an estimated 16,000 copies of the one complete magazine is $50,000. The board's expenditures would be reduced by $30,000 while TEC's printing cost would increase by $10,000. Thus, a net annual savings of $20,000 would accrue to the state.

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**Clemson University Public Service Activities**

The Department of Public Service Activities was established at Clemson under the Morrill Land Grant Act of 1862. Its mission is to promote and advance the interests of agriculture through modern technology. Research, development, and public service are of major importance. It is also involved in regulatory consumer protection activities which are accomplished through inspection, regulation, and enforcement of applicable laws of the state and federal government. Additionally, it has responsibility to assist and encourage low income families, young farmers, and homemakers through related training courses, exhibits at fairs, and agricultural shows.

**CURRENT PRACTICES**

This department operates under the Dean of Agricultural Sciences who reports to the university's president. Each of its four programs is administered by a director who coordinates with department heads for each given field. The four basic divisions are Livestock and Poultry Health, Experiment Station, Extension Service, and Regulatory and Public Service Programs. The agency works through its professional members of each of these departments to coordinate teams of resident and field staff employees.

Total operating expenses for fiscal 1971 amounted to $11.42-million of which $5.64-million was state funds. Appropriations for 1972 are $6.15-million. As of August 31, 1971, the department had an authorized full-time staff of 1,393 positions.

**EVALUATION**

The department is doing an extensive job in promoting agricultural interests and the use of modern technology throughout the state. Substantial progress has been made to improve the efficiency and effectiveness of its basic programs with emphasis placed on research and regulatory consumer protection activities. Several divisions and/or operations could be reorganized, consolidated, or eliminated to improve services, reduce costs, and eliminate duplications. Coordination of the many diversified activities
is limited due to size and physical location of its divisions throughout the state.

RECOMMENDATIONS

1. Revise the method of financing the Division of Regulatory and Public Service Programs and payments of fees, taxes, and licenses.

Seed Certification, Fertilizer Inspection and Analysis, and Plant Pest Regulatory Service have recently been combined to form the Division of Regulatory and Public Service Programs which is operated under the Agriculture Experiment Station. Both Seed Certification and Plant Pest Regulatory Service are funded from fees, taxes, and license revenues. Fertilizer Inspection and Analysis is wholly funded by state appropriations.

In fiscal 1971, revenue exceeded operating costs by $273,000. Funds which are over and above costs are deposited or invested. Currently, they amount to $326,000. This total should be turned over to the general fund. By crediting all collected revenue to the general fund and appropriating operating funds, net savings to the state would be $273,000 annually. There would be no increase in fees, taxes, or license revenues.

2. Centralize the administrative function of the Division of Regulatory and Public Service Programs.

There are currently three separate office areas housed in different locations performing related and similar duties. At times, there is a slack period in each as well as peak periods when part-time help is utilized. Therefore, the three areas should be consolidated into a central office. This can be accomplished by renovation and rearrangement of facilities used for storage in the Foundation Seed Building.

Currently, three secretaries, four clerks, and two keypunch operators in these areas perform duties for three department heads as well as 12 inspectors and technical personnel. Good business practice dictates a ratio of one secretarial or clerical position to two and one-half technical positions as adequate. With implementation, two positions could be eliminated for annual savings of $11,000.

3. Consolidate duties of field inspectors in the Division of Regulatory and Public Service Programs.

The current practice is to cross-utilize inspectors from one agency to the other during peak periods as well as employ part-time help. Seed Certification has two, Plant Pest Service five and one-half, and Fertilizer Inspection and Analysis five full-time and the equivalent of two and one-half part-time inspectors. Consolidation and cross-training of the duties of these employees will permit assigning broader inspection responsibilities as well as improve efficiency and effectiveness.

The state is presently divided into eight sections. This could be reduced to five with two inspectors in each section. They would be coordinated by the division head to shift employees during peak periods. Implementation would improve coverage in the inspection program and reduce manpower requirements by as many as three personnel. Annual savings in excess of $25,000 should be achieved.

4. Discontinue meat and poultry inspection.

State and federal interests in the field of animal health are combined under single leadership in South Carolina. The department's director reports to the Dean of the College of Agriculture and Biological Sciences at Clemson University, and to the Director of the Animal Health Division, Agricultural Research Service, U. S. Department of Agriculture. The federal Wholesome Meat Act of 1967, through a cooperative contract, provides matching funds to carry out an approved program.

State programs are controlled by federal regulations and must be certified by USDA as equal to federal inspection. Under the federal act, USDA’s Animal Health Division will provide federal inspections where a state fails to meet certification criteria or elects not to provide inspections. Responsibility of this department for the wholesomeness of meat, poultry, and food products produced is only at the wholesale level. After it leaves the processing plant, responsibility is shifted to the Department of Agriculture and the Board of Health.

Federal law requires export licenses be executed by qualified federal inspectors. Consequently, they must be maintained within the state. The grading of meat can only be done by USDA employees and a fee is charged for this service. The regulatory portion of the livestock and poultry health program should be transferred to USDA’s Animal Health Division. This would eliminate the necessity of state inspectors. However, research, educational programs, and administration of livestock and poultry laws to control and eradicate disease should be continued by the state. By eliminating 61 meat inspectors, eight poultry inspectors, eight area supervisors, a director, an assistant director, a secretary, and two clerks as well as curtailing the travel expense of $72,000, annual savings will amount to $385,000.
Department of Agriculture

The department was formed in 1880 and was absorbed by Clemson University in 1890. In 1904, it was reestablished as the Department of Agriculture, Commerce, and Immigration to serve in all areas of agriculture except the scientific, research, or extension fields.

As the nonagricultural efforts of this department matured and became independent state agencies, the name was changed to the Department of Agriculture. Today, its primary activities are administration and financial activities, promotion and expansion of agriculture, and regulatory services. In 1968, the Agriculture Commission was established to strengthen agriculture in the state and aid the department in its functions.

CURRENT PRACTICES

The department has 130 full-time employees for fiscal 1972 with provisions for 15 part-time workers to meet seasonal loads. Administration and Finance accounts for 22 employees. They are responsible for overall administrative requirements, collecting the petroleum tax and license fees, and coordinating the financial activities of the various divisions.

Promotion and expansion of agriculture absorbs 23 employees. This activity consists of the Promotion and Expansion of Agricultural Products Division and the Publications and Statistics Division. Their responsibilities include establishment and operation of commodity orders in applicable product areas, encouragement of agricultural activities in areas and for groups of citizens requiring a continuing means of sustenance, as well as publication and distribution of agriculturally oriented information including the Market Bulletin.

Regulatory Services utilizes 100 employees and includes most of the part-time workers. This activity presently consists of the following:

- Consumer Protection Division checks product weights and measuring devices used in commerce in the state and gathers official samples for laboratory analysis.
- Chemical Laboratory Division analyzes the official samples gathered by the Consumer Protection Division and maintains the registration of commercial products as required by state law.
- Warehouse Division licenses, inspects, and regulates warehouses in the State Warehouse System.
- Egg Division is responsible for enforcing the state's Egg Law. Its enforcement has been primarily responsible for the growth atmosphere this industry has experienced.
- Administering Dealers and Handlers Act—Weighmaster Law Division licenses and regulates the weighmaster's and deputy weighmaster's activities.

The present trend of the department is toward regulatory activity. However, and in spite of defining legislation, much of the regulatory effort is assigned to Clemson University. During fiscal 1971, the department's expenditures were $1.4-million. Appropriations for fiscal 1972 are $1.66-million.

EVALUATION

Presently, the administrative and financial function is being operated efficiently. Also, a significant effort toward improvement through computerization is underway.

The regulatory function achieves desirable results. However, the transition to what should be an audit function has not been accomplished. Each division operates as a specialist which results in multiple visits to the same site to audit different regulations. Penalties for infractions of regulations are generally light and impose little responsibility on the retailer and minimum inconvenience to the distributor.

The promotion and expansion of agricultural products function is successful in establishing market orders and aiding the growth of agriculture. The publications program is efficiently run but is a high monetary drain on the department because many private interests are served through state-funded bulletins and literature.

RECOMMENDATIONS

1. Reorganize the department along functional lines.

The present organization, as depicted in the chart to the right, has eight different staff and line functions reporting to the commissioner. This creates a lack of coordination between service groups, overlapping functions, and duplicate visitations to the same installation. Overstaffing is evident.

To accomplish reorganization, as shown in the proposed chart at the lower right, the following changes are required:
Reduce the number of functions reporting to the commissioner from eight to three for better coordination.

Transfer the laboratory functions to the proposed state laboratory to consolidate purchasing, reduce operating costs, increase utilization and efficiency, reduce inventory, consolidate chemical waste disposal, and provide a professional atmosphere. An estimated savings to the department of $120,000 would be realized out of a total current cost of $319,000.

Consolidate all regulatory functions into one division with inspectors in a common pool, a coordinator and necessary specialists for each
regulatory area. The number of inspectors could be lowered by four and travel expense reduced for a saving of $45,000 annually.

- Transfer the Publications and Statistics Division to the Promotion and Expansion of Agricultural Products Division. Since the prime function of Publications and Statistics is provision of ads for agriculture-related products in the Market Bulletin, the division has no statistical responsibilities. Therefore, its name should be changed to Publications.

- Move the feed and seed physical inspection, registration office, and meterology laboratory to the Consumer Protection Division.

Implementation will provide net annual savings of $165,000.

2. Provide a liquid transporting device for use in checking gasoline pumps.

After the specified amount of gasoline is withdrawn from a pump being checked, the inspector must carry the full container to the bulk storage tank, and return the gasoline to the tank. This procedure is repeated for each pump with the average trip being 40 to 50 yards. With a device such as a multitank trailer or a hose arrangement, an average of three minutes could be saved on 75% of the pumps checked.

During fiscal 1970, a total of 37,880 pump checks were completed. Actual checking time saved would, therefore, approximate 1,400 hours annually. Considering travel time and other nonproduction time, a saving of one position of the current 18 required could be realized for an annual saving of $6,000. The one-time cost for trailers is $500 each (estimated) or about $9,000.

3. Charge a subscription fee for the Market Bulletin to pay the expenses of production, distribution, and recordkeeping.

The cost for fiscal 1971 of the approximately 77,000 copies of the bulletin was $150,000. A suggested subscription fee of $2 per year will recover the production costs or approximately $154,000.

4. Update the layout and furnishings of the Department of Agriculture’s offices and move the Financial Division from rented space to this location.

The Financial Division is currently renting space at an annual cost of $14,000. Efficiency of overall operations will be improved by new surroundings and the close location of this division to the department. After a one-time layout and refurbishing cost of $30,000, there will be an annual saving of $14,000 in rental cost.

5. Establish a service fee for the commodities served under the Warehouse Division.

This division serves a very small number of people and a fee should be charged per unit of commodity stored to cover its expenses. The current operating costs are approximately $97,000 which should be recovered.

Agricultural Marketing Commission

This commission was created to aid in establishment of facilities for efficient handling of farm and other food products and assist in their disposal and sale. Its activities consist of market facilities surveys, managing the Columbia Market, coordinating the state’s market news with national news, and inspecting grains, poultry, fruits, and vegetables. The Agricultural Marketing Commission consists of seven members serving four-year staggered terms. They include the Commissioner of Agriculture, the President of Clemson University, and five persons appointed by the Governor with Senate consent.

CURRENT PRACTICES
The commission appoints the Marketing Director who is responsible for operations and serves as its Executive Secretary. Marketing Services surveys the necessity for and requirements of market facilities, coordination of state market news with national market news, and the marketing information filter center. The Columbia Market Manager is responsible for all phases of the market’s operation. Grading and Inspection provides upon request, certification on U. S. Department of Agriculture grading in cooperation with that federal agency. All activities are centered at the Columbia Market except for the filter center at Clemson University. However, some inspectors are located elsewhere in the state.

Actual expenditures in fiscal 1971 amounted to $468,000, of which $82,000 was state-appropriated funds. State appropriations for fiscal 1972 are
$89,000, federal funds of $8,000 are anticipated, and revenues from operations are expected to total $303,000. While the state appropriation for fiscal 1972 shows a slight increase over last year, personnel has been reduced 18%.

EVALUATION
The commission is not performing any unique function. All of its activities closely parallel those of the Department of Agriculture. More activities in marketing agricultural products are performed by a similar division in the Department of Agriculture than by the commission.

RECOMMENDATIONS
1. Dissolve the commission and combine its operations into appropriate divisions in the Department of Agriculture.

All of the commission's present activities and its operating divisions closely parallel those of the Department of Agriculture. Also, the commission is not properly organized with proper checks and balances to ensure smooth, loss-free operation. Implementation will:

- Phase out the commission and save travel expenses amounting to $6,600 per year.
- Eliminate the positions of director and secretary for annual savings of $22,700.
- Get rid of duplicate printing and addressing equipment and eliminate one clerk to save $4,400 annually.
- Provide a division to furnish financial services to the Columbia Market.
- Dispose of the filter center saving $1,500 per year.
- Integrate all agriculture marketing efforts.
- Coordinate U. S. Department of Agriculture grading and inspection and South Carolina regulatory law enforcement to eliminate duplicate inspection visits to the same site for different purposes. This will provide estimated savings of $15,000 annually.

Net annual savings of $50,000 should be realized.

2. Increase rental fees in the Columbia Market to be competitive with commercial facilities.

Present lease payments, which meet operating costs, are unfair to private enterprises in the state capitol. It is estimated that a $10 to $40 increase per unit, depending on size over approximately 80 occupancies, will provide an added income of $2,000 per month or $24,000 annually.

Commission of Forestry

This commission's primary objective is to protect and develop state and private forest lands to maximize timber potential for use, conservation, and recreational applications. These responsibilities include:

- Protecting individuals and property against forest fires.
- Giving professional forestry advice.
- Producing better strains of trees.
- Furnishing seedlings at cost.
- Providing utilization and marketing assistance where required.
- Cooperating with appropriate state and federal agencies such as Clemson University; Department of Parks, Recreation and Tourism; Wildlife Resources Department; Water Resources Commission; and the U. S. Department of Agriculture.

CURRENT PRACTICES
The Commission of Forestry was established in April 1927. This commission is comprised of the President of Clemson University and four appointed members which designates the State Forester. The forester is secretary to the commission and provides general leadership for the application sections which consist of four central regions and seven geographical districts. The central divisions are Administration, Forest Fire Control, Forest Management, and Information and Education.

Expenditures during fiscal 1971 were $4.55-million of which $3.31-million was state appropriations. For fiscal 1972, the commission's operating fund of $4.95-million includes $3.75-million from state appropriations. Revenue for credit to the general fund is approximately $269,700. Personnel requirements for fiscal 1972 are 592. This is an increase of 18 over 1970 and a decrease of 38 from 1971.
EVALUATION
The commission is performing within a broad interpretation of enabling legislation. All aspects of forestry are effectively covered and almost wholly financed by state funds even though most of the economic benefits are realized by forest landowners/lessors. A psychology of future forest products needs is used by the commission to justify expenditures on reforestation of approximately 5-million acres. These acres are primarily privately owned and reforestation as well as forest fire protection services are essentially paid by the state. Much duplication of facilities and personnel exists between several state agencies in areas of equipment maintenance, spare parts, supplies, and major equipment modification capability.

RECOMMENDATIONS
1. Initiate an agreement with forest landowners/leaseholders to provide the cost of reforestation, fire protection, and forest management be returned to the state through a fee on harvested forest products.

Costs of planting lands owned by individuals is too high for many to afford. Therefore, the commission is recommending that the state share financing of foresting these tracts. According to surveys, this forest expansion is necessary but should be supported by landowners who profit from services rendered and future development. Under the proposed agreement, the state could continue to provide the services, or expand them, and be paid when the forest lands are harvested. These services should become self-supporting and yield an annual income of $3.2-million. With this arrangement, the commission will be in a position to demonstrate that forestry products production can be profitable and need not be subsidized.

2. Combine the commission's equipment, maintenance, modification and equipment oriented facilities with the Highway Department's capability in each district and/or county.

Presently, the Commission of Forestry and the Highway Department maintain separate radio equipment, mobile equipment, and garage/maintenance facilities. A combination of equipment and garage/service accommodations will result in a reduction of duplication. Dual-service tractors, with forest fire control given priority, would save capital expenditures of $100,000. Combining facilities and service would save an additional $50,000. Total net annual savings of $150,000 should be attained.

Wildlife Resources Department

This department was created in 1952 and modified in 1969 with a seven-member governing board appointed by the Governor with advice of the Senate for six-year terms. Its objectives are to propagate, protect, conserve, and manage the state’s fish and game resources; provide adequate hunting, fishing, and trapping for citizens of the state; and make the state attractive to visitors.

CURRENT PRACTICES
The personnel and facilities providing general administration for the department are headquartered in Columbia. Included are the Fiscal and Business Management, Licenses and Permits, Planning and Grants, Legal, and Public Relations sections. Each provides staff support to the Divisions of Game and Freshwater Fish and Marine Resources.

South Carolina Wildlife, the official publication of the department, has grown in distribution and increased from a quarterly to a bimonthly. The magazine brings the concepts, programs, and informative material concerned with fish and wildlife to the reading public.

The Division of Game and Freshwater Fisheries, encompassing the Game and Freshwater Fish Management, Law Enforcement, and Boating sections, is the largest unit in terms of personnel and budget allocations. Administration consists of the director and his secretarial support to provide coordination to the operating sections. It employs professional personnel to carry out the many programs designed to provide maximum recreational opportunity from natural resources. These include, the 1-million acres of game management areas open for hunting, fishing, warm-water hatcheries, boating and fishing access, waterfowl hunting, and gathering of information. Management and expansion of the land-locked striped bass fishery in the Santee-Cooper Lakes is another division responsibility.

Law Enforcement utilizes about 165 conservation officers and two pilots to ensure conformance with
laws and regulations. These men also enforce the Marine and Boating Laws, search for missing persons, recover drownings, provide instruction in safe boating and use of firearms, and visit schools to provide educational programs. Enactment of tiling and registering of boats and motors by the 1971 General Assembly added greatly to this section's duties.

Activities of the Division of Marine Resources include management and leasing of shellfish bottoms and administration of commercial marine licenses and permits. Additionally, it evaluates proposed projects within the estuarine areas as they may affect natural resources, provides extension services to commercial fishermen, and develops procedures and programs for better utilization of resources. To further these causes, construction of a $3.5-million Marine Research Laboratory is underway.

