

MINUTES

Interim Joint Committee on Appropriations



Senator Deb Peters, Lead Co-Chair
Representative Justin Cronin, Co-Chair

**First Meeting, 2016 Interim
Tuesday, March 29, 2016**

**LCR 1 – State Capitol
Pierre, SD**

The first meeting of the Interim Joint Committee on Appropriations for 2016 was called to order by Vice Chair Senator Larry Tidemann, at 1:50 p.m. in Legislative Conference Room 1 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senator Deb Peters, Lead Co-Chair (via telephone); Representative Justin Cronin, Co-Chair; Senators Angie Buhl-O'Donnell, Terri Haverly, Phyllis Heineman, David Omdahl, Scott Parsley, Larry Tidemann, Bill Van Gerpen, and Jim White; Representatives David Anderson, Dan Dryden, Jean Hunhoff, Alex Jensen, Jeffrey Partridge, Ray Ring, and Fred Romkema. Excused: Representative Shawn Bordeaux.

Staff members present included Annie Mehlhaff, Chief Fiscal Analyst; Denice Houlette, Senior Fiscal Analyst; Jason Simmons, Senior Fiscal Analyst; Stephanie Gruba, Fiscal Analyst; and Cindy Tryon, Senior 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

***Draft Letter of Intent – A
2016 Legislative Session
Legislative Act: SB54
Department/Agency: Office of the Attorney General***

Elder Abuse Task Force

The 2016 South Dakota Legislature approved up to and not exceeding 2.0 FTE and \$181,192 in other fund expenditure authority for an Attorney Specialist and an Investigator to support SB54, An Act to adopt the Elder Abuse Task Force's statutory recommendations in order to protect South Dakota seniors and adults with disabilities from abuse, neglect, and exploitation. The \$181,192 funding is to come from the Court Automation Fund.

According to the Elder Abuse Task Force Final Report and Recommendation, December 2015, the Task Force received consistent public testimony on the lack of prosecution of financial exploitation and the difficulties of prosecuting the crime. The Task Force recommended that the Legislature appropriate funds for an attorney-specialist, within the Office of the Attorney General, to prosecute or to assist state's attorneys in prosecuting the

abuse, neglect, and financial exploitation of elders or adults with disabilities. The attorney-specialist would also serve as an educational resource and liaison for local and tribal law enforcement. The Task Force also recommended that the Legislature appropriate funds for an investigator specializing in these cases to assist the attorney in bringing criminal charges and providing education on this topic.

It is the intent of the Joint Committee on Appropriations that the Office of the Attorney General provide quarterly status reports to the Committee regarding the investigations that these two FTE will be working on in relation to abuse, neglect, and exploitation of seniors and adults. In addition, the status report should include an explanation of the benefits that have been derived by the work of the Attorney Specialist and the Investigator.

Representative David Anderson asked that wording be added to this letter of intent (LOI) so that results of conducting these investigations can be analyzed to be sure that what is intended is the actual outcome from this process. **Senator Scott Parsley** said that those results should not be expected in the first report prepared by the Attorney General's office regarding this issue. The committee agreed that the last sentence now found in the above LOI be added to the original draft.

A MOTION WAS MADE BY REPRESENTATIVE ANDERSON, SECONDED BY SENATOR WHITE TO APPROVE LOI A WITH THE SUGGESTED CHANGE. The motion prevailed on a roll call vote with 12 voting AYE, 6 EXCUSED. Those voting AYE: Buhl-O'Donnell, Phyllis Heineman, Omdahl, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Jean Hunhoff, Ring, Romkema. Those EXCUSED: Haverly, Bordeaux, Alex Jensen, Partridge, Cronin, Peters.

***Draft Letter of Intent – B
2016 Legislative Session
Department/Agency: Office of the Attorney General***

STOP Grant

The 2016 South Dakota Legislature approved up to \$27,000 in general funds, \$81,000 in federal fund authority, and 1.0 FTE to the Office of the Attorney General for the purpose of providing funding for a Division of Criminal Investigation (DCI) Agent assigned to the Federal Bureau of Investigation's (FBI) Safe Trails Task Force. This is a three-year funding commitment provided by the Services, Training, Officers, Prosecutors (STOP) Grant. The STOP Grant opportunity needs a state match of 25%, or \$27,000 annually over the next three years.

The DCI Agent will work on cases involving child abuse in the surrounding reservations. The Pierre FBI office is considered a "hardship" office by the FBI. The designation of a "hardship" office is mostly due to the nature of the violent crime work, which includes child sexual abuse (CSA) investigations. CSA investigations are some of the most difficult cases law enforcement handles. The willingness of the South Dakota DCI to assist the Pierre Resident Agency investigate these difficult cases directly benefits the most vulnerable of victims in South Dakota.

It is the intent of the Joint Committee on Appropriations that the Office of the Attorney General request a reduction of the 1.0 FTE assigned to the Safe Travels Task Force once the funding is eliminated in three years. In addition, the general fund amount of \$27,000 and federal fund expenditure authority of \$81,000 will also be eliminated once this program ends in three years.

A MOTION WAS MADE BY REPRESENTATIVE ROMKEMA, SECONDED BY SENATOR BUHL-O'DONNELL TO APPROVE LOI B. The motion prevailed on a roll call vote with 13 voting AYE, 5 EXCUSED. Those voting AYE: Buhl-O'Donnell, Phyllis Heineman, Omdahl, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Jean Hunhoff, Alex Jensen, Ring, Romkema. Those EXCUSED: Haverly, Bordeaux, Partridge, Cronin, Peters.

Draft Letter of Intent – C
2016 Legislative Session
Department/Agency: Bureau of Information and Telecommunications

Lean Study

It is the intent of the JCA that Interim JCA partner with the Bureau of Information and Telecommunications (BIT) and the Government Operations and Audit Committee to complete a Lean pilot study. The Lean process seeks to maximize customer value, while minimizing waste. Completing a Lean pilot study will help the JCA further understand the goals and performance measurements of BIT. Furthermore, learning the concepts of Lean will also help appropriators and all legislators identify and evaluate performance measures for all of state government.

As you well know, technology is ever-changing and the technology requirements of the State have evolved greatly over the past decade. In completing this process and working together, we can promote government efficiency, determine if we are meeting the technology needs of state government today, and ensure we are able to meet our future technology needs.

