

Committee: Joint Committee on Appropriations

Tuesday, February 23, 2021 8:00 AM

Roll Call

Present: Rep. Duba, Rep. Fitzgerald, Rep. Mulally, Rep. Mills, Rep. May, Rep. Gross, Rep. Haugaard, Sen. Nesiba, Sen. Maher, Sen. Brock Greenfield, Sen. Kolbeck, Sen. Sutton, Sen. David Johnson, Rep. Howard, Sen. Breitling, Rep. Karr, and Sen. Hunhoff

Excused: Sen. Wiik

OTHERS PRESENT: See Original Minutes

**The meeting was called to order by Senator Hunhoff**

**MOTION: TO APPROVE THE MINUTES OF MONDAY, FEBRUARY 22<sup>ND</sup>**

Moved by: Gross  
Second by: Nesiba  
Action: Prevailed by voice vote

**MOTION: TO APPROVE THE MINUTES OF THURSDAY, FEBRUARY 18<sup>TH</sup>**

Moved by: May  
Second by: Brock Greenfield  
Action: Prevailed by voice vote

**South Dakota Investment Council**

Matt Clark, State Investment Officer

Discussion:

Over \$16 billion in assets; possibly in a financial bubble; had invested too much in banks and energy not enough in technology; still have high growth compared to other states; many "pistons" contribute to cost efficiency; compensation target is 70% of cost of living adjusted median industry pay to balance, incorporates performance compensation; 2013 showed compensation had fallen to 55%, 2016 showed a slippage, and 2019 indicated modest further slippage but not sufficient to request adjustment; internal expenses are 10 basis points of total assets; 1.75% budgeted wage increase was not used and will be stripped out next year if not needed this year; School and Public Lands majority goes directly to K-12 and a chunk goes to Board of Regents; 28 investment staff, no plans to change the size of the investment team; no internships this summer; assists with investments at South Dakota Community Foundation.

**South Dakota Retirement System**

Travis Almond, Director

Discussion:

SDRS remains 100% funded; FY20 \$603M paid in monthly benefits; 88% paid to SD residents; outstanding long-term investment performance has been the primary driver; SDRS could improve website and post-retirement surveys; 31FTE, 1PT - all benefited and permanent, 2 remote; 9 staff eligible for retirement; COVID: transitioned to remote work with help from BIT, continued services, virtual platforms for workshops and seminars and personal consultations, positive impacts will continue with some new services, some budgeted impacts were equipment purchases, security software, and no travel; July 2021 COLA rate 1.28%.

Jane Beer, Chief Financial Officer

Discussion:

Hired a full-time attorney to reduce contractual services of legal counsel, Ice Miller; decrease of \$47,000 in other fund expenditure authority, completed purchase of audio-visual equipment for new space and security enhancements for office; shift of \$87,021 in other fund expenditure authority from operating expenses to personal services.

**SB 171 : provide for the South Dakota Freedom Scholarship, make an appropriation therefor, and declare an emergency.**

Presented by: Senator Lee Schoenbeck

**MOTION: AMEND THE PENDING AMENDMENT**

171E

On page 1, line 6, of the Senate State Affairs bill, after "endowment" insert ", to be called the South Dakota Freedom Scholarship endowment,"

On page 1, line 6, of the Senate State Affairs bill, after "held" insert " in trust and vested"

On page 2, line 20, of the Senate State Affairs bill, after "chapter." delete "Section 6. That a NEW SECTION be added:

"

On page 2, line 21, of the Senate State Affairs bill, after "added:" delete "South Dakota Freedom Scholarship endowment fund."

On page 2, line 21, of the Senate State Affairs bill, after "fund." delete "

The South Dakota Freedom Scholarship endowment fund may be established within the South Dakota Community Foundation. The purpose of the endowment fund is to provide eligible South Dakota students, as described in § 13-55A-17, with a needs-based scholarship to attend an eligible postsecondary institution, as described in § 13-55A-18. The earnings on the South Dakota Freedom Scholarship endowment shall be expended annually to benefit eligible South Dakota students. Any excess earnings or other income to the endowment shall be added to the endowment principal."

On page 2, line 30, of the Senate State Affairs bill, delete "13-55A-16" and insert "13-55A-15"

On page 3, line 4, of the Senate State Affairs bill, after "shall " insert "provide eligible South Dakota students, as described in § 13-55A-16, with a needs-based scholarship to attend an eligible postsecondary institution, as described in § 13-55A-17. The earnings on the South Dakota Freedom Scholarship endowment shall be expended annually to benefit eligible South Dakota students. Any excess earnings or other income to the endowment shall be added to the endowment principal. The board shall "

On page 3, line 6, of the Senate State Affairs bill, delete " 13-55A-18" and insert " 13-55A-17"

On page 3, line 8, of the Senate State Affairs bill, delete "13-55A-17" and insert "13-55A-16"

On page 3, line 30, of the Senate State Affairs bill, delete " 13-55A-18" and insert " 13-55A-17"

On page 4, line 2, of the Senate State Affairs bill, delete " 13-55A-17" and insert " 13-55A-16"

Moved by: Wiik  
Second by: Kolbeck  
Action: Prevailed by voice vote

**MOTION: DO PASS SB 171 AS AMENDED**

Moved by: Wiik  
Second by: Brock Greenfield  
Action: Prevailed by Majority Members Elect (12-4-2-0)

Voting Yes: Duba, Fitzgerald, Gross, Nesiba, Wiik, Maher, Brock Greenfield, Kolbeck, Sutton, David Johnson, Breitling, and Hunhoff

Voting No: Mulally, May, Haugaard, and Karr

Excused: Mills and Howard

**MOTION: ADJOURN**

Moved by: Wiik  
Second by: May  
Action: Prevailed by voice vote

Mary Stewart, Committee Secretary

/s/ JEAN HUNHOFF  
Jean Hunhoff, Co-Chair

/s/ CHRIS KARR  
Chris Karr, Co-Chair