As of September 17, 1971, it employed 297 full-time and 282 part-time or seasonal personnel. Expenditures in fiscal 1971 amounted to $5.37-million of which $1.09-million were state funds. About $3.5-million of revenue was generated within the commission and $780,800 in federal funds were received. Appropriations for fiscal 1972 are $6.13-million of which $988,000 is state funds.

EVALUATION

The seven-member policy board hampers overall performance. It gets too involved in day-to-day operations and makes requests for services which do not contribute to the achievement of objectives. Guided hunting trips performed by conservation officers and operation of the Belmont Hunting Preserve detract from the overall performance of personnel.

The department operates without a personnel section. Therefore, uniform treatment of individuals is lacking. Job descriptions have not been written which allows a variance in qualifications of job applicants. In addition, it is not self-supporting. However, with a few minor changes, it could become a no-cost operation to the taxpayers. Certain collected monies are turned over to local counties where the use of such funds is questionable with regard to its intended purpose.

RECOMMENDATIONS

1. Define responsibilities and functions of the seven-member policy board.

The agency currently operates as a policy-making board but is also directly involved in day-to-day operations. This creates disunity in that orders may come from a board member to a field man. The board members have two-way radio contact with the commission thereby making the employees much too accessible. This board should retain authority to promulgate rules and regulations pertaining to hunting and fishing. It should restrict activities to developing policy, leaving operations aspects to the Executive Director.

It is difficult to estimate the value of increased operating efficiency resulting from this change. However, there will be a small saving by removing the radios. These seven radios could be used as replacements in the department's vehicles and provide a cost avoidance of $5,000 on a one-time basis.

2. Discontinue use of conservation officers for conducting guided hunting and fishing tours.

The department is frequently asked to provide guides, boats, vehicles, and the like for entertainment of certain guests and visitors. This nonofficial service dilutes efforts of conservation officers towards their goals and objectives. Exact costs cannot be ascertained but a conservative annual saving of $50,000 is estimated.

3. Halt use of Belmont and other state properties as guest houses as well as hunting and fishing preserves on a no-charge basis.

Currently, a large portion of activities at Belmont and Eutawville are devoted to entertaining of state officials and their guests. Other facilities, on a small scale, are also used for this purpose. If these services are continued, a charge should be made to adequately defray operating costs. The charge should be sufficient to cover lodging, meals, and other items.

Accurate operating costs for the Belmont Plantation are unattainable. However, as an example, an estimated eight Belmont employees are kept busy operating the lodge and serving as waiters and performing other domestic functions. Savings in food, beverages, and other supplies should be significant. Implementation will provide a conservative saving of $100,000 annually.

4. Establish job descriptions and adhere to qualifications when hiring.

In the absence of job descriptions, there is little continuity in filling critical jobs within the department. Improvement in personnel selection and relocation of personnel based on expertise could be attained by a more professional approach. It is impractical to estimate potential departmental savings based on this change.
5. Sell one airplane and restrict use of aircraft to further the department's objective.
The department currently operates three aircraft while owning two of them. The third is leased to the state at a cost of $1 per year. Actual aircraft requirements to perform required duties could be covered by a single plane. However, if the department continues to use an airplane for $1 annually, it could effectively be used for back-up.
Reducing the fleet to one aircraft and the leased plane would eliminate a pilot at $16,000 annually and save $12,000 per year in operating costs. As a result of not trading a plane, there would be a one-time cost avoidance of $20,000 and sale of the other unit would provide a one-time income of $10,000.

6. Increase the subscription price of South Carolina Wildlife to $3 annually.
Six issues of this magazine are printed annually and 40,000 copies of each costs $66,000. Presently, there are approximately 20,000 subscribers at $1 per year. Schools, libraries, and other groups receive this magazine at no cost. By increasing the subscription fee to $3 and promoting its sale, more of the cost can be underwritten. Schools, libraries, and the like should continue to receive free issues.

7. Revise the tax on ammunition and control its collection.
Presently, there is a tax of $3.20 per 1,000 rounds of shells and cartridges above 22 caliber. Tax stamp issue, regulation, and collection is handled by the Tax Commission and turned over to the department in lump sums. There was a change of nearly 100% from one year to the next in the amount of revenue collected.
This revenue is destined for use in wildlife propagation and improvement of hunting for the benefit of those taxed. Due to the increase in the cost of all operations, a change in the amount to $5 per 1,000 rounds appears reasonable.
The tax stamps should be issued by Wildlife, numbered, and accounted for when turned over to the Tax Commission. Therefore, an audit could be performed when the tax is turned over to the department. It is difficult to calculate the increased income. A conservative estimate would be approximately $125,000 annually.

8. Redirect the income from the sale of nonresident fishing licenses and confiscated weapons from the county of entry to the Wildlife Resources Department.
Currently, the income from nonresident fishing licenses goes to the county in which the license is purchased and earmarked for propagation of its fish and game and enforcement of game laws. In some cases, these amounts are too small to be administered and there is some question as to eventual use.
The department has the means to channel this income where it can benefit a greater portion of the citizens of the affected counties. There would be no additional manpower and a simple bookkeeping system could be devised to allocate the monies based on income. As of August 31, 1971, a total of $523,000 was available in the different county treasury offices for this purpose. The amount collected annually averages approximately $90,000. Therefore, an immediate transfer of $523,000 and an annual income of $90,000 is possible.

9. Restructure the licenses and fees for hunting and fishing to provide additional income sufficient to offset cost.
Operating costs in fiscal 1971 amounted to $5.37-million of which $1.09-million was state funds. After consideration is given to previous recommendations, an estimated $655,000 in other funds would be required to put the department on a self-sustaining basis. By combining certain licenses and increasing fees, an additional annual income of $655,000 could be generated.

Pollution Control Authority

This agency was created by the General Assembly in 1950 and placed under the jurisdiction of the Board of Health. With changing economic conditions, the Pollution Control Authority was instituted as a separate and autonomous entity on July 1, 1971. It is charged to control pollution in air and water by all kinds of waste materials as well as regulate the deposit of solid wastes.

CURRENT PRACTICES
The staff consists of 94 office and field employees with 116 authorized positions. Its three operating
divisions are Water Pollution Control, Solid Waste Management, and Air Pollution Control.

Water Pollution Control, with its inspection, laboratory, special investigations, and engineering branches, polices all lakes, streams, and coastal waters for pollutants. Solid Waste Management, with its engineering and field operation branches, regulates municipal and industrial dumps and landfills. Air Pollution Control operates through engineering and technical, inspection and enforcement, and analytical and data branches. These divisions utilize the central office and laboratory as well as five district offices and labs. Expenditures of state funds for fiscal 1971 amounted to $788,000 and $288,000 in federal monies. Appropriations for fiscal 1972 are $849,000 in state and $401,000 in federal funds.

EVALUATION
The act creating this agency is not clear as to responsibility. There is much overlapping with the Board of Health, Wildlife Resources Department, and the Water Resources Commission. Little cooperation exists between agencies except at the top level where the executive directors are members of other commissions. Guidelines establishing responsibility for care and accountability of equipment, vehicles, and tools should be implemented. This agency is still having organizational and growth problems. Its manpower projection for the next five years is to double in size.

RECOMMENDATIONS
1. Clarify responsibilities of the authority.
Presently, at least two state agencies are duplicating work regarding pollution. The laws are not specific in content. This causes uncertainty, lack of coordination, and short-sighted planning. A clear line of responsibility should be drawn between functions of the Board of Health, Wildlife Resources, and the authority. Although reductions in manpower could be achieved by eliminating this overlapping, it is difficult to estimate the effect.

2. Establish an inventory system to assure accountability of property.
Losses of equipment and supplies are estimated at $7,500 annually because there is no method for accountability. By setting up a system of inventory whereby someone can be held responsible, a large part of the current losses could be prevented. At least 70% could be prevented by a firm system. This would save $5,000 annually.

3. Discontinue the use of gasoline credit cards.
Total mileage driven in agency-owned cars is estimated at 400,000 annually. Average annual gasoline, which is purchased at retail prices, amounts to 30,000 gallons. By purchasing fuel from the Highway Department, savings of at least $0.08 per gallon are possible. If 80% of the gasoline were secured at state facilities, annual savings would amount to $2,000.

Water Resources Commission

The commission's major goal is to formulate and establish a comprehensive water resources plan which will provide equitable distribution and use of water as well as long-range development of these resources. In addition, it is charged with overall water resources planning and policy making, reviewing and coordinating policies and activities among state departments, as well as federal programs involved with conservation activities.

CURRENT PRACTICES
The governing board of the commission is the South Carolina Water Resources Committee which is comprised of 10 members appointed by the Governor and eight ex officio members. Administrative functions, and direction of its programs are performed by an Executive Director and a staff of 13. The commission has four divisions: Administration, Engineering and Planning, Land and Water Management, and Geology and Hydrology.

Services and assignments vary to a considerable degree, some require participation on a national level, while others demand the commission to solve local water resource problems. Operating expenditures for fiscal 1971 amounted to $368,000 of which $256,000 were state funds. Appropriations for 1972 total approximately $558,000 of which $354,000 were state funds.

EVALUATION
The commission appears to have made an important contribution to the total water resource efforts in the
state. This department is struggling to achieve its defined objectives but is severely handicapped by the ineffective organizational structure of the state’s natural resources departments and commissions. While the commission attempts to correlate its efforts on water resource planning and task force studies, there is insufficient joint attention to common problems of the various agencies involved. Each operates practically independently of all others and this results in costly duplication of efforts. The internal organization is well supervised and, in general, has clearly defined short- and long-range objectives and goals.

RECOMMENDATIONS

1. Consolidate the Water Resources Commission, the Soil and Water Conservation Commission, and the Geology Division of the State Development Board into a proposed Department of Natural Resources and Conservation.

In the present organization, as depicted in the chart shown below, there is overlapping of responsibilities. Furthermore, at least three bureaus perform various functions related to control or supply of water. The Soil and Water Conservation Commission assists local soil and water conservation districts, watershed districts, and federal agencies in financing and operating conservation programs. The Geology Division of the State Development Board is involved with solid waste disposal, geologic hazards, land use recommendations, and water resources. The Water Resources Commission is responsible for overall state water resources planning and policy making. The proposed consolidation would centralize all administrative activities. They could work closer together since any action taken by one bureau will affect the other.

At present, these three agencies do not produce the required communication and cooperation necessary for efficiently conducted programs. Thus, they should be organized into functionally related bureaus in the proposed Department of Natural Resources and Conservation as depicted in the chart to the right. This would merge the Soil and Water Conservation Commission and the Water Resources Commission into a Natural Resources and Conservation Commission. It would reduce combined members of these commissions to 10 appointed and eight ex officio, thus eliminating five members for savings of $6,600.

### PRESENT ORGANIZATION
WATER RESOURCES COMMISSION

- **EXECUTIVE DIRECTOR**
  - **CHIEF ACCOUNTANT**
  - **INFORMATION SPECIALIST**
  - **ASSISTANT EXECUTIVE DIRECTOR**
    - **ENGINEERING ASSOCIATE**
    - **ENVIRONMENTAL BIOLOGIST**
    - **WATER RESOURCE SPECIALIST**
in travel expenses. Merger of the administrative and professional personnel of these two commissions as well as the Geology Division can result in elimination of duplication, improved effectiveness, and better cost control.

Adoption and implementation will permit a personnel reduction of five employees for annual savings of about $37,000. Additionally, reorganization would centralize all administrative activities including personnel. Costs for the three agencies for printing, supplies, office equipment, and rental of equipment amounts to $31,000 per year. Consolidation would eliminate duplicate printing and addressing equipment. This should reduce supplies and equipment costs by about 25% and result in annual savings of close to $7,400. Net annual savings of $51,000 should be anticipated.

2. Establish a policy as to who has responsibility for comments and replies related to plans or development of the state's water resources.

Agencies such as the Pollution Control Authority and Board of Health release their own reports and comments pertaining to water resources and conservation without consulting the commission. There is an inconsistency in the procedure which the agencies follow in making reports public. This brings about confusion and loss of effectiveness.

An Executive Order was issued by the Governor on February 7, 1969, establishing the State Water Resources Commission as the clearinghouse whereby separate interests could be negotiated and the views and responsibilities of agencies given consideration. Therefore, comments or replies should be made by this commission. Adoption will improve overall direction, efficiency, and public acceptance.

3. Develop and utilize automated data processing systems and techniques.

The commission has been manually handling vast amounts of reports on environmental studies, water quality, water navigation, land stabilization and use, geological information, siltation and sedimentation, permit applications and approvals, materials, and equipment. Additionally, it maintains records of these data. Access to the reports is limited to those in its proximity and familiar with preparation and whereabouts. Retrieval by anyone else is virtually impossible.

Utilization of modern computer facilities which are available within other state agencies would allow for faster access, single central file maintenance, and disposition of some storage area requirements. Also, duplication of reports would be virtually eliminated and be available to other state-related agencies.

Budget preparation and financial audit and analysis could be accomplished by a programmed data input preparation system with the computer performing all calculations and processing the necessary completed forms. Adoption will reduce storage space needs by 350 square feet for savings of close to $1,400. In addition, elimination of two positions will save $12,600. Net annual savings should amount to $14,000.
Soil and Water Conservation Commission

This commission was established in 1937. Its primary responsibilities are to:

- Establish specific soil and water conservation districts as subdivisions of the state.
- Assist local districts in an administrative capacity.
- Represent local districts at the state level.
- Provide direction and support service to operation of watershed development projects.
- Administer the state's Enabling Act.
- Coordinate areas of interest with other state and federal agencies.

CURRENT PRACTICES
The commission consists of five members, one from each of the state's conservation areas. They are appointed by the Governor for four-year terms on recommendations of the South Carolina Association of Soil and Water Conservation District Supervisors. Assistance is provided by an advisory committee of eight state and three federal officials associated with conservation. This committee employs the administrative and technical staff and appoints supervisors to the 45 soil and water conservation districts.

Duties and administrative functions of the commission are performed through its director and a staff of four employees. Watershed projects are not confined to county lines. A division coordinator provides liaison between state projects and the U. S. Department of Agriculture's Soil Conservation Service. Currently, applications for assistance from 55 locally organized watershed groups have been received and processed. All operating expenses are provided by the state. Expenditures for fiscal 1971 amounted to $292,000, and appropriations for 1972 are $312,000.

EVALUATION
The Soil and Water Conservation Commission Committee, the policy-making board, is well organized and highly capable. Contact with several state and federal groups is maintained. While communications and cooperation appear to be adequate, efforts should be made to improve these areas.

The Administrative Department is lacking in organization and efficiency. It should have its short- and long-range objectives more clearly defined and formu-ulated. There is very little use of facilities and equipment from other departments, due to lack of communications and limited knowledge of such equipment. Additionally, no computer programs are utilized for record retention, budget information, management, or planning and scheduling programs. Also, there is no formal departmental personnel policy to establish definitive guidelines pertaining to annual leave, sick leave, vacations, hours of work, lunch periods, overtime, and the like. This tends to create administrative problems.

The professional field men are knowledgeable regarding their areas of responsibility. They do an outstanding job in coordinating soil and water conservation district boards and working with U. S. Department of Agriculture's Soil Conservation Service. While the commission attempts to correlate its efforts on watershed and soil conservation planning, there is insufficient joint attention and coordination to common problems of the various agencies involved.

RECOMMENDATIONS
1. Merge this agency into the proposed Department of Natural Resources and Conservation.

A review of the commission's structure and function reveals consolidation of departments concerned with soil and water conservation and resources within functionally related disciplinary groupings can result in significant improvements in efficiency, effectiveness, and better cost controls. Such a merger will not adversely affect the overall scope of the commission. The savings generated are shown in the report on the Water Resources Commission.

2. Discontinue the state's operating fund payments to county soil conservation districts.

At present, $69,000 is allocated to the State Soil and Water Conservation Committee. This money is equally divided between each of the 45 districts for clerical and/or technical assistance to the district's program. The county wherein the district is located must appropriate no less than $300 from its funds for the same purpose. Affiliate memberships are sold at $25 in each district.

South Carolina furnishes a specialist to provide guidance to the districts. The U. S. Department of Agriculture has a Division of Soil Conservation Service to supply technical assistance. The state's operating fund payments should be assumed by local
county governments. Implementation will produce annual savings of $69,000.

3. Discontinue funds to expedite the statewide soil survey program.

The commission has, for the past several years, furnished funds to help speed up the soil survey program. Sums of $50,000 were budgeted in fiscal 1970, 1971, and 1972. Of these funds, $10,000 was allocated each year to the experiment station to furnish laboratory and correlation assistance and the remaining $40,000 to expedite the soil survey program. This program has participants from the Extension Service, Highway Department, Forest Service, and the State Soil Scientist’s staff. The effort being put forth by the different agencies, coupled with the fact this is a long-range plan not scheduled for completion until 1980, makes it impractical to spend monies to expedite the program. Implementation will produce annual savings of $40,000.

4. Reduce planning funds for district watershed projects.

Since the Watershed Act was passed in 1967, a total of 55 applications for projects have been processed. Of this number, 10 have been completed. Construction is underway in 11 of the 22 authorized projects, 13 have been approved for planning assistance, and 10 are unassisted. The direct cost to the state for planning over the past six years has been approximately $15,625 each for the 10 completed and 22 authorized projects. These funds are provided to benefit the state's total soil and water program related to flood and silt control and land management practices. Current review of some ponds and lakes indicate they are for recreational and personal use, although they do provide flood control. Compensation for planning is not justifiable since only 13 projects are approved for planning assistance. Reducing these funds by 50% will produce annual savings of $50,000.

Department of Parks, Recreation and Tourism

The prime objectives of this department are to provide recreational facilities and promote tourism. It also preserves and perpetuates areas of historic significance, natural facilities, and resources through owning, recognizing, marking, as well as publicizing sites, buildings, and landmarks.

CURRENT PRACTICES

This department is governed by a 12-member commission of which seven are appointed by the Governor with consent of the Senate for terms of four years. The others are heads of departments or agencies. In addition to a director and four employees, there are four operating divisions.