Representative Jean Hunhoff said this letter needs to be more specific and should include timeframes for making the reports. **Senator Larry Tidemann** said BIT has agreed to come to Brookings and attend a meeting on campus regarding Lean. Senator Tidemann said it may be best to wait until the June meeting when he will have more specifics that can be added to the LOI. The committee agreed to wait until the next meeting before taking action.

Draft Letter of Intent – D
2016 Legislative Session
Legislative Act: SB172
Department/Agency: Board of Regents

USD – Center for Prevention of Child Maltreatment

SB172 provides \$210,725 and 1.0 FTE for the Center for the Prevention of Child Maltreatment Center for the 2016-2017 academic year. The Committee is interested in the documentation and understanding that the Center will have a positive impact on reducing child sexual abuse in South Dakota. The background and measurements that will be used to assess the success of the Center are summarized below:

Background

In 2014, the South Dakota Legislature charged the Jolene's Law Task Force (hereafter "Task Force") to study the prevalence and impact of child sexual abuse in the state and to recommend strategies to combat the problem as a

public health issue. The Task Force continued its work in 2015 under the authorization of Governor Dennis Daugaard. In January of 2016, the Task Force issued its Final Report, stating, "any sustainable solution to reduce child sexual abuse in South Dakota will require establishing an academic Center for Child Maltreatment and a statewide coalition of vested stakeholders." In addition, the Task Force recommended establishing the Center for the Prevention of Child Maltreatment (hereafter "Center") at the University of South Dakota.

The Task Force's recommendation for the Center includes the expectation that the Center will lead state efforts to train mandatory reporters of child maltreatment as defined by SDCL 26-8A-3. More broadly, the Task Force expects the Center to contribute to the state's overall public health by strengthening the culture related to preventing and responding to child maltreatment. The outcomes expected of the Center at the University of South Dakota include:

- 1. Coordinating education, outreach, and research initiatives that increase public awareness and prevention of child maltreatment and sexual abuse throughout the state.*
- 2. Actively engaging education partners, state and Tribal governments, and professional organizations in determining training needs.*
- 3. Developing and delivering learning competencies and training programs appropriate for all levels.*
- 4. Identifying and conducting research regarding the latest prevention and treatment techniques and provide data management and analysis assistance to state agencies.*

The Center's success will be measured by its ability to:

- 1. Develop competencies, curricula, consistent training standards, and professional development opportunities for mandatory reporters of child maltreatment and sexual abuse in partnership with state, community, and academic organizations;*
- 2. Facilitate the creation of community, state, and education partnerships to advocate against child maltreatment and sexual abuse;*
- 3. Identify potential funding sources and develop inter-professional grant proposals for research and practice related to treating and preventing child maltreatment and sexual abuse;*
- 4. Collaborate with state, regional, and national stakeholders, and provide leadership in developing research areas addressing child maltreatment and sexual abuse; and*
- 5. Provide assistance/expertise to Board of Regents institutions on creating new degree programs related to child maltreatment and sexual abuse as well as revising/creating courses in fields requiring mandatory reporter training.*

The Joint Appropriations Committee requests a report to be delivered to the Committee in January 2017, based upon the above measurements for Center activities through December 31, 2016, and an annual report in July 2017 for activities and successes through the end of FY17. The Committee will then assess the need for continued reporting.

Representative Anderson said that there needs to be more than just the process reported; the results need to be included as well. **Senator Jim White** said the letter should include that the intent is to get to the desired achievement. **Senator Angie Buhl-O'Donnell** said that it is important to remember that this program is just getting off the ground and that they shouldn't be expected to do everything at once. **Senator Phyllis Heineman** said that the LOI needs to include another paragraph including possible measurements. Representative Hunhoff added that there may need to be some timeframes added to the LOI. Senator Tidemann suggested waiting to take action until the Board of Regents has had the opportunity to present measureable goals for inclusion in the LOI. The committee agreed to wait until the next meeting before taking action.

Draft Letter of Intent – E
2016 Legislative Session
Legislative Act: SB67
Department/Agency: Board of Regents

Postsecondary Scholarship Grant Fund

SB67 merges the Critical Need Teaching and South Dakota needs Based Scholarship endowments that are held within the Education Enhancement Trust Fund. It is the Committee's intent to supplement that legislation with specific policy guidance for the allocation of scholarship funds for these two programs, and the requirement for an annual report depicting the distribution of such funds to recipients in each program.

Background

The 2012 South Dakota Legislature appropriated \$3 million in one-time funds (\$1.5 million allocated separately to each of the two newly created scholarship programs) to be placed in the Education Enhancement Trust Fund with the intent that interest earnings from these two pools of funds would be distributed to students under the statute requirements as approved by that legislative body. The 2016 South Dakota Legislature appropriated \$3.3 million in one-time funds to be placed in the Education Enhancement Trust Fund and merged the two endowments to create a Scholarship Fund that allows the Board of Regents the authority to distribute the interest earnings to meet the program requirements as outlined in the statute for each scholarship. It is the intent of the Committee that the Board of Regents allocate 75% of the interest earnings according to student need, and the remaining dollars shall be set aside and distributed for the purpose of maintaining the Critical Teaching Need Scholarship. If it is determined that either of the scholarship programs are in greater need of the interest earnings in a given year resulting from other funding allocations, the Board of Regents has the authority to reallocate funds, pursuant to Section 1 of Senate Bill 67. The Critical Need Teaching Board will continue to oversee the selection of candidates and make award decisions to eligible teacher education candidates.

Required Reporting

It is the intent of the Joint Committee on Appropriations that the Board of Regents provides information to the Committee on the specific distribution of funds for each of these programs each year, the number of recipients receiving the scholarship, and provide metrics tracking the success and outcomes associated with the two programs.

A MOTION WAS MADE BY REPRESENTATIVE ALEX JENSEN, SECONDED BY SENATOR BUHL-O'DONNELL TO APPROVE LOI E. The motion prevailed on a roll call vote with 14 voting AYE, 4 EXCUSED. Those voting AYE: Buhl-O'Donnell, Phyllis Heineman, Omdahl, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Jean Hunhoff, Alex Jensen, Ring, Romkema, Cronin. Those EXCUSED: Haverly, Bordeaux, Partridge, Peters.

