

# MINUTES

## Interim Joint Committee on Appropriations



Senator John Wiik, Lead Co-Chair  
Representative Chris Karr, Co-Chair

**Fourth Meeting, 2019 Interim  
Monday, December 02, 2019**

**Appropriations 362 – State Capitol  
Pierre, South Dakota**

The fourth meeting of the Interim Joint Committee on Appropriations (JCA) for 2019 was called to order by Lead Co-Chair Senator John Wiik, at 10:00 a.m. in Appropriations 362 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Brock Greenfield, Jack Kolbeck, John Lake, Ryan Maher, Reynold Nesiba, Jeffrey Partridge (via phone), Jim White, and John Wiik; Representatives Hugh Bartels, Randy Gross, Taffy Howard (via phone), Lance Koth, Chris Karr, Sue Peterson (via phone), Doug Post and Michael Saba (via phone). Excused: Senators Margaret Sutton and Representative Jean Hunhoff.

Staff members present included Tamara Darnall, Chief Fiscal & Program Analyst; Amanda Doherty-Karber, Senior Fiscal & Program Analyst; Jeff Mehlhaff, Senior Fiscal & Program Analyst; Mitchell Close, Fiscal and Program Analyst; Jennifer Geuther, Fiscal and Program Analyst; Sakura Rohleder, Fiscal and Program Analyst; and Mary Turner, Session Secretary.

***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**

***A motion was made by Representative Koth, seconded by Senator Maher, to approve the minutes of the Tuesday, August 20, 2019, Interim Joint Committee on Appropriations meeting. Motion prevailed on a voice vote.***

### **Letters of Intent (LOI) Reports**

***A. South Dakota Department of Agriculture – Billing for Services provided by the South Dakota Department of Agriculture to the boards, commissions, and councils housed under the South Dakota Department of Agriculture.***

**Mr. Chris Peterson, Finance Officer, South Dakota Department of Agriculture**, provided a memorandum update and referred to the November 1, 2019, document [\(Document #1\)](#). Mr. Peterson indicated the Department of Agriculture requested an additional FTE to provide accounting services at the end of session last year. The South Dakota Department of Agriculture has no statutory authority to bill for accounting services in FY2020. The administration is recording billing services this fiscal year that should provide documentation for future needs providing statutory changes are made. Mr. Peterson gave an overview of the services being provided.

Senator White asked if the brand boards and commissions are aware of the new billing procedures and approve of this additional billing.

Representative Koth inquired if there are different billing rates based on experience of the personnel billing the accounting work.

Senator Maher asked how many hours have been billed this fiscal year. Mr. Peterson responded there will be an estimate of 2,000 billable hours.

Representative Post expressed concern there will be additional costs from administration. Mr. Peterson indicated the costs would be less than if someone was hired from the private sector.

Senator Wiik wondered what the feedback from the boards and commissions is since they will be billed for accounting services. Mr. Peterson responded there was a lot of dialogue about the need for accounting work to comply with CAFR although they didn't want to pay for these services.

Senator Greenfield said there are other agencies that provide services and charge a user fee. Representative Bartels commented that he agrees with Senator Greenfield. Representative Bartels also indicated a bill should be drafted prior to session addressing this issue.

***B. Department of Social Services – Statewide Resources Information System - 211.***

**Ms. Laurie Gill, Secretary, Department of Social Services**, gave an overview of the standards for 211 Helpline accreditation ([Document #2](#)). Prior to July 2019, there were 20 counties that have participated in 211 Helpline. There are 8 additional counties in the process of joining. The 211 Helpline could use additional staff if a crisis occurs. The Helpline Center has reached out to county staff about services. The counties pay half the cost. Some counties are getting funding through the United Way or other grants. The Department of Social Services is working with the administration of 211 to market the services.

Senator Kolbeck asked how counties raised money for the 211 Helpline and are these funds used local. Senator Lake inquired if the counties not participating in the 211 Helpline have access to services. Secretary Gill responded there is access to certain services.

