



SouthDakota

Legislative Research Council

MINUTES

Joint Interim

Committee on Appropriations

**First Meeting
2014 Interim
March 31, 2014**

**LCR 1 & 2
State Capitol Building
Pierre, South Dakota**

Monday, March 31, 2014

The first meeting of the Joint Interim Committee on Appropriations for 2014 was called to order by the lead Co-Chair, **Senator Deb Peters**, at 10:35 a.m. (CDT) in Legislative Conference Rooms 1 & 2 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senator Deb Peters, Co-Chair; Representative Fred Romkema, Co-Chair; Senators Phyllis Heineman (via telephone), Tom Jones (via telephone), Al Novstrup (via telephone), Alan Solano, Billie Sutton (via telephone), Larry Tidemann, Bill Van Gerpen, Jim White; and Representatives Jim Bolin, Lance Carson, Dan Dryden, Don Hagggar, Dick Werner, Susan Wismer (via telephone). Excused were Representatives Spencer Hawley and Mark Mickelson.

Staff members present included Annie Mehlhaff, Chief Fiscal Analyst; Sue Cichos, Principal Fiscal Analyst; Aaron Olson, Senior Fiscal Analyst; Denice Houlette, Senior Fiscal Analyst; Jason Simmons, Senior Fiscal Analyst; and Cindy Tryon, Legislative 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 web cast live. The archived web cast is available at the LRC web site at <http://legis.sd.gov>.

Letters of Intent

(The final version of the Letters of Intent are attached to these minutes)

Draft Letter of Intent – A

2014 Legislative Session

Legislative Act: HB 1040

Draft Date: 3/27/14

Department/Agency: Unified Judicial System

Requesting Legislator(s): Senator Peters

Courthouse Remodel Funding

The 2014 South Dakota Legislature approved a \$400,000 one-time appropriation in HB 1040 to the Unified Judicial System. This Letter of Intent supplements that appropriation with a specific policy guideline concerning the use of such funds. It is the intent of the Interim Joint Committee on Appropriations that the Unified Judicial System will utilize this appropriation for certain Unified Judicial System and county costs incurred related to courthouse remodeling projects in Beadle, Meade, and Pennington counties in the amounts specified below.

It is the intent of the Interim Joint Committee on Appropriations that the funds be distributed as follows:

1) Beadle County	\$52,370
2) Meade County	\$45,450
3) Pennington County	\$302,180

While this Letter of Intent does not have the force of statutory law, it rests solidly on a long-standing tradition of Legislature-Judicial relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of the Judicial Branch and its continued funding.

Senator Peters presented Letter of Intent A.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE DRYDEN, TO ADOPT THE LETTER OF INTENT REGARDING THE COURTHOUSE REMODEL FUNDING. The motion prevailed on a voice vote.

Draft Letter of Intent – B (1)

2014 Legislative Session

Legislative Act: HB1040

Draft Date: 3/27/2014

Department/Agency: Bureau of Human Resources

State Employee Health Insurance Reserve

The 2014 South Dakota Legislature approved an appropriation for one-time funding to create a state employee health insurance reserve through HB 1040. The sources of funding for the reserve are as follows:

General Funds	\$1,145,433
Federal Fund Expenditure Authority	\$ 659,460
Other Fund Expenditure Authority	<u>\$1,238,909</u>
Total State Employee Health Insurance Reserve	\$3,043,802

This Letter of Intent supplements that appropriation with a specific policy guideline concerning the use of such funds. It is the intent of the Interim Joint Committee on Appropriations that the reserve funds be closely monitored by the Bureau of Human Resources and that periodic reports be made to the interim and standing appropriations committees. The reports shall be provided at any time the state employee health insurance fund is less than the amounts indicated above and at any such time as the Bureau deems necessary or is requested by the Committee or its staff. The reports should contain pertinent information related to the activities of the fund including, but not limited to, receipts, expenditures, beginning and ending fund balances, projected balances, and any other information as may be requested.

While this Letter of Intent does not have the force of statutory law, it rests solidly on a long-standing tradition of Legislature-Executive Branch relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of the Executive Branch and its continued funding.

Senator Tidemann presented Letter of Intent B(1).

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE CARSON, TO ADOPT THE LETTER OF INTENT REGARDING THE STATE EMPLOYEE HEALTH INSURANCE RESERVE. The motion prevailed on a voice vote.