Draft Letter of Intent – F
2016 Legislative Session
Legislative Act: SB92
Department/Agency: Board of Regents

SDSM&T Math Pilot Program

SB92 continues a Math Pilot program at the South Dakota School of Mines and Technology for the 2016-2017 academic year. The Committee is interested in the documentation and understanding that the pilot program will have a positive impact on the success and completion of students by improving their math skills. The Committee requests that ten percent (\$25,000) of the allocated funds be used for program assessment and evaluation. Features of the evaluation would include but not be limited to:

- a) An initial analysis of the academic performance and success of the 2014 and 2015 first-time, full-time freshman cohorts with a preliminary report in August 2016. The analysis report would include success (A, B or C) rates in the first math class of the core math sequence (Algebra, Trigonometry, Calculus I and Calculus II) by cohort. Other factors in the analysis should include relationships between incoming composite ACT, incoming math ACT, incoming zip code/state, incoming high school GPA, freshman course load, freshman grades in math, freshman grades overall and retention data.*
- b) An analysis of specific math skill deficiencies.*
- c) Relationship between participation rates in the summer math pilot project and student success in math.*
- d) A review that will provide an interim analysis of the 2014, 2015, and 2016 first-time, full-time freshmen math success data, through the entering fall semesters due to the Committee not later than January 15, 2017.*
- e) Final report on the South Dakota School of Mines and Technology math pilot, suitable for publication and/or conference presentation in the summer of 2017.*

Senator Heineman asked that a sentence be added to the LOI asking for analysis of some of the deficiencies in these skills. The committee agreed that such a sentence should be added to the final LOI F.

A MOTION WAS MADE BY REPRESENTATIVE DRYDEN, SECONDED BY REPRESENTATIVE ALEX JENSEN TO APPROVE LOI F WITH THE ADDITIONAL CONDITION PROPOSED BY SENATOR HEINEMAN. The motion prevailed on a roll call vote with 15 voting AYE, 3 EXCUSED. Those voting AYE: Buhl-O'Donnell, Phyllis Heineman, Omdahl, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Jean Hunhoff, Alex Jensen, Ring, Romkema, Cronin, Peters. Those EXCUSED: Haverly, Bordeaux, Partridge.

***Draft Letter of Intent – G
2016 Legislative Session
Legislative Act: HB1007
Department/Agency: Board of Regents/Department of Revenue***

Ag Land Taskforce Data

This letter outlines the areas of research the JCA would like to have addressed by the South Dakota State University Department of Economics and Plant Science Department in developing information to be used to help the South Dakota Department of Revenue and the Agricultural Land Assessment Implementation and Oversight Advisory Task Force determine agricultural land production capacity.

The purpose of the research is to provide objective data that will allow greater transparency in quantifying the probability of highest and best use determinations for each soil type in a county, using tests that incorporate what is physically possible, financially feasible, and provides for maximum profitability.

This research, to be conducted over a two-year period according to a timeline established by the Department of Revenue, will provide the following deliverables to the Department of Revenue and the Oversight Advisory Task Force:

- *Updated Table 1s and 2s for each county;*
- *Highest and Best Use values for each soil type;*
- *Assess the potential impact of changes and shifts from current methods to an improved approach that incorporates new Highest and Best Use values;*
- *Provide Table 1s and 2s on iGrow.org and a detailed description of methodology; and*
- *Provide information on potential incremental implementation to manage shifts if a phase-in period is necessary.*

It is the intent of the JCA that this information be widely available to the public, to provide objective data and criteria for determining the agricultural land production capacity for various taxable valuation purposes.

It is further the intent of the Committee that the indirect surcharge be negotiated in full recognition of the fact that this research is to the benefit of the entire State.

A MOTION WAS MADE BY REPRESENTATIVE ALEX JENSEN, SECONDED BY SENATOR BUHL-O'DONNELL TO APPROVE LOI G. The motion prevailed on a roll call vote with 15 voting AYE, 3 EXCUSED. Those voting AYE: Buhl-O'Donnell, Phyllis Heineman, Omdahl, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Jean Hunhoff, Alex Jensen, Ring, Romkema, Cronin, Peters. Those EXCUSED: Haverly, Bordeaux, Partridge.

***Draft Letter of Intent – H
2016 Legislative Session
Legislative Act: SB172 and SB48
Department/Agency: Board of Regents***

End of Year Utility Adjustments

SB172 and SB48 impact utility appropriations for institutions within the South Dakota higher education system. The figures included in this legislation are estimates established approximately eight months prior to year-end, based on systems overseen by the Bureau of Finance and Management. It is the intent of the Joint Committee on Appropriations that the universities may realign the appropriated utility dollars between the higher education institutions as necessary to fully fund the utility costs for each institution, to the extent dollars are available. The institutions will prepare transfer documents and submit them to the Bureau of Finance and Management according to established procedures. The Joint Committee on Appropriations will continue to receive an electronic record of these transfers as they occur.

A MOTION WAS MADE BY SENATOR WHITE, SECONDED BY SENATOR PARSLEY, TO APPROVE LOI H. The motion prevailed on a roll call vote with 15 voting AYE, 3 EXCUSED. Those voting AYE: Buhl-O'Donnell, Phyllis Heineman, Omdahl, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Jean Hunhoff, Alex Jensen, Ring, Romkema, Cronin, Peters. Those EXCUSED: Haverly, Bordeaux, Partridge.

Draft Letter of Intent – I
2016 Legislative Session
Legislative Act: SB48
Department/Agency: Department of Labor and Regulation

Unemployment Insurance Software Upgrade

The 2016 South Dakota Legislature approved Senate Bill 48 An Act to revise the General Appropriations Act for fiscal year 2016 which appropriated \$150,000 in general funds to the Department of Labor and Regulation's Division of Unemployment Insurance Service for the purpose of upgrading software systems to allow employers submit required reports and make contributions to the unemployment compensation fund using their choice of multiple internet browsers of the latest version.

It is the intent of the Joint Committee on Appropriations that the Department of Labor and Regulation make quarterly reports to the Interim Joint Committee Appropriations regarding the progress of implementing the new software system.

A MOTION WAS MADE BY REPRESENTATIVE JEAN HUNHOFF, SECONDED BY REPRESENTATIVE ALEX JENSEN, TO APPROVE LOI I. The motion prevailed on a roll call vote with 17 voting AYE, 1 EXCUSED. Those voting AYE: Buhl-O'Donnell, Haverly, Phyllis Heineman, Omdahl, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Jean Hunhoff, Alex Jensen, Partridge, Ring, Romkema, Cronin, Peters. Those EXCUSED: Bordeaux.

