

MINUTES

Government Operations & Audit Committee



Representative Randy Gross, Chair
Senator Kyle Schoenfish, Vice Chair

**Fifth Meeting, 2022 Interim
Tuesday and Wednesday, October 18 & 19, 2022**

**Room 414 – State Capitol
Pierre, South Dakota**

The fifth meeting of the 2022 Interim Government Operations and Audit Committee (Committee) was called to order by Chair Gross at 8:02 a.m., October 18, 2022, in room 414, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Representatives Duba, Karr, Otten, Gross, and Senators Steinhauer, Hunhoff, Wheeler and Schoenfish. Representative Peterson and Senator Nesiba joined after roll was called.

Staff members present were Russell Olson, Auditor General for the Department of Legislative Audit (DLA), Tim Flannery and Mike Kogelmann, State Government Audit Managers for DLA.

NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. The bulleted items below each agenda item are documents sent out by the Committee.

Approval of Minutes

Senator Steinhauer moved, seconded by Representative Otten, the minutes of the September 14, 2022 meeting be approved ([Minutes 9-14-22 Doc.1](#)). Motion prevailed unanimously on a voice vote.

Item 1 – Bureau of Human Resources to provide the annual report of compiled authorizations to derive a direct benefit from a contract (SDCL 5-18A-17.2)

- [Letter to BHR Doc.2](#)
- [BHR Cover Letter Doc.2a](#)
- [BHR Report Doc.2b](#)

Mallori Barnett, Legal Counsel for the Bureau of Human Resources (BHR) was present to address the Committee. She provided the annual compilation of [conflict of interest](#) authorizations called for in South Dakota Codified Law (SDCL) 5-18A-17.2 and 5-18A-17.3, passed during the 2015 Legislative Session. Under these laws a governing body may authorize an officer or employee of a State agency to benefit from a contract if the contract is fair, reasonable, and not contrary to the public interest; these authorizations are required to be filed with the Commissioner of the BHR and presented to the Committee annually. Ms. Barnett advised there were twelve approved authorizations or waivers received for the July 1, 2021 through June 30, 2022 reporting period.

Senator Hunhoff asked what BHR's responsibilities are in this process. Ms. Barnett stated the BHR is a resource for the agencies, however, the BHR is responsible for compiling the waivers received into a report and providing the report to the Committee.

Representative Peterson suggested inviting agencies to a future meeting to explain their process in overseeing the completion of these waivers. Senator Wheeler suggested that the compiled report offers public awareness and a degree of transparency.

Representative Otten moved, seconded by Senator Wheeler, to accept the BHR report presented. The motion prevailed unanimously on a roll call vote.

Item 2 – Department of Tourism to present their agency performance measures (SDCL 2-6-37)

- [Letter to Tourism Doc.3](#)
- [Tourism Presentation Doc.3a](#)
- [Tourism Performance Measures Doc.3b](#)

Wanda Goodman, the Deputy Secretary with the Department of Tourism (Tourism), was present to address the Committee. She presented the Tourism [performance measures](#) and provided introductory information. She stated the last time Tourism presented their performance measures was in October 2019, shortly after they had implemented their strategic plan. After that Covid-19 hit and South Dakota had record tourism years in 2020 and 2021.

Ms. Goodman started with goal one which is to increase year over year tourism related jobs. Representative Gross asked what type of jobs this included. Ms. Goodman stated this included all full-time and part-time jobs. Tourism related jobs increased 9% from 2020 to 2021 to approximately 54,000 jobs, which represents one out of every 12 jobs in South Dakota. She stated 2019, pre-pandemic, is the year Tourism uses as the gauge. Tourism related jobs have not yet reached the 2019 level. Senator Steinhauer asked if these numbers represent the number of positions or the number of workers. Ms. Goodman stated they represent the number of positions. She added that workers left the hospitality sector during the pandemic and went to other industries. There are still over a million unfilled hospitality sector jobs nationwide.

She stated goal number two is to increase visitor length of stay in South Dakota. The length of stay was up dramatically in 2020 and decreased from 2.31 days to 2.24 days in 2021. She added that South Dakota is out pacing the national level for length of stay.

She stated goal number three is to increase the amount spent per person per day. In 2021 the per person per day amount spent increased from \$121 to \$129.

Ms. Goodman explained goal number four is to increase year over year visitor spending. Visitor spending in 2021 was \$4.4 billion as compared to \$3.4 billion in 2020. This was an increase of 30%.

Ms. Goodman explained goal number five is to increase year over year state and local tax revenue generated by tourism activity. Tax revenue increased 25% in 2021 to \$345 million.

Ms. Goodman explained goal number six is to increase year over year tourism promotion tax revenue. Tourism promotion tax revenue increased 30% in 2022. Representative Gross asked Ms. Goodman how Tourism measures the numbers presented. Ms. Goodman explained they use a variety of tools including data from the Bureau of Finance and Management and Department of Labor as well as contracts with

Tourism Economics and Longwoods International for national trends. Ms. Goodman concluded by referring to other indicators updated monthly and posted on the Tourism website.

