

MINUTES

Interim Joint Committee on Appropriations



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

**Fifth Meeting, 2019 Interim
Monday – Wednesday, December 9, 10, 11, 2019**

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

The fifth meeting of the Interim Joint Committee on Appropriations (JCA) for 2019 was called to order by Co-Chair Representative Chris Karr, on Monday, December 9, 2019, at 8:00 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, Margaret Sutton, Jim White, and John Wiik; Representatives Hugh Bartels, Randy Gross, Taffy Howard, Jean Hunhoff, Lance Koth, Chris Karr, Sue Peterson, and Doug Post. Excused: Senators Jeffrey Partridge, John Wiik, and Representative Michael Saba.

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>.*

Remarks from the Chair

Representative Karr reviewed the agenda for the week and encouraged workgroups to meet. Workgroup assignments are as follows: Board of Regents, Lead – Representative Bartels and members Senator Kolbeck, Senator Nesiba, Representative Karr, and Senator Wiik. Department of Human Services, Lead – Representative Howard and members Representative Gross, Senator Lake, Senator Maher, Representative Hunhoff, and Senator Sutton. Department of Education Lead – Representative Sue Peterson and members Representative Koth, Senator Greenfield, Representative Saba, Representative Post, and Senator White. Department of Corrections, Lead – Senator Wiik and/or Representative Hunhoff and members Representative Saba, Senator Partridge, and Senator Sutton. Department of Social Services, Lead – Representative Hunhoff and members Senator Nesiba, Representative Howard, Senator Kolbeck, and Representative Peterson.

Department of Corrections Budget Overview

Mr. Mike Leidholt, Secretary, Department of Corrections (DOC), introduced staff and presented the Department of Corrections Overview for the Governor's FY20 and FY21 Budgets ([Document #1](#)).

Adult prison population trends from FY15 and FY19 show an increase of 33% in the female prison population. This increase is mainly due to the increased use of methamphetamine. There are 3,824 inmates in the whole prison population. The average cost of housing prisoners is \$63.92 per day.

Parole populations for the year 2019 totals 3,103 in-state and 371 out-of-state. The parole population has been increasing which requires additional staff to monitor. Daily cost is approximately \$8.00 per day to monitor each parolee.

The juvenile population FY19 has 116 residential placements and 109 participants in the Juvenile Aftercare.

Ms. Brittini Skipper, Director of Operations, DOC, presented the Governor's recommended FY20 budget totaling \$117,662,164.

Ms. Skipper referred to the Summary of the Governor's Budget Fiscal Year 2021 which lists one-time changes including an increase of 1.5 FTE for administration.

Governor's FY20 budget changes include \$501,000 to cover managing the STAR (State Treatment and Rehabilitation Center) Academy in Custer. The State of South Dakota took over this property in September which was previously sold at auction. The South Dakota Department of School and Public Lands will do an appraisal for Star Academy and another auction to sell the property will take place next spring.

The Governor's FY20 budget changes include increases in the adult division to fund food services and utilities, parole agents, correctional Healthcare 340B Program, security staff, and inmate services.

The Governor's FY21 Budget will be \$118,760,165. The budget includes no changes in administration, an increase of 15 FTE totaling \$1,327,421 which includes 3.0 FTE for additional parole agents and 10.0 FTE for additional security staff in the adult division. There is an increase of 1.0 FTE for the Prep Re-entry Program, and 1.0 FTE for the Correctional Intervention program. Ms. Skipper reported 45 females did not have to be incarcerated by participating in the Intermediate Correctional Intervention Program. The Community Transition Program has an increase of \$350,838. These programs will save the state money since they are evidenced based programs.

Representative Gross inquired about the cost savings from these programs. Ms. Skipper responded the savings would be \$814,000.

Representative Peterson asked what the benefits of this program are and if inmates are able to find employment. **Mr. Rick Leslie, DOC**, gave a history of the program. The Community Transition Program includes case management services and helps inmates find work. The community work centers have been overworked. The success rate is 65% over the past several years and around 75% over the past two years. Representative Peterson requested additional information about the successes of this program and wondered if the federal government would continue funding these programs. Ms. Skipper responded the federal grants are about to end. Representative Post requested additional information as to how many children are in the care of the State and at what cost.

Secretary Leidholt explained the Prep Reentry Program is for men at the Rapid City facility. The state would like to have this program for the women's program. Representative Karr requested additional information about the benefits of these programs.

Regarding the Governor's FY21 budgets changes for correctional healthcare, Representative Gross inquired about the \$147,215 increase for ongoing expenses. Ms. Skipper responded that Springfield has had an increase in water and sewer costs. There were infrastructure improvements that had to be bonded.

Senator Greenfield asked about the prescription drug cost history of the 340B Program. Secretary Leidholt said South Dakota followed North Dakota by participating in this program which resulted in approximately \$1,200,000 in savings for the state.