Draft Letter of Intent – J
2016 Legislative Session
Legislative Act: SB43
Department/Agency: Department of Labor and Regulation

U.I. Trust Fund Balance Changes in 2017 Session

The 2016 South Dakota Legislature approved Senate Bill 43 An Act to increase the unemployment insurance penalty for failure to pay contributions or make reports and Senate Bill 170 An Act to appropriate money for the ordinary expenses of the legislative, judicial, and executive departments of the state, the expenses of state institutions, interest on the public debt, and for common schools. These bills generate additional revenue and appropriate \$456,260 in on-going other fund expenditure authority to Department of Labor and Regulation's Division of Administration and to the Division of Unemployment Insurance Service to replace diminishing federal grant awards for administration of the unemployment insurance program.

It is the intent of the Joint Committee on Appropriations that the Department of Labor and Regulation work with the Unemployment Insurance Advisory Council established in SDCL 61-2-7.1 to develop and recommend to the 92nd Legislature a methodology for assessing the adequacy of the Unemployment Insurance Trust Fund balance and to allow employer contribution rates to be computed based on the financial health of the trust fund. This methodology shall allow employer contribution rates to be modified based on a target maximum and minimum trust fund balance.

Furthermore, it is the intent of the Joint Committee on Appropriations that the Department's policy recommendations for unemployment insurance trust fund adequacy and employer contribution rates be retroactive to January 1, 2017.

A MOTION WAS MADE BY REPRESENTATIVE ANDERSON, SECONDED BY REPRESENTATIVE ALEX JENSEN, TO APPROVE LOI J. The motion prevailed on a roll call vote with 16 voting AYE, 2 EXCUSED. Those voting AYE: Buhl-O'Donnell, Haverly, Phyllis Heineman, Omdahl, Parsley, Tidemann, White, Anderson, Dryden, Jean Hunhoff, Alex Jensen, Partridge, Ring, Romkema, Cronin, Peters. Those EXCUSED: Van Gerpen, Bordeaux.

***Draft Letter of Intent – K
2016 Legislative Session
Legislative Act: SB16
Department/Agency: Department of Agriculture***

Nursery License Fees

The 2016 South Dakota Legislature approved Senate Bill 16 An Act to establish a fee for a nursery license and to increase fees for nursery inspection. It is the intent of the Joint Committee on Appropriations that the Department of Agriculture make a public report of the inspections.

Senator Tidemann explained that this letter is to insure that the Department is not singling out a certain nursery with excessive inspections.

A MOTION WAS MADE BY SENATOR WHITE, SECONDED BY REPRESENTATIVE ANDERSON, TO APPROVE LOI K. The motion prevailed on a roll call vote with 17 voting AYE, 1 EXCUSED. Those voting AYE: Buhl-O'Donnell, Haverly, Phyllis Heineman, Omdahl, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Jean Hunhoff, Alex Jensen, Partridge, Ring, Romkema, Cronin, Peters. Those EXCUSED: Bordeaux.

***Draft Letter of Intent – L2
2016 Legislative Session
Legislative Act: SB172
Department/Agency: Department of Education***

National Board Certified Teachers and Counselors Stipend

SB172 provided \$150,000 in general funds for the purpose of reinstating funding for stipends to National Board Certified Teachers, pursuant to SDCL 13-42-26. It is the intent of the Committee that these funds also be used to reinstate funding for stipends to National Certified School Counselors, pursuant to SDCL 13-1-54. Procedures for distribution are clarified in ARSD 24:15:07.

For teachers or counselors who did not receive stipends during the period in which funding was not appropriated for these programs, it is the intent of the Committee that the Department of Education will reimburse the state's obligation to these individuals as outlined in referenced statutes.

Representative Justin Cronin said that there are two draft letters to choose from: one letter includes just teachers and the second letter includes both teachers and counselors. **Senator Deb Peters** explained that the Secretary of the Department of Education had requested the inclusion of counselors in this LOI. Senator Heineman said that the original intent of the bill was funding for teachers' stipends and wondered if it was appropriate to add the counselors. **Secretary Melody Schopp, Department of Education**, testified that in rule the teachers and counselors are both included, so it makes sense to apply the stipend including the few counselors who are also a part of national certification. The state funding of the stipends is matched on the local level.

A MOTION WAS MADE BY SENATOR BUHL-O'DONNELL, SECONDED BY REPRESENTATIVE CRONIN, TO APPROVE LOI L2 WHICH INCLUDES TEACHERS AND COUNSELORS. The motion prevailed on a roll call vote with 14 voting AYE, 2 voting NAY, and 2 EXCUSED. Those voting AYE: Buhl-O'Donnell, Haverly, Phyllis Heineman, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Alex Jensen, Ring, Romkema, Cronin, Peters. Those voting NAY: Omdahl, Partridge. Those EXCUSED: Bordeaux, Jean Hunhoff.

***Draft Letter of Intent – M
2016 Legislative Session
Legislative Act: HB1012
Department/Agency: Department of Tribal Relations***

Economic Development Update on FTE

During consideration of HB1012, an act to provide for an additional position in the Governor's Office of Economic Development to coordinate economic development with the tribes and to make an appropriation therefor, the Committee discussed the importance of improving economic development opportunities for the nine Tribes of South Dakota. The Committee tabled HB1012 with the intent that the additional FTE approved in the Department of Tribal Relations' FY2017 budget would allow staff more time to focus on economic development issues.

The Committee requests that the Department identify detailed objectives, projects, and goals that it aims to accomplish and complete over the next fiscal year and provide this information to the Committee. The Committee would also like the Department to provide the functions and activities of the additional policy analyst approved in SB172. Additionally, it is the intent of the Committee that the Department provide a status report by December 31, 2016, on the progress of achieving the goals outlined by the Department.

A MOTION WAS MADE BY REPRESENTATIVE ALEX JENSEN, SECONDED BY REPRESENTATIVE PARTRIDGE, TO APPROVE LOI M. The motion prevailed on a roll call vote with 15 voting AYE, 1 voting NAY, and 2 EXCUSED. Those voting AYE: Buhl-O'Donnell, Haverly, Phyllis Heineman, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Alex Jensen, Partridge, Ring, Romkema, Cronin, Peters. Those voting NAY: Omdahl. Those EXCUSED: Bordeaux, Jean Hunhoff.

Draft Letter of Intent – N

2016 Legislative Session

Legislative Act:

Department/Agency: Department of Social Services, Department of Corrections, Department of Human Services, Unified Judicial System, Department of Health, Department of Education

Provider Inflation Discretionary Increase Distribution

The 2016 South Dakota Legislature approved a discretionary 2.7% base rate increase to all providers. Furthermore, community based providers received an additional 0.72% increase and certain providers received additional increases as part of a proposal to move all providers toward a reimbursement rate of at least 90% of their allowable costs.