Draft Letter of Intent – C

2014 Legislative Session

Legislative Act: HB1041

Draft Date: 3/27/2014

Department/Agency: Department of Transportation

Requesting Legislator(s): Senator Tidemann

State-Owned Railroad Rehabilitation

The 2014 South Dakota Legislature approved a special general fund appropriation of \$7,200,000 to the railroad trust fund through HB 1041. This Letter of Intent supplements that appropriation with a specific policy guideline concerning the use of such funds. It is the intent of the Interim Joint Committee on Appropriations that approximately \$1,200,000 be used to rehabilitate the railroad bridge spanning the Missouri River from Chamberlain to Oacoma, and approximately \$6,000,000 be used to rehabilitate the state-owned rail line between Chamberlain and Presho.

While this Letter of Intent does not have the force of statutory law, it rests solidly on a long-standing tradition of Legislature-Executive Branch relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of the Executive Branch and its continued funding.

Senator Tidemann presented Letter of Intent C.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE CARSON, TO ADOPT THE LETTER OF INTENT REGARDING STATE-OWNED RAILROAD REHABILITATION. The motion prevailed on a voice vote.

Draft Letter of Intent – D

2014 Legislative Session

Legislative Act: HB1111

Draft Date: 3/27/2014

Department/Agency: Department of Veterans' Affairs

State Veterans' Home Status Updates

The 2014 South Dakota Legislature approved a special general fund appropriation of \$16,365,044 to the Department of Veterans' Affairs for costs related to the design, construction, land purchase, and equipping of a veterans' home near Hot Springs.

It is the intent of the Interim Joint Committee on Appropriations that the Department of Veterans' Affairs provide status reports containing construction timelines, budget updates, and any projected deviations from the proposal as presented to the Legislature. The status reports should be provided to the Committee on a quarterly basis at a minimum, and more frequently if deviations from the original plan and budget develop.

While this Letter of Intent does not have the force of statutory law, it rests solidly on a long-standing tradition of Legislature-Executive Branch relationships in South Dakota and it will be used by the Joint Committee on Appropriations as one basis for the fiscal oversight of the Executive Branch and its continued funding.

Senator Peters presented Letter of Intent D.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE CARSON, TO ADOPT THE LETTER OF INTENT REGARDING THE STATE VETERANS' HOME STATUS UPDATES. The motion prevailed on a voice vote.

Draft Letter of Intent – E

2014 Legislative Session

Legislative Act: SB53

Draft Date: 3/27/2014

Department/Agency: Department of Transportation

Requesting Legislator(s): Senator Peters

State Aeronautics Fund

The 2014 South Dakota Legislature approved a one-time special appropriation of \$500,000 in general funds to the state aeronautics fund through SB 53. This Letter of Intent supplements that appropriation with a specific policy guideline concerning the use of such funds. It is the intent of the Interim Joint Committee on Appropriations that the funds be distributed to the state aeronautics fund as a partial reimbursement for transfers from the fund approved in the 2010 legislative session and should be used for purposes specified in SDCL 50-4-14.

While this Letter of Intent does not have the force of statutory law, it rests solidly on a long-standing tradition of Legislature-Executive Branch relationships in South Dakota and it will be used by the Joint Committee on Appropriations as one basis for the fiscal oversight of the Executive Branch and its continued funding.

Senator Van Gerpen presented Letter of Intent E.

SENATOR VAN GERPEN MOVED, SECONDED BY REPRESENTATIVE DRYDEN, TO ADOPT THE LETTER OF INTENT REGARDING THE STATE AERONAUTICS FUND. The motion prevailed on a voice vote.

Draft Letter of Intent – F

2014 Legislative Session

Legislative Act: SB53

Draft Date: 3/27/2014

Department/Agency: Governor's Office of Economic Development

Readiness and Environmental Protection and Integration (REPI) buffer program at Ellsworth Air Force Base

The 2014 South Dakota Legislature appropriated \$500,000 in general funds to the Governor's Office of Economic Development for the purpose of funding the Readiness and Environmental Protection and Integration (REPI) buffer program at Ellsworth Air Force Base. This Letter of Intent supplements that appropriation with a specific policy guideline concerning the use of such funds.