Planning and Development with nine full-time employees, is developing a 15-year recreation plan which includes objectives, resources review, recreation standards, and recreation needs for the state. State Parks and Recreation with 340 full-time employees, operates 28 state parks, five historic sites, and three museums. Travel and Tourism operates the welcome centers and is responsible for public relations, advertising, promotion, information, education, and beautification to encourage tourism in the state. It has 84 full-time employees. Administration and Personnel hires and trains personnel, and accounts for funds with 19 full-time employees.

Expenditures for fiscal 1971 amounted to $4.61-million of which $827,000 were revenues generated from operations. The appropriation for fiscal 1972 is $2.91-million while income from operations is expected to be $1.2-million.

EVALUATION

While the department appears to be well organized, it is handicapped by many problems from the recently added responsibility for the Tricentennial Exposition Parks and the amphitheatre at the Sesquicentennial Park. The department is restricted because any project over $10,000 must be put out for competitive bids.

Projections for property requirements and long-range recreational needs can be made very accurately. However, there is no mechanism through which to purchase needed holdings. Currently, when an acquisition is made, pressure is usually brought for immediate development while professional opinion may suggest delay.

RECOMMENDATIONS

1. Raise contracting requirements to $25,000 for individual projects.

The department is required by statute to contract any job that exceeds $10,000. If this limit were
raised to $25,000, many additional projects could be handled within the department and this change would require little, if any, additional administration. Using an estimated amount of 25%, the annual savings would be $57,000.

2. Reduce secretarial and clerical positions.
The secretarial and clerical positions appear excessive for current work loads. Through proper work distribution, the staff of 22 could be reduced by three employees for an annual saving of $15,000.

3. Create a fund for land acquisition.
Land requirements for recreational purposes in the state have been projected over a long-range period. Funding, however, is by general obligation bonds as approved by the Legislature. These bonds are usually very specific as to purchase and development. Due to increasing land values there exist certain long-range needs where the property could be purchased in advance of development need at considerable savings to the state. Also, there are short-term programs that occasionally occur whereby state matching funds are required on short notice to take advantage of federal funds.

By creating a fund that would make money immediately available, upon approval of the Budget and Control Board, the department could take advantage of land acquisition offers and special federal programs.

It is estimated that a source of revenue to perpetuate such a fund would be needed that would generate at least $1-million annually. A specific recommendation as to how this fund would be financed is not made. However, approaches used with success in other states include:

- A portion of the total cigarette tax dedicated to this use.
- The revenue from watercraft gasoline tax.
- A portion of or an addition to the real estate transfer tax.

By creating this fund, estimated annual savings of $100,000 could be realized.

4. Set up a numbering system for warehouse items, parks, and park buildings.
Many items inventoried in a central warehouse in Columbia are used or sold in the parks or other outlets. Each facility requisitions items by line descriptions. A numeric part identification system, using the Highway Department's standard coding, should be initiated for supply items. All groups then would order by number and not by description. In a like manner, all parks and other facilities should be given a numeric identification and each building within that facility a subdesignation. For example, Santee State Park could become #22 and each building coded 22-1, 22-2, and so on.

By using these codes, records of usages and trends could be developed for future planning purposes. These systems could later be adapted to automatic processing and inventory control as growth may dictate. Savings cannot be determined at this time.

5. Reduce purchases to annual requirements or less, unless savings exceed carrying costs.
Bulk buying of close-out type items is currently practiced. In the future, an economic evaluation should be made. If savings of at least 18% per year for anything beyond one year's supply are not evident, the purchase should be reduced to a one-year requirement. Savings cannot be documented.

6. Develop a plan for making the Piedmont Expo Park self-sustaining or dispose of the project.
Substantial state funds have been provided for this project but many problems are not resolved. Working with local representatives, plans should be developed to make it self-sustaining. Consideration should not be restricted to activities involving tourism. Educational, civic, or commercial uses should be appraised. In the event proper utilization cannot be devised, steps for disposal should be taken.

7. Reduce the number of parks being developed at any one time.
The department has permanent improvements under way at 26 parks in addition to five other projects representing $8.1-million. Seven are less than 50% in progress, 13 are almost 75% complete, and three are more than 90% finished. In many cases, revenue is lost because money is tied up in planning or construction. Therefore, caution should be exercised in proceeding too rapidly with planned department projects. No savings are claimed.

8. Increase the adult swimming fee from $0.50 to $.1.
Costs of operating swimming pools in the state parks are approximately $175,000 annually with an income from fees of $75,000. Profits from operating snack bars and other concessions amount to about $90,000 per year. Thus, combined operations show a net loss of $10,000.

While the fee for children is only $.25, the overall objective of providing recreational facilities could
adversely be affected by any increase for children. By raising the adult fee, an annual income of $10,000 would be attained.

9. Transfer the Recreation Commission to the Department of Parks, Recreation and Tourism.
As stated in the report on the Recreation Commission, there is justification for combining these groups. While this will increase expenditures in the department, there will be a reduction in total operating costs.

Total savings of $47,000 are shown in the Recreation Commission report. Therefore, an additional cost will be shown here. By making this consolidation, a professional position can be eliminated for annual savings of $12,000, one part-time clerk can be phased-out for savings of $1,800, rent of $3,400 can be saved, and commission travel and expense can be reduced by $600. Additionally, duplicate travel, supplies, equipment, and combined printing could save about $2,200 annually. Savings, therefore, total $20,000 so a net annual cost increase of $27,000 is indicated.

10. Move administrative functions and duties of the Confederate Relic Room and Museum to this department.
As stated in the study of the Confederate Relic Room and Museum, all of its administrative functions and duties should be absorbed by the Department of Parks, Recreation and Tourism. It could assume this responsibility and provide proper direction to this operation. Coordination should be maintained with the Department of Archives and History. Implementation will require additional operating funds of approximately $25,000 annually.

11. Dispose of Midlands Expo Park.
Operations of this park currently costs approximately $75,000 over and above revenue received. There appears to be no real potential in keeping it open. Unless the Legislature recommends this site be used for another purpose and specific funding is made available, the department should be allowed to negotiate turning the project over to a local agency of government for use as a house museum. Savings would amount to $75,000 annually.

12. Develop a program to use the amphitheater originally built for the Liberty Tree.
Since the Liberty Tree failed, there has been little revenue-generating activity in the amphitheater. Charges for maintaining the facility cannot easily be separated from costs of operating the Sesquicentennial Park. However, there is an expense that should be offset. With its location contiguous with the park, it is not feasible to abandon the property. Therefore, a paying use of the facility should be developed.

Educational, cultural, or entertainment attractions could be booked into the amphitheater for a minimum of 15 weeks per year at little risk. Assuming a modest profit of $1,000 per function, at least $15,000 of operating and maintenance cost would be saved annually.

Recreation Commission

This commission of 11 members was established by the Legislature in May 1966. There is also a 17-member Advisory Council which meets annually with the commission. It is charged with assisting and aiding local groups, municipalities, counties, and political subdivisions in establishing recreational facilities and programs.

CURRENT PRACTICES
The Recreation Commission employs a director, an assistant director, a secretary, and a part-time clerk typist. Since the work of this group is primarily consultive, there is no division of responsibilities between the director and his assistant. All costs are borne by state appropriations without benefit of federal funds or generated revenue. Expenditures in fiscal 1971 amounted to $45,000 while the appropriation for 1972 is $47,000.

EVALUATION
Operations of this commission are carried out by a small group of professionals. Much is accomplished on a modest budget. Even though the physical location of this group is adjacent to the Department of Parks, Recreation and Tourism, full coordination between agencies is not achieved. This is particularly true in the handling of federal funds for recreational purposes.
RECOMMENDATION

1. Dissolve the commission and transfer its administrative functions to the Department of Parks, Recreation and Tourism.

The services provided by this commission are important to the areas served. However, there is some overlapping with Parks, Recreation and Tourism. The existing framework of this department would easily allow addition of the commission's responsibilities. No loss in service would occur by this combination. The total operating costs of $47,000 are shown as annual savings.

Highway Department

The Highway Department is an administrative agency responsible for the systematic planning, construction, maintenance, and operation of the highway system. Additionally, it regulates traffic therewith; enforces traffic, driver, and motor vehicle laws; and performs other duties delegated by law.

CURRENT PRACTICES

The department is governed by a board of 16 commissioners elected for four-year terms by the State Legislature. These commissioners elect the Chief Highway Commissioner, the State Highway Engineer, and the Secretary Treasurer. It has a conventional line-staff organization consisting of a central staff plus the Motor Vehicle, Highway Patrol, and Engineering Divisions. Expenses for fiscal 1971 are shown in the table to the right.

At the close of fiscal 1971, the Law Enforcement Division had 759 employees; the Motor Vehicle Division 530; executive, administration and department services 309; and the Engineering Division 5,365 for a total of 6,963. Income to the department was close to $158.53-million.

As an aid to administration, each of the operating divisions is broken into seven geographical districts to cover the state. The department has grown at a steady rate in recent years and is commensurate with the increase in miles of roads built, maintained, and used.

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**PRESENT ORGANIZATION HIGHWAY DEPARTMENT**

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**DEPARTMENTAL EXPENSES**

<table>
<thead>
<tr>
<th>Division</th>
<th>Amount</th>
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<tr>
<td>Law Enforcement Division</td>
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<tr>
<td>Motor Vehicle Division</td>
<td>4.68-Million</td>
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<tr>
<td>Administration and Engineering</td>
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<tr>
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<tr>
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<td><strong>$161.85-Million</strong></td>
</tr>
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120
EVALUATION
This department is recognized as one of the best in the country. The leadership is excellent, but is handicapped by its organization. As depicted by the organization chart on page 120, there are nine division heads, or people of corresponding positions, reporting to the Chief Highway Commissioner. Top personnel in the department are predominantly engineering graduates of the 20's and 30's who have come up through the ranks of an apprentice-type system. Since World War II, there has not been an influx of college graduates willing to accept this relatively slow method of promotion.

RECOMMENDATION
1. Restructure the Highway Department into four divisions, creating an administrative division of equal status with engineering, law enforcement, and motor vehicle registration.

Due to excessive numbers of people reporting to the Chief Highway Commissioner and Chief Highway Engineer, there is lack of orderly development of authority and responsibility through the organization. Further, the department is not structured for orderly and progressive steps in job advancement.

The organization should be changed to provide for better advancement opportunities. Good management would indicate a pyramiding of positions to reduce the number of groups reporting to any one authority. A suggested organizational chart, shown above, illustrates this principal. It is recommended that groupings be related to functional activities of the groups involved. The principal benefit will be the continuation of good leadership and management capabilities at all levels.

Administration
The Administrative sections assist the Chief Highway Commissioner in executing their assigned duties and responsibilities. Basic functions are performed by the Personnel, Traffic Safety, Finance and Control, Public Relations, Procurement, and Supply and Equipment Divisions. All are directly responsible to the office of the Chief Highway Commissioner.

CURRENT PRACTICES
Administrative functions of this agency are performed by six sections. The Division of Personnel operates with a director and his assistants with an office of Occupational Safety and a Medical Service office, each with a coordinator accountable to the director.

The office of Traffic Safety Coordinator was created to comply with the federal Highway Safety Act of 1966 and is responsible for development of safety projects and applying for federal funds to implement these programs.

Finance and Control is under the supervision of the Secretary Treasurer. It is responsible for administration of data processing, general accounting, damage
claims and budgets, duplicating, dissemination of mails, and internal audits.

Public Relations consists of a director, his assistants, and various informational assistants. Procurement, with its director, his assistants, and buyers, is responsible for purchase and acquisition of equipment, supplies, and machinery needed by the department. Supply and Equipment handles storage and maintenance of vehicles, radio and communication units, equipment, and merchandise required for departmental functions.

EVALUATION

The divisions and sections performing administrative functions for the department cooperate and generally perform their assigned duties. While structured to report to the Chief Highway Commissioner, there is limited coordination under the direction of the Secretary Treasurer, who heads the Finance and Control Division. Administrative functions should be organized as a division of the Highway Department (similar to the Law Enforcement Division, Motor Vehicle Division, and Engineering Division) with its chief officer reporting to the Chief Highway Commissioner.

There is duplication of some activities that can be corrected through reorganization. Additionally, there are inefficiencies in the Data Processing section and inadequate controls on purchasing techniques, supply management, and inventories. The public relations activity seems to be overstuffed for dissemination of information to the news media and public.

RECOMMENDATIONS

2. Install a new accounting system that provides cost information details needed by the first level of supervision.

The present accounting system is primarily based on techniques that are practical with manual bookkeeping. It does not fully utilize the power of high speed calculations in a computer. Also, the system is on a cash basis rather than accrual. Therefore, costs of long-term investments are difficult to ascertain.

A new accounting system should be installed which will allow detailed costs to be made available. This detail is needed to give the first level of supervision information required to measure their performance. The new accounting system should incorporate the following concepts:

- Breakdowns for labor, materials and supplies, controllable burdens, overhead for building depreciation, and interest on bonds.

- Identification of expenditures for roads within districts and various headquarters offices.

- Allocations for the type of work performed such as mowing, ditches, surface repair in maintenance, vehicle registration, driver licensing, and license examining in the Motor Vehicle Division.

- More extensive codes must be used against which charges are made.

- Wherever possible, the costs should be broken down to a unit basis such as dollars per mile of road. This will facilitate comparing charges of one district or function to another.

- The accounting system must be designed to facilitate the entry of data and use of this information by the computer.

To accomplish this, practically every aspect of the accounting system will have to be revamped. This can be done in segments. However, a timetable should be set up to establish goals for the execution of each. The entire job should be completed within three years. No savings are claimed for implementation of this recommendation. Without the data such a new accounting system will supply, many of the other recommendations for the Highway Department will be difficult or impossible to achieve. The estimated one-time cost to develop and implement this system is $40,000.

3. Reduce number of keypunch operators.

At present, about 100 keypunch personnel are used to prepare data for the Motor Vehicle, Accounting, Engineering, and Safety Divisions. Their average speed is about 6,500 characters per hour and it should average 10,500. To obtain improved efficiency, steps should be taken to:

- Reduce the high labor turnover. This job involves tedium and exhausting concentration which can be alleviated by rotation to different types of punching, verification and sorting jobs. Advancement opportunities are also needed as an incentive.

- Use new keypunch equipment such as tape units. This should be implemented as soon as possible.

- Set performance standards. Personnel who are not able to reach the qualified level should be dismissed.

- Use more scheduled training. Some training can be done during slack periods.
8. Reduce inventory at the supply depot.
Currently, the inventory consists of 1,740 items with an average monthly value of $532,000. However, disbursements are in the $170,000 per month range and the average value of items is $148,000. To alleviate this condition, suppliers should be required to maintain a minimum 30-day supply of the items awarded. At present, excessive quantities are requisitioned for delivery at one time to allow 30 days for the requisition to become a purchase order, and 30 days for delivery. Internal studies should reveal the possibility of direct delivery to garages to further reduce inventory and eliminate handling costs, control, and accounting. Further, there are no apparent reasons why lubricants, with an average value of $1,300 a month, could not be delivered to the warehouse in a matter of hours. Also, about 40% of the annual 18,000 gallon antifreeze disbursement occurs during two fall months. Bulk purchase, plus direct delivery, should result in a reduction of at least $0.15 per gallon.

Implementation would require reduction of the tire inventory by 75%, lowering the lube inventory by 50%, purchasing antifreeze in bulk, and curtailing acquisitions of other supplies. Reducing purchase costs by about $139,000, which could be invested, would save close to $10,000 annually. Also, the operating force of 26 employees could be reduced by two to save $9,000 per year. Thus, net annual savings of $19,000 should be attained.

9. Eliminate distribution to other agencies when delivery can be secured from a supplier of Central Purchasing.
The supply depot distributes goods valued at about $300,000 annually to agencies other than the Highway Department. This is a great convenience to the users. These items should be handled through Central Purchasing to be grouped with other similar needs in the interest of volume buying and lowest use-costs. Implementation will phase out one warehouseman and result in annual savings of at least $5,000.

10. Change procurement practices in the field.
There are seven engineering districts consisting of five to eight counties. The 48 garages pick up emergency-styled items locally, and forward a purchase order supported by sales slips to Central Purchasing which verifies prices, and passes the bundle along. The purchase order could be eliminated.
Sales slips could be stamped approved for payment by field supervision and sent to the Treasurer. Thus,
purchasing would be relieved of handling 21,000 orders annually which have an average value of less than $100. Checking should be performed by purchasing on sales slips with three to five items. The force would be reduced by one buyer and by one typist-clerk to achieve a cost reduction of $21,000. These savings are reflected in the report on Central Purchasing.

11. Investigate purchase versus rental of computer equipment to reduce costs.

When the computer system was installed, it was not known if the configuration was appropriate. Therefore, a lease arrangement was made. With several years experience, it is possible to identify those items which will be used for a period of three to five years. Because the state is able to borrow money at a lower interest rate, it would be less expensive for it to purchase such long-use equipment. Exact items for purchase should be identified by the Data Processing Manager.

Since the original equipment was installed, new types of equipment have become available and should be evaluated. A complete review and projection of equipment needs should be done annually. Savings to be realized from new equipment and purchasing versus leasing are conservatively estimated at $20,000 per year.

12. Discontinue the purchase of eight-cylinder engines, air conditioning, power brakes, and power steering on utility vehicles.

Dealers costs for these options amount to $525 per car. Only $225 is recoverable after four years' use. In addition, a 10% increase is experienced in operating costs because of the extras. At current prices, there would be a savings of almost $26,000 annually by dropping these options. This would be in addition to a reduction of about $31,000 in operating costs. The total yearly savings would be $57,000.

13. Establish a policy to require the use of recapped tires on all departmental trucks.

Despite claims that recapped tires are being used, very few were on hand during an inspection of the supply depot. All tire carcasses are returned to the depot and sold for scrap or to recappers. The state owns approximately 500 light trucks. Taking a popular size H78-15 tire for comparison, a new tire costs $14.40 and the charge for recapping is approximately $6. Using one change per year, per truck, and assuming 25% of the tires are not recyclable, savings to the state would amount to about $12,600.

There are approximately 1,800 dual rear-wheel trucks. Using the 8.25X20 size, for example, the cost per new tire is $37 versus the recap price of $12.75. One change annually per truck, assuming 25% scrap, would amount to 8,100 tires and provide savings of about $209,000. Even if 25% of this amount were offset by salvage realized by present procedures, a saving of approximately $157,000 per year could be made.