It is the intent of the Interim Joint Committee on Appropriations that in FY2017, providers are to realize a base rate increase in conformity with Attachment 1 of this document.

A MOTION WAS MADE BY SENATOR PARSLEY, SECONDED BY REPRESENTATIVE PARTRIDGE, TO APPROVE LOI N. The motion prevailed on a roll call vote with 16 voting AYE, and 2 EXCUSED. Those voting AYE: Buhl-O'Donnell, Haverly, Phyllis Heineman, Omdahl, Parsley, Tidemann, Van Gerpen, White, Anderson, Dryden, Alex Jensen, Partridge, Ring, Romkema, Cronin, Peters. Those EXCUSED: Bordeaux, Jean Hunhoff.

Draft Letter of Intent – O

2016 Legislative Session

Legislative Act: SB172

Department/Agency: Department of Education/Technical Institutes

Faculty Salaries

SB172 provides 3% of the ½ cent sales tax increase in general funds for the purpose of increasing instructor salaries to competitive levels at the postsecondary technical institutes. It is the intent of the Committee that these funds are to only be used for instructors' salaries and benefits and that the technical institutes are allowed to use these funds for program expansion, differential pay in high need areas and highly difficult areas to recruit and retain instructors.

The Committee also requests that the technical institutes provide a written report to the Committee by December 13, 2016, outlining the measures and outcomes being tracked, in order to adequately evaluate the effectiveness of this additional funding in future years.

Representative Cronin said that he is uncomfortable with some of the wording in this LOI and would like to have it rewritten prior to the next meeting and take action on it at that time. The committee agreed to wait until the next meeting before taking action.

Final versions of the approved Letters of Intent are attached to these minutes and can be found on the LRC website at SDLegislature.gov/budget/budgetdocuments.

Memos from the Committee

Four memos were presented to the committee for their consideration. Memo 1 invites State Radio to the July meeting to discuss coverage “deadspots” and future upgrades. Memo 2 is to the Legislative Executive Board asking them to reconfigure LCR 1 and 2 meeting rooms to better accommodate the Joint Committee on Appropriations. Memo 3 is to Auditor General Marty Guindon asking that he only use the 2 FTEs approved during session if absolutely necessary and only after final approval from the Executive Board. Memo 4 is to the Department of Education directing them to perform an internal review of education cooperatives and ESAs.

SENATOR PARSLEY CALLED THE QUESTION, SECONDED BY SENATOR VAN GERPEN. Motion prevailed on a voice vote.

REPRESENTATIVE CRONIN MOVED, SECONDED BY REPRESENTATIVE PARTRIDGE, TO APPROVE ALL FOUR MEMOS. The motion prevailed on a voice vote.

Budget Transfer Requests from Board of Regents

Dr. Monte Kramer, Director of Finance and Administration, SD Board of Regents, and Ms. Leah Ahartz, Budget Manager, SD Board of Regents, presented three budget transfers for committee approval. These three budget transfers will complete rolling the University Support Fee into tuition per HB1203. The first two transfers give complete details as to which funds will be transferred between the different institutions. The third transfer moves funds from the Department of the Military to the Board of Regents per the Governor’s budget proposal.

After committee discussion and several questions of concern regarding these transfers, Representative Cronin said that no action on these transfers will be taken until the June meeting.

Other Business

Senator Van Gerpen asked that a list of the State’s outstanding bonds be compiled and that information be made available at the June committee meeting.

Future Meeting Dates

The committee agreed that the next Interim Joint Committee on Appropriations will be June 10, 2016, starting at 10 AM. The July meeting will be held on July 13, 2016, starting at 10 AM.

Adjourn

REPRESENTATIVE ALEX JENSEN MOVED, SECONDED BY SENATOR DAVID OMDAHL, TO ADJOURN. The motion prevailed unanimously on a voice vote.

The Committee adjourned at 3:30 p.m.



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Mr. Marty Jackley, Attorney General
Office of the Attorney General
1302 E Hwy 14, Ste 1
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Attorney General Jackley:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2016 legislative session. As such, this Letter of Intent seeks to supplement that legislation with specific policy guidance as approved on March 29, 2016.

While the 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 2016 South Dakota Legislature approved up to and not exceeding 2.0 FTE and \$181,192 in other fund expenditure authority for an Attorney Specialist and an Investigator to support SB54, An Act to adopt the Elder Abuse Task Force's statutory recommendations in order to protect South Dakota seniors and adults with disabilities from abuse, neglect, and exploitation. The \$181,192 funding is to come from the Court Automation Fund.

According to the Elder Abuse Task Force Final Report and Recommendation, December 2015, the Task Force received consistent public testimony on the lack of prosecution of financial exploitation and the difficulties of prosecuting the crime. The Task Force recommended that the Legislature appropriate funds for an attorney-specialist, within the Office of the Attorney General, to prosecute or to assist state's attorneys in prosecuting the abuse, neglect, and financial exploitation of elders or adults with disabilities. The attorney-specialist would also serve as an educational resource and liaison for local and tribal law enforcement. The Task Force also recommended that the Legislature appropriate funds for an investigator specializing in these cases to assist the attorney in bringing criminal charges and providing education on this topic.

FY 2016 Letter of Intent

April 1, 2016

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It is the intent of the Joint Committee on Appropriations that the Office of the Attorney General provide quarterly status reports to the Committee regarding the investigations that these two FTE will be working on in relation to abuse, neglect, and exploitation of seniors and adults. In addition, the status report should include an explanation of the benefits that have been derived by the work of the Attorney Specialist and the Investigator.

Thank you for your cooperation.

/S/ Senator Deb Peters
Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin
Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

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



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Mr. Marty Jackley, Attorney General
Office of the Attorney General
1302 E Hwy 14, Suite 1
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Attorney General Jackley:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2016 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 29, 2016.

While the 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 2016 South Dakota Legislature approved up to \$27,000 in general funds, \$81,000 in federal fund authority, and 1.0 FTE to the Office of the Attorney General for the purpose of providing funding for a Division of Criminal Investigation (DCI) Agent assigned to the Federal Bureau of Investigation's (FBI) Safe Trails Task Force. This is a three-year funding commitment provided by the Services, Training, Officers, Prosecutors (STOP) Grant. The STOP Grant opportunity needs a state match of 25%, or \$27,000 annually over the next three years.