Representative Karr inquired how costs are allocated to each county. Secretary Gill stated costs are 92 cents per person and costs are based on the county population size. Representative Karr wondered why all counties aren't participating in the 211 Helpline. The total cost for 211 Helpline is approximately \$811,000 last year. Secretary Gill said the State of South Dakota paid half of the cost. Some counties don't want to pay the other half.

Representative Koth said he is disappointed his district is not participating in the 211 Helpline. He said he would like to see the City of Mitchell consider helping with funding the match. Secretary Gill said some United Way Agencies across the state are helping with the match.

Senator White inquired how 911 services are funded and is this a substantial relief for 911 services. This could be a selling point to counties who are not participating in 211 services. Secretary Gill commented there is a substantial savings from using 211 rather than 911.

Senator Greenfield commented there is a charge on the phone bill for 911 and asked what the definition of a hang-up is. Secretary Gill responded and indicated approximately \$375,000 was allocated for 211 Helpline last fiscal year. An additional \$30,000 would cover all counties in the State of South Dakota.

Representative Howard commented constituents believe 211 only provides local services and inquired why they are advocating for counseling and will the State of South Dakota be liable providing such services. Secretary Gill responded this is the model of the 211 Helpline and the purpose is to provide services that are in line with the need.

***C. Department of Social Services (DSS) and the Department of Health (DOH) Opioid Funding.***

**Secretary Kim Malsam-Rysdon, Department of Health, and Secretary Laurie Gill, Department of Social Services,** reported on federal opioid funding received by the departments [\(Document #3\)](#).

Secretary Kim Malsam-Rysdon indicated deaths from opioid overdose in South Dakota is the second lowest in the nation at 27 people. There are strategies to prevent Opioid Abuse and how to respond to emergencies. The Department of Health is working with providers not to overprescribe Opioids and working to teach how to administer drugs such as Naxolene, a substitute drug, when required.

Secretary Laurie Gill reported that any South Dakotan can receive services from tele-medicine. The Medicaid Medical Director reached out to providers and gave alternative therapies for opioid abusers. There has been a 25% decrease of opioid prescriptions.

Representative Gross asked if South Dakota had the second lowest rate of drug overdose deaths in the lower 48 states. Secretary Malsam-Rysdon responded only Nebraska has a lower overdose rate.

Representative Howard inquired if any grants have transitioned into general funding and wondered what happened to funding for four expired grants. Secretary Malsam-Rysdon said they treat this funding as one-time funding and not ongoing.

Representative Saba requested more detail about telemedicine and how telemedicine is funded. Secretary Gill responded she would provide information later.

Representative Peterson inquired if there is online training for Narcan and if school administrators are being trained to provide services. Secretary Malsam-Rysdon indicated she would provide follow-up information.

Senator Greenfield gave kudos to those who have shared testimony about Opioid Abuse on television and said he thinks these ads are effective.

***D. Department of Health and Department of Corrections – Telemedicine within Correctional Health***

**Ms. Joan Adam, Division Director, Department of Health,** explained telemedicine services within Correctional Health [\(Document #4\)](#). E-emergency and e-consultation were originally used in the year 2011 through Avera. The Department of Corrections has a contract with Avera for \$162,000 and it doesn't matter how many clients use the service. This is an estimated \$314,000 in savings with the biggest savings coming from not having to transport inmates to clinics or hospitals for consultations.

Ms. Adam reported there will be the ability to take care of inmates through long term care when the new Jamison Facility is completed next year.

In response to a question from Representative Saba, Ms. Adam said she is not sure of the cost of transporting inmates to facilities and the cost of security savings by using telemedicine. The State of South Dakota uses Department of Corrections to transport inmates to the hospital. They do not use ambulances. Secretary Malsam-Rysdon said she will contact the Department of Corrections and provide additional information later.

