

MINUTES

Appropriations



Senator Jean Hunhoff, Lead Co-Chair
Representative Chris Karr, Co-Chair

Third Meeting, 2021 Interim
Wednesday, June 23, 2021

Room 362 – State Capitol
Pierre, South Dakota

The third meeting of the 2021 Interim Joint Committee on Appropriations was called to order by Lead Co-Chair Senator Jean Hunhoff at 9:05 a.m. in room 362 of the State Capitol, Pierre. All members present joined the meeting remotely.

A quorum was determined with the following members answering the roll call: Senators Bryan Breitling, Brock Greenfield, Jean Hunhoff, David Johnson, Jack Kolbeck, Ryan Maher, Reynold Nesiba, and Maggie Sutton; Representatives Linda Duba, Mary Fitzgerald, Randy Gross, Steven Haugaard, Taffy Howard, Chris Karr, Liz May, John Mills, and Tina Mulally. Excused: Senator John Wiik.

Staff members present included Jeff Mehlhaff, Chief Fiscal Analyst; Jennifer Geuther, Fiscal Analyst (remote); Carter Dykstra, Fiscal Analyst; Joslyn Jessop, Fiscal Analyst; Joey Knofczynski, Fiscal Analyst; and Cindy Tryon, Administrative Specialist.

***NOTE:** For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council office. This meeting was webcast live. The archived webcast is available at the LRC website at <http://sdlegislature.gov>.*

Approval of Minutes

Senator Nesiba moved, seconded by Representative Karr, to approve the minutes of the May 11, 2021, Joint Committee on Appropriations meeting. Motion prevailed on a roll call vote with 15 voting AYE; 3 EXCUSED. Voting AYE: Greenfield, Kolbeck, Maher, Nesiba, Sutton, Duba, Fitzgerald, Haugaard, May, Mills, Mulally, Howard, Breitling, Karr, and Hunhoff. EXCUSED: Johnson, Wiik, Gross.

Consideration of Board of Regents Budget Transfer

Budget transfers require approval from the JCA per SDCL 4-8A-8 for the transfer of authority from one budget unit to another.

Ms. Heather Forney, Vice President of Finance and Administration, BOR, explained the purpose for the requests for budget transfers from the South Dakota School for the Deaf (SDSD) and the South Dakota School for the Blind and Visually Impaired (SDSBVI) to other regental institutions was for utility expenses. Ms. Forney said there was a cut in the budget last year for utilities, but then the unprecedented spike in the commodity during the storms in February created an unusually large increase in the utility bills for several of the higher education institutions.

In response to questions from the JCA members, **Mr. Jeff Mehlhaff, Chief Fiscal Analyst**, said the winter storms in February created a commodity increase impacting each utility provider differently. Some utility companies made money because they had power to sell into the commodity market. Other utility companies did not have enough power and had to pay more for the power needed, passing on those increases to their customers. The way the provider was affected by the commodity and the location of the energy consumer are the reasons some institutions faced large increases in their utility bills and other institutions did not.

Ms. Claudean Hluchy, Business Manager, SDSD and SDSBVI, went through the various reasons the SDSD and SDSBVI have the money available to transfer to the regental institutions needing assistance with the utility bills. Ms. Hluchy said with the new administration starting this last year, there has been restructuring and changes in positions. Some positions were held open in anticipation of these changes. Many of these positions will be filled soon, while some positions will not be filled, and the work will be done on contract. All of this will be done within the special schools budgets.

Representative Duba moved, seconded by Senator Nesiba, to approve the transfer of \$550,000 in general funds from the SDSD and \$280,000 in general funds from the SDSBVI to other South Dakota public postsecondary educational institutions under control of the Board of Regents for utility expenses. Motion prevailed on a roll call vote with 12 voting AYE; 2 voting NAY; and 4 EXCUSED. Voting AYE: Greenfield, Johnson, Kolbeck, Maher, Nesiba, Sutton, Duba, Fitzgerald, Mills, Breitling, Karr, and Hunhoff. Voting NAY: May and Mulally. EXCUSED: Wiik, Gross, Haugaard, and Howard.

Letter of Intent

A letter of intent (LOI) seeks to supplement legislation with specific policy guidelines. There were eleven LOIs approved at the April JCA meeting, three approved at the May JCA meeting, and the JCA considered one LOI during today's meeting.

Senator Johnson presented the revised LOI addressed to the Governor's Office of Economic Development regarding SB162 ([Document #1](#)). The 2021 Legislature approved SB162 which appropriated \$3,800,000 in general funds to be split evenly by the Sioux Falls and Rapid City regional airports and \$600,000 to be split evenly by the Aberdeen, Pierre, and Watertown regional airports.

Senator Kolbeck said the Sioux Falls and Rapid City airports received the letter from the FAA needed to proceed with this funding. The airports wanted to make sure the state appropriated funds would not affect other federal grant dollars.

Senator Kolbeck moved, seconded by Senator Johnson, to approve the Letter of Intent addressed to the Governor's Office of Economic Development regarding SB162. Motion prevailed on a roll call vote with 15 voting AYE, 3 EXCUSED. Voting AYE: Greenfield, Johnson, Kolbeck, Maher, Nesiba, Sutton, Duba, Fitzgerald, Gross, May, Mills, Mulally, Breitling, Karr, and Hunhoff. EXCUSED: Wiik, Haugaard, and Howard.

Overview of Total COVID-19 Funding by Agency

Mr. Joey Knofczynski, Fiscal Analyst, presented the document *COVID-19 Stimulus to South Dakota* ([Document #2](#)). The document reviews the six separate stimulus bills enacted into law starting in March 2020 to assist in the country's recovery from the economic and health effects of the COVID-19 pandemic. In total, South Dakota has been allocated \$11.08 billion to date. The stimulus money has gone or will go to South Dakota agencies or local governments, organizations, and citizens. The document provides a breakdown of each of the six federal acts and the use of those dollars in South Dakota.

Senator Hunhoff asked how JCA can get reports on who received money and how much. Mr. Knofczynski said the Department of Legislative Audit is tracking the expenditures. The LRC fiscal staff will have access to total amounts and the programs receiving the funds.

Page 29 of the document lists funding sent directly to local agencies and programs without going through the state. The amount of those funds is about \$6.2 billion, and it will not be possible for the fiscal staff to track how those funds were spent.

ARPA State and Fiscal Recovery Funds Guidelines

Mr. Joey Knofczynski, Fiscal Analyst, presented information on the American Rescue Plan Act (ARPA) which established the State and Fiscal Recovery Funds on May 10, 2021 [\(starting on page 35 of Document #2\)](#). These funds will go to the state, communities, and counties. In total, South Dakota will receive up to \$1.25 billion from the State and Local Fiscal Recovery Funds. The document includes lists of eligible uses for these funds.

Committee Discussion and Questions

Mr. Jeff Mehlhaff, Chief Fiscal Analyst, said **Mr. Carter Dykstra, Fiscal Analyst**, will be sending out a survey regarding the committee members' thoughts on the East River JCA Tour. The staff will continue preparing for the West River JCA Tour to be held this fall.

Future Meeting Dates

The next meeting dates scheduled for the Joint Committee on Appropriations are July 21 and August 25.

Adjourn

Senator Greenfield moved, seconded by Senator Nesiba, the Joint Committee on Appropriations be adjourned. Motion prevailed on a voice vote.

The Committee adjourned at 12:11 p.m.