The DCI Agent will work on cases involving child abuse in the surrounding reservations. The Pierre FBI office is considered a "hardship" office by the FBI. The designation of a "hardship" office is mostly due to the nature of the violent crime work, which includes child sexual abuse (CSA) investigations. CSA investigations are some of the most difficult cases law enforcement handles. The willingness of the South Dakota DCI to assist the Pierre Resident Agency investigate these difficult cases directly benefits the most vulnerable of victims in South Dakota.

It is the intent of the Joint Committee on Appropriations that the Office of the Attorney General request a reduction of the 1.0 FTE assigned to the Safe Travels Task Force once the funding is

eliminated in three years. In addition, the general fund amount of \$27,000 and federal fund expenditure authority of \$81,000 will also be eliminated once this program ends in three years.

Thank you for your cooperation.

/S/ Senator Deb Peters

Senator Deb Peters

Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin

Representative Justin Cronin

Co-Chair, Joint Committee on Appropriations

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



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Dr. Michael Rush, Executive Director
SD Board of Regents
306 E. Capitol Ave., Suite 200
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Executive Director Rush:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations related to the funding approved in SB67, An Act to establish a postsecondary scholarship grant fund, to make an appropriation therefor, to transfer certain money, and to declare an emergency. As such, this Letter of Intent seeks to supplement that legislation with specific policy guidance as approved on March 29, 2016. While the 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.

SB67 merges the Critical Need Teaching and South Dakota needs Based Scholarship endowments that are held within the Education Enhancement Trust Fund. It is the Committee's intent to supplement that legislation with specific policy guidance for the allocation of scholarship funds for these two programs, and the requirement for an annual report depicting the distribution of such funds to recipients in each program.

Background

The 2012 South Dakota Legislature appropriated \$3 million in one-time funds (\$1.5 million allocated separately to each of the two newly created scholarship programs) to be placed in the Education Enhancement Trust Fund with the intent that interest earnings from these two pools of funds would be distributed to students under the statute requirements as approved by that legislative body. The 2016 South Dakota Legislature appropriated \$3.3 million in one-time funds to be placed in the Education Enhancement Trust Fund and

merged the two endowments to create a Scholarship Fund that allows the Board of Regents the authority to distribute the interest earnings to meet the program requirements as outlined in the statute for each scholarship. It is the intent of the Committee that the Board of Regents allocate 75% of the interest earnings according to student need, and the remaining dollars shall be set aside and distributed for the purpose of maintaining the Critical Teaching Need Scholarship. If it is determined that either of the scholarship programs are in greater need of the interest earnings in a given year resulting from other funding allocations, the Board of Regents has the authority to reallocate funds, pursuant to Section 1 of Senate Bill 67. The Critical Need Teaching Board will continue to oversee the selection of candidates and make award decisions to eligible teacher education candidates.

Required Reporting

It is the intent of the Joint Committee on Appropriations that the Board of Regents provides information to the Committee on the specific distribution of funds for each of these programs each year, the number of recipients receiving the scholarship, and provide metrics tracking the success and outcomes associated with the two programs.

Thank you for your cooperation.

/S/ Senator Deb Peters

Senator Deb Peters

Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin

Representative Justin Cronin

Co-Chair, Joint Committee on Appropriations

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



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Dr. Michael Rush, Executive Director
SD Board of Regents
306 E. Capitol Ave., Suite 200
Pierre, SD 57501

Dr. Heather Wilson, President
SD School of Mines and Technology
501 E. Saint Joseph Street
Rapid City, SD 57701

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Board of Regents Executive Director Rush and SDSM&T President Wilson:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations related to the funding approved in SB92 (An Act to continue a math pilot project at the South Dakota School of Mines and Technology, to make an appropriation therefor, and to declare an emergency). As such, it supplements the appropriation with a specific policy guideline as approved on March 29, 2016. While the 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.

SB92 continues a Math Pilot program at the South Dakota School of Mines and Technology for the 2016-2017 academic year. The Committee is interested in the documentation and understanding that the pilot program will have a positive impact on the success and completion of students by improving their math skills. The Committee requests that ten percent (\$25,000) of the allocated funds be used for program assessment and evaluation. Features of the evaluation would include but not be limited to:

- a) An initial analysis of the academic performance and success of the 2014 and 2015 first-time, full-time freshman cohorts with a preliminary report in August 2016. The analysis report would include success (A, B or C) rates in the first math class of the core math sequence (Algebra, Trigonometry, Calculus I and Calculus II) by cohort. Other factors in the analysis should include relationships between incoming composite ACT, incoming math ACT, incoming zip code/state, incoming high school GPA, freshman course load, freshman grades in math, freshman grades overall and retention data.

- b) Analysis of specific skill deficiencies and offer methods to overcome those deficiencies.
- c) Relationship between participation rates in the summer math pilot project and student success in math.
- d) A review that will provide an interim analysis of the 2014, 2015, and 2016 first-time, full-time freshmen math success data, through the entering fall semesters due to the Committee not later than January 15, 2017.
- e) Final report on the South Dakota School of Mines and Technology math pilot, suitable for publication and/or conference presentation in the summer of 2017.

Thank you for your cooperation.

/S/ Senator Deb Peters

/S/ Representative Justin Cronin

Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

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



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Dr. Barry Dunn, Dean
College of Agriculture and Biological Sciences
South Dakota State University
SAG 131, Box 2207
Brookings, South Dakota 57007

Dr. Eluned Jones, Department Head
Department of Economics
South Dakota State University
Scobey Hall, Box504
Brookings, SD 57007

Mr. Andy Gerlach, Secretary
Department of Revenue
Anderson Building
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Dr. Dunn, Dr. Jones, and Secretary Gerlach:

This letter of intent sets forth the directives of the Joint Committee on Appropriations (JCA) in approving HB 1007 in the 2016 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 29, 2016.

While the 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.

This letter outlines the areas of research the JCA would like to have addressed by the South Dakota State University Department of Economics and Plant Science Department in developing information to be used to help the South Dakota Department of Revenue and the Agricultural Land Assessment Implementation and Oversight Advisory Task Force determine agricultural land production capacity.

The purpose of the research is to provide objective data that will allow greater transparency in quantifying the probability of highest and best use determinations for each soil type in a county, using tests that incorporate what is physically possible, financially feasible, and provides for maximum profitability.