Representative Peterson asked if Tourism was not identifying goals or targets because of the volatility in the industry or because Tourism is just tracking year to year information in hopes of getting better. Ms. Goodman stated percentage goals were identified in the past, however, it became apparent that new goals would simply be arbitrary. She added they want to increase numbers over the prior year and could provide historical goals if the Committee wanted them.

Senator Wheeler asked if Tourism had metrics that tied what they are doing to results. Representative Karr asked how the Department knows the results correlate to efforts made by Tourism and are the dollars that are being spent having a positive impact.

Representative Peterson moved, seconded by Representative Karr, that the Department come back with updates the Committee asked for and the Committee can approve at that point. The motion prevailed on an eight to one roll call vote.

Item 3 – South Dakota Board of Technical Education to present the annual accountability report from the Technical Institutes (SDCL 13-48A-7)

- [Letter to SDBOTE Doc.4](#)
- [SDBOTE Accountability Report Doc.4a](#)

Nick Wendell, the Executive Director of the South Dakota Board of Technical Education (SDBOTE) was present to address the Committee. He introduced four representatives from the technical colleges: Mark Wilson, President of Mitchell Technical College; Bob Griggs, President of Southeast Technical College; Ann Bolman, President of Western Dakota Technical College (joined virtually); and Mike Cartney, President of Lake Area Technical College. Mr. Wendell announced the retirement of Mr. Cartney at the end of the calendar year and thanked him for his service and many accomplishments. Representative Gross congratulated Mr. Cartney and thanked him for his work. Mr. Wendell thanked Doug Ekeren and Scott Peterson for their years of service on the Board, as their terms end.

Mr. Wendell discussed overall enrollment numbers across the system for the fall of 2022. Unduplicated enrollment (full-time, part-time and dual credit) at the four technical colleges increased by 106 students (7,134 students to 7,240). Mr. Wendell explained there has been a steady increase in dual credit, except for a leveling off in the fall of 2020. Senator Hunhoff asked if a student taking dual-credit courses from a technical college are required to go to that same college after graduation and if the technical colleges track the dual credit students. Mr. Wendell stated they are not required to go to that same technical college and each technical college tracks those dual credit students. Mr. Wendell stated the national trend for two-year public college enrollment is down. South Dakota is one of a few states to see steady and slight enrollment increases. It was the sector of higher education that was most negatively impacted by the pandemic. He believed because we were able to hold in-person instruction during the fall of 2020 our enrollments weren't impacted as much as other states.

Mr. Wendell described a slight dip in retention from 78.2% in 2020 to 74% in 2021. He explained that the retention rate measures the number of students who enroll in an institution one fall and return to the institution the following fall. He explained that although there was in-person instruction, Covid did

have an impact on retention in 2021. The South Dakota retention rate was higher than the national average, which is around 53%. Senator Hunhoff requested future reports provide regional retention information for the surrounding states which she believes would be more beneficial than the national average.

Mr. Wendell described the graduate outcomes for 2021. Within six months of graduation the individual colleges track student's placement in a job, continued education, or the military. The placement rate for the technical college system in 2021 was 98%. He explained there were 2,259 total students placed, of which 1,826 were employed in South Dakota, 225 employed elsewhere, and 208 continuing education or joining the military. Representative Peterson expressed her appreciation for the work to keep South Dakota graduates in-state. She asked of the Building South Dakota Scholarship Program was helping to keep graduates in-state. Mr. Wendell stated that it is helping. With industry partners, who can pay for part of the scholarships, students commit to working in South Dakota for three years after graduation.

Mr. Wendell thanked the Legislature for the additional instructor salary support funding. He explained that the technical colleges are not competing so much with other colleges, rather they are competing with the private sector. The salary support dollars have helped to close the salary gap with the private sector. He explained the administrative rule change to the distribution of salary support dollars to the four technical colleges. The fiscal year 2023 instructor salary support appropriation was \$3,438,528.

Mr. Wendell explained the multi-year plan developed by the technical institute system to address maintenance and repair needs. The plan is based upon the square footage of state-owned facilities and funding at 2% of replacement value of those facilities. The fiscal year 2023 maintenance and repair appropriation was \$1,552,307.

Representative Gross asked what the biggest challenges were going forward. Mr. Wendell identified three areas: 1) attainment for non-traditional South Dakotans, 2) affordability, and 3) alignment with industry expectations.

Representative Peterson asked what percentage of technical college students graduate and go on to four-year colleges and more specifically South Dakota colleges. Mr. Wendell stated approximately 20% will enroll in another college or university and the majority of those select a South Dakota university. Representative Peterson asked if the credits transfer over well. Mr. Wendell stated they are working hard to ensure credits transfer to the colleges and universities. He explained the success of the nursing program as a positive example of credits cross walking to a four-year program. Representative Peterson asked if the Board of Technical Education had entered into an agreement with Western Governors University (WGU) and why. Mr. Wendell stated they had entered into an agreement. He explained WGU has an attractive distance learning model that offers benefits to the students. Representative Peterson expressed her support for the WGU agreement.

Representative Peterson moved, seconded by Representative Otten, to accept the SDDOTE annual accountability report. The motion prevailed unanimously on a roll call vote.