It is the intent of the Interim Joint Committee on Appropriations that the funds be used to recognize the value of Ellsworth and the financial impact it has to the state. The money will be matched 3:1 by REPI, a federal program that deals with sound concentric zones around an air base. The funds will allow the Ellsworth Authority to purchase non-compliant property and convert it to compliant property.

While this Letter of Intent does not have the force of statutory law, it rests solidly on a long-standing tradition of Legislature-Executive Branch relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of the Executive Branch and its continued funding.

Representative Romkema presented Letter of Intent F.

SENATOR TIDEMANN MOVED, SECONDED BY SENATOR PETERS TO ADD A SENTENCE REQUESTING QUARTERLY REPORTS TO THIS LETTER OF INTENT. The motion prevailed on a voice vote.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE CARSON, TO ADOPT THE LETTER OF INTENT REGARDING READINESS AND ENVIRONMENTAL PROTECTION AND INTEGRATION (REPI) BUFFER PROGRAM AT ELLSWORTH AIR FORCE BASE AS AMENDED. The motion prevailed on a voice vote.

Draft Letter of Intent – G

2014 Legislative Session

Legislative Act: SB53

Draft Date: 3/26/2014

Department/Agency: Department of Environment and Natural Resources

Requesting Legislators: Senator Peters

Lewis and Clark Regional Water System

The 2014 South Dakota Legislature approved a special appropriation for \$1,000,000 in general funds to the South Dakota Board of Water and Natural Resources through SB 53. This Letter of Intent supplements that appropriation with a specific policy guideline concerning the use of such funds.

It is the intent of the Interim Joint Committee on Appropriations that the funds be distributed to The Lewis and Clark Regional Water System as an advance on federal funding, not as a replacement of federal funding. Therefore, the Committee directs the Board of Water and Natural Resources to distribute the funds based upon the expectation that the federal government will honor its commitment to provide funding, subsequently allowing the Lewis and Clark Regional Water System to repay the money.

While this Letter of Intent does not have the force of statutory law, it rests solidly on a long-standing tradition of Legislature-Executive Branch relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of the Executive Branch and its continued funding.

Senator Peters presented Letter of Intent G. The committee discussed the fact that this is intended to be a non-interest loan and that the money is to be paid back to the general fund. The committee also discussed the fact that these appropriated dollars should be used only for the South Dakota section of the water system.

REPRESENTATIVE CARSON MOVED, SECONDED BY SENATOR VAN GERPEN, TO AMEND THE PROPOSED LETTER BY ADDING THAT THE USE OF THIS MONEY IS TO BE FOR SOUTH DAKOTA EXPENSES INCURRED IN BUILDING THE WATER SYSTEM. The motion prevailed on a voice vote.

REPRESENTATIVE WERNER MOVED, SECONDED BY SENATOR WHITE, TO AMEND THE PROPOSED LETTER OF INTENT TO INCLUDE A SENTENCE REGARDING THE REPAYMENT OF THE LOAN AT NO INTEREST. The motion prevailed on a voice vote.

The consensus of the Committee was that Draft Letter G be rewritten to include the amendments and be presented to the Committee again at the June Joint Interim Committee on Appropriations meeting for further discussion and final action.

Draft Letter of Intent – H(1)

2014 Legislative Session

Legislative Act: SB53

Draft Date: 3/31/2014

Department/Agency: Board of Regents

South Dakota School of Mines and Technology Shale Research

The 2014 South Dakota Legislature appropriated \$464,000 in general funds to the Board of Regents through SB 53 for the purpose of funding shale research at the South Dakota School of Mines and Technology. This Letter of Intent supplements that appropriation with a specific policy guideline concerning the use of such funds.

It is the intent of the Interim Joint Committee on Appropriations that the Board of Regents provides information to the Committee on the specific nature of the research activity, as well as the detailed budget narrative by June 1, 2014.

While this Letter of Intent does not have the force of statutory law, it rests solidly on a long-standing tradition of Legislature-Regental relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of the Board of Regents and its continued funding.

SENATOR TIDEMANN MOVED, SECONDED BY VAN GERPEN, TO AMEND THE PROPOSED LETTER TO INCLUDE A REQUEST FOR PERFORMANCE GOALS AND MEASURES REGARDING THIS RESEARCH. The motion prevailed on a voice vote.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE CARSON, TO ADOPT THE LETTER OF INTENT REGARDING THE SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY SHALE RESEARCH AS AMENDED. The motion prevailed on a voice vote.