This research, to be conducted over a two-year period according to a timeline established by the Department of Revenue, will provide the following deliverables to the Department of Revenue and the Oversight Advisory Task Force:

- Updated Table 1s and 2s for each county;
- Highest and Best Use values for each soil type;
- Assess the potential impact of changes and shifts from current methods to an improved approach that incorporates new Highest and Best Use values;
- Provide Table 1s and 2s on iGrow.org and a detailed description of methodology; and
- Provide information on potential incremental implementation to manage shifts if a phase-in period is necessary.

It is the intent of the JCA that this information be widely available to the public, to provide objective data and criteria for determining the agricultural land production capacity for various taxable valuation purposes.

It is further the intent of the Committee that the indirect surcharge be negotiated in full recognition of the fact that this research is to the benefit of the entire State.

Thank you for your cooperation.

/S/ Senator Deb Peters
Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin
Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

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



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Dr. Michael Rush, Executive Director
SD Board of Regents
306 E. Capitol Ave., Suite 200
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Executive Director Rush:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations related to the funding approved in the FY17 General Appropriations Bill (SB172) and in the FY16 Supplemental General Appropriations Bill (SB48). As such, it supplements the appropriations with a specific policy guideline as approved on March 29, 2016. While the 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.

SB172 and SB48 impact utility appropriations for institutions within the South Dakota higher education system. The figures included in this legislation are estimates established approximately eight months prior to year-end, based on systems overseen by the Bureau of Finance and Management. It is the intent of the Joint Committee on Appropriations that the universities may realign the appropriated utility dollars between the higher education institutions as necessary to fully fund the utility costs for each institution, to the extent dollars are available. The institutions will prepare transfer documents and submit them to the Bureau of Finance and Management according to established procedures. The Joint Committee on Appropriations will continue to receive an electronic record of these transfers as they occur.

Thank you,

/S/ Senator Deb Peters
Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin
Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

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



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Ms. Marcia Hultman, Secretary
Department of Labor and Regulation
700 Governors Drive
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Secretary Hultman:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2016 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 29, 2016.

While the 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 2016 South Dakota Legislature approved Senate Bill 48 (An Act to revise the General Appropriations Act for fiscal year 2016) which appropriated \$150,000 in general funds to the Department of Labor and Regulation's Division of Unemployment Insurance Service for the purpose of upgrading software systems to allow employers submit required reports and make contributions to the unemployment compensation fund using their choice of multiple internet browsers of the latest version.

It is the intent of the Joint Committee on Appropriations that the Department of Labor and Regulation make quarterly reports to the Interim Joint Committee Appropriations regarding the progress of implementing the new software system.

Thank you for your cooperation.

/S/ Senator Deb Peters

Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin

Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

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



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Ms. Marcia Hultman, Secretary
Department of Labor and Regulation
700 Governors Drive
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Secretary Hultman:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2016 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 29, 2016.

While the 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 2016 South Dakota Legislature approved Senate Bill 43 An Act to increase the unemployment insurance penalty for failure to pay contributions or make reports and Senate Bill 170 An Act to appropriate money for the ordinary expenses of the legislative, judicial, and executive departments of the state, the expenses of state institutions, interest on the public debt, and for common schools. These bills generate additional revenue and appropriate \$456,260 in on-going other fund expenditure authority to Department of Labor and Regulation's Division of Administration and to the Division of Unemployment Insurance Service to replace diminishing federal grant awards for administration of the unemployment insurance program.

It is the intent of the Joint Committee on Appropriations that the Department of Labor and Regulation work with the Unemployment Insurance Advisory Council established in SDCL 61-2-7.1 to develop and recommend to the 92nd Legislature a methodology for assessing the adequacy of the Unemployment Insurance Trust Fund balance and to allow employer contribution rates to be computed based on the financial health of the trust fund. This methodology shall allow employer contribution rates to be modified based on a target maximum and minimum trust fund balance.

Furthermore, it is the intent of the Joint Committee on Appropriations that the Department's policy recommendations for unemployment insurance trust fund adequacy and employer contribution rates be retroactive to January 1, 2017.

Thank you for your cooperation.

/S/ Senator Deb Peters

Senator Deb Peters

Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin

Representative Justin Cronin

Co-Chair, Joint Committee on Appropriations

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



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Dr. Dustin Oedekoven, Interim Secretary
Department of Agriculture
523 E. Capitol Ave
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Interim Secretary Oedekoven:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your fee increase in the 2016 Legislative Session. As such, it supplements that legislation with a specific policy guideline as approved on March 29, 2016.

While the 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.

The 2016 South Dakota Legislature approved Senate Bill 16, An Act to establish a fee for a nursery license and to increase fees for nursery inspection. It is the intent of the Joint Committee on Appropriations that the Department of Agriculture make a public report of the inspections.

Thank you for your cooperation.

/S/ Senator Deb Peters

Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin

Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

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



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Dr. Melody Schopp, Secretary
Department of Education
800 Governors Drive
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Dr. Schopp:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations relating to your appropriation approved in the FY2017 General Appropriations Act (SB172). As such, it supplements the appropriation with a specific guideline as approved on March 29, 2016. While the guideline does not have the direct force of statutory law, it rests on the long-standing tradition of Legislative-Executive relationships in South Dakota and will be used by the Joint Committee on Appropriations as one basis for fiscal oversight of your agency.

SB172 provided \$150,000 in general funds for the purpose of reinstating funding for stipends to National Board Certified Teachers, pursuant to SDCL 13-42-26. It is the intent of the Committee that these funds also be used to reinstate funding for stipends to National Certified School Counselors, pursuant to SDCL 13-1-54. Procedures for distribution are clarified in ARSD 24:15:07.

For teachers or counselors who did not receive stipends during the period in which funding was not appropriated for these programs, it is the intent of the Committee that the Department of Education will reimburse the state's obligation to these individuals as outlined in referenced statutes.

Thank you for your cooperation.

/S/ Senator Deb Peters
Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin
Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

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



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Mr. Steve Emery, Secretary
Department of Tribal Relations
302 East Dakota
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Secretary Emery:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations relating your appropriation and the additional FTE approved in the FY2017 General Appropriations Act (SB172). As such, it supplements that appropriation with a specific policy guideline as approved on March 29, 2016. While the 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.

During consideration of HB1012, an act to provide for an additional position in the Governor's Office of Economic Development to coordinate economic development with the tribes and to make an appropriation therefor, the Committee discussed the importance of improving economic development opportunities for the nine Tribes of South Dakota. The Committee tabled HB1012 with the intent that the additional FTE approved in the Department of Tribal Relations' FY2017 budget would allow staff more time to focus on economic development issues.