Ms. Kristi Bunkers, Director of Juvenile Services, DOC, reviewed the Juvenile Diversion Program. The current diversion budget is \$250,000 and an additional budget request to fully fund this program is \$150,000. The total program will cost \$400,000. There are 26 counties that participate in this program. The diversion program is for youth who are nonviolent first-time offenders.

Senator Greenfield said counties have had to fund these diversion programs and asked for additional information regarding the success rate to help determine if a different program is necessary. Ms. Bunkers responded there is an 84% success rate and said the DOC Juvenile Justice Public Safety Improvement Act Oversight Council through the Unified Judicial System has a report which includes several agencies' data. The annual report will be made available soon for the legislature to review. The states attorneys' offices and the courts determine if a youth may participate in the diversion program and the county determines the success of the program. Senator Lake inquired about the costs at the county level. Ms. Bunkers responded that the Oversight Council would need to gather that information as the costs vary from county to county. Senator Kolbeck wanted to know who serves on the Oversight Committee and when do they meet. He also asked if meetings are broadcast on South Dakota Public radio.

Secretary Leidholt reported the DOC is participating in the Lean program. Currently the women's program has many hours of overtime. Since starting the Lean program in September 2019 there has been a significant reduction in overtime pay. Senator Kolbeck asked about the correctional officer morale. Secretary Leidholt said there are mixed reports, there are ups and downs to having staff work 12-hour shifts. **Mr. Darin Young, DOC**, said some correctional facilities like the longer shifts and others do not. It also varies by department. For example, a person working in the laundry department will not need to work a 12-hour shift. It is important for safety and security of inmates that programs are consistent. Senator Sutton inquired if the DOC will continue to implement the Lean program and Mr. Leidholt responded they will.

Secretary Leidholt said Correctional Officers would receive a \$1 per hour raise in the FY20 budget. There are 59 vacant security staff at the end of October 2019. This additional pay is necessary to help fill these positions and the work is difficult. Senator Nesiba inquired why some counties pay correctional officers less than others and requested additional information about what other states pay correctional officers. Senator Greenfield also inquired about the benefits for correctional officers in surrounding states.

An update was given on the Jameson Medical Expansion and the \$7.4 million from a special appropriation made during the 2019 legislative session. Secretary Leidholt reported the construction project is on budget and on schedule. A handout of the Jameson Prison Annex Medical Expansion and Behavioral Health Remodel at the state penitentiary in Sioux Falls was distributed ([Document #2](#)). Senator Sutton inquired if the \$7.4 million includes equipment and requested additional information be provided.

Representative Peterson suggested the DOC present their findings to other legislative committees such as Judiciary. Secretary Leidholt said the department would present the findings if requested.

Challenges for the department include additional costs from sewer and water infrastructure in Springfield, the growth in the women's prison population and space constraints. Hiring nurses to provide services until 11:30 PM is a goal but there is a nursing shortage in South Dakota; 63% of females are in prison because of the methamphetamine epidemic. Secretary Leidholt indicated outpatient treatment services are better than providing services at the women's prison.

Senator Nesiba inquired if services could be administered more efficiently to inmates needing help. Secretary Leidholt responded the department is using the Lean process to analyze this issue. Representative Howard asked what it would take to reduce chemical dependency. Secretary Leidholt explained it would take additional counselors. Representative Howard requested additional information on how much that would cost.

Secretary Leidholt says inmates receive treatment as close to when they are being released as possible. Senator Nesiba commented the costs of incarceration are high and suggested investigating other ways to treat inmates more inexpensively. **Mr. Doug Clark, DOC**, commented treatment assessments are made by parole offices and the Department of Social Services personnel.

Parole supervision continues to be a challenge. The goal is to provide more case management. This would be possible if parole officers had a smaller caseload.

Senator Sutton asked why there is an increase in cost for food services. Secretary Leidholt responded food service costs increased when the contract was renewed. The current vendor is the only one that made a bid for services.

Representative Karr requested a worksheet summary on how DOC projects future criminal activity.

Board of Regents Budget Overview

Dr. Paul Beran, Executive Director and CEO, SD Board of Regents (BOR), gave the budget overview for BOR [\(Document #3\)](#). Dr. Beran indicated higher education brings an estimated \$284,000,000 in federal funds and creates 21,954 jobs. Dr. Beran commented higher education enhances individual wealth.

In addition to the Governor's Budget, the BOR requests funding for the Dakota's Promise Scholarship. This is a need-based scholarship. In the year 2011, 71% of students were pell-eligible and, in 2018, pell-eligible students declined to 50% of students. Dr. Beran said students are either leaving South Dakota or not attending post-secondary education because of the lack of financial resources. The BOR wants to attract all qualifying students.

The South Dakota Opportunity Scholarship has 18,469 recipients over the program's lifetime. In 2019-2020, 3,991 students received this scholarship and are more likely to graduate from post-secondary education. Senator Greenfield requested additional information to document the need for the Dakota's Promise Scholarship and asked whether pell-eligible students having the same aptitude as others finished college and with how much debt.