Draft Letter of Intent – I

2014 Legislative Session

Legislative Act: SB187

Draft Date: 3/27/2014

Department/Agency: Department of Education

Requesting Legislator(s): Representative Dryden

Increase in the Ongoing Per Student Allocation

The 2014 South Dakota Legislature approved an ongoing 3.36% increase in the per student allocation (PSA) in SB188, with the funding for the increase approved in SB187. In December, the Governor recommended a 3% PSA increase which would have added \$138.77 to the PSA. During the 2014 Legislative Session, the Legislature approved additional PSA funding in the amount of \$16.72 per student. The increase totals \$2,200,521 and will be funded entirely from the State General Fund. (FY2014 PSA - \$4,625.65; FY2015 PSA - \$4,781.14; \$155.49 Increase)

This Letter of Intent supplements that appropriation with a specific policy guideline concerning the use of such funds. It is the intent of the Interim Joint Committee on Appropriations that the additional

increase of 0.36% (\$16.72 per student) be used by the local school districts to increase the ongoing average salaries of all certified teachers. It is further the intent of the Committee that the additional state money is to be used to supplement, not supplant, other district funds that may be utilized for improving ongoing average teacher salaries.

While this Letter of Intent does not have the force of statutory law, it rests solidly on a long-standing tradition of Legislature-Executive Branch relationships in South Dakota and it will be used by the Joint Committee on Appropriations as one basis for the fiscal oversight of the Executive Branch and its continued funding.

Senator Peters presented Letter of Intent I.

REPRESENTATIVE WERNER MOVED, SECONDED BY REPRESENTATIVE DRYDEN, TO AMEND THIS LETTER TO INCLUDE A SECTION REQUESTING THAT THE DEPARTMENT OF EDUCATION REPORT BACK TO THE JOINT COMMITTEE ON APPROPRIATIONS ON THE INDIVIDUAL DISTRICTS CERTIFIED TEACHER SALARY SCHEDULES.

REPRESENTATIVE WISMER MOVED, SECONDED BY SENATOR JONES, A SUBSTITUTE MOTION THAT THERE BE NO LETTER OF INTENT REGARDING TEACHER SALARIES. Motion failed on a voice vote.

REPRESENTATIVE WERNER MOVED, SECONDED BY REPRESENTATIVE DRYDEN, TO AMEND THIS LETTER TO INCLUDE A SECTION REQUESTING THAT THE DEPARTMENT OF EDUCATION REPORT BACK TO THE JOINT COMMITTEE ON APPROPRIATIONS ON THE INDIVIDUAL DISTRICTS CERTIFIED TEACHER SALARY SCHEDULES. Motion prevailed on a voice vote.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE CARSON, TO ADOPT THE LETTER OF INTENT REGARDING THE INCREASE IN THE ONGOING PER STUDENT ALLOCATION AS AMENDED. The motion prevailed on a voice vote.

Draft Letter of Intent – J

2014 Legislative Session

Legislative Act: SB187

Draft Date: 3/27/2014

Department/Agency: Departments of Social Services, Human Services, Corrections, and Health and the Unified Judicial System

Requesting Legislator(s): Senator Peters

FY15 Discretionary Provider Inflationary Base Rate Increase

The 2014 South Dakota Legislature approved a 3% discretionary FY15 rate increase to providers. In addition, an additional 0.30% base increase to providers was approved in amendment 187hv for community based providers and nursing homes. This Letter of Intent supplements that appropriation with a specific policy guideline concerning the use of such funds.

It is the intent of the Interim Joint Committee on Appropriations that in FY15, providers are to realize a discretionary base rate increase in conformity with Attachment 1 of this document which was distributed by the Bureau of Finance and Management to the Joint Appropriations Committee on March 14, 2014.

While this Letter of Intent does not have the force of statutory law, it rests solidly on a long-standing tradition of Legislature-Executive Branch relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of the Executive Branch and its continued funding.

SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE CARSON, TO ADOPT THE LETTER OF INTENT REGARDING FY15 DISCRETIONARY PROVIDER INFLATIONARY BASE RATE INCREASE. The motion prevailed on a voice vote.