Item 4 – Department of Game, Fish and Parks to answer Committee Questions about aquatic invasive species

- [Letter to GF&P Doc.5](#)

Kevin Robling, Cabinet Secretary with the Department of Game, Fish and Parks (Department) was present to answer Committee questions regarding aquatic invasive species (AIS). Mr. Robling introduced Jake Davis, the Statewide Aquatic Program Administrator, to begin the conversation about aquatic invasive species. Mr. Davis explained that zebra mussels were introduced into North America in the 1980s, starting in the Great Lakes Region. They spread by boat traffic and downstream movement. He presented a map of the western movement of the zebra mussels since the 1980s. Mr. Davis explained that two independent confirmations are necessary to classify a body of water as infested with zebra mussels. He stated there are currently 15 water bodies in South Dakota infested with zebra mussels. He explained that every surface water user in the State can impact the spread of AIS and the Department's message is simple: clean, drain and dry your boats after every use. Mr. Davis explained the goal is to reach as many users as possible through media releases, social media, hardcopy publications, gas station TV ads, Department of Transportation billboards on the interstate, information cards to watercraft owners, and communication kits to various associations. Representative Duba asked for more information about signage and was concerned about the time it takes to put signs up on infested waters. Secretary Robling explained that when a water body is determined to be infested, the Department places 4 X 8-foot signs up within five days of determination explaining the infestation to the public. Senator Hunhoff asked how compliance is measured. Secretary Robling stated there are over 18,000 boat inspections completed annually across South Dakota and 96% of the boats inspected are determined to be clean.

Mr. Davis moved on to watercraft inspection and decontamination. He stated House Bill (HB) 1033, 2020 Session, provided additional authority to the Department to help slow the spread of AIS. Prior to the passage of this legislation, boat inspections were voluntary. With the passage of HB 1033 the Department could mandate inspections and boat decontamination. He explained how an inspection is conducted, the risk factors they are looking for, and the beneficial personal interaction they have with the watercraft users to help educate them about AIS. He described the regional approaches for locating watercraft inspection stations, which are based upon water body access points. He explained the Department was down 20 law enforcement officers in fiscal year 2022; law enforcement officers can write citations at the watercraft inspection stations. Mr. Davis identified the federal, state, and local partners the Department is working with to slow the spread of AIS. He identified the challenges with an abundance of resources in South Dakota, over 10,000 water bodies. He explained there has been no noticeable reduction in fish populations at the Lewis and Clark reservoir since it became infested with zebra mussels in 2015. He also added that there has not been a reduction in camping nights sold at Lewis and Clark State Park since the lake became infested with zebra mussels in 2015.

Representative Otten asked if HB 1033 provided enough authority to the Department to fight AIS or if the Department needed anything else from the Legislature. Secretary Robling stated this Legislation along with Administrative Rules has worked well and nothing more is needed. Representative Otten commented that there will be future expenses associated with zebra mussels and their ability to attach to turbines and other equipment. Senator Steinhauer asked what the Department was doing to educate the Legislature and the public about the economic impacts of AIS. Secretary Robling stated it all

depends on the spread. Agriculture will be impacted; however, it is hard to quantify the economic impact. Members of the Committee expressed frustration that the questions from the Chair were not being answered by the Department. Mr. Robling provided the [GF&P answers](#) to the Committee's questions. Chair Gross expressed disappointment that the Committee had not been given an opportunity to review the answers to the questions prior to the meeting.

Chair Gross stated the Department of Game, Fish and Parks has agreed to return October 19, 2022, and answer Committee questions. Senator Wheeler referred to the statement made by the Department that there is no convincing evidence that there is a direct relationship between more inspections and fewer infestations and asked for an explanation. Mr. Davis explained inspections are a tool in the toolbox to educate users and inspect the watercraft. Representative Duba encouraged the GF&P to work cooperatively with the Northeastern Lakes Association. Senator Nesiba commented about the difficulty the Department was having with filling positions and encouraged them to come to the Appropriations Committee if additional funding was needed. Senator Nesiba asked for additional information regarding citations written by law enforcement and the cost of a citation. Mr. Davis explained the citation process and that the cost for a citation for not pulling a boat plug was \$182.50. Senator Wheeler asked about the infested lakes that have fish hatcheries and how the Department prevents AIS spread from these facilities. Mr. Davis stated that before transporting these fish, they are quarantined in fresh water and subject to a small-scale chemical bath, ensuring these fish are safe for consumers. Representative Duba and Senators Nesiba and Wheeler encouraged the Department to complete an economic impact study of the effects of zebra mussels.