Currently, the post-secondary scholarship has a \$6.5M endowment. Estimated proceeds to pell-eligible students would only be \$17 per student. Representative Howard questioned what the universities are doing to reduce expenses which could be used for needs-based scholarships. Dr. Beran responded that he will provide a list.

Senator Nesiba questioned whether regental institutions in South Dakota spend more than institutions in surrounding states. Representative Peterson requested additional information on how state funded scholarships have impacted tuition rates. Representative Peterson inquired what additional FTE authority is requested from each institution and requested a summary.

Representative Howard asked why need-based students are not qualifying for merit-based scholarships and questioned whether higher education is the place for these students. Dr. Beran said BOR is trying to target students who are qualified and do not have the financial means to attend post-secondary education. Representative Howard indicated there are many national scholarships and asked how the universities know lower income students need additional funds. Dr. Beran responded South Dakota pell-eligible students' average gap between the ability to fund their education is approximately \$6,000 per student annually. Dr. Beran said the students the BOR is trying to attract will not need remediation. Half of these scholarships will be funded by the regental institutions.

Representative Karr asked if the Dakota's Promise Scholarship Fund was included in the Governor's recommended budget. Dr. Beran said it was not.

Representative Post said his constituents have complained about the cost of the food plan choices at SDSU. Ms. Forney said the food plan is only required for freshman and sophomores. Financial aid will cover housing and food plans. Representative Post expressed food plan costs are restrictive and unreasonable. Dr. Beran said he will investigate.

Senator Maher requested a list of HEFF funding and the backlog of maintenance and repair for buildings.

Representative Howard inquired if the BOR has any information that the Native American Student Success program is working. Dr. Beran said he will provide this information adding that Native American students are graduating at the same rate as other students.

Senator Greenfield asked how the Veterinary Medical Education works with the University of Minnesota and how this program differs from the Iowa State program. Dr. Beran said only two years were required for SDSU Veterinary Students to attend classes at the University of Minnesota.

The Beacom Foundation will match state funding for the DSU building project. The Governor recommended DSU Cyber Cync Incubator and Entrepreneurial Center (CCHE) receive \$396,073 and not the additional 1.0 FTE. The Governor recommended funding \$5,000,000 in the USD Health & Sciences Building. SDSM&T Ascent Innovation Building Remodel will cost \$2,000,000 and funding is recommended by the Governor. Ms. Forney said USD will bond through HEFF for the other half of the Health & Sciences building. Senator Sutton questioned how many nursing programs there are in South Dakota and could they be combined. Dr. Beran responded SDSU and USD both offer nursing programs in different ways. The technical schools offer a CNA program and are starting the RN program. Senator Sutton commented there is a shortage of nurses in the South Dakota. Dr. Beran responded that is why this facility needs to be built to grow the number of nurses in the state. He also said he is working to expand nursing programs west river. Representative Post inquired what west river nursing education opportunities are available. Dr. Beran said those opportunities are in the planning stages.

Representative Post said he thought the Vermillion location would not be a good location for a clinical site. Senator Greenfield questioned whether bricks and mortar versus online classes will be relevant ten years from now. Ms. Forney responded the new facility would be 45,000 square feet. Julian Hall would be demolished, and research will be done on how many nursing and health science students would be served. Dr. Beran said this will be a high technology facility. Senator Greenfield wondered if salaries are part of the problem and is South Dakota exporting nursing graduates. **Jay Perry, Vice President of Academic Affairs, Board of Regents**, said there are many nursing programs across the state and 61% of nursing graduates stay in-state. South Dakota is the second lowest state in wages for nurses. Ms. Forney said there is an additional \$4.5 million in private funding for the USD Health Sciences Building and the campus will provide a maintenance and repair plan. Representative Peterson inquired what buildings have been funded through a combination of funding. Representative Karr wanted to know what the maintenance and repair funding for the new building will be. Ms. Forney said there will be savings of \$18,000,000 in maintenance and repair by tearing down Julian Hall.

Representative Karr and Senator Maher commented more strategic planning is needed to justify the need for additional buildings in the next 3 to 5 years from the BOR. Dr. Beran responded he will provide a plan for the next 5 to 7 years.

Representative Peterson asked what percent of the budget is spent on instruction. Mr. Perry said he will do some research and provide additional information.

More information will be brought forth about the new system initiatives and programs during session.

Student affordability is a priority and FY20 tuition and mandatory fees are \$9,299 which is a 3.0% increase, based on 15 credit hours per semester. This does not include room and board or books. In the year 2012, students paid 59% of their costs and now they pay 55% of costs. Dr. Beran said South Dakota funded maintenance and repair; therefore, keeping costs down.

Senator Greenfield and Representative Post commented they would prefer more streamlined classes. Representative Peterson said students should be well rounded and indicated Presidents Gestrung and Dunn had promised more general education courses would be incorporated into higher education.

State funding per student is the lowest in the region. South Dakota is more efficient than any other surrounding state. Student aid is critical to access. The South Dakota net price in 2016-2017 is the 8th highest in the country. Ms. Forney said the definition of net price is the total cost of attendance and subtracts all financial aid. Representative Howard wanted to know what foundations are doing to address need-based scholarships.

