

MINUTES

Appropriations



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

Second Meeting, 2022 Interim
Wednesday, June 15, 2022

Room 362 – State Capitol
Pierre, South Dakota

Lead Co-Chair Representative Chris Karr called the meeting to order at 9:08 a.m. in Room 362 of the State Capitol.

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

Staff members present included Jeff Mehlhaff, Chief Fiscal Analyst; Carter Dykstra, Fiscal Analyst; Joslyn Jessop, Fiscal Analyst; Joey Knofczynski, Fiscal Analyst; Bill Douglas, Fiscal Analyst; Taylor Morris, Fiscal Analyst; and Cindy Tryon, Administrative Specialist.

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

Approval of Minutes

Senator Hunhoff moved, seconded by Senator Kolbeck, to approve the minutes of the May 19, 2022, Joint Committee on Appropriations meeting. Motion prevailed on a voice vote.

Board of Regents Budget Transfer

Heather Forney, System VP of Finance and Administration, Board of Regents, explained the Board of Regents (BOR) is requesting authority to transfer money from the School for the Deaf and from the School for the Blind and Visually Impaired to help cover utility shortfalls for other BOR campuses ([Document #1](#)). There is a projected utility shortfall of \$692,511. The remaining amount not covered by the transfer will be requested in the FY23 General Bill Amendment.

Representative Karr said he is interested in the reasons for these large shortfalls and why this issue was not brought up at the supplemental bill discussions held during the Legislative Session. Representative Karr said there needs to be some clarification as to the process used for making these estimates, and BOR needs to work on improving the estimating process for utilities.

Senator Greenfield moved, seconded by Senator Nesiba, to approve a transfer not to exceed \$470,000 in general funds from the South Dakota School for the Deaf and \$160,000 in general funds from the South Dakota School for the Blind and Visually Impaired to other South Dakota public postsecondary educational institutions under control of the Board of Regents for utility expenses. Motion prevailed on a roll call vote with 13 AYES; 3 NAYS; and 2 EXCUSED. Voting AYE: Duba, Fitzgerald, Mills, Greenfield, Kolbeck, Maher, Nesiba, Sutton, Wiik, Breitling, Howard, Hunhoff, and Karr. Voting NAY: Haugaard, May, and Mulally. EXCUSED: Gross and Johnson.

Update on American Rescue Plan Act (ARPA) Expenditures

Mr. Jim Terwilliger, Commissioner, Bureau of Finance and Management (BFM), gave an update and, along with **Morgan Gruebele, Chief Budget Analyst**, answered questions regarding the State and Local Fiscal Recovery Funds and Capital Projects Fund (ARPA) ([Document #2](#)).

Senator Hunhoff asked if there is a set timeframe to begin these projects. Commissioner Terwilliger said some projects will start sooner than others. Some of the water projects appropriated in SB50 are underway, and the Department of Ag and Natural Resources (DANR) is working on deploying those funds as soon as possible. The federal government does have criteria needing to be met when using these funds, which can slow down some projects.

Commissioner Terwilliger said the Capital Projects Fund (CPF) was established through federal legislation, so the states have to submit applications for those funds. BFM is working with Guidehouse to strengthen South Dakota's applications. The states have until the end of September to submit the applications.

Tracking of Bipartisan Infrastructure Law or IIJA (Infrastructure Investment & Jobs Act) Funding

Commissioner Terwilliger shared the New Grant Award Notification Form to be used for reporting the use of COVID-based federal grant funding by state agencies ([Document #3](#)). Commissioner Terwilliger said this form should capture most of the COVID-based federal grants and allow for better transparency.

In response to a question from Representative Karr, Commissioner Terwilliger said a question regarding long-term budget consequences can be added to the form.

Update on ARPA Child Care Stabilization Grant Expenditures and Status of ARPA Child Care Discretionary Funding

Ms. Laurie Gill, Secretary, and Ms. Brenda Tidball-Zeltinger, Deputy Secretary, Department of Social Services (DSS), gave a PowerPoint presentation updating the committee on the Child Care Stabilization Grant program and ARPA Child Care Discretionary Funds ([Document #4](#)).

Secretary Gill explained DSS provides federal funding to subsidize child care services to low-income families. When an applicant qualifies for child care subsidies, the payment for child care goes directly to the provider. The rates for payment are set by the federal government based on a federal market study. Copayments are required based on income levels. Access to child care can be an issue in many communities. DSS works hard to ensure that no matter who is in need, families are able to access child care. The federal dollars do come with requirements, and one requirement is the provider must be licensed by the state.

In response to questions from Representative May, Secretary Gill said the monthly number of families receiving the child care subsidies averages 1,814, which includes 3,167 children. The Kids Count Data Book estimates there are just over 2,000 child care providers in South Dakota and about 50,000 children needing child care.