Item 5 – Department of Human Services to answer Committee questions about the Family Support 360 program

- [Letter to DHS Doc.6](#)
- [Family Support 360 Doc.6a](#)

Joey Younie, Director of the Division of Developmental Disabilities (DDD) with the Department of Human Services (DHS) and Jaze Sollars, Waiver Administrator with the Department of Human Services were present to address the Committee. Ms. Younie explained the DDD works to ensure that people with intellectual and developmental disabilities have equal opportunities to receive the services and supports they need to live and work in our South Dakota communities. She explained that the DDD operates two Medicaid waivers and today we are just talking about the Family Support 360 (FS360) waiver. The FS360 is a Medicaid waiver and cannot duplicate the Medicaid State Plan. Senator Hunhoff asked for further explanation. Ms. Younie stated the FS360 waiver would not be able to cover something that is already covered under the Medicaid State Plan. FS360 is based on individual eligibility and services are specifically for eligible individuals. She explained there may be times an individual is denied services due to not meeting the federal and State requirements under the waiver. Representative Otten asked if Medicaid expansion would change anything covered by the FS360 waiver. Sarah Akers, Medicaid Director with the Department of Social Services (DSS) stated “no” Medicaid expansion would not change anything covered by the FS360 waiver.

Ms. Younie described the application process. Applications can be obtained from Community Support Providers (CSPs) or from the DDD. Applications are received by the CSPs and placed on a planning list, currently maintained by the CSPs and monitored by the DDD. There are currently 179 people on the planning list. Once the State receives the application or level of care document the State has 45 days to

process the application. Ms. Younie added there are currently eight CSPs providing FS360 waiver services to 1,400 people. She stated they are working with their partners across the system to change their “front door to supports” process from a CSPs focus to a state level process, similar to other States.

Ms. Sollars described various regulations and policies. She described the budget process within FS360, which operates under individual budgets. Individuals that enter the program meet with their Family Support Coordinator and discuss their support needs and what services within the program can be used to meet their needs. They then establish an individual budget that can be used to purchase services within the guidelines for the program. Individuals meet annually with their Family Support Coordinator to review their budgets on an ongoing basis. Senator Hunhoff asked who Family Support Coordinators work for. Ms. Sollars explained these positions are employees of the eight CSPs that are contracted to deliver the FS360 waiver. Ms. Sollars stated the DDD works closely with the DSS, the State Medicaid agency, in setting the financial assistance guidelines for the FS360 program. These financial assistance guidelines outline the allowable services in the program. Ms. Sollars described a 2018 review completed by the Program Integrity Unit of the DSS. The review identified unallowable claims being paid with federal and state dollars. As a result of that review, the FS360 program was placed on a monitoring status and the DDD was required to meet with the DSS monthly to come up with an action plan to bring the waiver operations in compliance with Medicaid guidelines and the DDD financial assistance guidelines. A recommendation from the review was for DDD to revisit and revise guidelines to identify allowable and unallowable expenses by category and submit the revised guidelines to the DSS for approval. She explained the results of the review and the revised guidelines were discussed with the CSPs and the Family Support Council (which was created by an Executive Order of the Governor). The FS360 program must obtain approval from the Centers for Medicare & Medicaid Services for the types of services that are being offered.

Ms. Sollars explained the FS360 is a self-directed waiver program. Individuals and their families are in the driver’s seat for services. They select the staff that are going to be providing the services, however, the payments for those services must go through an approved Medicaid provider. Senator Nesiba shared a sense from families that the parameters have been tightened up. Ms. Akers stated the review identified instances where services were allowable and not billed correctly. She also identified one of the recommendations from the review was to enhance guidance provided to the CSPs and families as to what expenses are allowable. Senator Nesiba asked if there was an advocate for the families. Ms. Sollars stated this was the role of the Family Support Council. Senator Nesiba commented that he wished there was more that could be done to help meet the needs of the families regarding this important program.

Dr. Michelle Powers, a member of the Family Support Council, representing herself, provided public testimony on her concerns with the FS360 program.

Brenda Smith, representing herself and her family, provided public testimony on her concerns with the complexity of the FS360 program.

Representative Gross shared a [letter received from Marlys Feist](#) and asked that it become part of the minutes as public testimony.

Ann Van Stedum, representing herself and her family, provided public testimony on her concerns with the poor communications within the FS360 program.

Teri Bukowski, representing herself and her family, provided public testimony on her concerns about the limitations with agency with choice provisions of the FS360 program.

Senator Jack Kolbeck provided a document of [proposed changes](#) which identified four areas of suggested improvements that could be made to the FS360 program. He thanked the Committee for listening to the concerns of the families participating in this very important program.

Dan Cross, Executive Director of Community Support Providers of South Dakota, provided public testimony echoing concerns about the program. He provided additional information about the agency with choice provisions of the FS360 program.

Brian Mulder, Managing Director of Volunteers of America Dakotas, provided public testimony on concerns with the reimbursement process and the contract process.

Representative Karr and Senator Steinhauer expressed concerns with the contracting process as well as the CSP's not being reimbursed for the entire compensation package for full-time employees, including employee benefits.

Representative Peterson moved, seconded by Senator Steinhauer, that we ask the DHS to immediately implement the [proposed changes](#) to remediate the Family Support 360 Program, and that they present to the Joint Appropriations Committee, at their November meeting, measurable evidence of progress on the requested changes. That the DHS return to this Committee prior to the tentative June 1, 2023, implementation of the Front Door to Supports initiative, to report specifically on additional progress toward the changes to the Family Support 360 Program. That the DHS provide contracts to the agencies 90 days in advance of implementation unless it would result in a delay in the delivery of services. Motion passed unanimously on a roll call vote.