In FY19, the BOR lost \$5,000,000 in revenue from dual credit. Senator Greenfield inquired if the eLearning program at NSU is helping retain students. Mr. Perry responded any student enrolled in eLearning for a dual credit course is doing so for college credit. Senator Greenfield requested additional information on how many students are being served through the eLearning Program.

There has been a 23% increase in the total graduates since FY11. There has been a depletion in total number of students since there is more on-time completion. Representative Karr inquired whether dual credit is included in graduate rates. Representative Gross asked if the regental system has more capacity than need. Dr. Beran said the BOR is analyzing this and will know more in the next 3-5 years. South Dakota has had an influx of out-of-state students since out-of-state fees were eliminated.

Dr. Beran said research is economic development and Governor Rounds promoted research centers. These centers compete for research funding. In FY18, \$107.6 million was awarded for research. So far, 23 start-up companies affiliated with research centers have created jobs in South Dakota.

Salary policy is a challenge to retain quality academic staff. Governor Noem recommends funding for university maintenance and repair be maintained and not increased.

Representative Post requested a list of majors from each university, what percent of graduates are placed in their field of work, and what is the entry level of salaries.

Representative Peterson requested additional information about standardized training and asked who oversees compliance with U.S. House Bill 187. **Mr. Nathan Lukkes, General Counsel, BOR**, responded he is following the legislation and is in the process of implementing the training as required by the bill. Mr. Lukkes said a survey will be sent out next spring to provide a baseline and work is in progress.

Department of Education Budget Overview

Dr. Ben Jones, Secretary, Department of Education (DOE), presented an overview of the Vision and Strategic Directions for the department ([Document #4](#)). Secretary Jones said local schools should analyze themselves and have accreditors check them. Secretary Jones said he is frustrated with the data that the Department of Education has and that he would like to foster relationships with others to have access to what is happening in education.

Fifteen tasks have been assigned to different staff and agencies including working to improve Native American education. Secretary Jones gave a history of state and federal laws that affect the DOE.

Representative Howard said the Governor does not believe in Common Core and asked about the status of Common Core. Secretary Jones said the standards have been changed and testing will be conducted this year. Representative Howard commented the way math is taught needs to be changed and that education in South Dakota has not improved in the last sixteen years.

Dr. Jones presented educational statistics. This year, South Dakota's average ACT 21.8 score tied for 1st place among 26 states with over 50% participation. ELA College readiness goals for all student were met five years ahead of schedule. Math college readiness goals are 1% point away from meeting the goal the department set for the year 2023. NAEP 4th grade reading average score indicates South Dakota is slightly higher than average. NAEP 8th grade

math average score indicates South Dakota tied for 6th in the nation. English Language Learners are considered on track and had improved 12% from last year.

Secretary Jones stated every student takes a test and the department evaluates the results. Many students, 28% or 26,288, are economically disadvantaged and struggling. Senator Nesiba questioned the definition of economically disadvantaged and Secretary Jones responded economically disadvantaged students are defined as those who qualify for free and reduced lunch. Representative Karr requested more detailed information.

Representative Peterson asked could Special Education students request a waiver for standardized testing and requested follow-up information be sent to the JCA members.

Senator Nesiba requested additional information based on the economic status of students. Secretary Jones said economically disadvantaged students struggle in English. In 2019, only 35.68% of economically disadvantaged students were successful in English versus 53.98% who are not on free or reduced lunch. Secretary Jones said the DOE predicts there will be an increasing gap now through the 2022-2023 school year.

Secretary Jones reviewed math at Grade 8 proficiency levels. Economically disadvantaged students struggle more and 610 students across the state need to improve to become proficient. Senator Nesiba would like all students to become proficient. If a student is proficient at level 3 in English and Math (which is a national standard), they are not required to take the ACT test and would be accepted into any public university in the State of South Dakota.

Representative Post asked if more detailed research needs to be done on the levels of poverty. Secretary Jones responded a workgroup will research this issue.

Senator White asked what support the DOE offers local school districts. Secretary Jones said they offer a Comprehensive Needs Assessment. Secretary Jones indicated he would like to showcase the materials and methods that work for successful school districts. Representative Koth believes in local control and commented people need to be involved with their local school board.

In FY19, South Dakota's graduation rate is 88.2%. Native American graduation rate is 53.65%.

Senator Greenfield asked if DOE requires individual student assessments and does the local school district report back to the department. Dr. Jones said 95% of students statewide are required to be assessed.

Senator Maher commented the state is revamping Perkins funding. His constituents are working together to retain funding as Perkins funding is being threatened. **Ms. Laura Scheibe, DOE**, said one of the requirements of Perkins funding is making sure students have access to advanced classes. She is not aware of the loss of funding for his district. Representative Peterson wondered if rural areas could request a waiver so Perkins funding wouldn't be threatened.