Ms. Tidball-Zeltinger answered questions regarding child care providers preferring non-subsidized children over those paying with government subsidies. DSS has automated the way a provider gets paid by DSS, and the agency is working to make more improvements to the system. DSS is looking at creating portals to make it easier for providers to submit data. One incentive for the providers to accept families paying with government subsidized funds is that the state always pays on time.

In response to questions regarding city child care licenses versus state child care licenses, Secretary Gill said DSS has been looking into this issue and is interested in finding what the barriers are for providers to get licensed with the state. DSS is reviewing the state requirements to determine if there are requirements not relevant today. DSS will assist child care providers in completing the application to become licensed with the state.

Senator Nesiba asked how much of the child care subsidized funding comes from general funds. Ms. Tidball-Zeltinger said the funding includes \$5 million in general funds and \$21 million in federal funds. Some of the federal funds require matching funds but not all. DSS has been able to assist all families who apply and meet the requirements for subsidized child care.

Senator Kolbeck said he would like DSS to work more closely with the child care providers in assisting them to become licensed with the state so they can accept children whose families use government subsidies to help pay for child care.

The Child Care Stabilization Grants information begins on page 3 of [Document #4](#). Ms. Tidball-Zeltinger said the Child Care Stabilization Grants are through ARPA but different from other ARPA grants in that they have a more immediate timeframe. The funds have to be obligated by September 2022 and spent by September 2023. The amount of grant dollars available is \$61.9 million. \$1 million can be used for administrative expenses, including a third party to review applications, a call center, technical assistance, and post payment review.

Ms. Tidball-Zeltinger said DSS accepted applications from December 14, 2021, through February 25, 2022, for the Stabilization Grants. From that application process, DSS distributed \$35.4 million to 676 providers, including 359 in-home providers, 213 child care centers, and 104 before and after school programs. The grants given out were to cover three months of allowable expenses.

Representative Karr asked why some providers did not participate in the grant process. Ms. Tidball-Zeltinger said it was mostly the smaller in-home providers who chose not to apply. Most said they did not need the funds. Some said they needed help to complete the application.

Ms. Tidball-Zeltinger said there is just over \$25 million remaining of the Child Care Stabilization Grant funding. DSS has re-opened the application process and is accepting applications from new applicants until June 15, 2022. Qualifying new applicants will receive five months operating expenses up to the grant maximum. Providers who received money in the first grant period will be notified they are eligible for an additional two month operating expenses. DSS anticipates issuing the second round of funding in early July. Providers receiving grant dollars will have until December 31, 2022, to report how those funds were spent. A third party auditor will review samples of these reports.

Secretary Gill talked about the Child Care Discretionary Funds made available through ARPA. This information is available on page 12 of [Document #4](#). The Discretionary Funds consists of \$38 million in one-time funding. There is a longer time frame for using these funds. Providers have to meet federal requirements, but DSS is looking into using some of these funds for child care providers who are not state licensed.

Secretary Gill said DSS will be collecting input from communities, businesses, families, and legislators regarding child care needs in the state. DSS is considering offering grants to those just starting a child care business. There may be a way DSS can use some of the funds for scholarships making it more attractive to go into the child care field. Possible ways to collect input regarding child care access are focus groups, online surveys, and virtual sessions. The information will be collected over the summer, and DSS will begin developing a plan this fall.

Representative Duba said South Dakota needs a long term task force established to continue studying the child care needs in the state.

New Positions within the Department of Health

Ms. Beth Dokken, Division Director, Family and Community Health, and Angela Cascio, Infectious Disease Director, Department of Health (DOH), gave a PowerPoint presentation regarding new positions created within the Department of Health and why those new positions are needed ([Document #5](#)). During the 2021 Legislative Session, the JCA approved eight additional FTE for DOH. Ms. Dokken said the new positions were filled during the spring of 2021. These include three Disease Intervention Specialists (DIS) and five Public Health Assistants (PHA).

The duties of the DIS include the initial investigation of reported diseases, specimen collection for testing, administering medications, and conducting patient education and provider training. The PHA provide support to the DIS, and their duties include contact tracing, reinforcing patient education, supporting additional services, and allowing DIS to initiate additional case investigations. [Document #5](#) lists the locations for the new FTE.

Ms. Dokken and Ms. Cascio reviewed the charts listing the diseases reported to the Office of Disease Prevention and Health Promotion. These charts do not include COVID-19. In response to questions from Senator Hunhoff, Ms. Cascio explained these diseases are reported to the state, and the state then contacts the city. The state assumes all responsibility for providing treatment and contact tracing for the listed diseases.

Ms. Dokken said each DIS averaged 55 cases per month in 2022 in comparison to 49 cases per month in 2021. Ms. Cascio said DOH is working with the CDC to find ways to reduce the burden on the DIS.

Next Meeting Date

The next Joint Committee on Appropriations meeting will be July 27, 2022, in Pierre, starting at 9 a.m.

Adjourn

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

The Committee adjourned at 5:10 p.m.