Item 6 – Department of Education to present their agency performance measures (SDCL 2-6-37)

- [Letter to DOE Doc.7](#)
- [DOE Performance Measures Doc.7a](#)

Tiffany Sanderson, Cabinet Secretary for the Department of Education was present to address the Committee. Secretary Sanderson explained there was a misunderstanding regarding approved performance measures and asked to defer the discussion to a future meeting date. Representative Peterson provided additional information about events that transpired during the 2019 and 2020 interim period and suggested this topic be deferred until a later date. Chair Gross agreed.

Item 7 – Bureau of Administration to present the annual report of the Obligation Recovery Center (SDCL 1-55-16)

- [Letter to BOA Doc.8](#)
- [Obligation Recovery Center Report Doc.8a](#)

Andy Gerlach, Deputy Commissioner of the Bureau of Administration, was present to address the Committee. Mr. Gerlach reviewed two partners that work with the Obligation Recovery Center (ORC):

1) Reliant Capital Solutions and 2) Government Performance Solutions, LLC. Mr. Gerlach stated that collections are impacted by the economy. He explained that when stimulus checks were sent out to individuals, the debt payments increased and as inflation has increased, debt payments have decreased. Mr. Gerlach reviewed a collection summary for fiscal year 2022 which included collections for all agencies totaling \$2,978,752. At the end of fiscal year 2022 a total of 141,679 accounts were being collected by the ORC and those accounts had an outstanding balance of \$122,136,610.

Mr. Gerlach stated that when an agency refers debt to the ORC, a 20% fee is added to the outstanding debt. This fee is used to pay for ORC services. He explained a key strategy for debt collection is to get the consumer on a payment plan. If they are on a payment plan, they can still renew their driver's license, obtain hunting and fishing licenses, and reserve camping spots. Senator Wheeler described a particular client situation he encountered where his client was not given a payment plan option and was told she needed to pay some debt in full. Senator Wheeler asked who makes these decisions within the Unified Judicial System. Mr. Gerlach stated he would work directly with Senator Wheeler to provide some guidance regarding this situation. Mr. Gerlach referred the Committee to a diagram, on their website, that describes the entire debt collection process in South Dakota.

Representative Duba asked if the Reliant vendor was obtained through a request for proposal process (RFP) and how long is their contract for. Mr. Gerlach stated Reliant was obtained through an RFP and their contract is for three years with an option to renew for two more years. Mr. Gerlach said after five years the contract will go out for bid again.

Representative Peterson moved, seconded by Representative Otten, to accept the annual report from the ORC. The motion prevailed unanimously on a roll call vote.

Item 8 – Board of Regents to present financial reports of the University Centers and discuss compliance with SDCL 13-51-1.3

- [Letter to BOR Doc.9](#)
- [BHSURC Report Doc.9b](#)
- [USD Sioux Falls Doc.9d](#)
- [USDSF Report Doc.9a](#)
- [West River Health Science Center Doc.9c](#)

Brian Maher, Executive Director of the Board of Regents (BOR), was present to address the Committee. He stated the BOR was in compliance with the eight tenants of SDCL 13-51-1.3. He thanked the Legislature for making one change to State support rates, which has allowed the University Centers to be competitive going forward. Dr. Maher briefly described the significant changes that have been made at the two university centers and introduced Laurie Nichols, the President of Black Hills State University. Ms. Nichols described the efforts made to consolidate the South Dakota State University nursing program to the Black Hills State University – Rapid City (BHSU-RC) facility. She provided a timeline of additions and renovations of the BHSU-RC facility for West River nursing. She explained the \$15.1 million renovation project for the West River Health Science Center and thanked the Legislature for approving \$8 million toward the project's cost. The other portion of the funding is expected to come from federal funds. Senator Hunhoff asked if there will be two sets of financial statements for the West River University Center. Kathy Johnson, Vice President of BHSU, explained during her review of the BHSU-RC operating statements that the fiscal year 2023 numbers do include the nursing program. She added that although the fiscal year 2023 numbers are projections, the fall enrollment data is in, and she

believed the projected numbers were sound numbers. She explained they made the necessary adjustments with cost to end up with a positive net revenue number in fiscal year 2023.

Sheila Gestring, President of the University of South Dakota (USD), described the rebranding of the Community College for Sioux Falls to the University of South Dakota – Sioux Falls (USD Sioux Falls). She explained the vision to market under a single, established brand and to maximize space utilization and efficiency by:

- Consolidating existing Sioux Falls health sciences courses and programs
 - USD Nursing Sioux Falls
 - Masters of Social Work
 - Master of Public Health Sioux Falls Faculty
- Vacate nearly 20,000 square feet of leased space
- House new Certified Registered Nurse Anesthetist (CRNA) program
- Relocate existing Sioux Falls public outreach centers
 - Center for Prevention of Child Maltreatment
 - Center for Rural Health Improvement

Ms. Gestring explained the new plan is workforce focused and capitalizes on partnerships that are already in place at USD. USD Sioux Falls will now be one entity with one mission under USD. USD already has industry partners in Sioux Falls and the new plan will better utilize those assets in Sioux Falls.