Motor Vehicle Division

This division is responsible for the licensing and registration of vehicles, drivers' licenses, motor vehicle inspection, and administration of programs related to the regulation of drivers and motor vehicles operating on the state's highways. Activities include examining applicants for drivers' licenses, administering the Safety (Financial) Responsibility Law, the Uninsured Motorist Act, the Vehicle Inspection Law, and the Motor Vehicle Title Act.

CURRENT PRACTICES

At present, the department staff totals 519 as compared to 534 in 1970. Registrations in 1970 rose 4.9% to a level of 1.35-million. This compares to a 1969 increase of 4.2% from the 1968 level of 1.23-million. During the fiscal year ending June 30, 1970, the division issued 254,590 driver licenses of which 96,196 were new ones. This was an increase of 8% over the previous year. In all other sections, the trend in volume falls into the range of a 4% to 6% increase each year.

EVALUATION

The division performs its duties in a timely and accurate manner. Over the past three years, it has absorbed annual volume increases of from 5% to 7% while, at the same time, reducing the staff level. This has been accomplished primarily through the automation of several systems and introduction of more efficient filing procedures.

At present, additional automation is being considered. However, past experience indicates that changes — whether in automated systems or clerical routines — take an inordinate amount of time.

RECOMMENDATIONS

14. Eliminate the title check at the Highway Department's headquarters in Columbia.

At present, the Title section in Columbia receives requests for titles from 57 reporting windows located throughout the state. The paperwork is pro-
cessed through eight title examiners to ensure accuracy. The requests found to be incomplete are disapproved. Disapproved titles are given to a typist who sends out form letters requesting additional information. When the information is received, the request is reexamined.

There are 14 people involved in this process and all of them could be eliminated if the requests were correct when received. Therefore, the clerks at the reporting windows should be trained to ensure that sufficient information is received from the public. Implementation will expedite the processing of titles and create a better public image for the department. The annual savings in salary and mailing costs should be approximately $89,000.

15. Increase title fees on original titles from $0.50 to $1.

The cost of the clerical work involved in processing titles in the Highway Department is approximately $0.50 per title. In addition, the department must cover the cost of reproducing, handling, and mailing these titles as well as the expense of staffing reporting windows throughout the state. These expenses total approximately $0.90 per title. By increasing the fee charged to $1, the department will gain additional annual revenues of about $275,000.

16. Establish uniform registration fees of $10 per year for passenger vehicles and trucks in classes A through H.

At present, the motor vehicle registration and safety fee averages $7. The fee structure has been unchanged since 1936. To bring South Carolina into line with fees charged in other states, it is recommended that a single charge of $10 be made to cover registration and safety costs. Based on 1.5-million registrations, the anticipated additional income would be $4.5-million per year. A single rate for vehicles in classes A through H would provide savings of $24,000 annually by eliminating four people.

17. Issue a single motor vehicle license plate good for five years or longer with renewal decals issued in each of the intervening years.

At present, two plates per year are issued at a cost of $0.35 per set. Total distribution is approximately 1.5-million sets per year at a cost to the state of $5,000. Permanent plates would cost about $0.30 each and the renewal decals would be about $0.04. The decals could be issued monthly, based on the last digit of the license plate number. During a period of five years, the present system costs the state $2.5-million. Over the same period, the proposed system would cost only $695,000. Implementation would result in an average annual saving of about $361,000.

18. Initiate a fee of $2 for providing driver's license examinations.

The Highway Department charges $2 for regular driver's licenses as well as for renewals or duplicates of these licenses. A fee of $1 is charged for learner's permits and permit renewals. These fees are adequate to cover the administrative costs involved. However, the license examination function has no fee to offset the costs involved. Approximately 350,000 examinations are given each year by the 78 people assigned to this activity. If a $2 fee were charged for each test, this activity would also become self-supporting. The additional annual income from an estimated 300,000 examinations would be $600,000.

Law Enforcement Division

This division enforces traffic, motor vehicle, driver's license, and weight laws as well as aiding in other law enforcement activities. It consists of the Highway Patrol plus administrative and auxiliary personnel such as radio operators and clerks. The division's most important management objective is reduction of traffic accidents.

CURRENT PRACTICES

The division is organized into seven geographical districts plus a headquarters with clear lines of responsibility in each area. To achieve its primary objective of highway safety, it works closely with the Engineering Division to gauge the effect of road construction on safety and with the Motor Vehicle Division in the areas of vehicle inspection, license examinations, and driver education. Liaison among the divisions is aided by the Traffic Safety Coordinator who, along with the heads of the divisions, reports to the Highway Commissioner.

Division expenditures in fiscal 1971 amounted to $9.31-million. Traffic increased 7.3% from 1969 to 1970 while patrol costs rose 15.8%. The increase is attributed to the effort needed to reduce accidents. Division personnel totaled 759 of which 579 are classed as active patrolmen.

EVALUATION

Personnel appear to have good job knowledge, augmented by a school for new patrolmen and special classes for advanced training. Morale is good as indicated by a turnover of less than 7% and an
absentee rate of under 2%. Responsibilities are clearly defined and well understood throughout the division. The majority of the employees are engaged in active law enforcement.

The division’s primary objective—reducing highway accidents—has not been adequately achieved. The amount of money being spent to attain this goal should permit the state to reach an accident rate at least as good as the national average. However, the death rate per 100-million miles since 1966 shows an average of 6.7 while the national average is 5.3.

RECOMMENDATIONS

19. Discontinue the use of premium grade gasoline in patrol cars.

The patrol cars now in use have engines which require premium gasoline. In the future, cars using regular gasoline should be purchased as an aid in fighting air pollution as well as for economy reasons. Based on 840 cars with an average mileage of 36,000 miles, using regular grade gasoline would provide an annual saving of $20,000.

20. Consolidate the part-time jobs at the district offices.

At each district office, work is performed by the Law Enforcement, Engineering, and Motor Vehicle Divisions. There is good cooperation between the divisions and an attempt is made to fully utilize each employee. However, overstaffing does exist to some extent because of month-end reports, peak periods for license sales and rush hours, and extra radio operators. By staggering the due dates on the reports and cross-training personnel for two or more jobs, it should be possible to eliminate one person at each of the seven district offices. The annual saving in salaries will be $35,000.

21. Establish specific objectives for a systematic reduction in the accident rate with a short-range goal of equaling the national average.

The Law Enforcement Division does not have a definite plan for reducing the state’s accident rate which is one of the highest in the country. Although the need to reduce the number of accidents is well-recognized throughout the division, no immediate, short-range or long-range standards have been established. Such goals should be set and used to measure the progress made in lowering the accident rate. They should be high enough to challenge the capability of the Highway Patrol without discouraging continuation of its best efforts.

Annual goals should be set for geographical areas, types of traffic, and special conditions as well as for the state as a whole. Measurement should be in terms of accident, injury, and death rates plus the enforcement index and any other yardsticks which seem feasible for determining results. A management by objective approach should result in a well-publicized set of objectives to be taken as a personal responsibility by every member of the division.

22. Increase the use of the enforcement index.

There does not appear to be a sufficient awareness within the Highway Patrol of the correlation between the enforcement index and the number of accidents which occur. Using the index—arrived at by dividing the number of convictions by the sum of the number of injury accidents and fatal accidents—to measure the effectiveness of patrols on a state, district, and county basis can be effected without initiating a policy of arrest quotas for patrolmen. Examination of current index results shows a wide variation from period to period and from area to area. Records of individual patrolmen show an even greater variation. More stringent enforcement, using the enforcement index, should help reduce the state’s accident rate.

23. Accumulate and analyze accident data more effectively.

To make more effective use of patrol capability and achieve a reduction in the accident rate, data on accidents must be collected and analyzed. Three aspects of the current system need particular attention:

- The Highway Inventory and Characteristics File computer program is scheduled for completion by 1973. Installation of this program should be moved forward since it will provide better data on accident rates, geographical locations, types of road, and other conditions.

- There is a marked tendency to use only routinely generated reports and statistics. While helpful, they merely provide a picture of past history. Studies are needed to pinpoint specific areas such as the use of operations research concepts and regression analysis to measure the quantitative effect of various patrol efforts. Planned experiments should be made to indicate the effectiveness of various enforcement techniques—road checks, radar, saturation patrol, safety education, and the like.

- Data must be compiled and reported on a uniform basis to permit valid comparisons. On a national level, this is done for fatalities as deaths per 100-million miles of vehicular traffic. Present state statistics are not provided on a uniform basis and cannot be used effectively to
24. Adopt the use of linear programming as an aid in scheduling patrolmen.

Scheduling is now based on personal judgment, taking into consideration such factors as past history of accidents, traffic volume, and type of road. Considering the complexity of factors, a creditable job is being done. However, a computer technique for scheduling, now used in industry, shows considerable promise as a scheduling aid.

Experience in a variety of situations reveals that linear programming can result in a 5% to 20% improvement in use of resources. It can be used on both a statewide and countywide basis. The program results in a suggested schedule which can be modified on a local basis to take new conditions into consideration. Computer programs for this technique are available as well as assistance in setting up the system and training personnel to use the reports.

A minimum improvement of 5% should result. Based on an annual expenditure of $8-million, implementation would provide yearly savings of $400,000.

Engineering Division

It is the function of this division to design, locate, construct, and maintain facilities as required to satisfy the state's transportation needs. There are three closely coordinated systems, namely, interstate with 465 miles; primary system with 9,150 miles and secondary system with 26,487 miles of roads.

CURRENT PRACTICES

The Engineering Division is headed by the State Highway Engineer who has reporting to him a deputy and 19 functional heads. In fiscal 1970, the division had a total appropriation of $110-million of which $80-million was state funds and $30-million represented federal aid. It disbursed $76-million on construction, $32-million for maintenance, and $2-million for planning and miscellaneous items.

EVALUATION

The division is cramped by an antiquated organizational structure. This promotes undermanagement at the staff level and fosters a high degree of autonomy at the district level. Economic concepts of dollar control are those of 35 years ago giving the state one of the lowest dollar-per-mile-systems on the east coast. Maintenance costs are low but lack of mechan-
ization and modernization is driving them upward. For example, secondary road construction increased from $16,000 per mile to $24,000 in district #7 between 1966 and 1970. Inability to match pay rates in industrialized areas hampers the procurement of qualified employees in both hourly paid and salaried brackets.

The lack of a consistent statewide inventory control is costly. They are too high in certain areas and obsolete parts are not promptly removed for credit or use in other districts having a demand for them. The most critical need is for positive action on its realization that a shortage of engineers in the middle-age bracket promises to be detrimental in the near future.

RECOMMENDATIONS

25. Restructure the chain of command in the Engineering Division.

Currently, 19 officers, as illustrated in the chart on page 127, report to the Chief Highway Engineer through his deputy. Additionally, he must find time to work with several standing committees, members of county delegations, and other state officials. The present setup makes it impossible for him to accomplish his primary functions of planning and supervising. Therefore, subordinates having direct access to him should be drastically reduced by 80%. This reorganization will develop replacement leadership and permit the chief to use his time more effectively. The organization chart shown below typifies the idea embodied in this recommendation. His five assistants should administer their respective assignments and report to the highway engineer to inform, coordinate, or seek counsel as needed.

26. Reduce the length of time that documents are stored.

Reasonable guidelines must be established regarding what records need to be kept, the length of time they should be stored, and how the files are reviewed. Some records may be 50 years old and relatively little microfilming is done. A considerable number of these records can be destroyed. By reducing the volume of records stored, decreased manpower is used in handling and filing. Less time is consumed in retrieving records from storage. When implemented, annual savings of approximately $2,000 should be obtained.

27. Accelerate adoption of new techniques and materials.

The limited size of the Highway Department makes it undesirable to pioneer in the use of the new machines, materials, and techniques being developed by the construction industry. By the same token, the department must quickly alter specifications to permit such innovations as soon as possible after they have been proven elsewhere. The concept of management by objective is needed to expedite new techniques by preparing an annual tabulation of possible skills with an estimated date of completion of evaluation. Since no specific items are pinpointed, potential savings are not claimed.

28. Minimize the cost of materials through direct purchasing and/or providing assistance to contractors in securing lowest possible prices.

At present, most contracts for roads and bridges call for the contractors to furnish materials. For a number of items such as pipe, asphalt, and crushed rock, the bids received by the contractors are uniform. To help
the contractors obtain their materials cheaper, several techniques can be used:

- The state can purchase certain materials for the contractor to use.
- The state can encourage use of favored-nation clauses which call on the supplier to sell at a price which is not higher than what they sell to anyone else.
- The state can conduct work shop seminars that are open to all contractors in which a review is made of prices the state and contractors pay for selected items.

The value of the materials used is about half of the value of the contracts. A savings on the materials of at least 1% should be achieved from these techniques. Annual savings of $425,000 are based on construction awards of $85-million for roads and bridges during fiscal 1971.

29. Speed up payments to contractors.

At present, contractors wait about five months to be paid approximately 15% of the value of the contract. This delay could be cut to one month. The time lag costs the state money since the value of the interest to the contractor is about 10%, but only 5% to the state. The proposed speed-up can be accomplished by faster inspection and processing of contractors' invoices. Another means of hastening payments would be to include a specific item for mobilization and setup costs in the contract. Annual savings are estimated at $212,000.

30. Consolidate functions of the equal opportunity supervisor and federal aid engineer.

The job of equal opportunity supervisor was created to ensure that contractors live up to clauses requiring adherence to the federal Civil Rights Law. By July 1972, reporting and control for this function can be performed on a routine basis. When this position is eliminated, his duties can be handled by the resident engineer who should have the contractor report back through the federal aid engineer in the current manner.

A commendable job has been done by the federal aid engineer in standardizing procedures, using standard forms, and training personnel which has reduced the need for clerical personnel. An on-site survey was made regarding volumes and times indicating a staff of six people can handle the work load whereas nine clerks are now being used. Implementation of this suggestion will provide a potential annual saving of $25,000.

31. Limit the speed of heavily loaded vehicles on secondary roads.

Weights and speeds of trucks used to haul fertilizer, timber, and crushed rock have increased in recent years. Today, they exceed the capacity of many secondary roads which causes excessive maintenance costs. In fiscal 1970, such maintenance amounted to more than $3.7-million. If the speed of those heavily loaded trucks could be restricted, maintenance could be reduced by 10% to 25%. Therefore, posting and enforcing speed limits for trucks transporting heavy loads on certain secondary roads could save approximately $400,000 per year.

Future studies can reveal which secondary roads are most used by such trucks and, where justified, they can be resurfaced to withstand the heavier loads. However, the only practical solution to excessive maintenance costs is lower speed limits.

32. Reduce cost of right-of-way acquisitions by using a unit-cost accounting technique.

During fiscal 1970, the value of purchased right-of-way was $6.3-million and about $3.7-million for rights. The cost of acquisition was $754,000.

It is desirable to keep records on unit costs and acreage acquired each year. They would show the number of acres and the cost per acre of categories such as donated, rural, semideveloped, and urban. Such cost data provides a benchmark that allow better decisions to be reached. Savings of 5% to 10% may be achieved. Using the lower figure, annual savings of $315,000 are realistic.

33. Acquire long-term options for rights-of-way where future roads may be needed.

Road planning must often be done for several years in the future. With judicious planning, it should be possible to acquire needed options at modest amounts. Early acquisition of rights-of-way will help ensure the proposed highway location will be used since it will encourage real estate development. A saving of 3% per year could be realized by such long-term purchases or options. The estimated annual saving would total $24,000.

34. Increase use of electronic data processing and photogrammetry in planning and design.

Photogrammetry is used extensively in other states to provide contour maps from aerial surveys. Also, a considerable library of computer programs is available at no charge from manufacturers, the federal government, and other state highway departments. Although the Advanced Planning section is using data processing for analyzing traffic surveys,
the Highway Department is neglecting the most valuable techniques. Full utilization of these techniques could be accomplished within three years. Benefits of implementation should include:

- Improved quality of work.
- Better and quicker public acceptance of proposed roads.
- Lower bids from contractors.
- Easier replacement of skilled engineers.

To obtain these savings within the three year period, it will be necessary to follow these concepts:

- Support and encouragement must come from the Chief Highway Commissioner.
- Individual sections using these techniques must set targets for accomplishment and include the computer cost in their budget.
- Each section must set up a training program so key personnel will know how to put in the data and interpret the results.
- Additional engineers, who are skilled in highway planning and design, must be assigned full-time to work in the computer section.

This would reduce the staff from 339 to 277 and eliminate 62 positions for annual savings of $500,000. Additional expenditures for training personnel to use these techniques, hire three additional engineer-computer analysts, rent a plotter, lease an airplane, purchase a plotter, and institute the programs will amount to $100,000 per year. Thus, a net annual saving of $400,000 should be attained.

35. Purchase ice-making machines where crew size makes them feasible.

Annual costs for ice at sizable shops vary from $400 to $900 per year. A 220-pound per day machine would cost $850 and have a life expectancy of five years. At $1.60 per hundred pounds, annual outlay for ice would be $460 on six months’ usage. Such a machine would pay out in two years and yield average savings of $275 per year plus time now spent with the ice truck. There are five points where this would be feasible. Implementation will result in net annual savings of $2,000.

36. Reduce mowing frequency.

Mowing data in fiscal 1970 are summarized in the table to the right.

<table>
<thead>
<tr>
<th>Type of Road</th>
<th>Miles of Road</th>
<th>Mowing Cost per Mile</th>
<th>Average Times Mowed per Year</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate</td>
<td>446</td>
<td>$322</td>
<td>7</td>
<td>$366,581</td>
</tr>
<tr>
<td>Primary</td>
<td>9,547</td>
<td>122</td>
<td>8.4</td>
<td>1,167,838</td>
</tr>
<tr>
<td>Secondary</td>
<td>25,743</td>
<td>42</td>
<td>2</td>
<td>1,079,950</td>
</tr>
<tr>
<td>Totals</td>
<td>35,735</td>
<td>$70</td>
<td></td>
<td>$2,614,471</td>
</tr>
</tbody>
</table>

Mowing as infrequently as once a year should be evaluated for certain roads, types of soil, and plant life. Achievement of a minimum will be facilitated by use of low growing grasses such as Bahia, application of herbicides around signs, and earth compacting by a heavy roller at the edge of roads. A goal of 10% reduction should be achieved to provide a saving of $260,000 per year.