Summer Study Topics/Interim Work Plan

Senator Peters opened the floor to discuss topics the committee would like to work on during the interim.

Senator Tidemann said the Government Operations and Audit Committee (GOAC) will be looking into the Law Enforcement Officer Training Fund and will give an update to the full Appropriations Committee at the June meeting.

The Committee agreed that they will continue to monitor the Correctional Healthcare issue. Representative Carson said that the number of cases of hepatitis continues to rise within the prison population and that issue needs to be monitored as treatment is quite expensive.

The state employee health insurance topic was discussed. Senator White said that the numbers seem positive and that the Bureau of Human Resources (BHR) believes that they are on the right track. Senator White said that BHR is more than willing to work with the Appropriations Committee.

After much discussion, the committee agreed that more study should be done regarding teacher salaries.

REPRESENTATIVE DRYDEN MOVED, SECONDED BY SENATOR WHITE, TO SEND THE FOLLOWING SUGGESTED INTERIM STUDY TOPIC TO THE EXECUTIVE BOARD: "REVIEW TEACHER PAY INCLUDING, BUT NOT LIMITED TO, DEDICATED ONGOING FUNDING SOURCES". The motion prevailed on a voice vote.

The Committee discussed the Board of Regents and K-12 issue of the high percentage of students taking remediation courses. Senator Peters said that this issue should be added to the Committee's list of issues to monitor.

Ms. Sue Cichos talked to the Committee about the FY16 FMAP projections. Ms. Cichos said that the numbers for the FMAP get finalized in the fall, but the preliminary numbers show that there will be less impact this year than in the past.

Set Future Meeting Dates

The next meeting of the Interim Joint Committee on Appropriations will be held on June 17, 2014. That will be followed by a meeting on July 28, 2014.

Senator Peters announced that the Streamlined Sales Tax Governing Board meeting will be held in Rapid City, October 6-8. Senator Peters suggested the Committee meet during that same week and schedule a few tours of West River sites at that time.

The Governor's Budget Address will be December 2, 2014, and the Joint Committee on Appropriations will meet sometime either that day or the following day.

Adjourn

REPRESENTATIVE CARSON MOVED, SECONDED BY REPRESENTATIVE HAGGAR, TO ADJOURN. The motion prevailed unanimously on a voice vote.

The Committee adjourned at 12:00 p.m.

This meeting is being held in a physically accessible location. Any individual needing assistance, pursuant to the Americans with Disabilities Act, should contact the Legislative Research Council (605-773-3251) in advance of the meeting to make further arrangements.

All committee agendas and minutes are available on the LRC website: <http://legis.sd.gov/>. You may subscribe to electronic delivery of agendas and minutes at *E-Subscribe* on the LRC website.



Legislative Research Council

Sen. Ryan Maher, Chair
Rep. Lance Carson, Vice Chair

Fred Schoenfeld, Interim Director
Doug Decker, Code Counsel

April 8, 2014

Mr. Greg Sattizahn
State Court Administrator
Unified Judicial System
State Capitol Building
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Mr. Sattizahn:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2014 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 31, 2014.

The 2014 South Dakota Legislature approved a \$400,000 one-time appropriation in HB 1040 to the Unified Judicial System. It is the intent of the Interim Joint Committee on Appropriations that the Unified Judicial System will utilize this appropriation for certain Unified Judicial System and county costs incurred related to courthouse remodeling projects in Beadle, Meade, and Pennington counties in the amounts specified below.

It is the intent of the Interim Joint Committee on Appropriations that the funds be distributed as follows:

- | | |
|----------------------|-----------|
| 1) Beadle County | \$ 52,370 |
| 2) Meade County | \$ 45,450 |
| 3) Pennington County | \$302,180 |

While this Letter of Intent does not have the force of statutory law, it rests solidly on a long-standing tradition of Legislature-Judicial relationships in South Dakota and it will be

used by the Joint Committee as one basis for the fiscal oversight of the Judicial Branch and its continued funding.

Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management



Legislative Research Council

Sen. Ryan Maher, Chair
Rep. Lance Carson, Vice Chair

Fred Schoenfeld, Interim Director
Doug Decker, Code Counsel

April 8, 2014

Ms. Laurie Gill, Commissioner
Bureau of Human Resources
State Capitol Building
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Commissioner Gill:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2014 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 31, 2014.