Jay Perry, Vice President of USD Sioux Falls, explained the facility conversion process that is taking place at USD Sioux Falls. Representative Peterson asked why SDSU still had several slots identified on the footprint of the USD facility. Dr. Perry explained the SDSU pharmacy program still had a presence at the USD Sioux Falls facility and until they can find other accommodations would stay at the facility. Dr. Perry stated they are working aggressively to explain to the community what is now happening at the USD Sioux Falls because of recent misinformation about the facility. Dr. Perry is optimistic about the dramatic increase in Sioux Falls area high school enrollment numbers and believes it will have a positive impact for USD Sioux Falls in the future.

Julie Kreek, Vice President of Finance with USD, presented the operating statement for USD Sioux Falls. She explained the statements include the collective revenues of the courses delivered at the Sioux Falls facility, including State supported programs. She projected an operating deficit for fiscal year 2023 of \$336,000.

Representative Gross thanked those that testified and stated that he believed the two facilities are on a good path now.

Item 9 – Department of Public Safety:

- **To present their agency performance measures (SDCL 2-6-37)**
- **The annual report from the South Dakota 911 Coordination Board (SDCL 34-45-20)**
- [Letter to DPS Doc.10](#)
- [DPS Performance Measures Doc.10a](#)
- [911 Cover Letter Doc.10b](#)
- [911 Report Doc.10c](#)

Craig Price, Secretary of the Department of Public Safety (DPS), was present to address the Committee. He reviewed the [DPS Performance Measures](#) and explained the first goal was to protect South Dakota citizens and visitors by promoting public safety through education, enforcement and example. He stated there are 201 State troopers across the State that are promoting public safety through roadway safety enforcement. He elaborated on eight measures underneath roadway safety enforcement that the DPS uses to measure success. He emphasized the importance of seatbelt enforcement, stating that almost 60% of fatalities are the result of people not wearing seatbelts. Secretary Price explained their goal is to have State troopers out on the highways, performing active enforcement, about 65% of their time.

Secretary Price explained the second goal was to protect South Dakota citizens and visitors by collaborating with state, local, and tribal entities and governments to prepare, respond, recover and mitigate emergencies and disasters. The DPS coordinates prevention, preparedness, response, recovery and mitigation activities. He explained the five measures by which the DPS measures success. He explained the DPS works by collaborating with local entities and organizations to enhance services and security measures and identified four measures they use to determine success. He reviewed two Presidentially declared disasters last year. The first one in May resulted in \$30 million in damages to 20 counties. The second disaster occurred in June resulting in \$1.8 million in damage to six counties. He added that 20% of Federal Emergency Management Agency (FEMA) dollars can be used for future mitigation projects such as burying power lines. The DPS currently manages around \$118 million in FEMA projects. He explained the roles of the State Fire Marshall and the Division of Wildland Fires in South Dakota and the work they do. Secretary Price explained the recent work of the School Safety Resource Center in working with school districts to complete school safety assessments.

Secretary Price explained the third and final goal was to protect South Dakota citizens and visitors through education and effective regulatory services. Under educational opportunities he identified five measures the DPS uses to ensure success. Under regulatory services he identified seven measures the DPS uses to ensure success. He explained the driver's license renew process and thanked the Legislature for funding the express station in Sioux Falls that has worked out well. He explained the DPS encourages people to renew online when that option is available to them. He also talked about the additional customer service training that has been provided to phone representatives and the improvements noticed in the recently completed customer satisfaction surveys.

Senator Wheeler moved, seconded by Representative Peterson, to approve the DPS performance measures. The motion prevailed unanimously on a roll call vote.

Jon Bierne, the Director of the Division of Criminal Justice Services with DPS touched on highlights from the annual [9-1-1 report](#). He stated the South Dakota 9-1-1 Coordination Board (Board) primarily focused on the next phase of their Next Generation 9-1-1 project with the implementation of the National Emergency Number Association's i3 standard for geospatial call routing to provide more accurate call routing and location information. The Board completed six onsite reviews of Public Safety Answering Points (PSAPs), and all were in compliance. The Board also reviewed and approved 74 annual financial reports submitted by counties and PSAPs.

Representative Otten moved, seconded by Representative Peterson, to accept the South Dakota 9-1-1 Coordination Board's annual report. The motion prevailed unanimously on a roll call vote.

Item 10 – Department of Health to answer Committee questions regarding LIFEPAK defibrillators

- [Letter to DOH Doc.11](#)

Joan Adam, Secretary of the Department of Health, and Kathryn Janecke, Randy Heiringer, and Will Frantz, representatives of Stryker were present to address the Committee. Secretary Adam provided opening remarks regarding the purchase of LIFEPAK defibrillators from Stryker Corporation. She described the need the State had to replace old LIFEPAK defibrillators that were purchased over 10 years ago with a grant from the Helmsley Trust. She explained that LIFEPAK defibrillators are currently used by 92% of ambulance services in South Dakota and provide a coordinated emergency medical service system of care. Secretary Adam explained the purchase met all federal and State procurement laws.