37. Issue project vouchers on a weekly basis.

Project vouchers are sent to the federal Highway Administration for payment to South Carolina. Currently, they are issued monthly and average about $3-million. The various districts report their progress at different periods during the month. Therefore, it will be easy to issue the vouchers for one or two districts each week. These will have an approximate value of $875,000. The federal Highway Administration pays these promptly so the average amount of bonds being carried by South Carolina can be reduced by about $1.06-million. Interest at 5% on this amount is worth $53,000 and represents a savings to the state of interest on the bonds. The cost of extra computer runs for the bookkeeping would be $1,000. Thus, a net saving of $52,000 can be achieved.

38. Consolidate all materials testing laboratory operations in Columbia.

Work done in the four satellite laboratories is of a minor nature for which the state pays $204,000 in salaries to 33 employees. Since Columbia is within a 1.5-hour drive of 85% of any activity needing tests, a shuttle service could be organized to handle this work. Four pick-up trucks assigned to handle specified areas would travel about 300,000 miles per year. Amortization at $0.12 per mile would cost the state $36,000 annually. Four drivers would cost another $24,000. The addition of six testers at Columbia would be $37,000 for a total of $97,000. With $204,000 being paid out in salaries to satellite stations, net savings of $107,000 per year will be realized upon implementation.

39. Reduce the frequency of oil changes and the use of oil additives.

At present, oil is changed every 1,000 miles on patrol cars and every 2,000 miles on other vehicles. An oil
additive is used in conjunction with practically all oil changes. This schedule is based on a poorly controlled test made a number of years ago. Changes in oils, different engine designs, and tests by others indicate frequent oil changes and use of additives except for new motors is not justified. The frequency of oil changes should be in accordance with automotive manufacturers' recommendations. Additives should only be used for new motors and then only in accord with guidelines established by automotive manufacturers.

With 15-million miles of regular vehicle use and 30-million miles for patrol car use, annual savings of $55,000 are based on oil at $0.14 a quart and additive at $0.25 per pint. An oil change requires six quarts of oil and a pint of additive. Labor cost is $1 per installation.

Ports Authority

The Ports Authority was established in 1942. Its objectives are to develop and improve the state’s seaport and harbor facilities, promote commerce and shipment of freight, as well as cooperate with local, state, and federal agencies in development and control of harbors and shipping. Additionally, it maintains jurisdictional control over such facilities, services, and locations.

CURRENT PRACTICES
The seven members of the Authority Board are appointed by the Governor with the advice and consent of the Senate for terms of seven years. This board elects a chairman, vice chairman, treasurer, and secretary as well as employs a general manager to handle the authority’s business functions. Necessary activities and functions have been organized under sales, traffic, operations, engineering, security, development, and finance directors.

The board sets policies of operation, specifies limitations on activity, and approves capital projects. Space, services, and storage are provided for commercial customers at rates determined by the authority. Operating expenses during fiscal 1971 were about $5.52-million and capital requirements amounted to $378,200. It employs an average work force of 465.

EVALUATION
The incumbent general manager has been with the Ports Authority only a short time. Day-to-day opera-
tions are adequately organized, but problems are often solved with short-term solutions. Thus, long-term problems are unresolved. Future planning appears to be concentrated in its current five-year plan. Fiscal controls provide cash-flow forecasts for use in making short-term investments. Maintenance programs, which are budgeted at $1-million annually, are not efficiently planned or organized. Activities are carried out on the basis of first come, first served.

RECOMMENDATIONS

1. Reduce the number of functions reporting to the general manager to four.

The present organization, shown in the chart on page 131, provides seven department heads who report to the general manager. Relatively minor activities such as security and traffic are isolated as major functions and there is no industrial relations program.

The Ports Authority should be reorganized into four major departments which can establish and work toward common objectives. The proposed organization is illustrated directly above. This will provide the general manager with a capable staff and necessary personnel to achieve the economic and service objectives of the authority.

2. Reorganize the Finance Department to incorporate a branch for budget and cost analysis and control.

The Finance Department is set up with most functions working through an assistant controller. Statistics, claims investigation, and personnel report separately. Budgets should be prepared in detail and used for fiscal control during the year. Fiscal control of projects should be strengthened to ensure complete records of changes and approvals. Tight, efficient control of budget preparation and expenditure could provide a minimum reduction of 5% in expenditures. With a budget of $4-million for fiscal 1972, savings would amount to $200,000 per year. Project control on capital expenditures—$5-million in fiscal 1971—should save 1% or about $50,000 annually. Thus, net annual savings of at least $250,000 should be attained after implementation.

3. Eliminate excess supervision in the Operations Department.

This department has seven levels of supervision between the workers and the operations manager. These include numerous examples of one-over-one relationships. Three levels of supervision should be dropped. With implementation, supervisors would report to superintendents who, in turn, would report to the operations manager in the conventional manner. Thus, a total of seven positions would be phased out for annual savings of $96,000.

4. Plan and distribute work assignments each afternoon for the next day’s work.

Present practice is to “shape-up” each morning. Supervisors get their assignments from the superintendent who then go to checker/foremen to distribute crew and work assignments. The checker/foremen then assemble the crews and proceed to the work areas. Direct labor costs amount to $3.2-million per year.

Superintendents should plan work assignment changes a day in advance and post these to supervisors, who will relay them to the checker/foremen. Computer projections can be used for assistance in
this planning. Observation indicates about 15 minutes per day would be saved. Using 50% of this value, annual savings of $48,000 should be attained.

5. Establish a work measurement program for classified positions.

Currently, the Ports Authority has no work measurement program to evaluate 414 classified positions. Such a program investigates possible courses of action, selects the optimum, measures the work load, and establishes standards. Industrial firms that have initiated such programs have experienced reductions in personnel costs varying from 11% to 30%. If these percentages were applied to the authority, a potential saving of $104,000 to $283,000 could be achieved. No additional personnel will be required. Using the lowest experience of 11% would provide annual savings of not less than $104,000.

6. Change checker/foremen and supervisors from hourly rates to salary status.

Present practice requires that all personnel below the level of superintendent be paid by the hour. The position of checker/foreman is improperly designated and cannot be classified as supervisory. This leads to the possibility of overtime payment to persons who qualify for exempt status.

The checker/foremen should be placed on salary and called checkers or group leaders to eliminate the conflict in supervisory title. Further, they would qualify for overtime pay. Supervisors would be converted to salary at the previous year's gross pay level. Savings will result from improved efficiency of supervisors and elimination of future overtime payments.

7. Reorganize and improve the security activity.

Current security practices allow almost anyone to enter or leave the facilities. Vehicles are permitted to come and go without proper checks to detect theft. Furthermore, personnel are not required to provide authorization for entry.

It is proposed all authorized vehicles have decals or other identifying symbols. Contractor's vehicles should be logged in and out and required to have a windshield pass. Additionally, vehicles should be checked for unauthorized cargo. Watchman patrols during evening shifts should be on a random basis to minimize anticipation of unauthorized persons. No additional personnel would be required. During fiscal 1972, the authority reported losses of $10,000. How much was due to a lack of security could not be determined. However, if losses were cut in half, annual savings of $5,000 would be realized.

8. Conduct a study to determine the economic feasibility of full service leasing of cargo handling vehicles.

Present equipment has an average age of 5.2 years and a depreciation value of $544,000. Maintenance costs for fiscal 1971 amounted to $400,000. The total for depreciation and maintenance was $572,000. Industry comparisons indicate substantial savings may be obtained by full service leasing. With an escalated value of $10,000 per new unit, depreciation over a four-year life should be $291,000 a year. Maintenance is estimated at $227,000 annually for a total of $518,000. No savings are claimed.

9. Provide electric scooters to improve efficiency of supervisors.

Much of the supervisors' working time is spent in walking or riding a bicycle from one work site to another. Use of electric scooters would provide safe and efficient transportation as well as saving supervisory time and energy for productive effort. It is estimated that eight units would be required at a cost of $250 each. The savings to be realized would offset this cost.

10. Dispose of railroad facilities, and eliminate associated services.

At present, the authority operates the Ports Utilities Commission and the Ports Terminal Railroad. These railroads incurred a net loss of $130,000 in fiscal 1971. Their accumulated operating deficit was $1.3 million and they had a book value of $362,000 on December 31, 1970. It is probable that no net return could be realized from disposal of these facilities and dissolving the two organizations. Implementation would provide the Ports Authority with annual savings of approximately $130,000 by eliminating the operating losses.

11. Reduce loss-producing operations.

Examination of operating data indicates there are a number of activities that generate considerably less income than the cost involved, and from which there are no other benefits to the state. Tariff schedules should be compared against costs and competitive tariffs in other ports which compete for business. Warehousing storage fees are particular problems since the Ports Authority only charges on the basis of weight. Common commercial practice is use of area and/or volume. The authority has already begun a cost analysis to initiate this program. Elimination of 50% of loss operations would save $34,000 each year.
12. Institute CPM, PERT, or other type of project scheduling, review, and control.

Current procedure leaves most of the responsibility for project schedule control in the hands of major contractors. Too much accountability, schedule control, and initiation of change requests reside with persons outside the Ports Authority.

A system of joint participation progress control should be installed to ensure more favorable completion schedules. Contractor responsibility for remedy of schedule slippage should be included in contracts. The principal saving would be in the form of earlier utilization of facilities for the authority. By completing facilities and providing about 36 days extra use of each year's construction, $97,000 additional income can be generated.

13. Expand sales and promotion efforts for port business.

Current efforts consist of a sales manager and one sales representative, with auxiliary assistance provided by a contract office in New York. The annual cost of advertising, promotion, and sales activities is $188,000.

Additional sales representation should be provided to cover midwest, European, and Asian markets. This, plus additional advertising and promotion, will cost an estimated $280,000 per year. However, it is expected to generate additional net income of $814,000 per year upon completion of planned improvements to increase current capacity to about 1.29 million tons.

14. Establish procedures and controls to centralize purchasing.

Present practice provides that most purchases are made by foremen for maintenance items and by individuals in other departments. The Ports Authority's buyer reviews purchases but exercises no control. Purchasing activities should be set up as a centralized function.

A maintenance supply catalog should be established with minimum/maximum limits and put on the computer. The value of maintenance stock is estimated to be about $60,000. Selective review of specific items, compared with industry practice indicates that, with use of vendors as a secondary inventory source, stocks should be reduced by at least $30,000.

15. Review and update the five-year plan for capital expenditure to provide for growth and expansion of facilities.

Since preparation of the current five-year plan for capital expenditures, shipping patterns and needs have changed. At present, about 30% of the transit shed area is obsolete. Facilities are split between three locations resulting in duplication of staff and services. Dock space and shed areas are overtaxed by normal shipping levels, generating excessive non-revenue costs. Therefore, a long-range plan should be established to anticipate facility and service needs for the future.

16. Create an Administrative Services Department to include industrial relations.

There is no industrial relations capability or activity in the authority. Fragmentary handling of personnel activities in the Finance Department and separate security forces are stop-gap measures. Additionally, there is no organized and professionally administered safety or training effort. In fiscal 1971, accident costs in equipment and lost man-hours amounted to $61,000. About $15,000 of this total could be saved in the future.

The recommended department will provide and administer industrial relations, personnel, security, publications, safety, and office service functions. One additional person will be required at an annual cost of $20,000. Consolidation of personnel and office service activities should result in elimination of two clerks at a saving of $13,000. Net annual savings will amount to $8,000.
GOVERNOR'S
MANAGEMENT
REVIEW
COMMISSION

DIGEST OF
RECOMMENDATIONS

SECTION II
# Digest of Recommendations

<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
<th>ACTION REQUIRED</th>
<th>SAVINGS, INCOME OR COST</th>
<th>ESTIMATED AMOUNT</th>
</tr>
</thead>
</table>

## Governor's Office

1. Identify lines of authority and assignment of responsibility to individuals in the Governor's Office.  
   - Administrative

2. Provide an operating procedures manual for the office staff.  
   - Administrative

3. Establish regularly scheduled staff meetings.  
   - Administrative

4. Require a written listing of objectives from each staff assistant and department head.  
   - Administrative

## Mansion and Grounds

5. Change the term of office of the members on the Governor's Mansion and Lace House Commission.  
   - Legislative

6. Change the authority of the Governor's Mansion and Lace House Commission to require permanent inclusion of the first floor of the mansion as a public area.  
   - Legislative

## Comptroller General

1. Reduce the annual report to only that information required by the Uniform Commercial Code and arrange published information in alphabetical order.  
   - Administrative
   - Annual Saving  
   - $5,000

2. Use data processing equipment for notary public files.  
   - Administrative
   - Annual Cost Avoidance  
   - $5,000

3. Increase the notaries public fee from $10 to $20 for a 10-year commission.  
   - Legislative
   - Annual Income  
   - $40,000

4. Increase the fee charged for eleemosynary charters.  
   - Legislative
   - Annual Income  
   - $12,000

## Secretary of State

1. Change the state payroll from biweekly to monthly with a prepaid salary advance equivalent to 50% of the net on the 15th and the balance at the end of the month.  
   - Legislative
   - Annual Saving  
   - $6,000

2. Eliminate use of payroll advice forms in agencies that have basic payroll data stored in their data processing system and use computer-generated tapes or punched cards to update the master payroll file.  
   - Administrative
   - Annual Saving  
   - $12,000
3. Increase the minimum assessment imposed by the Public Service Commission from $1 to $25.

Treasurer

1. Employ cash flow forecasting techniques to reduce liquidity and increase the yield on investment funds.

2. Distribute all contingency disbursements from the Treasurer's Office.

3. Employ a specialist to manage the investment of all retirement, sinking, and general funds controlled by the Treasurer.

4. Employ professional investment service to manage retirement funds.

5. Amend the code to permit investment of retirement system funds in common stocks.

6. Replace the tax-exempt portion of the retirement fund investments with higher-yielding securities.

7. Increase the yield of the retirement fund by replacing short-term investments with higher-yield securities.

8. Change the mix of the sinking fund investment portfolio to encompass longer-term securities with corresponding higher yields.

9. Amend the law which prohibits the administrator of an agency from withdrawing an amount exceeding his bond from the state's treasury in any 24-hour period.

Attorney General

1. Restructure the department.

2. Eliminate the position of the clerk functioning as a receptionist by combining the duties with those of the secretary functioning as a bookkeeper/secretary.

3. Review space availability to improve physical location of offices.

Adjutant General

1. Discontinue preparation of the South Carolina roster of servicemen in the armed forces during World War II and the Korean conflict.
RECOMMENDATIONS

2. Halt use of the magnetic tape typewriter.

3. Promote rentals of state armories.

Election Commission

1. Redesign the form used for voter registration lists, reducing the number of copies from four to two.

   Administrative Annual Saving $ 8,000

2. Eliminate appropriations for the cost of the central voter registration system from the General Services' data processing budget and allocate them to the Election Commission.

   Administrative Annual Saving $ 9,000

3. Redesign the central voter registration computer system in conjunction with General Services' data processing.

   Administrative Annual Saving $ 40,000

Budget and Control Board

1. Strengthen the board's management function by restructuring the organization.

   Administrative Annual Cost $125,000

Finance Division

2. Create a management systems group to design and implement necessary improvements and changes.

   Administrative Annual Saving $2.6-million

3. Increase the size of the professional staff and modernize audit program and techniques.

   Legislative Annual Cost $110,000

4. Develop a long-range budget for new construction and permanent improvements.

   Administrative

5. Adopt a statewide management accounting system based on the concepts of program, planning, and budgeting and the principles recommended by the National Committee on Government Accounting.