While this guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

The 2014 South Dakota Legislature approved an appropriation for one-time funding to create a state employee health insurance reserve through HB 1040. The sources of funding for the reserve are as follows:

General Funds	\$1,145,433
Federal Fund Expenditure Authority	659,460
Other Fund Expenditure Authority	<u>1,238,909</u>
Total State Employee Health Insurance Reserve	\$3,043,802

It is the intent of the Interim Joint Committee on Appropriations that the reserve funds be closely monitored by the Bureau of Human Resources and that periodic reports be made to the interim and standing appropriations committees. The reports shall be provided at any time the state employee health insurance fund is less than the amounts indicated above and at any such time as the Bureau deems necessary or is requested by the Committee or

its staff. The reports should contain pertinent information related to the activities of the fund including, but not limited to, receipts, expenditures, beginning and ending fund balances, projected balances, and any other information as may be requested.

Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management



Legislative Research Council

Sen. Ryan Maher, Chair
Rep. Lance Carson, Vice Chair

Fred Schoenfeld, Interim Director
Doug Decker, Code Counsel

April 8, 2014

Mr. Darin Bergquist, Secretary
Department of Transportation
Becker-Hansen Building
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Secretary Bergquist:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2014 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 31, 2014.

While this guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

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Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management



Legislative Research Council

Sen. Ryan Maher, Chair
Rep. Lance Carson, Vice Chair

Fred Schoenfeld, Interim Director
Doug Decker, Code Counsel

April 8, 2014

Mr. Larry Zimmerman, Secretary
Department of Veterans Affairs
Soldiers and Sailors Building
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Secretary Zimmerman:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2014 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 31, 2014.

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It is the intent of the Interim Joint Committee on Appropriations that the Department of Veterans Affairs provide status reports containing construction timelines, budget updates, and any projected deviations from the proposal as presented to the Legislature. The status reports should be provided to the Committee on a quarterly basis at a minimum, and more frequently if deviations from the original plan and budget develop.

Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management



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Sen. Ryan Maher, Chair
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Doug Decker, Code Counsel

April 8, 2014

Mr. Darin Bergquist, Secretary
Department of Transportation
Becker-Hansen Building
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Secretary Bergquist:

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Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management



Legislative Research Council

Sen. Ryan Maher, Chair
Rep. Lance Carson, Vice Chair

Fred Schoenfeld, Interim Director
Doug Decker, Code Counsel
April 8, 2014

Mr. Pat Costello, Commissioner
Governor's Office of Economic Development
Dolly-Reed Plaza
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Commissioner Costello:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2014 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 31, 2014.

While this guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

The 2014 South Dakota Legislature appropriated \$500,000 in general funds to the Governor's Office of Economic Development for the purpose of funding the Readiness and Environmental Protection and Integration (REPI) buffer program at Ellsworth Air Force Base.

It is the intent of the Interim Joint Committee on Appropriations that the funds be used to recognize the value of Ellsworth and the financial impact it has to the state. The money will be matched 3:1 by REPI, a federal program that deals with sound concentric zones around an air base. The funds will allow the Ellsworth Authority to purchase non-compliant property and convert it to compliant property. It is further the intent of the Interim Joint Committee on Appropriations that quarterly progress reports regarding the receipt of matching funds be provided to the Committee.

Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management



Legislative Research Council

Sen. Ryan Maher, Chair
Rep. Lance Carson, Vice Chair

Fred Schoenfeld, Interim Director
Doug Decker, Code Counsel

April 8, 2014

Dr. Jack Warner, Executive Director
SD Board of Regents
306 East Capitol, Suite 200
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Dr. Warner:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2014 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 31, 2014.

While this guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Regental relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

The 2014 South Dakota Legislature appropriated \$464,000 in general funds to the Board of Regents through SB 53 for the purpose of funding shale research at the South Dakota School of Mines and Technology.

It is the intent of the Interim Joint Committee on Appropriations that the Board of Regents provides information to the Committee on the specific nature of the research activity, as well as the detailed budget narrative by June 1, 2014. In addition, this report should also include performance goals and measures related to this research.

Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management
State Capitol, 500 East Capitol, Pierre, SD 57501-5070
605/773-3251 – Fax 605/773-4576
<http://legis.state.sd.us>



Legislative Research Council

Sen. Ryan Maher, Chair
Rep. Lance Carson, Vice Chair

Fred Schoenfeld, Interim Director
Doug Decker, Code Counsel

April 8, 2014

Dr. Melody Schopp, Secretary
SD Department of Education
MacKay Building
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Dr. Schopp:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2014 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 31, 2014.

While this guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

The 2014 South Dakota Legislature approved an ongoing 3.3% increase in the per student allocation (PSA) in SB188, with the funding for the increase approved in SB187. The Governor recommended, and the Legislature approved, a 3% PSA increase which added \$138.77 to the PSA. During the 2014 Legislative Session, the Legislature approved additional PSA funding in the amount of \$16.72 per student. The increase totals \$2,200,521 and will be funded entirely from the State General Fund. (FY2014 PSA - \$4,625.65; FY2015 PSA - \$4,781.14; \$155.49 Increase)

It is the intent of the Interim Joint Committee on Appropriations that the additional increase of 0.3% (\$16.72 per student) be used by the local school districts to increase the ongoing average salaries of all certified teachers. It is further the intent of the Committee that the additional state money is to be used to supplement, not supplant, other district funds that may be utilized for improving ongoing average teacher salaries. Each district shall certify to the Department that the additional 0.3% increase in the PSA was used in accordance with

the intent of the Interim Joint Committee on Appropriations on a form similar to that contained in Attachment 1. The Department of Education shall provide a report on the implementation of the 0.3% PSA distribution at the December Interim Joint Committee on Appropriations meeting.

Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management

Example of a Draft Certification Form from the Department of Education to the School Districts

Certification of Teacher Salary Increase for SY 2014-2015

X-Y-Z School District 99-9

As required by the South Dakota Legislative Interim Joint Committee on Appropriations, my school district hereby certifies to the Secretary of Education the following:

- For school year 2015 the average ongoing certified teacher salary will increase by at least 0.3%; and
- The PSA increase of 0.3% (approximately \$16.72 per student), approved in addition to the recommended PSA increase of 3%, will be used to supplement, not supplant, other district funds that may be used to improve ongoing average teacher salaries.

Yes, I certify that our school district has met the above stated requirements.

No, my district cannot certify compliance to the above stated requirements.

Superintendent

School Board President

School Business Manager

Date



Legislative Research Council

Sen. Ryan Maher, Chair
Rep. Lance Carson, Vice Chair

Fred Schoenfeld, Interim Director
Doug Decker, Code Counsel
April 8, 2014

Ms. Lynn Valenti, Secretary
Department of Social Services
Kneip Building
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Secretary Valenti:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2014 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 31, 2014.

While this guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

The 2014 South Dakota Legislature approved a 3% discretionary FY15 rate increase to providers. An additional 0.30% base increase to providers was also approved in amendment 187hv for community based providers and nursing homes.

It is the intent of the Interim Joint Committee on Appropriations that in FY15, providers are to realize a discretionary base rate increase in conformity with Attachment 1 of this document which was distributed by the Bureau of Finance and Management to the Joint Appropriations Committee on March 14, 2014.

Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management

Provider Inflation:

	FY15 Base Infl.	FY15 3.0% Base Infl. Gov Rec.		All Community Based Providers & Nursing Homes FY15 additional inflationary increase at 0.30% Base Infl. Estimate			
		General Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Hospitals	3.00%	2,577,238	5,481,025				
Physicians	3.00%	1,002,524	2,147,961				
Pharmacies	3.00%	440,472	956,851				
Emergency Transportation/Medical Equipment	3.00%	224,332	468,529				
Optometrists/Ophthalmologist	3.00%	23,928	49,975				
Chiropractors	3.00%	7,960	16,625				
Dentists	3.00%	263,304	581,523				
Psychiatric Residential Treatment (Medical Services)	3.00%	199,371	416,398				
Long Term Care (Nursing Home, Hospice, Assisted Living)	3.00%	2,642,313	5,466,556	20,212	22,002		42,214
Elderly Nutrition Program - Senior Meals	3.00%	147,091	147,091	267,881	286,327		554,208
In-Home Services for the Elderly	3.00%	312,989	381,666	14,912	-		14,912
Group Care Providers (Child Protection)	3.00%	76,914	98,974	31,731	6,963		38,694
Psychiatric Residential Treatment (Child Protection)	3.00%	248,144	518,263	7,798	2,236		10,034
Substance Abuse Providers	3.00%	504,071	591,736	25,157	27,385		52,542
Community Mental Health Centers	3.00%	551,816	799,221	51,103	8,887		59,990
Auxiliary Placement	3.00%	253,432	253,432	55,944	25,082		81,026
CCHS	3.00%			25,693	-		25,693
Other Provider Groups	3.00%	922,932	1,137,107	2,872	3,128		6,000
DSS TOTAL		10,398,831	19,512,933	90,696	14,205	4,381	109,282
				593,999	396,215	4,381	994,595
DOC							
Community Services	3.00%	357,484	530,920	40,338	19,570		59,908
Inmate Services	3.00%	40,403	40,403				
DHS							
Community Services	3.00%	1,604,565	3,617,758	162,673	204,100		366,773
UJS							
Community Services	3.00%	29,488	31,652	2,990	219		3,209
DOE							
Ed Resources	3.00%	-	-				
DOH							
Inmate Services	3.00%	-	30,713				
TOTAL				800,000	620,104	4,381	1,424,485
		12,430,771	23,764,379				



Legislative Research Council

Sen. Ryan Maher, Chair
Rep. Lance Carson, Vice Chair

Fred Schoenfeld, Interim Director
Doug Decker, Code Counsel
April 8, 2014

Ms. Gloria Pearson, Secretary
Department of Human Services
Hillsview Plaza
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Secretary Pearson:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2014 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 31, 2014.

While this guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

The 2014 South Dakota Legislature approved a 3% discretionary FY15 rate increase to providers. An additional 0.30% base increase to providers was also approved in amendment 187hv for community based providers and nursing homes.

It is the intent of the Interim Joint Committee on Appropriations that in FY15, providers are to realize a discretionary base rate increase in conformity with Attachment 1 of this document which was distributed by the Bureau of Finance and Management to the Joint Appropriations Committee on March 14, 2014.

Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management

Provider Inflation:

	FY15 Base Infl.	FY15 3.0% Base Infl. Gov Rec.		All Community Based Providers & Nursing Homes FY15 additional inflationary increase at 0.30% Base Infl. Estimate			
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Hospitals	3.00%	2,577,238	5,481,025				
Physicians	3.00%	1,002,524	2,147,961				
Pharmacies	3.00%	440,472	956,851				
Emergency Transportation/Medical Equipment	3.00%	224,332	468,529				
Optometrists/Ophthalmologist	3.00%	23,928	49,975				
Chiropractors	3.00%	7,960	16,625				
Dentists	3.00%	263,304	581,523				
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Community Services	3.00%	29,488	31,652	2,990	219		3,209
DOE							
Ed Resources	3.00%	-	-				
DOH							
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TOTAL			12,430,771 23,764,379	800,000	620,104	4,381	1,424,485



Legislative Research Council

Sen. Ryan Maher, Chair
Rep. Lance Carson, Vice Chair

Fred Schoenfeld, Interim Director
Doug Decker, Code Counsel

April 8, 2014

Mr. Denny Kaemingk, Secretary
Department of Corrections
Solem Building
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Secretary Kaemingk:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2014 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 31, 2014.

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Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management

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DOE							
Ed Resources	3.00%	-	-				
DOH							
Inmate Services	3.00%	-	30,713				
TOTAL				800,000	620,104	4,381	1,424,485
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Legislative Research Council

Sen. Ryan Maher, Chair
Rep. Lance Carson, Vice Chair

Fred Schoenfeld, Interim Director
Doug Decker, Code Counsel
April 8, 2014

Mr. Greg Sattizahn
State Court Administrator
Unified Judicial System
State Capitol
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2014 Session

Dear Mr. Sattizahn:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2014 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 31, 2014.

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/S/ Senator Deb Peters

/S/ Representative Fred Romkema

Senator Deb Peters
Co-Chair, Interim Joint Appropriations

Representative Fred Romkema
Co-Chair, Interim Joint Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management
State Capitol, 500 East Capitol, Pierre, SD 57501-5070
605/773-3251 – Fax 605/773-4576
<http://legis.state.sd.us>

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