Representative Karr questioned if the dual credit program is leveling off saying that LRC prepared a report showing dual credit will continue to grow. Secretary Jones said AP courses are more popular in Sioux Falls and Rapid City. The dual credit program is more popular in rural areas. More resources are available in urban areas.

An additional FTE is requested for Jobs for America's Graduates (JAG). Governor Noem and Secretary Jones visited the successful Wagner School District program. JAG students in South Dakota have 100% graduation rate. Senator Greenfield questioned what the requirements of this program are and requested additional information as to how students qualify for this program. Representative Hunhoff asked if JAG students attend post-secondary education and requested a report.

Representative Peterson questioned why there are decreases in special education funding in FY21. Secretary Jones said this was based on a three-year history that is rebased every two years.

Senator Nesiba commented education performance is linked to poverty and requested information on why. In addition, Senator Nesiba requested information as to how much South Dakota spends per pupil compared to surrounding states.

Senator Greenfield asked how many districts are growing or declining and what is the overall trend. He requested additional information be provided.

Department of Human Services Budget Overview

Ms. Shawnie Rechtenbaugh, Secretary, Department of Human Services (DHS), presented the budget overview for DHS ([Document #5](#)).

Ms. Denice Houlette, Director of Finance, DHS, indicated the FMAP has changed from FY20 42.65% to FY21 41.88%.

There is a projection for a decline in Medicaid reimbursement since the number of days people using nursing home has declined.

Representative Hunhoff inquired is there a change for conflict free case management and have additional people been served in the past year. The DHS said 144 additional people are projected to be added in the FY21 Budget at a cost of \$354,043.

Secretary Rechtenbaugh said the cost of care at the SD Developmental Center is approximately \$600 per person per day in Redfield. In FY21, there is a proposed reduction of 30.0 FTE for the South Dakota Developmental Center. Some of the positions are direct support professionals, supervisors, inventory clerk, and other positions. Representative Hunhoff asked if current staff are taking on the additional work. Representative Karr asked how long these positions were unfilled and how many positions remain unfilled and requested an unfilled FTE history.

Senator Greenfield asked how long these programs have been in place. DHS said there is an East Residential Wing or Program 1 for adult males only. The West Wing is for females, older males, and youth. Senator Greenfield asked what services the SD Developmental Center provides vs. the Adjustment Training Centers. DHS said the Developmental Center works with individuals needing 24-hour care 365 days a year. Senator Greenfield expressed concern that cutting all these FTE could put the facility in jeopardy. He also asked how much overtime is paid. DHS said there has been a long-term workforce shortage at the facility. Senator Greenfield inquired how many vacancies are currently at the South Dakota Developmental Center and requested additional information.

Representative Gross said there were 1,200 residents in the early 1960's and now there are 285 employees serving approximately 100 residents. Secretary Rechtenbaugh said residents are not accepted at the Redfield setting unless a high level of care is needed. Community support providers can accept or decline clients. Senator Nesiba requested a list of overtime at the Redfield facility and the starting wage. Senator Greenfield requested the starting wage for the night shift.

Currently, reimbursement from the state for assisted living and other long-term services and supports is a flat rate \$50.25 per day. The proposed change will be \$53.75 per day at Tier 1, \$63.67 per day at Tier 2, and \$73.58 per day at Tier 3. The funding request is \$1,087,634 in general funds, \$1,509,391 in federal fund expenditure authority totaling \$2,597,025. 93.2% of the facilities surveyed support the tiered rate system and 90% agree reimbursement will enhance the ability to keep assisted living residents rather than putting them in a nursing home. Senator Greenfield asked why other providers do not use the tier system. Senator Greenfield inquired what savings had been realized by not admitting clients into the nursing home and requested additional information.

Senator Greenfield asked how many people utilize services from the School for the Deaf and requested follow-up information be provided.

DHS staff workgroups are currently reviewing Community Support Provider and Nursing Home Provider rates. Secretary Rechtenbaugh will provide more detailed information and submit a report during the 2020 Legislative Session. Representative Howard asked when the new rates will be implemented. Representative Peterson inquired how much is needed to reimburse the community support provider funding shortage. Secretary Rechtenbaugh said DHS hired a consultant to help guide the analysis of the community support and nursing home provider rates. This is a very complicated process and an update will be made in the next 8 months. Representative Karr asked when the next CSP meeting will be. Secretary Rechtenbaugh said the next meeting will be held at the Ramkota at 9 a.m. December 12, 2019, in Pierre and is open to the public. The group will review provider rates.

Representative Gross asked how the \$6,000,000 innovation grants were used. Secretary Rechtenbaugh informed the committee that \$5,000,000 was assigned to the DHS to select awardees for innovation grants. The awards and amounts will be announced in January.

Mr. Dan Cross, Director, Community Support Providers of South Dakota, gave testimony. Representative Howard asked what community support providers need to do to be fully funded, adding that the Governor recommended a zero percent pay increase. Mr. Cross said a zero percent increase will force community support providers to make a 2% cut as costs keep rising.