The Committee requests that the Department identify detailed objectives, projects, and goals that it aims to accomplish and complete over the next fiscal year and provide this information to the Committee. The Committee would also like the Department to provide the functions and activities of the additional policy analyst approved in SB172. Additionally, it is the intent of the Committee that the Department provide a status report by December 31, 2016, on the progress of achieving the goals outlined by the Department.

Thank you for your cooperation.

/S/ Senator Deb Peters
Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin
Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

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



Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

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

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

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

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

Ms. Kim Malsam-Rysdon, Secretary
Department of Health
Robert Hayes Building
Pierre, SD 57501

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

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Agency Head:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2016 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 29, 2016.

While the guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative, Judicial, and 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 2016 South Dakota Legislature approved a discretionary 2.7% base rate increase to all providers. Furthermore, community based providers received an additional 0.72% increase and certain providers received additional increases as part of a proposal to move all providers toward a reimbursement rate of at least 90% of their allowable costs.

It is the intent of the Interim Joint Committee on Appropriations that in FY2017, providers are to realize a base rate increase in conformity with Attachment 1 of this document.

Thank you for your cooperation.

/S/ Senator Deb Peters
Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin
Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

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

Attachment

SB 172: FY2017 Discretionary Provider Inflation

Discretionary Provider Inflation													
Provider Group		Governor's Recommended 2.7%				+ Additional 0.72%				TOTAL			
		General	Federal	Other	Total	General	Federal	Other	Total	General	Federal	Other	Total
DSS	Hospitals ^A	2,236,986	2,831,470	-	5,068,456	-	-	-	-	2,236,986	2,831,470	-	5,068,456
	Physicians ^B	858,145	1,145,998	-	2,004,143	-	-	-	-	858,145	1,145,998	-	2,004,143
	Pharmacies	814,912	1,068,194	-	1,883,106	-	-	-	-	814,912	1,068,194	-	1,883,106
	Emergency Transportation/Medical Equipment ^C	188,532	222,303	-	410,835	-	-	-	-	188,532	222,303	-	410,835
	Optometrists/Ophthalmologist	21,721	25,611	-	47,332	-	-	-	-	21,721	25,611	-	47,332
	Chiropractors	6,296	7,424	-	13,720	-	-	-	-	6,296	7,424	-	13,720
	Dentists	243,617	372,947	-	616,564	-	-	-	-	243,617	372,947	-	616,564
	Psychiatric Residential Treatment (Medical Services) ^D	173,695	204,808	-	378,503	46,319	54,616	-	100,934	220,014	259,424	-	479,437
	Long Term Care (Nursing Home, Hospice, Assisted Living) ^E	2,341,632	2,761,080	-	5,102,712	624,435	736,288	-	1,360,723	2,966,067	3,497,368	-	6,463,435
	Elderly Nutrition Program - Senior Meals	140,170	-	-	140,170	37,379	-	-	37,379	177,549	-	-	177,549
	In-Home Services for the Elderly ^F	286,329	95,146	-	381,475	76,354	25,372	-	101,727	362,683	120,518	-	483,202
	Group Care Providers (Child Protection)	73,757	17,164	-	90,921	19,669	4,577	-	24,245	93,426	21,741	-	115,166
	Psychiatric Residential Treatment (Child Protection)	174,095	205,280	-	379,375	46,425	54,741	-	101,166	220,520	260,021	-	480,542
	Substance Abuse Providers	567,211	83,540	-	650,751	151,256	22,278	-	173,534	718,467	105,818	-	824,285
Community Mental Health Centers	540,442	261,564	-	802,006	144,118	69,750	-	213,868	684,560	331,314	-	1,015,874	
Other Provider Groups	1,188,785	102,507	22,663	1,313,955	317,010	27,335	6,043	350,388	1,505,795	129,842	28,706	1,664,343	
DOC	Community Services	218,370	100,763	-	319,133	58,232	26,870	-	85,102	276,602	127,633	-	404,235
	Inmate Services	45,532	-	-	45,532	12,142	-	-	12,142	57,674	-	-	57,674
DHS	Community Services ^G	1,636,653	2,127,548	228,468	3,992,669	436,441	567,347	60,925	1,064,712	2,073,094	2,694,895	289,393	5,057,381
UJS	Community Services	48,753	-	1,664	50,417	13,001	-	444	13,445	61,754	-	2,108	63,862
DOE	Ed Resources	70,111	6,197	-	76,308	18,696	1,653	-	20,349	88,807	7,850	-	96,657
DOH	Community Services	-	-	36,352	36,352	-	-	9,694	9,694	-	-	46,046	46,046
TOTAL		11,875,744	11,639,544	289,147	23,804,435	2,001,476	1,590,826	77,106	3,669,408	13,877,220	13,230,370	366,253	27,473,843

Additional Increase: Three Year Plan to Get All Providers to at Least 90% of Allowable Costs													
Provider Subgroup Receiving Additional Increase		Governor's Recommended Year 1 of Plan				+ 1/2 of Year 2 Cost				TOTAL			
		General	Federal	Other	Total	General	Federal	Other	Total	General	Federal	Other	Total
DSS	MS - Hospitals (Inpatient Psychiatric) ^A	56,844	67,026	-	123,870	28,422	33,513	-	61,935	85,266	100,539	-	185,805
	MS - Physicians (Outpatient Psychiatric) ^B	175,454	206,882	-	382,336	87,727	103,441	-	191,168	263,181	310,323	-	573,504
	MS - Emergency Transportation ^C	292,136	344,465	-	636,601	146,068	172,232	-	318,300	438,204	516,697	-	954,901
	MS - In Home Services (Homemaker/Nursing) ^D	320,162	377,511	-	697,673	160,081	188,755	-	348,836	480,243	566,266	-	1,046,509
	ASA - Assisted Living ^E	66,729	78,682	-	145,411	33,364	39,341	-	72,705	100,093	118,023	-	218,116
	ASA - In Home Services (Homemaker/Nursing) ^F	387,658	123,899	-	511,557	193,829	61,950	-	255,779	581,487	185,849	-	767,336
DHS	In Home Services (ADLS Waiver) ^G	55,134	65,010	-	120,144	27,567	32,505	-	60,072	82,701	97,515	-	180,216
TOTAL		1,354,115	1,263,475	-	2,617,591	677,058	631,737	-	1,308,796	2,031,173	1,895,212	-	3,926,387