   Administrative Annual Cost $ 80,000

Technology Utilization Division

6. Create an advisory committee for the division.

   Administrative

7. Develop a statewide plan for EDP operations.

   Administrative

8. Monitor operation of facilities to ensure conformance to statewide planning.

   Administrative

9. Establish fees for computer time charged to smaller agencies without EDP facilities and advise them when computer time is available within the state system.
<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
<th>ACTION REQUIRED</th>
<th>SAVINGS, INCOME OR COST</th>
<th>ESTIMATED AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research and Statistical Services Division</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Eliminate the positions of administrative I and secretary and create a new</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 9,000</td>
</tr>
<tr>
<td>position of statistician.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>11. Transfer the full-time programmer to the Data Processing section where his</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>efforts could be more effectively utilized.</td>
<td></td>
<td></td>
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<tr>
<td>12. Expand efforts to ensure coordination and standardization of statistical</td>
<td>Administrative</td>
<td></td>
<td></td>
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<tr>
<td>data, act as a clearinghouse for such information, and develop a</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>statistical information system.</td>
<td></td>
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</tr>
<tr>
<td><strong>Retirement Division</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Automate operations and recordkeeping functions of the division.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 47,000</td>
</tr>
<tr>
<td>14. Provide the actuary with data relative to membership participation in the</td>
<td>Administrative</td>
<td>One-time Saving</td>
<td>$ 8,000</td>
</tr>
<tr>
<td>retirement system at the close of each fiscal year.</td>
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<td></td>
</tr>
<tr>
<td>15. Require an annual evaluation of the contingent assets and liabilities</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>within 180 days after the close of each fiscal year.</td>
<td></td>
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<tr>
<td>16. Reduce the state’s contribution rate to the retirement fund.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$18-million</td>
</tr>
<tr>
<td>17. Discontinue FICA taxes on sick pay for state employees.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$678,000</td>
</tr>
<tr>
<td>18. Provide necessary safeguards to protect retirement records.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Personnel Division</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Enact a Personnel Act.</td>
<td>Legislative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Develop a personnel policy and procedures manual.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Establish a statewide minimum 40-hour work week.</td>
<td>Legislative</td>
<td>Annual Cost Avoidance</td>
<td>$6.5-million</td>
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<tr>
<td>22. Make retirement at age 65 mandatory.</td>
<td>Legislative</td>
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<td><strong>Office of Economic Opportunity</strong></td>
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</tr>
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<td>23. Reduce the number of community action agencies.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 2,000</td>
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<td></td>
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<td>One-time Cost Avoidance</td>
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<td></td>
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<td>One-time Cost Avoidance</td>
<td>$16,000</td>
</tr>
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</table>

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General Services Division

Data Processing

24. Consolidate the General Services Division and Finance Division data processing centers into one General Services data center. Administrative Annual Saving $231,000

25. Charge each agency with actual machine supplies, systems, programming, and overhead costs involved in the production of its records. Administrative

Insurance and Sinking Funds

26. Consolidate the state's insurance program to provide adequate and equitable protection for the state, its agents, and employees. Legislative

27. Purchase an all-risk aggregate loss policy to limit losses to $2.5-million. Administrative Annual Saving $425,000

28. Reduce the premiums charged to various agencies of state and local government. Administrative

29. Establish a viable loss prevention program. Administrative Annual Cost $ 30,000

30. Endorse the present state reinsurance contract to comply with the federal Disaster Act of 1970. Administrative

31. Adopt a central medium for providing protection to the state and its agencies for liability imposed under the South Carolina Governmental Motor Vehicle Tort Claims Act. Legislative Annual Saving $ 50,000

32. Make a study of the cost involved in extending the Tort Liability Act to encompass all areas of general liability. Administrative One-time Cost $ 10,000

33. Consolidate the state's present bond program into two master bonds, one for fidelity bonding and the other for penal bonding. Administrative Annual Saving $ 22,000

34. Determine the state's position on the question of governmental and/or sovereign immunity with regard to the purchase of aircraft liability insurance. Legislative

35. Determine the correct model and year of all aircraft and reduce hull value insured to the actual cash value as shown in the Aircraft Blue Book. Administrative Annual Saving $ 5,000

36. Eliminate the voluntary settlement and medical payments insurance coverage on the nine state airplanes where it is now purchased. Administrative Annual Saving $ 13,000

37. Employ a full-time risk manager. Administrative Annual Cost $ 33,000
<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central Purchasing</strong></td>
</tr>
<tr>
<td>38. Strengthen the department to fulfill the statutory intent.</td>
</tr>
<tr>
<td>39. Prepare a purchasing manual for statewide use.</td>
</tr>
<tr>
<td>40. Standardize purchase order forms.</td>
</tr>
<tr>
<td>41. Establish signing authority levels for purchase orders and contracts.</td>
</tr>
<tr>
<td>42. Incorporate administrative functions into an automated data processing system.</td>
</tr>
<tr>
<td>43. Eliminate the magnetic tape typewriter.</td>
</tr>
<tr>
<td>44. Discontinue use of signature stamps on purchase orders and documents.</td>
</tr>
<tr>
<td>45. Institute a warehouse system in areas of agency concentration under Central Purchasing's jurisdiction.</td>
</tr>
<tr>
<td>46. Investigate maintenance contracts on office equipment.</td>
</tr>
<tr>
<td>47. Eliminate sales tax payments on purchases made by the state.</td>
</tr>
<tr>
<td><strong>State Printing</strong></td>
</tr>
<tr>
<td>48. Eliminate the department.</td>
</tr>
<tr>
<td>49. Eliminate invoice approval by the Printing Officer.</td>
</tr>
<tr>
<td><strong>Records Management</strong></td>
</tr>
<tr>
<td>50. Transfer this function to Department of Archives and History.</td>
</tr>
<tr>
<td><strong>Motor Pool</strong></td>
</tr>
<tr>
<td>51. Establish a management program for control of state-owned vehicles.</td>
</tr>
<tr>
<td>52. Increase, through reassignment, the number of cars for casual use by state personnel to not less than 50 vehicles.</td>
</tr>
<tr>
<td>53. Eliminate use of state vehicles for personal use on a no-charge basis.</td>
</tr>
<tr>
<td>54. Establish standards for all automobiles and accessories.</td>
</tr>
<tr>
<td>55. Evaluate intermediate cars for use by the Highway Patrol.</td>
</tr>
</tbody>
</table>
56. Standardize tire purchases for new cars and replacements.
   Action Required: Administrative
   Savings: Annual Saving
   Estimated Amount: $87,000

57. Purchase antifreeze in bulk.
   Action Required: Administrative
   Savings: Annual Saving
   Estimated Amount: $3,000

58. Service and repair state-owned vehicles at Highway or Education Department facilities.
   Action Required: Legislative
   Savings: Annual Saving
   Estimated Amount: $100,000

Buildings and Grounds

59. Increase the fee charged for reserved underground parking.
   Action Required: Administrative
   Savings: Annual Income
   Estimated Amount: $39,000

Surplus Property

60. Promote department functions to all eligible state agencies.
   Action Required: Administrative
   Savings: Annual Income
   Estimated Amount: $1.53-million

61. Reduce the number of full-time authorized employees from 29 to 25.
   Action Required: Administrative
   Savings: Annual Cost Avoidance
   Estimated Amount: $12,000

Centrex

62. Give General Services authority to work with the telephone company to provide the most economical system based upon statewide needs and requirements.
   Action Required: Administrative
   Savings: Annual Saving
   Estimated Amount: $400,000

63. Require students to pay total cost of telephone service.
   Action Required: Administrative
   Savings: Annual Income
   Estimated Amount: $23,000

Lands and Legal

64. Require all agencies to report inventories of personal property to General Services where a record can be retained on data processing equipment.
   Action Required: Legislative

65. Complete the inventory of real property and have all deeds registered in the name of the state.
   Action Required: Legislative

66. Conduct an in-depth feasibility study of assigning responsibility for coordination of personal property, purchases, rental, repair, maintenance, moving, and storage to this department.
   Action Required: Administrative

Office Supplies

67. Consolidate the Office Supply section with Central Purchasing.
   Action Required: Administrative

Planning and Grants Division

1. Reorganize the division.
   Action Required: Administrative
RECOMMENDATIONS

2. Prepare a consolidated statewide cost allocation plan.
   Administrative Annual Saving $2-million

3. Provide a new Executive Order to redefine the mission of the division.
   Administrative

4. Appoint a full-time director.
   Administrative Annual Cost $20,000

5. Consolidate the division’s office into a central location.
   Administrative Annual Saving $34,000

6. Reorganize the Law Enforcement Assistance Program section.
   Administrative Annual Saving $28,000

7. Unify the state’s planning districts organization, structure and direction.
   Administrative

South Carolina Law Enforcement Division

1. Direct each law enforcement agency to inform SLED if a case is closed while waiting for evidence analysis from the division’s chemistry laboratory.
   Administrative Annual Saving $5,000

2. Charge fees for blood-alcohol, lead, drugs, and poison analyses conducted for private hospitals and doctors.
   Administrative Annual Income $3,000

Department of Corrections

1. Initiate a statewide market survey to determine preferred products for manufacture by Correctional Industries’ furniture factory.
   Administrative

2. Investigate the feasibility of having Correctional Industries maintain and operate a centralized textbook depository for the Department of Education.
   Administrative

3. Increase the charge to the Highway Department for special automobile license tags.
   Administrative

4. Stop using mailing envelopes for license tag containers.
   Administrative Annual Saving $22,000

5. Discontinue use of wooden shipping crates for new license tags.
   Administrative Annual Saving $3,000

   Administrative Annual Saving $80,000
   One-time Saving $29,000
   Annual Saving (Local) $210,000

7. Establish a truck tire recapping plant to be operated by Correctional Industries.
   Administrative Annual Income $50,000
   One-time Cost $80,000

8. Make a study of the dual correctional system in South Carolina.
   Legislative
Department of Juvenile Corrections

1. Renovate the five cottages rather than build additional dormitories, and maintain the School for Boys at Florence.
   - Action Required: Administrative
   - Savings, Income or Cost: One-time Cost Avoidance
   - Estimated Amount: $1.1-million

2. Conduct a thorough study to provide a plan of development.
   - Action Required: Administrative
   - Savings, Income or Cost: Annual Saving
   - Estimated Amount: $38,000

3. Use existing facilities for vocational training and similar activities.
   - Action Required: Administrative
   - Savings, Income or Cost: Annual Saving
   - Estimated Amount: $225,000

   - Action Required: Administrative
   - Savings, Income or Cost: Annual Income
   - Estimated Amount: $20,000

5. Speed up processing time at the Reception and Evaluation Center and eliminate the academic program.
   - Action Required: Administrative
   - Savings, Income or Cost: Annual Saving
   - Estimated Amount: $90,000

Board of Juvenile Placement and Aftercare

1. Study the feasibility of reducing the return rate through increased counseling.
   - Action Required: Administrative

Industrial Commission

1. Separate quasi-judicial functions of the commission from the administrative duties and appoint a full-time administrative director.
   - Action Required: Legislative
   - Savings, Income or Cost: Annual Cost
   - Estimated Amount: $17,000

2. Transfer duties of the Safety Division to the Department of Labor’s Division of Safety.
   - Action Required: Legislative
   - Savings, Income or Cost: Annual Saving
   - Estimated Amount: $20,000

3. Implement a file destruction system.
   - Action Required: Administrative

Department of Insurance

1. Charge a fee for the audit of assigned risk insurance premiums.
   - Action Required: Legislative
   - Savings, Income or Cost: Annual Income
   - Estimated Amount: $48,000

2. Implement an insurance records systems management study.
   - Action Required: Administrative
   - Savings, Income or Cost: One-time Cost
   - Estimated Amount: $25,000

3. Eliminate writing receipts for checks.
   - Action Required: Administrative
   - Savings, Income or Cost: Annual Saving
   - Estimated Amount: $2,000

4. Issue company licenses on a permanent basis.
   - Action Required: Administrative
   - Savings, Income or Cost: Annual Saving
   - Estimated Amount: $1,000

5. Deposit money in the bank daily.
   - Action Required: Administrative
   - Savings, Income or Cost: Annual Income
   - Estimated Amount: $50,000
<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
<th>ACTION REQUIRED</th>
<th>SAVINGS, INCOME OR COST</th>
<th>ESTIMATED AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Revise the tax code requirements concerning withholding income tax payments and declarations to conform to the federal system.</td>
<td>Legislative</td>
<td>Annual Income</td>
<td>$1.18-million</td>
</tr>
<tr>
<td>6. Change the sales and use tax license renewal date to January 1.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$18,000</td>
</tr>
<tr>
<td>7. Revise the revenue processing system to ensure tax remittances are deposited not later than 24 hours after receipt.</td>
<td>Administrative</td>
<td>Annual Income</td>
<td>$300,000</td>
</tr>
<tr>
<td>8. Replace the practice of providing medical sales tax refunds with an over-65 identification card which would eliminate initial payment.</td>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$8,000</td>
</tr>
<tr>
<td>9. Convert sales tax returns to a packet-billing approach.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$35,000</td>
</tr>
<tr>
<td>10. Make the property tax assessment activity self-supporting or discontinue the service.</td>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$398,000</td>
</tr>
<tr>
<td>11. Upgrade the electronic data processing capabilities to replace the current manual tax return and auditing functions.</td>
<td>Administrative</td>
<td>Annual Saving, One-time Cost</td>
<td>$500,000, $100,000</td>
</tr>
<tr>
<td>12. Revise the schedule of retail license fees imposed by the Sales and Use Tax Division.</td>
<td>Legislative</td>
<td>Annual Income</td>
<td>$300,000</td>
</tr>
<tr>
<td>13. Provide preaddressed withholding return forms to corporations annually rather than on a monthly or quarterly basis.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$10,000</td>
</tr>
<tr>
<td>14. Study the elimination of discounts paid to retail businesses for collecting the sales and use tax.</td>
<td>Administrative</td>
<td></td>
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<tr>
<td>15. Restructure the income tax filing system to one which utilizes individual social security numbers.</td>
<td>Administrative</td>
<td></td>
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<tr>
<td>16. Utilize individual post office boxes for each operating division.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$24,000</td>
</tr>
<tr>
<td>17. Charge an administrative service fee, in addition to the designated penalty and interest, for delinquent taxes and processing bad checks.</td>
<td>Administrative</td>
<td>Annual Income</td>
<td>$14,000</td>
</tr>
</tbody>
</table>

**Alcoholic Beverage Control Commission**

<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
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<th>SAVINGS, INCOME OR COST</th>
<th>ESTIMATED AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Return the administration and license processing functions of the commission to the Tax Commission.</td>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$51,000</td>
</tr>
<tr>
<td>2. Transfer the Investigation Section and hearing officer functions of the ABC Commission to the Law Enforcement Division.</td>
<td>Legislative</td>
<td>Annual Cost Avoidance</td>
<td>$45,000</td>
</tr>
<tr>
<td>3. Move the commission's offices.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$29,000</td>
</tr>
</tbody>
</table>
RECOMMENDATIONS

4. Study the license fee structure to determine if an increase in fees is necessary.
   ACTION REQUIRED: Administrative

5. Establish a fee for wholesale and retail sales employee permits.
   ACTION REQUIRED: Legislative

6. Charge a fee to process license applications which are denied by the commission.
   ACTION REQUIRED: Legislative

Civil Defense Agency

1. Develop and utilize automated data processing systems and techniques.
   ACTION REQUIRED: Administrative

Department of Veterans Affairs

1. Centralize the 46 county offices into 16 district offices.
   ACTION REQUIRED: Legislative

Commission on Higher Education

1. Strengthen and control the Commission on Higher Education.
   ACTION REQUIRED: Legislative

2. Adopt a plan for eventual repayment of a portion of the state subsidy provided to former students as they become able to pay.
   ACTION REQUIRED: Legislative

3. Cancel plans for a staff of computer personnel and hire a statistical analyst.
   ACTION REQUIRED: Administrative

4. Evaluate unimproved real estate owned by the colleges and universities.
   ACTION REQUIRED: Administrative

5. Absorb the function of the Commission for Higher Education Facilities into the Commission on Higher Education.
   ACTION REQUIRED: Legislative

6. Transfer the responsibility for establishing tuition and university/college maintenance and activity fees to the Commission on Higher Education.
   ACTION REQUIRED: Administrative

7. Include a discussion of joint activities on each meeting agenda for the Interinstitutional Library Committee.
   ACTION REQUIRED: Administrative

8. Accelerate development of the Higher Education Consortium in the Charleston area.
   ACTION REQUIRED: Administrative

9. Establish the Medical University Computer Center as the data processing facility for the Charleston Consortium.
   ACTION REQUIRED: Administrative

SAVINGS COST

ESTIMATED

<table>
<thead>
<tr>
<th>ACTION</th>
<th>SAVINGS</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>INCOME</td>
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<tr>
<td></td>
<td>OR</td>
<td>$23,000</td>
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<td></td>
<td>COST</td>
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<td>$20,000</td>
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<td>$120,000</td>
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<td>$81,000</td>
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</tbody>
</table>
### RECOMMENDATIONS

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>ACTION REQUIRED</th>
<th>SAVINGS INCOME OR COST</th>
<th>ESTIMATED AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Combine the purchasing power of the institutional libraries to acquire domestic in-print materials.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$28,000</td>
</tr>
</tbody>
</table>

### The Medical University of South Carolina

1. Allocate the cost of the university’s communications system to academic departments based on usage.  
   Administrative Annual Saving $32,000

2. Charge auxiliary enterprises for services provided by the general administration of the university.  
   Administrative Annual Saving $4,000

3. Assess auxiliary enterprises for the cost of fringe benefits on employee salaries.  
   Administrative Annual Saving $3,000

4. Charge the university bookstore with a portion of overhead and utilities.  
   Administrative Annual Income $12,000

5. Assess the bookstore for the cost of fringe benefits on employee salaries.  
   Administrative Annual Saving $2,000

6. Institute a property control function.  
   Administrative Annual Income $6,000

7. Increase the student application fee to $15.  
   Administrative Annual Saving

8. Increase the fee charged for transcripts to $3.  
   Administrative Annual Saving $218,000

9. Establish a work measurement program for the classified positions.  
   Administrative Annual Saving One-time Saving $100,000

10. Transfer the annual net revenue on the operation of clinical laboratories to the general operations of the university.  
    Administrative Annual Saving One-time Saving $500,000

11. Require that the Director of Nursing Services report to the Hospital Administrator.  
    Administrative Annual Saving

12. Initiate a work methods and work measurement program at the university’s hospital to reduce costs as well as improve service and operating efficiency.  
    Administrative Annual Saving $1.4-million

### South Carolina State College

1. Convert machine accounting systems to computer-based programs.  
   Administrative Annual Cost Avoidance $15,000

2. Join Education and Institutional Cooperative, Inc. and take advantage of purchasing discounts offered.  
   Administrative Annual Saving $51,000

3. Charge auxiliary enterprises with the cost of fringe benefits for employees.  
   Administrative Annual Saving $20,000

4. Assess auxiliary enterprises for services provided by the general administration of the college.  
   Administrative Annual Saving $55,000
RECOMMENDATIONS

5. Charge salaries for bookstore personnel to this operation and fringe benefits on athletic fund and bookstore payrolls to these activities.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Saving  
ESTIMATED AMOUNT: $15,000

6. Charge the athletic fund and bookstore for services provided by the general administration of the college.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Saving  
ESTIMATED AMOUNT: $18,000

7. Add a systems analyst/programmer.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Cost  
ESTIMATED AMOUNT: $14,000

8. Institute cost accounting techniques in areas of vehicle maintenance, building maintenance, and custodial expenses.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Saving  
ESTIMATED AMOUNT: $88,000

9. Establish a work measurement program for the classified positions.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Saving  
ESTIMATED AMOUNT: $35,000

10. Reduce costs of operating the cafeteria with a contract from a leading food caterer.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Income  
ESTIMATED AMOUNT: $2,000

11. Institute a student car registration fee of $5.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Income  
ESTIMATED AMOUNT: $7,000

12. Increase the acceptance fee to $50.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Income  
ESTIMATED AMOUNT: $4,000

13. Raise student transcript fees to $3.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Income  
ESTIMATED AMOUNT: $2,000


ACTION REQUIRED: Administrative  
SAVINGS: Annual Income  
ESTIMATED AMOUNT: $1,000

15. Increase the late registration fee from $5 to $15.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Income  
ESTIMATED AMOUNT: $24,000

16. Charge a student application fee of $15.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Income  
ESTIMATED AMOUNT: $3,000

17. Raise the rent for faculty living in housing owned by the college.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Income  
ESTIMATED AMOUNT: $100,000

18. Review the need for the continued operation of the Felton Laboratory School.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Saving  
ESTIMATED AMOUNT: $13,000

19. Convert the library classification system from Dewey to Library of Congress.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Saving  
ESTIMATED AMOUNT: $112,000