Representative Koth said his district has a foundation that provides supplemental funding for community support providers and asked if there are other foundations in South Dakota helping fund community support providers.

Department of Social Services Budget Overview

Ms. Laurie Gill, Secretary, Department of Social Services (DSS), introduced staff and gave overview of the department budget request ([Document #6](#)).

Secretary Gill said changes in the economy and federal regulations could affect the demand for services. Currently the department serves one in seven South Dakotans. FY20 total budget is \$1,041,005,187 and includes 1,561.3 FTE.

Ms. Laurie Mikkonen, Director of Finance, DSS, presented the budget. The department is requesting one additional FTE. Representative Koth requested a history and current list of unfilled FTE.

Ms. Brenda Tidball-Zeltinger, Deputy Secretary, DSS, said the State of South Dakota operates at the minimal level for services except for CHIP, Low Income Energy Assistance Program (LIEAP), and Supplemental Nutrition Assistance Program (SNAP). These are funded through block grants.

Senator Kolbeck asked why more children are entering the CHIP program and why is there a reduced enrollment for Medicaid Title 19 (XIX) Program in the past few months. Ms. Tidball-Zeltinger responded enrollment in these programs fluctuates and more people are entering the workforce.

Representative Howard asked how the department determines funding rates. Ms. Tidball-Zeltinger stated the rates are based on the federal poverty rate and how much federal funding is available. These rates have been steady but a downturn in the economy could change demand. Rates would have to be reviewed if there is a downturn in the economy.

Mr. Bill Snyder, DSS, presented key initiatives from the Governor. Governor Noem's budget from last year included \$1,000,000 in one-time funding to test innovation in primary and prenatal care. Through a competitive bid process, three projects were awarded funding including Avera Health, Center for Family Practice, and Native Women's

Health Care. The goal is to test innovations and look to replicate successful projects across the Medicaid Program. Representative Gross asked why these entities were awarded the grant. Mr. Snyder said the department awarded grants to providers in underserved areas where it would be easy to measure outcomes.

Representative Howard requested additional information on how South Dakota compares to other states for Medicaid Services. She clarified this information should be compared to states that are not Medicaid expansion states.

Representative Bartels asked why expenses are rising in the Division of Medical Services when the number of eligible recipients has decreased. Mr. Snyder said this group tends to need more services and the cost of healthcare has increased. He will provide additional information.

Representative Bartels asked if there is any information available to forecast the impact on the Department of Social Services. For example, how would the department be impacted if the South Dakota unemployment rate increases by 1%. Ms. Tidball-Zeltinger will provide additional information. There are national statistics and DSS meets with the Bureau of Finance and Management monthly.

Representative Hunhoff requested additional information including a report on the average monthly eligible for the past three years in the same format as shown on Page 19 of the presentation. Ms. Tidball-Zeltinger said she would provide a list of co-pays impacted by federal regulation changes. South Dakota charges the maximum co-pay which is set by the federal government.

DSS requested an additional 1.0 FTE for a Mid-Level Practitioner to serve at Indian Health Services Centers across the state. This individual would assess the needs of IHS patients and could make referrals.

Representative Howard requested additional information on why the DSS workgroup applied for 1,115 waivers for Native American Health Services. Representative Karr requested more information on how the waiver process works and asked when the workgroup meets.

Representative Hunhoff asked if state general funds are needed for any waiver programs and does the Department of Labor partner with DSS to help employ recipients.

Department of Social Services – Division of Child Support

Ms. Virginia Wieseler, Division Director, Division of Child Protection, presented the services DSS provides for child protection and requested additional funding for foster care license training.

Ms. Wiesler said there is a need for additional foster families. Governor Noem continues to raise awareness and educate people about the need for more foster families. In FY19, 204 families stepped forward and became licensed foster parents, bringing the total number of families licensed as foster parents to 856. Through October of FY20, 64 new families have been recruited for foster care.

Senator Greenfield asked what subsidies are given to foster parents and for how long. Ms. Wiesler said there are 45 families on a waiting list in the Sioux Falls area. The budget request is to expedite training and help foster children be placed with foster families in their communities. Currently children are placed in homes located throughout the state. Additional FTE would be used to expedite training in Rapid City and Sioux Falls. There are 1,739 children in South Dakota's foster care program.

Representative Gross asked why people need to be paid to adopt. Representative Howard commented isn't there a responsibility of the family to take care of children and when did South Dakota start paying relatives to adopt

children and is it required by the federal government. Ms. Wiesler said kinship do not receive payments unless they decide to become licensed foster parents.

Representative Post asked how many licensed foster parents are needed to meet the demand. Ms. Wiesler said she will provide follow-up information.

Representative Howard asked why ongoing funds are not used to fund Temporary Assistance for Needy Families (TANF) and does the federal government allow TANF funds to be used in other areas. Ms. Tidball-Zeltinger said there is some flexibility to use these funds for this division.