Representative Saba asked about the savings realized from electronic pharmacy. Ms. Adam said the Department of Corrections purchases medications through a Minnesota Multi State Alliance program which cost \$4.9 Million in FY18 and \$4.6 in FY19.

Representative Saba inquired what services are not used through telemedicine. Ms. Adam referred to the Letter of Intent document and responded. She said there are several stops along the way before hospitalization is required. One third of the hospitalization costs were for ten patients.

Representative Saba inquired if Sanford has been approached to provide telemedicine services for inmates. Ms. Adam responded that Avera provides the broadest scope of services in the communities that have Correctional Facilities and that the State of South Dakota doesn't have a bidding process. Secretary Malsam-Rysdon said the State of South Dakota works with many providers to administer Correctional Health but not every provider is interested in Correctional Health.

Representative Saba asked what is the average health care cost per inmate per day and requested additional information. He also commented Correctional Health could be reduced further through telemedicine services.

***E. Department of Labor and Regulation (DLR) – Family Education Program.***

**Ms. Emily Ward, South Dakota Department of Labor**, reviewed the November 1, 2019, Letter of Intent Memorandum and explained Attachment Charts [\(Document #5\)](#).

Senator White commented this program has been successful and asked if there is documentation of employment success. Senator Greenfield requested additional information about the South Dakota Works program and if it entails 74 unique individuals and the outcomes.

***F. Board of Regents (BOR) – Research Parks***

**Dr. Paul Beran, Executive Director, BOR**, introduced **Nathan Lukkes, General Counsel, BOR**, who gave an overview of the State Universities' Research Parks [\(Document #6\)](#). Mr. Lukkes talked about the Ascent Innovation Research Park located on the SD School of Mines & Technology Campus in Rapid City. **Mr. Duane Chapel** gave an overview of the SDSU Research Park. **President Sheila Gestring**, University of South Dakota, gave an update of the South Dakota Discovery Park.

***G. Board of Regents – University Center Financial Reporting***

The annual financial reports for the University Centers was distributed [\(Document #7\)](#). **Ms. Heather Forney, BOR, and Ms. Kathy Johnson, Finance Officer, Black Hills State University**, gave an update on which University Center buildings are maintained through self-supporting funds.

Senator Nesiba asked about the programs offered at Black Hills State University and asked if it is the same overhead rate at the Community College in Sioux Falls and Black Hills State University. Ms. Forney responded they are at 9.43%.

Senator Greenfield asked what will it take to justify these services at these locations. President Gestring responded the University needs to increase enrollment by 5%.

Representative Gross asked if there have been steps taken to see that South Dakota State University develops a plan to streamline services since results are in the red. BOR Executive Director Paul Beran responded that SDSU is working with the technical institutes and it will take time. There is also work being done to expand health care opportunities west river. It will take three years before the current trend changes.

Representative Bartels inquired about the actual FY2020 enrollment figures. There was a 20% decline in enrollment at the Community College. President Gestring stated there are 1,220 students enrolled this fall.

#### **H. Board of Regents – USD Law School (FY2019 LOI)**

**Mr. Neil Fulton, Dean, University of South Dakota Law School**, presented the USD Law School report ([Document #8](#)) and said recruiting efforts have paid off. The Law School has the largest class enrolled in ten years. The bar passage rate is 81% and is in line with the national average. There are ongoing opportunities for tax services from an IRS Grant. There is a program through the Minnehaha Public Defender for internships. Justice Jensen has USD Law Students intern to prepare memos. Veterans Legal Services and preparing tribal wills are other opportunities for students. The additional funding has provided benefits for the University of South Dakota Law School.

#### **Program Evaluations**

**Mr. Jeff Mehlhaff, Senior Fiscal and Program Analyst, and Jennifer Guether, Fiscal and Program Analyst**, gave an overview of the Community Vitality Program ([Document #9](#)). The Community Vitality Program provides the opportunity and resources for collaboration with smaller communities that have a population less than 5,000. Leadership Development, Entrepreneurial Development, and Community Capacity Building are emphasized in South Dakota's Community Vitality Program. \$283,677 in general funds are used for these services.