20. Purchase library books and other materials through jobbers.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Income  
ESTIMATED AMOUNT: $430,000

21. Develop a plan to utilize 150 acres of land and dispose of the remainder.

ACTION REQUIRED: Administrative  
SAVINGS: One-time Cost  
ESTIMATED AMOUNT: $595,000

22. Increase use of existing classroom space as enrollment grows.

ACTION REQUIRED: Administrative  
SAVINGS: Cost Avoidance  
ESTIMATED AMOUNT: $30,000

23. Charge $2 for student identification cards.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Income  
ESTIMATED AMOUNT: $35,000

24. Increase the student application fee to $15.

ACTION REQUIRED: Administrative  
SAVINGS: Annual Income  
ESTIMATED AMOUNT: $20,000

University of South Carolina
RECOMMENDATIONS

6. Institute an academic reservation fee of $50.
   Administrative Annual Income $ 7,000

7. Charge the athletic fund and campus shop with the cost of administrative services.
   Administrative Annual Saving $165,000

8. Charge the athletic fund and campus shop for the cost of fringe benefits on employee salaries.
   Administrative Annual Saving $ 75,000

9. Assess auxiliary enterprises with the cost of fringe benefits on employee salaries.
   Administrative Annual Saving $100,000

10. Charge auxiliary enterprises for services provided by the university.
    Administrative Annual Saving $108,000

11. Make the post office self-sustaining.
    Administrative Annual Saving $ 15,000

The Citadel

1. Change the method of serving food from family to cafeteria style.
   Administrative Annual Saving $136,000

2. Establish a work measurement program for measurable classified positions.
   Administrative Annual Saving $143,000

3. Institute cost accounting techniques in areas of building maintenance and custodial costs.
   Administrative

4. Utilize existing facilities and administrative staff to educate a greater number of students.
   Administrative One-time Cost Avoidance $750,000

5. Increase the student application fee to $15.
   Administrative Annual Income $ 7,000

6. Raise fee charged for transcripts to $3.
   Administrative Annual Income $ 6,000

7. Sell the teller machine and discontinue renting the encoder.
   Administrative Annual Saving $ 6,000
   Administrative One-time Income $ 3,000

8. Consolidate operations of the two computer centers.
   Administrative Annual Saving $ 24,000

   Administrative Annual Income $ 9,000

10. Increase the rental for faculty housing.
    Administrative Annual Saving $105,000

11. Institute a preventive maintenance program.
    Administrative Annual Saving $ 20,000

12. Prorate utilities and maintenance to the bookstore and canteen.
    Administrative Annual Saving $ 4,000

13. Charge auxiliary enterprises for services provided by the general administration of the college.
    Administrative Annual Saving $ 81,000

14. Assess auxiliary enterprises with the cost of fringe benefits for employees.
    Administrative Annual Saving $ 52,000

15. Charge the athletic fund for the cost of fringe benefits for employees.
    Administrative Annual Saving $ 8,000

16. Assess the athletic fund for services provided by the general administration of the college.
    Administrative Annual Saving $ 15,000
17. Seek federal assistance to underwrite costs of military operations conducted at The Citadel.

Francis Marion College

1. Institute cost accounting techniques in the area of vehicle, building maintenance, and custodial costs.
   Action Required: Administrative

2. Establish an educational foundation for receiving assets to be used to further the college's development.
   Action Required: Administrative

3. Utilize the computer facilities of another state institution of higher education with available time.
   Action Required: Administrative

4. Institute a preventive maintenance program.
   Action Required: Administrative

5. Reduce campus acreage by 100 acres.
   Action Required: Legislative

6. Increase the student application fee to $15.
   Action Required: Administrative

7. Raise the late registration fee to $15.
   Action Required: Administrative

8. Increase the student car registration fee from $0.50 per year to $5 per semester.
   Action Required: Administrative

9. Charge $1 for student identification cards.
   Action Required: Administrative

10. Substitute an academic reservation fee of $50 for the present acceptance fee of $25.
    Action Required: Administrative

Clemson University

1. Establish a work measurement program for the classified positions.
   Action Required: Administrative

2. Replace the computer in the business office with a remote batch type terminal attached to the computer in the University Computer Center.
   Action Required: Administrative

3. Increase use of existing classroom space as enrollment grows.
   Action Required: Administrative

4. Charge a student application fee of $15.
   Action Required: Administrative

5. Raise the fee charged for student transcripts to $3.
   Action Required: Administrative

6. Charge a $2 fee for student identification cards.
   Action Required: Administrative

7. Increase the student automobile registration fee to $5 per semester.
   Action Required: Administrative

8. Increase the late registration fee to $15.
   Action Required: Administrative
RECOMMENDATIONS

9. Charge auxiliary enterprises with the cost of fringe benefits for employees.
Action Required: Administrative
Savings: Annual Saving
Estimated Amount: $62,000

10. Charge auxiliary enterprises for services provided by the general administration of the university.
Action Required: Administrative
Savings: Annual Saving
Estimated Amount: $74,000

11. Assess the athletic fund, canteen, bookstore, and Clemson House for services provided by the general administration.
Action Required: Administrative
Savings: Annual Saving
Estimated Amount: $127,000

12. Charge the athletic fund, canteen, and bookstore operations with the cost of fringe benefits for employees.
Action Required: Administrative
Savings: Annual Saving
Estimated Amount: $74,000

Winthrop College

1. Institute cost accounting techniques in areas of vehicle maintenance, building maintenance, and custodial costs.
Action Required: Administrative

2. Establish a work measurement program for those classified positions that are measurable.
Action Required: Administrative
Savings: Annual Saving
Estimated Amount: $85,000

3. Utilize the existing physical facilities and general administration to educate more students each year.
Action Required: Legislative
Savings: One-time Cost Avoidance
Estimated Amount: $1.1-million

4. Add a full-time second-shift computer operator to the staff.
Action Required: Administrative
Savings: Annual Cost Avoidance
Estimated Amount: $19,000

5. Implement procedures for recovery capability in the event computer programs or data are destroyed.
Action Required: Administrative

6. Add a systems analyst to the staff of the Vice President for Business and Finance.
Action Required: Administrative
Savings: Annual Cost
Estimated Amount: $15,000

7. Sell unused computer time.
Action Required: Administrative
Savings: Annual Income
Estimated Amount: $9,000

8. Increase the student application fee from $5 to $15.
Action Required: Administrative
Savings: Annual Income
Estimated Amount: $16,000

9. Raise the late registration fee from $5 to $15.
Action Required: Administrative
Savings: Annual Income
Estimated Amount: $1,000

Action Required: Administrative
Savings: Annual Income
Estimated Amount: $8,000

11. Increase the transcript fee to $3.
Action Required: Administrative
Savings: Annual Income
Estimated Amount: $10,000

12. Reduce the academic reservation fee to $50.
Action Required: Administrative

13. Establish a diploma fee.
Action Required: Administrative
Savings: Annual Income
Estimated Amount: $4,000

14. Transfer post office activities from auxiliary enterprises to the general operations of the university.
Action Required: Administrative
Savings: Annual Income
Estimated Amount: $4,000

15. Sell the 75 acres fronting on Cherry Road.
Action Required: Legislative
Savings: One-time Income
Estimated Amount: $1.5-million

16. Charge auxiliary enterprises with the cost of fringe benefits for employees.
Action Required: Administrative
Savings: Annual Saving
Estimated Amount: $42,000
### RECOMMENDATIONS

1. Charge auxiliary enterprises for services provided by the general administration of the college.

<table>
<thead>
<tr>
<th>ACTION REQUIRED</th>
<th>SAVINGS, INCOME OR COST</th>
<th>ESTIMATED AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$73,000</td>
</tr>
</tbody>
</table>

**College of Charleston**

1. Institute cost accounting techniques in areas of vehicle maintenance, building maintenance, and custodial costs.

   Administrative

2. Institute a preventive maintenance program.

   Administrative

3. Review costs of operating the cafeteria with a leading food caterer.

   Administrative

4. Institute a work measurement program for classified positions that are measurable.

   Administrative

5. Assess auxiliary enterprises for services provided by the general administration of the college.

   Administrative

6. Charge auxiliary enterprises with the cost of fringe benefits for employees.

   Administrative

7. Increase the student application fee to $15.

   Administrative

8. Raise the late registration fee to $15.

   Administrative


   Administrative

10. Increase the fee charged for transcripts to $3.

   Administrative

**Department of Education**

1. Reorganize and reduce the number of school districts.

   Legislative

   Annual Saving

   $2.8-million

2. Abolish the offices of the County Superintendent of Education, County Attendance Supervisor, and County School Lunch Supervisor.

   Legislative

   Annual Saving

   $840,000

3. Mechanize the payroll activity at a central location.

   Administrative

   Annual Saving

   $67,000

4. Charge teachers a fee for certification.

   Legislative

   Annual Saving

   $150,000

5. Discontinue payments for practice teaching.

   Administrative

   Annual Saving

   $92,000

6. Establish a work measurement program for classified positions.

   Administrative

   Annual Saving

   $54,000

7. Adopt a 12-month school year.

   Legislative

   Annual Saving

   $5.1-million

8. Initiate a study to require summer school, at state expense, for students failing the regular nine-month term.

   Legislative

   Annual Saving

   $43,000

9. Eliminate duplication of supervisory responsibilities between county and area supervisors in four of the nine areas of the state as divided by the Department of Education's Office of Transportation.
### RECOMMENDATIONS

<table>
<thead>
<tr>
<th>#</th>
<th>Recommendation</th>
<th>Action Required</th>
<th>Savings, Income or Cost</th>
<th>Estimated Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Check price and voucher preparation for confirming purchase orders in each shop office rather than in the office of Manager of Purchasing and Supply.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 9,000</td>
</tr>
<tr>
<td>11</td>
<td>Direct expansion of maintenance facilities to more centralized locations.</td>
<td>Administrative</td>
<td>Annual Cost Avoidance</td>
<td>$ 12,000</td>
</tr>
<tr>
<td>12</td>
<td>Require copies of individual school district budgets and independent audit reports be sent to the Department of Education.</td>
<td>Legislative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Investigate discontinuing the practice of using a privately operated central depository for textbooks.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Utilize data processing to schedule school bus routing.</td>
<td>Administrative</td>
<td>Annual Saving One-time Cost</td>
<td>$1.35-million</td>
</tr>
</tbody>
</table>

### Advisory Committee for Technical Training

<table>
<thead>
<tr>
<th>#</th>
<th>Recommendation</th>
<th>Action Required</th>
<th>Savings, Income or Cost</th>
<th>Estimated Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Centralize printing for the technical training system.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 43,000</td>
</tr>
<tr>
<td>2</td>
<td>Provide a full-time agent to secure federal funds and foundation grants for the TEC system.</td>
<td>Administrative</td>
<td>Annual Income</td>
<td>$320,000</td>
</tr>
<tr>
<td>3</td>
<td>Transfer responsibility for establishing fees in Technical Education Centers to the Advisory Committee for Technical Training.</td>
<td>Legislative</td>
<td>Annual Saving Annual Income (Local)</td>
<td>$100,000</td>
</tr>
<tr>
<td>4</td>
<td>Close the TEC’s Columbia warehouse.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 42,000</td>
</tr>
<tr>
<td>5</td>
<td>Close the warehouse at the West Columbia Regional Technical Center.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 20,000</td>
</tr>
<tr>
<td>6</td>
<td>Mechanize the management information system, student and faculty records, financial records, and reporting on a statewide basis.</td>
<td>Administrative</td>
<td>Annual Saving Annual Saving (Local)</td>
<td>$77,000</td>
</tr>
<tr>
<td>7</td>
<td>Mechanize TEC’s recordkeeping system.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 20,000</td>
</tr>
<tr>
<td>8</td>
<td>Streamline the state’s reimbursement of funds to Technical Education Centers.</td>
<td>Administrative</td>
<td>Annual Saving Annual Saving (Local)</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>9</td>
<td>Reduce the withdrawal rate of TEC students.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

### Educational Television Commission

<table>
<thead>
<tr>
<th>#</th>
<th>Recommendation</th>
<th>Action Required</th>
<th>Savings, Income or Cost</th>
<th>Estimated Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Eliminate the position of payroll clerk and combine the duties with other work.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>2</td>
<td>Combine the Printing Department and mail room.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 7,000</td>
</tr>
</tbody>
</table>
RECOMMENDATIONS

3. Coordinate the scheduling for the 224 schools using closed circuit television.
4. Study the feasibility of the state owning its transmission system.

School for the Deaf and the Blind

1. Initiate a better system to manage collection of maintenance fees.
2. Close the school on weekends.
3. Establish a purchasing function.
4. Buy food supplies from fewer vendors.
5. Increase the staff’s lunch fees to $0.65 for the school year and $0.75 during the summer period.
6. Use the laundry for linens only provided a weekend closing program is initiated.
7. Reduce the security force to two men.
8. Increase the rent on five residences from $10 to $50 a month.
9. Avoid construction of a new infirmary by utilizing an existing building.

Opportunity School

1. Reorganize the school administration so that only three people report to the superintendent.
2. Hire two additional janitors.
3. Centralize the purchasing function.
4. Contract vending machines to replace the present canteen operation.
5. Combine the school’s security functions with the Columbia Regional Technical Center.
6. Increase boarding student fees to cover actual dormitory and food service expense.

John de la Howe School

1. Send the 9th and 10th grades to McCormick High School, retaining only grades one through eight at John de la Howe.
2. Establish and implement a revenue-producing forestry management plan for John de la Howe’s forest land.
### Department of Archives and History

<table>
<thead>
<tr>
<th>ACTION REQUIRED</th>
<th>SAVINGS, INCOME OR COST</th>
<th>ESTIMATED AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$1.2-million</td>
</tr>
<tr>
<td>Administrative</td>
<td>One-time Saving</td>
<td>$2.36-million</td>
</tr>
<tr>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$2,000</td>
</tr>
<tr>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$1,000</td>
</tr>
<tr>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Establish a Records Management Law.
2. Permit the County Records staff to lease an appropriate efficiency apartment on a short-term basis in the areas where microfilming teams are assigned.
3. Increase the staff but charge counties for some of the special record services requested to offset the additional cost.
4. Utilize the new photo lab facilities.
5. Reduce hours of operations.
6. Amend requirements of the Archives Act.
7. Overhaul the administrative functions.

### Confederate Relic Room and Museum

1. Transfer the administration and operation of this agency to the Department of Parks, Recreation and Tourism.

### State Library

1. Designate the State Library as the regional depository for federal documents.

### Board of Health

<table>
<thead>
<tr>
<th>ACTION REQUIRED</th>
<th>SAVINGS, INCOME OR COST</th>
<th>ESTIMATED AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative</td>
<td>One-time Cost Avoidance</td>
<td>$100,000</td>
</tr>
<tr>
<td>Legislative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legislative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$180,000</td>
</tr>
<tr>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$24,000</td>
</tr>
<tr>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$100,000</td>
</tr>
<tr>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$30,000</td>
</tr>
<tr>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$32,000</td>
</tr>
</tbody>
</table>
8. Establish a records retention schedule for the central and county offices.

9. Establish fee schedules for services which are not construed to be in the area of public health.

10. Review and revise forms used by the Board of Health.

11. Eliminate posting of individual items to expense allocation sheets on bookkeeping machines and post totals from EDP printouts.

12. Dispose of unused property at the State Park Hospital.

13. Establish a Central Laboratory Division within the Department of Health to include all laboratories of state agencies except those of medical and educational institutions, SLED, and the Highway Department.

14. Improve personnel policies for all laboratory employees.

15. Improve laboratory safety practices.

Department of Mental Health

1. Transfer personnel records to Administration Services in the facility where the employee reports.

2. Transfer the Inspection and Licensing Division to a similar division in the Board of Health.

3. Establish a schedule of admissions by appointment, except for emergency cases.

4. Discontinue free hospitalization and medical care to certain department employees at the Byrnes Clinic.

5. Charge employees the wholesale price for drugs, plus a 3% handling fee as well as the 4% sales tax.

6. Charge employees actual cost for meals.

7. Close the Employees’ Fund and transfer the balance to the general fund.

8. Transfer excess cash from the Canteen Fund to the general fund.

9. Turn over all earnings from the patients’ general fund in excess of amounts to be used within the year to the general fund.
10. Revise the rate structure for hospital services.
11. Transfer the patients' account bookkeeping to computer operation.
12. Consolidate the five supply centers eliminating one full-time employee at each.
13. Adjust markup of goods sold at the commissary to compensate for recorded losses.
14. Establish a system of cost control for use by department heads and supervisory staff.
15. Reschedule the cooks, cooks' helpers, and vehicle operators in Food Service at Craft-Farrow to a 10-hour, four-day work week.
16. Reduce the Engineering Division’s personnel at Craft-Farrow and South Carolina State Hospitals.
17. Implement a plan for repayment of stipends paid to graduates of the Wm. S. Hall Psychiatric Institute and make a charge for costs to those who enter business outside the Department of Mental Health.
18. Dispose of surplus land.