Representative Karr asked if the product would be supported after four to six years. Ms. Janecke explained that Stryker will provide service and support for the product for eight years.

Item 11 – Governor’s Office of Economic Development to present their agency performance measures (SDCL 2-6-7)

- [Letter to GOED Doc.12](#)

Joe Fiala, Partner Relations Director for the Governor’s Office of Economic Development (GOED) was present to address the Committee. He explained the mission of the GOED was to drive the economic development environment that ensures the next generation can succeed in South Dakota. He explained their first goal was to be engaged with business, industry, and economic development partners. The GOED wants to stay connected to their economic development partners throughout the State. Mr. Fiala went through three activities they will use to measure success:

1. Conduct retention and expansion visits with existing South Dakota companies. Their target was 50 visits and the actual results for fiscal year 2022 were 36 visits.
2. Conduct partner site visits. Their target was 100 visits and the actual results for fiscal year 2022 were 89 visits.
3. Conduct business retention and expansion, partner, or community site visits in Indian Country. Their target was 36 visits and the actual results for fiscal year 2022 were 19 visits.

Representative Gross asked if the measures for Indian Country was applicable to the reservations only. Mr. Fiala stated that it included border areas. Representative Duba asked if the target of 36 visits, for measure one was too low considering there were 372 visits in the prior year. Mr. Fiala stated that doing so many visits in the past stretched staff and the results were poor. The focus now will be more on projects. He added that there are currently five business development representatives and three partner development representatives on staff.

He explained their second goal was to facilitate the creation and retention of jobs as well as business expansions. Mr. Fiala went through two activities they will use to measure success:

1. Jobs created or retained. Their target was 1,200 jobs and the actual results for fiscal year 2022 were 2,988 jobs.
2. Business projects facilitated. Their target was 40 projects and the actual results for fiscal year 2022 were 37 projects.

Senator Hunhoff asked for clarification of what business projects facilitated meant. Mr. Fiala stated that when a company makes an announcement they are moving forward, this is when the project is counted. Representative Gross stated that constituents ask him why the State is recruiting more business to the State when existing businesses can't find employees. Mr. Fiala stated that businesses learn about South Dakota's excellent business environment and come on their own accord, in most cases.

Mr. Fiala explained their third goal was to facilitate growth and capital expenditures expanding the tax base. He went through six indicators they will use to measure success:

1. Capital expenditures.
2. South Dakota's gross domestic product.
3. Annual gross domestic product growth.
4. Gross domestic product growth compared to the nation.
5. Average private sector South Dakota annual wage.
6. Annual wage growth.

Representative Gross asked for clarification on the meaning of capital expenditures. Mr. Fiala stated this number is tied to only projects facilitated by the GOED. Mr. Fiala concluded by providing three examples of successful projects in South Dakota:

1. Gevo – a company that processes corn into aviation fuel in Lake Preston. When completed this project will create 90 full-time jobs.
2. AEsir Technologies – a company that manufactures batteries in Rapid City. When completed this project will create 400 full-time jobs.
3. The role the GOED has played to encourage growth in the dairy industry.

Senator Nesiba asked if the GOED discussed measures pertaining to housing units, the poor, and college degrees, economic measures that work for everyone not just people at the top. Mr. Fiala stated that there have been wide ranging discussions of many measures within the GOED, and it boiled down to those measures that were most impactful.

Representative Otten moved, seconded by Representative Peterson, to accept the GOED performance measures. The motion prevailed unanimously on a roll call vote.

Committee Subpoena Authority

Representative Otten prepared [Draft 101](#) and distributed it to the Committee. He explained the Committee used to have authority to issue a subpoena, however, several years ago due to member disagreements the Committee lost its authority and now needs ratification by the Executive Board to issue a subpoena. Representative Otten stated the Committee should not have to ask another Legislative Committee permission to do what it was assigned to do. Representative Peterson stated GOAC is a separate, statutorily created Committee that is not subject to oversight by the Executive Board. Senator Hunhoff asked who the legal counsel for the Committee in the process would be. Representative Peterson stated Legislative Research Council would provide legal counsel. Representative Gross and Senator Schoenfish both agreed that it would be more efficient if the process did not need to be ratified by the Executive Board. Representative Karr believes this draft legislation is a step in the right direction. Senator Wheeler explained those that vote to support the motion would be

identified as sponsors on the bill and recommended it be a House Bill with the prime sponsor being Representative Otten. Representative Otten moved, seconded by Representative Peterson that [Draft 101](#) be brought forward as a Committee bill. The motion passed unanimously on a roll call vote.