Department of Social Services – Behavioral Health – Human Services Center

Ms. Amy Iversen–Pollreisz, Deputy Secretary, DSS, continued the FY21 budget review for DSS.

Representative Bartels asked why court ordered competency tests take so long. He is aware the wait time may take up to 6 months for competency evaluations at the Human Services Center. Ms. Iversen-Pollreisz said the department is reviewing the process and this is a nationwide problem. There still is a wait list, but it is improving.

Ms. Tiffany Wolfgang, Director, Division of Behavioral Health, DSS, presented Correctional Behavioral and Community Behavioral Health budget requests.

Representative Hunhoff asked if the division is using evidence-based practices and are there measures of success in Correctional Behavioral Health, requesting additional information be provided.

Representative Gross asked if the Correctional Behavioral Health patients are double counted for services. For example, substance use disorder and mental health services. Ms. Wolfgang responded that they are.

Ms. Wolfgang said Governor Noem wants to address the methamphetamine epidemic. There is a budget increase of \$2,974,572 in general funds and \$68,833 in federal fund expenditure authority totaling \$3,043,405. The Department has determined that additional support is needed in the northeast and western regions. Funding will support 16 beds for inpatient, 11 beds for detox, and 36 beds for intensive methamphetamine users.

Representative Howard asked about the reimbursement rate to providers for services. Tiffany Wolfgang indicated this is being reviewed.

Ms. Wolfgang said there is a FY21 funding request totaling \$138,500 for the treatment portion of the Mental Health Court in Minnehaha County. FY20 budget included funding for half a year.

Currently in South Dakota, suicide is the second leading cause of death for adults ages 15-34. Governor Noem's budget request includes an additional \$135,000 for a suicide prevention program and awareness campaign. Representative Hunhoff and Representative Karr requested additional information regarding what was funded last year, how many trainings have taken place, and what are the outcomes.

South Dakota has had a successful campaign to combat opioid use. Medicaid outcomes from the first year of implementation include a 25% reduction in opioid claims.

There is an initiative to access behavioral health services. There is a request to add 16 residential beds in Sioux Falls for pregnant and parenting women and to add seven inpatient treatment beds. There is also a request to increase the System of Care Services to provide case management and other support to youth and families. This will reduce the barriers hindering youth at risk of justice system involvement. Lastly, there is a request to access substance use disorder services provided through telehealth.

Secretary Gill said there is an initiative to fight the methamphetamine epidemic. In FY19, \$1,375,000 was appropriated for the awareness campaign. The new meth campaign was launched in November 2019. This campaign went viral nationally. The mission of the campaign is to get South Dakota residents to recognize signs of addiction, know the treatment resources available, learn prevention strategies, and guide users to connect to resources in their community. Secretary Gill said there were 200,000 hits on the website and twelve people enrolled into treatment. The campaign will last 6 months. The campaign is going into phase 2 which is the call to action phase. The department will share available resources for treatment. Representative Karr requested a summary of ways to track this information and asked what the call to action phase includes. Ms. Gill said she will provide additional information. Representative Karr asked what resources are available statewide and if the Department of Tourism was consulted before the "Meth We Are on It" campaign was launched. Representative Peterson cautioned the department that people can't receive treatment immediately. She has received several complaints.

Update on Road Flooding in South Dakota

South Dakota Department of Transportation

Mr. Darin Bergquist, Secretary, Department of Transportation (DOT), presented an overview of flooding in South Dakota to the Joint Committee on Appropriations. South Dakota experienced extensive flood damage to county and state highways over the past summer. The Federal Highway Administration is a resource for flood damage repairs that is administered through the South Dakota Department of Transportation.

Representative Post inquired how high must Highway 81 near Arlington be raised to stay dry. He said the water rose while they were working on raising the highway earlier and wondered if better drainage could help the situation. DOT said there is an ongoing study on how to fix this highway. The department hopes to raise the road and have guard rails on Highway 81 in the problematic area soon.

There were four different events that caused flooding. Snow and rain on the following dates: March 16, May 21, June 30 – July 21, and September 9-26. Secretary Bergquist said Interstate Highways were under water for the first time in history. The Governor does not want this to happen again.

The short term direct financial impact is estimated as follows: The State and Federal Aid for highway repairs would total \$23,800,000. The federal portion is \$19,040,000 and worst-case scenario for state funding is \$4,760,000. The County and Federal Aid for highways totals \$11,200,000. The federal portion is \$8,960,000 and local funds are \$2,240,000.

Representative Hunhoff wanted to know what backup plan is available if emergency funds and state matching funds aren't enough to repair damaged highway and bridges from this year's flooding. Secretary Bergquist said the state might have to defer maintenance if flooding continues. There is the State Infrastructure Fund, Big Bridge Fund, and some regular allocations available from the state that must be matched by the counties.

Senator Kolbeck wondered should drainage be a priority rather than raising the road near Highway 81 and have any studies been done. The department responded downstream land owners would be affected and obtaining property rights is problematic.