Department of Public Welfare

1. Modify the department's organization.
2. Establish a system for internal control of property and equipment in state and county offices.
3. Develop a computerized system of reporting sick and annual leave as well as mileage payments for employees.
4. Implement a data collection improvement team and charge them with responsibility to redesign the forms and processing procedures within the department.
5. Mechanize the maintenance of personnel records and make the local records official.
6. Revise and update the policy and procedure manuals.
7. Develop a snap-out mailer and computerize mailing of ATP cards on a monthly basis.
8. Discontinue use of mobile food stamp vans.  
   Action Required: Administrative  
   Savings, Income or Cost: Annual Saving  
   Estimated Amount: $48,000

9. Place claims review and contracted claims processing in the Medical Assistance Division and discontinue contracted services.  
   Action Required: Administrative  
   Savings, Income or Cost: Annual Saving (Federal)  
   Estimated Amount: $185,000

10. Institute a management training course.  
    Action Required: Administrative  
    Savings, Income or Cost: Annual Saving (Federal)  
    Estimated Amount: $162,000

11. Provide training for case workers and related staff at the district level.  
    Action Required: Administrative  
    Savings, Income or Cost: Annual Saving  
    Estimated Amount: $27,000

12. Charge homemakers actual costs of material and insignia for uniforms.  
    Action Required: Administrative  
    Savings, Income or Cost: Annual Saving  
    Estimated Amount: $1,000

13. Employ specialists to make a systems and a management review, as well as cost control studies.  
    Action Required: Administrative  
    Savings, Income or Cost: Annual Saving (Federal)  
    Estimated Amount: $267,000

14. Rescind the requirement that monthly travel expense accounts be typewritten.  
    Action Required: Administrative  
    Savings, Income or Cost: Annual Saving  
    Estimated Amount: $4,000

15. Establish a records management program.  
    Action Required: Administrative  
    Savings, Income or Cost: Annual Saving  
    Estimated Amount: $1,000

16. Eliminate 23 pages of salary schedules and 17 pages of statistical data from the department's annual report.  
    Action Required: Administrative  
    Savings, Income or Cost: Annual Saving  
    Estimated Amount: $200,000

---

**Commission for the Blind**

1. Consolidate the area offices into six district offices.  
   Action Required: Administrative  
   Savings, Income or Cost: Annual Saving (Federal)  
   Estimated Amount: $40,000

2. Expand the number of concession stands to include more state and federal office buildings.  
   Action Required: Administrative

3. Request assistance from the Department of Archives and History to establish a record retention schedule.  
   Action Required: Administrative

---

**Children's Bureau**

1. Consolidate adoption services of the state by merging the agency into the Department of Public Welfare.  
   Action Required: Legislative  
   Savings, Income or Cost: Annual Saving  
   Estimated Amount: $275,000

---

**State Development Board**

1. Fill the position of Director of the Industrial Division.  
   Action Required: Administrative  
   Savings, Income or Cost: Annual Saving  
   Estimated Amount: $15,000

2. Reduce the number of secretarial and clerical positions by establishing secretarial pools.  
   Action Required: Administrative  
   Savings, Income or Cost: Annual Saving  
   Estimated Amount: $22,000
RECOMMENDATIONS

3. Remove the Geology Division from the board and place it under the proposed Department of Natural Resources and Conservation.
   Action Required: Legislative
   Income or Cost: Annual Saving
   Estimated Amount: $60,000

4. Transfer the administration of federal programs to the Director of Supporting Services.
   Action Required: Administrative
   Income or Cost: Annual Saving
   Estimated Amount: $11,000

5. Reduce personnel in the board's Communications Division.
   Action Required: Administrative
   Income or Cost: Annual Saving
   Estimated Amount: $8,000

6. Establish a ratio of operating costs to the desired annual industrial development rate.
   Action Required: Administrative
   Income or Cost: Annual Saving
   Estimated Amount: $40,000

7. Renegotiate advertising and public relations contracts.
   Action Required: Administrative
   Income or Cost: Annual Saving
   Estimated Amount: $20,000

8. Consolidate Trends and Impact into one magazine to be published by the Technical Education Center.
   Action Required: Administrative
   Income or Cost: Annual Saving
   Estimated Amount: $20,000

Clemson University Public Service Activities

1. Revise the method of financing the Division of Regulatory and Public Service Programs and payments of fees, taxes, and licenses.
   Action Required: Legislative
   Income or Cost: Annual Saving
   Estimated Amount: $273,000
   One-time Saving
   Estimated Amount: $326,000

2. Centralize the administrative function of the Division of Regulatory and Public Service Programs.
   Action Required: Administrative
   Income or Cost: Annual Saving
   Estimated Amount: $11,000

3. Consolidate duties of field inspectors in the Division of Regulatory and Public Service Programs.
   Action Required: Administrative
   Income or Cost: Annual Saving
   Estimated Amount: $25,000

4. Discontinue meat and poultry inspection.
   Action Required: Legislative
   Income or Cost: Annual Saving
   Estimated Amount: $385,000

Department of Agriculture

1. Reorganize the department along functional lines.
   Action Required: Legislative
   Income or Cost: Annual Saving
   Estimated Amount: $165,000

2. Provide a liquid transporting device for use in checking gasoline pumps.
   Action Required: Administrative
   Income or Cost: Annual Saving
   Estimated Amount: $6,000
   One-time Cost
   Estimated Amount: $9,000

3. Charge a subscription fee for the Market Bulletin to pay the expenses of production, distribution, and recordkeeping.
   Action Required: Legislative
   Income or Cost: Annual Income
   Estimated Amount: $154,000

4. Update the layout and furnishings of the Department of Agriculture's offices and move the Financial Division from rented space to this location.
   Action Required: Administrative
   Income or Cost: Annual Saving
   Estimated Amount: $14,000
   One-time Cost
   Estimated Amount: $30,000

5. Establish a service fee for the commodities served under the Warehouse Division.
   Action Required: Legislative
   Income or Cost: Annual Saving
   Estimated Amount: $97,000
RECOMMENDATIONS

Agricultural Marketing Commission

1. Dissolve the commission and combine its operations into appropriate divisions in the Department of Agriculture. Legislative Annual Saving $ 50,000

2. Increase rental fees in the Columbia Market to be competitive with commercial facilities. Administrative Annual Income $ 24,000

Commission of Forestry

1. Initiate an agreement with forest landowners/leaseholders to provide the cost of reforestation, fire protection, and forest management be returned to the state through a fee on harvested forest products. Legislative Annual Income $3.2-million

2. Combine the commission’s equipment maintenance, modification and equipment oriented facilities with the Highway Department’s capability in each district and/or county. Legislative Annual Saving $150,000

Wildlife Resources Department

1. Define responsibilities and functions of the seven-member policy board. Administrative One-time Cost Avoidance $ 5,000

2. Discontinue use of conservation officers for conducting guided hunting and fishing tours. Administrative Annual Saving $ 50,000

3. Halt use of Belmont and other state properties as guest houses as well as hunting and fishing preserves on a no-charge basis. Administrative Annual Saving $100,000

4. Establish job descriptions and adhere to qualifications when hiring. Administrative Annual Saving $150,000

5. Sell one airplane and restrict use of aircraft to further the department’s objective. Administrative Annual Saving $28,000

6. Increase the subscription price of South Carolina Wildlife to $3 annually. Administrative One-time Income One-time Cost Avoidance $ 10,000 $ 20,000

7. Revise the tax on ammunition and control its collection. Legislative Annual Income $125,000

8. Redirect the income from the sale of non-resident fishing licenses and confiscated weapons from the county of entry to the Wildlife Resources Department. Legislative Annual Income $ 90,000

9. Restructure the licenses and fees for hunting and fishing to provide additional income sufficient to offset cost. Legislative Annual Income $655,000
<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
<th>ACTION REQUIRED</th>
<th>SAVINGS, INCOME OR COST</th>
<th>ESTIMATED AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pollution Control Authority</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Clarify responsibilities of the authority.</td>
<td>Legislative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Establish an inventory system to assure accountability of property.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>3. Discontinue the use of gasoline credit cards.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 2,000</td>
</tr>
<tr>
<td>Water Resources Commission</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Consolidate the Water Resources Commission, the Soil and Water Conservation Commission, and the Geology Division of the State Development Board into a proposed Department of Natural Resources and Conservation.</td>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$ 51,000</td>
</tr>
<tr>
<td>2. Establish a policy as to who has responsibility for comments and replies related to plans or development of the state's water resources.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Develop and utilize automated data processing systems and techniques.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 14,000</td>
</tr>
<tr>
<td>Soil and Water Conservation Commission</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Merge this agency into the proposed Department of Natural Resources and Conservation.</td>
<td>Legislative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Discontinue the state's operating fund payments to county soil conservation districts.</td>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$ 69,000</td>
</tr>
<tr>
<td>3. Discontinue funds to expedite the statewide soil survey program.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 40,000</td>
</tr>
<tr>
<td>4. Reduce planning funds for district watershed projects.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>Department of Parks, Recreation and Tourism</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Raise contracting requirements to $25,000 for individual projects.</td>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$ 57,000</td>
</tr>
<tr>
<td>2. Reduce secretarial and clerical positions.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 15,000</td>
</tr>
<tr>
<td>3. Create a fund for land acquisition.</td>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$100,000</td>
</tr>
<tr>
<td>4. Set up a numbering system for warehouse items, parks, and park buildings.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Reduce purchases to annual requirements or less, unless savings exceed carrying costs.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Develop a plan for making the Piedmont Expo Park self-sustaining or dispose of the project.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Reduce the number of parks being developed at any one time.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8. Increase the adult swimming fee from $0.50 to $1.

9. Transfer the Recreation Commission to the Department of Parks, Recreation and Tourism.

10. Move administrative functions and duties of the Confederate Relic Room and Museum to this department.

11. Dispose of Midlands Expo Park.

12. Develop a program to use the amphitheater originally built for the Liberty Tree.

Recruitment Commission

1. Dissolve the commission and transfer its administrative functions to the Department of Parks, Recreation and Tourism.

Highway Department

1. Restructure the Highway Department into four divisions, creating an administrative division of equal status with engineering, law enforcement, and motor vehicle registration.

Administration

2. Install a new accounting system that provides cost information details needed by the first level of supervision.

3. Reduce number of keypunch operators.

4. Transfer payroll responsibilities to General Accounting.

5. Organize and develop inventory control procedures at outlying garage shops.

6. Combine the duties of Public Relations and Traffic Safety into a Department of Public Safety and Information.

7. Rent surplus office space to the federal Highway Office and/or other compatible agency.

8. Reduce inventory at the supply depot.

9. Eliminate distribution to other agencies when delivery can be secured from a supplier of Central Purchasing.

10. Change procurement practices in the field.

11. Investigate purchase versus rental of computer equipment to reduce costs.
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Action Required</th>
<th>Savings, Income Or Cost</th>
<th>Estimated Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>12. Discontinue the purchase of eight-cylinder engines, air conditioning,</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 57,000</td>
</tr>
<tr>
<td>power brakes, and power steering on utility vehicles.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>13. Establish a policy to require the use of recapped tires on all departmental</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$157,000</td>
</tr>
<tr>
<td>trucks.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Motor Vehicle Division</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Eliminate the title check at the Highway Department's headquarters in</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 89,000</td>
</tr>
<tr>
<td>Columbia.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Increase title fees on original titles from $0.50 to $1.</td>
<td>Legislative</td>
<td>Annual Income</td>
<td>$275,000</td>
</tr>
<tr>
<td>16. Establish uniform registration fees of $10 per year for passenger</td>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$ 24,000</td>
</tr>
<tr>
<td>vehicles and trucks in classes A through H.</td>
<td></td>
<td>Annual Income</td>
<td>$4.5-million</td>
</tr>
<tr>
<td>17. Issue a single motor vehicle license plate good for five years or longer</td>
<td>Legislative</td>
<td>Annual Saving</td>
<td>$361,000</td>
</tr>
<tr>
<td>with renewal decals issued in each of the intervening years.</td>
<td></td>
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</tr>
<tr>
<td>18. Initiate a fee of $2 for providing driver's license examinations.</td>
<td>Legislative</td>
<td>Annual Income</td>
<td>$600,000</td>
</tr>
<tr>
<td><strong>Law Enforcement Division</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Discontinue the use of premium grade gasoline in patrol cars.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$20,000</td>
</tr>
<tr>
<td>20. Consolidate the part-time jobs at the district offices.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$35,000</td>
</tr>
<tr>
<td>21. Establish specific objectives for a systematic reduction in the accident</td>
<td>Administrative</td>
<td></td>
<td></td>
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<tr>
<td>rate with a short-range goal of equaling the national average.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>22. Increase the use of the enforcement index.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Accumulate and analyze accident data more effectively.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Adopt the use of linear programming as an aid in scheduling patrolmen.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$400,000</td>
</tr>
<tr>
<td><strong>Engineering Division</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>25. Restructure the chain of command in the Engineering Division.</td>
<td>Administrative</td>
<td></td>
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<tr>
<td>26. Reduce the length of time that documents are stored.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$ 2,000</td>
</tr>
<tr>
<td>27. Accelerate adoption of new techniques and materials.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28. Minimize the cost of materials through direct purchasing and/or providing</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$425,000</td>
</tr>
<tr>
<td>contractors in securing lowest possible prices.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
29. Speed up payments to contractors.
30. Consolidate functions of the equal opportunity supervisor and federal aid engineer.
31. Limit the speed of heavily loaded vehicles on secondary roads.
32. Reduce cost of right-of-way acquisitions by using a unit-cost accounting technique.
33. Acquire long-term options for rights-of-way where future roads may be needed.
34. Increase use of electronic data processing and photogrammetry in planning and design.
35. Purchase ice-making machines where crew size makes them feasible.
36. Reduce mowing frequency.
37. Issue project vouchers on a weekly basis.
38. Consolidate all materials testing laboratory operations in Columbia.
39. Reduce the frequency of oil changes and the use of oil additives.

Ports Authority

1. Reduce the number of functions reporting to the general manager to four.
2. Reorganize the Finance Department to incorporate a branch for budget and cost analysis and control.
3. Eliminate excess supervision in the Operations Department.
4. Plan and distribute work assignments each afternoon for the next day's work.
5. Establish a work measurement program for classified positions.
6. Change checker/foremen and supervisors from hourly rates to salary status.
7. Reorganize and improve the security activity.
8. Conduct a study to determine the economic feasibility of full service leasing of cargo-handling vehicles.
9. Provide electric scooters to improve efficiency of supervisors.
<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
<th>ACTION REQUIRED</th>
<th>SAVINGS, INCOME OR COST</th>
<th>ESTIMATED AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Dispose of railroad facilities, and eliminate associated services.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$130,000</td>
</tr>
<tr>
<td>11. Reduce loss-producing operations.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$34,000</td>
</tr>
<tr>
<td>12. Institute CPM, PERT, or other type of project scheduling, review, and control.</td>
<td>Administrative</td>
<td>Annual Income</td>
<td>$97,000</td>
</tr>
<tr>
<td>13. Expand sales and promotion efforts for port business.</td>
<td>Administrative</td>
<td>Annual Income</td>
<td>$814,000</td>
</tr>
<tr>
<td>14. Establish procedures and controls to centralize purchasing.</td>
<td>Administrative</td>
<td>One-time Saving</td>
<td>$30,000</td>
</tr>
<tr>
<td>15. Review and update the five-year plan for capital expenditure to provide for growth and expansion of facilities.</td>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Create an Administrative Services Department to include industrial relations.</td>
<td>Administrative</td>
<td>Annual Saving</td>
<td>$8,000</td>
</tr>
</tbody>
</table>
GOVERNOR'S MANAGEMENT REVIEW COMMISSION

IMPLEMENTATION TECHNIQUES
SECTION III
Implementation Techniques

The study group feels the recommendations contained in this report have such fine potential that an effective implementation approach is extremely important. Programs initiated from the procedures and other suggestions pertaining to operation of state government can be most productive for many years. Thus, the current administration of Governor John C. West has an outstanding opportunity of rendering a significant service to the people of South Carolina.

It is hoped the intent of all recommendations in this report will reach complete and meaningful implementation. As a practical matter, however, many will undoubtedly need additional clarification, explanation, and interpretation. Before any are rejected by the Executive or Legislative Branch of state government, they should be given full, objective consideration and deliberation to obtain the benefit of the thinking behind the recommendations involved.

With this background, the following actions are suggested to ensure that South Carolina obtains the maximum benefit from this study effort.

1. Appoint an implementation coordinator — The driving force for implementation should be centered in the Governor's Office. As a member of the Governor's personal staff, the coordinator must act with authority which has been delegated by the chief executive.

   Personal contact between the coordinator and agency heads responsible for action on recommendations will be an important factor for obtaining desirable results. Qualifications of this individual should stress proven skills in management areas, communications, and persuasiveness. A knowledge of state government would also be helpful. This position should be established on a full-time basis for a minimum period of one year. Thereafter, the functions could probably be accommodated by assignment to another individual.

2. Motivate department heads to act — The implementation coordinator should meet individually with department heads to discuss recommendations and obtain feasible commitments for implementation. During these discussions, priorities should be established with various department executives relative to the implementation of individual recommendations. As these interviews progress, department heads may question whether some recommendations are practical or workable for a variety of reasons. To answer these questions, the implementor will have to depend heavily upon the material in the back-up files which support recommendations.

   It may be necessary to consult with the individual members of the Governor's Management Review Commission to clarify the reasoning behind individual recommendations. As a result of this process, some recommendations may be deemed impractical and set aside. Others may require further investigation on the part of the implementation coordinator or outside experts.

3. Establish implementation objectives — As the initial step in transforming recommendations into actual improvements, a comprehensive plan of action for the overall implementation process should be developed. Target completion dates for measuring progress should be included. This plan would be based upon clear and attainable objectives, including realistic deadlines. Thoroughness in the initial planning stage will prove extremely valuable throughout the implementation period and, therefore, should receive the concentrated attention of the implementor.

4. Standardize methods for calculating savings — Working with proper representatives of the Budget and Control Board, the implementation coordinator should establish an accurate, equitable, and consistent method for verifying actual savings and costs incurred as a result of implementation efforts. Furthermore, the procedure for auditing results should be set up to provide periodic and continuing reports on benefits obtained.

5. Design procedures to encourage and control implementation — This represents another important step in formulating and organizing the implementation process. One vital control report must be designed for recording and controlling the progress made by each department. A second report should enable depart-
ment or agency personnel to provide periodic information to the implementation coordinator as recommendations are adopted.

6. Review accomplishments—On a regular basis, preferably quarterly, a summary report should be issued by the Governor's Office through the implementation coordinator on actual program results. Such a report would form the basis for regular meetings between the Governor, the coordinator, and the Executive Committee of the Governor's Management Review Commission. This meeting would provide the coordinator with an opportunity to review and discuss various problem areas with the Executive Committee and seek their advice. In addition to the Executive Committee, all study team members should receive copies of the periodic progress reports.

7. Recognize accomplishments — Recognition should be given to those state supervisors and officials who do a good job in adopting the recommendations and achieving positive results. An appropriate response and recognition from the Governor would be most desirable. In addition, it would be desirable to encourage and recognize those state employees who have expanded upon the original recommendations contained in this document. An effective program of this nature could substantially multiply the stated potentials.

8. Public relations — During the implementation period, this activity would be directed through the Governor’s press representative. As each periodic report on implementation progress is issued, the Governor would probably find it advantageous to make these findings known publicly.

We sincerely expect South Carolina to be a leader in the area of efficient state government and to expand services available to its citizens through progress made from full implementation of the recommendations in this report.
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Southern Bank & Trust Company
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