**Amanda Dougherty-Karber, Senior Fiscal and Program Analyst, and Mitchell Close, Fiscal and Program Analyst**, gave an overview of the Dual Credit Program ([Document #10](#)). The total per credit rate per hour for dual credit is \$145. The State pays 66% of the fee and the student pays the other 33%. There were 2,100 students enrolled at the inception of the program and now it is projected there will be 8,100 students in 2022-2023 at an annual cost of approximately \$6.1 million. The Board of Regents estimate a loss of \$1.25 million and the Technical Institutes have lost \$191,000 from the Dual Credit Program. Sixteen school districts pay for a portion of student costs.

**Sakura Rohleder, Fiscal and Program Analyst**, gave a student outcome report. As a percentage, more dual credit students attend Board of Regents institutions than non-dual credit students. Retention rates are 14% higher for university students and 18% higher for technical school students who previously participated in the dual credit program.

Senator Greenfield would like to make this program more efficient.

Senator Wiik inquired if the funding and policy consideration savings overlap with each other or could the LRC recommendations be analyzed independently.

**Mr. Will Mortenson, representing the Technical Institutes**, responded that in the last five years the four technical institutes have lost \$191,000 from the Dual Credit Program. The technical schools have received \$3,000,000 from the State of South Dakota over the past time frame. **Mr. Nick Wendell, Executive Director, Board of Technical Education**, supports the dual program since students are more likely to graduate. He also indicated each technical institute has some local controls and their dual credit policies differ slightly.

Senator Greenfield suggested establishing a workgroup to meet and organize a bill to streamline dual credit to address recommendations found in the evaluation report. Senator White would like the workgroup to include local school districts. Mr. Wendell said the technical institutes would also like to participate in these discussions.

Senator Kolbeck suggested there be a Dual Credit scholarship program for disadvantaged students.

## School Finance Accountability Board Waiver Requests

**Dr. Terry Nebelsick, President, SD School Finance Accountability Board**, gave the recommendations of the board regarding the requests for waivers submitted by school districts failing to meet the statutory accountabilities for FY2019 ([Document #11](#)).

Since receiving the notification of the non-compliance, the Sanborn Central School District did not meet the accountability for teacher compensation. The school district missed the required accountability by an average compensation per FTE of \$228. The potential penalty for this school district is \$10,000 (20.0 FTE x \$500 per teacher). The school district accepted responsibility for not meeting this accountability and acknowledged the information on which they determined initial compliance included 2.0 FTE of ineligible staff and salary data that included extra-duty pay. Since receiving notification of non-compliance for the teacher compensation accountability, the district has taken corrective action. The negotiated salary increases for 2019-20 were then revised to reflect the \$300 increase in salaries from the prior year.

Senator Maher asked if the Sanborn School District had been in violation previously. Dr. Nebelsick indicated the school district was in violation under a previous administration. **Ms. Susan Woodmansey, SD Department of Education**, said there are calculators provided to the districts to assist with compliance to state law.

Dr. Nebelsick said the Accountability Board recommends approval of the waiver since the school district corrected the mistake by compensating teachers and self-reporting.

***A motion was made by Senator White, seconded by Representative Bartels, to approve the recommendation of the School Finance Accountability Board to grant a waiver of the financial penalty under SDCL 13-13-73.6 to the Sanborn Central School District. Motion prevailed on a roll call vote with 11 members voting AYE, 7 EXCUSED. Voting AYE: Greenfield, Kolbeck, Lake, Maher, Nesiba, White, Bartels, Gross, Koth, Post, and Wiik. Excused: Partridge, Sutton, Howard, Hunhoff, Peterson, Saba, and Karr.***

## Adjourn

***A motion was made by Senator Nesiba, seconded by Senator Kolbeck, that the Joint Committee on Appropriations be adjourned. Motion prevailed on a voice vote.***

The Committee adjourned at 3:28 p.m.