Item 12 – Department of Transportation to present their agency performance measures (SDCL 2-6-7)

- [Letter to DOT Doc.13](#)
- [DOT Performance Measures Doc.13a](#)
- [DOT Summary Report Doc.13b](#)

Joel Jundt, the Secretary of the Department of Transportation (DOT), was present virtually to address the Committee. He explained that the DOT has a long history of using performance metrics throughout the organization. Since 2013 they have contracted with an outside company to help develop performance metrics striving for continuous improvement within the DOT. He described their mission to efficiently provide a safe and effective public transportation system. The DOT's first goal is to provide the best transportation system and assets. The DOT maintains over 8,800 road miles and 1,800 structures throughout South Dakota. To maintain highway and bridge conditions and ensure success he identified the following measures:

- Percent interstate pavements in good or excellent condition
- Percent of state highway pavements in good or excellent condition
- Percent of state bridges in good or fair condition

Senator Steinhauer asked about comparisons with other states. The goal implies a comparison, yet there is no data on comparisons to other states or the nation. Secretary Jundt said this data could be provided to the Committee. Senator Hunhoff asked if good or fair bridges mean they are only on a maintenance list. Mike Behm, the Director of the Division Planning and Engineering with DOT explained that the poor category means they may soon need to be replaced. Senator Nesiba asked about the DOT's involvement with county and township roads and if there is an inventory of those roads. Secretary Jundt explained the DOT's Office of Local Government Assistance provides help to local governments. He also explained the resources available to the local governments, however, it is ultimately the local governments that are responsible for these roads.

The DOT's second goal is to provide excellent services. To improve customer and contractor satisfaction of services provided Secretary Jundt identified the following measures:

- Customer satisfaction with overall delivery of services
- Satisfaction with winter maintenance
- Contractor's rating DOT staff performance as excellent or good

The DOT's third goal is everyone home safe every day. To improve safety on highways Secretary Jundt identified the following measures:

- Reduce the number of fatalities related to highway crashes
- Reduce the number of serious injuries related to highway crashes
- Reduce crashes involving DOT snowplows

To improve safety of workforce Secretary Jundt identified the following measures:

- Reduce state vehicle backing crashes
- Reduce state vehicle crashes
- Reduce employee lost time injuries

The DOT's fourth goal is to value all team members and to improve agency recruitment, retention and engagement. Secretary Jundt identified the following measures to ensure success:

- Increase retention of new employees
- Leaders clearly communicate agency goals and priorities
- Supervisors hold staff accountable for performing quality work

Senator Wheeler moved, seconded by Representative Otten, to accept the DOT performance measures. The motion prevailed unanimously on a roll call vote.

Item 13 – Department of Legislative Audit to provide the GOAC Blue Book of Other Funds for fiscal year 2022

- [Other Funds FY2022 Doc.14](#)

Mike Kogelmann, State Government Audit Manager with the Department of Legislative Audit (DLA), was present to address the Committee. He presented the FY2022 Other Funds report (2022 Blue Book). The majority of the book contains information about the Other Funds administered by the State. He explained that the amounts included are unaudited and are primarily obtained from the State's accounting system. He stated the only major change was the Department of Agriculture and the Department of Environment and Natural Resources was combined into the Department of Agriculture and Natural Resources. He explained the various sections of the report.

Representative Otten moved, seconded by Senator Nesiba, to accept the GOAC Blue Book of Other Funds. The motion prevailed unanimously on a roll call vote.

Item 14 – Department of Legislative Audit to provide information on pooled insurance arrangements

- [DLA Research Doc.15](#)
- [Sponsoring Organizations IRS Form 990 Doc.15a](#)

Russell Olson, Auditor General with DLA, provided historical information regarding pooled insurance arrangements in South Dakota. He explained the initial Constitutional authorization as well as statutory changes over time to the laws that allow for pooling arrangements. He explained the two workers' compensation pooling arrangements that file audit reports with the Department of Legislative Audit:

- The South Dakota Municipal League Workers' Compensation Fund and
- The Associated School Boards Workers' Compensation Fund

The Auditor General also provided seven years of financial information pertaining to the above funds. Representative Peterson identified several concerns regarding the financial information presented. She stated these programs are funded with taxpayer dollars with limited oversight of the funds. Other private insurance companies are overseen by the Division of Insurance. She expressed concerns with the significant reserves in the funds and thought refunds to the participating members was in order. These participating members often come to the Legislature for more funding, and she didn't believe it was appropriate for these pooled insurance funds to carry such large reserves. She suggested amending their current reporting statutes to include a provision requiring the above two pools to report annually to the Committee, like what is currently done with the South Dakota High School Activities Association.

Representative Peterson moved, seconded by Senator Nesiba, to draft a Committee bill to add to the reporting statutes (SDCL 1-24-17.1) for these two pools to report annually to the Committee. A substitute motion was made by Senator Wheeler, seconded by Senator Hunhoff, to invite the Division of Insurance and the two pools to a future Committee meeting to answer Committee questions. The substitute motion was defeated on a six to four roll call vote. The original motion was then passed on a six to four roll call vote.

Item 15 – Approve the draft 2022 GOAC annual report and authorize the Chair to finalize the report after the last meeting

- [Draft GOAC Annual Report Doc.16](#)

Tim Flannery, State Government Audit Manager with the Department of Legislative Audit, provided the GOAC Draft Annual Report for 2022. He will add information from the October 18 & 19, 2022 Committee meeting and submit to the Chair for final approval. Senator Steinhauer moved, seconded by Representative Otten, to authorize the Chair to review and approve the report after today's meeting information has been added. The motion prevailed unanimously on a roll call vote.

A motion was made by Senator Wheeler to adjourn, seconded by Representative Otten. The motion passed on a voice vote.