Representative Hunhoff asked if there is flexibility for how the Big Infrastructure Fund is used. Secretary Bergquist said the state could loan counties money and, when federal funding arrives, the counties could reimburse the state and make longer term payments for the counties' portion of the project.

Senator Greenfield questioned whether roundabouts are necessary, and should they be eliminated. Secretary Bergquist responded all roundabout projects are on hold.

Representative Karr requested a list of maintenance and repairs for the State of South Dakota highways and bridges and requested follow-up information.

Public Testimony

Mr. Dustin Leiseth and Ms. Terry Sletten, South Dakota Association of Towns and Townships, gave public testimony. Mr. Leiseth reviewed how townships are funded. Levy rates have been frozen for 20 years. The only way townships can garner additional funds is through additional taxes and will have to do so to address infrastructure damage. This will be a hardship for residents.

Mr. Leiseth said Governor Noem's \$9,900,000 proposal to have the Big Infrastructure Fund available for townships is not enough. There is \$31,600,000 of damage statewide that affect towns and townships and more flooding is anticipated this spring. Ms. Sletten gave examples of how different townships are struggling to address flooding.

Mr. Leiseth said there are \$65,000,000 in state reserves for townships that could be used. To date \$544,000 in FEMA funds have been distributed. Townships only receive 85% of federal reimbursement.

Senator Greenfield requested South Dakota Association of Towns and Townships come back during session and continue the discussion.

South Dakota Department of Public Safety

Mr. Dan Lusk, Department of Public Safety, met with the Joint Committee on Appropriations to present the Infrastructure Disaster Recovery Program. Mr. Lusk said this might be the worst year for disasters in a long time for the State of South Dakota. The Governor has applied for five separate disaster declarations and four of them have been approved.

Ms. Kristi Turman, Department of Public Safety, explained how the state applies for public assistance from FEMA. Sixty-three counties and 1,000 applications have been affected. The name of the program is Public Assistance and has the following cost breakdown, 75% federal share, 15% local share, and 10% state's share.

Governor Noem has unveiled the 2019 Infrastructure Disaster Recovery Program. Up to 90% of the FEMA approved project costs can be advanced. Cities, counties, townships, and tribes may apply for state general funds in advances from the Emergency and Disaster fund. Advanced state general funds may be used for the local 15% portion of the total project cost. The state must be repaid within seven years with interest. Representative Bartels asked if legislation needs to be passed regarding this. Ms. Turman responded that the Department of Public Safety believes SDCL 34-48A-28 gives authority to implement the loan program.

Ms. Turman explained the Pre-Disaster Mitigation Program is an annual declaration from the United States Congress. The Hazard Mitigation Grant Program is a program that must have a Presidential Declaration.

Representative Karr asked why Declaration #4 was not approved by FEMA and is there any other program available to fund fixing the damage. Ms. Turman responded those affected would be eligible for mitigation funds. Representative Bartels asked what the dollar limit for loans is and is there pending litigation to address this issue. Ms. Turman said damage figures are preliminary and costs are anticipated to increase. The department wants to partner with the legislature to address this issue.

Senator Greenfield requested the Department of Public Safety talk to the Bureau of Finance & Management and get back to the legislature regarding what the costs are estimated to be.

Representative Post asked if there are ways to accelerate funding for disaster relief. Ms. Turman said the Governor and the department are working on procedures to accelerate funding although there are federal requirements that must be followed.

Senator Sutton requested additional information on how much damage was determined with each declaration. Ms. Turman said preliminary total estimated damage is \$63,600,000. This total is anticipated to rise to \$70,000,000 to \$80,000,000. Declaration #1 is \$42,800,000, declaration #2 is \$7,800,000, declaration #3 is \$2,500,000, declaration #4 is \$1,300,000 which was denied, and declaration #5 is \$8,800,000.

Representative Karr asked what the time frame is to receive emergency funding loan from the state. Ms. Turman said a few weeks once FEMA has approved funding.

Public Testimony

Mr. Dirk Rogers, Brown County Highway Department, gave public testimony. Mr. Rogers said the James River is higher than it has been all year. Conditions have deteriorated since meeting with FEMA. There are several roads still under water and there is concern regarding what will happen this spring. Raising the roads will not fix the problem.

Mr. Dan Cross, Community Support Providers of South Dakota, gave public testimony. Community Support Providers received a 6.5% increase last year and Mr. Cross reported starting salaries improved and turnover rates declined. Mr. Cross said the 6.5% increase resulted in an average of a \$1.00 per hour raise for employees. He also said the starting wage is \$14.89 per hour at the South Dakota Developmental Center and \$15.64 is given after 6 months of service.

Although turnover rates are high, there has been a decrease in turnovers for the first time in four years. Mr. Cross said he will know what future funding needs are after the December 12, 2019, workgroup meeting. The Governor's 0% increase in funding will not just be for salaries, it will also affect funding for health insurance. Mr. Cross said high employee turnover reduces quality of work.

Adjourn

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

The Committee adjourned on Wednesday, December 11, 2019, at 3:24 p.m.