

Attachment B

REPRESENTATIVE G. MARK MICKELSON, CHAIR | SENATOR BROCK L. GREENFIELD, VICE CHAIR
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April 4, 2017

Ms. Marcia Hultman, Secretary
Department of Labor and Regulation
123 West Missouri Avenue
Pierre, SD 57501

Letter of Intent Regarding Department of Labor and Regulation Lean Management Audit

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 2017 legislative session. As such, this Letter of Intent seeks to supplement that legislation with specific policy guidance as approved on March 27, 2017.

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.

It is the intent of the Committee to provide funding from the Legislative Priority Pilot Program Contingency Fund for the purpose of conducting a LEAN audit of one or more of the divisions of the Department of Labor and Regulation. The objectives for this audit may include: identifying new performance measures for greater efficiency, improving the allocation of resources, and enhancing communication with legislators, state employees, and the public. The LEAN audit and the use of the Legislative Priority Pilot Program Contingency Fund was utilized previously for a similar audit of the Bureau of Information and Telecommunications. In order for the JCA to proceed with this project, as per SDCL 4-8A-12, the Executive Board of the Legislature must approve by a majority vote the transfer and expenditure of these monies.

Thank you for your cooperation.

Senator Larry Tidemann
Lead Co-Chair, Joint Committee on Appropriations

Representative David Anderson
Co-Chair, Joint Committee on Appropriations

cc: Marty Guindon, Auditor General
Liza Clark, Commissioner, Bureau of Finance and Management

workforce development programs to evaluate their effectiveness and determine if there is any duplication of state resources between programs.

After committee discussion, it was agreed that a review of programs should be completed and the JCA would like to request a list of the programs and how they work together by June. However, the JCA members agreed that this request should be made through a memorandum rather than a LOI and should include a May 30 deadline for the agencies to report back (**Attachment A**).

The second draft LOI is addressed to the Department of Labor and Regulation regarding the JCA providing funding for the purpose of conducting a LEAN audit of one or more of the divisions of the Department of Labor (**Attachment B**).

A MOTION WAS MADE BY SENATOR PARTRIDGE, SECONDED BY SENATOR WIIK, TO APPROVE THE LOI REGARDING THE DEPARTMENT OF LABOR AND REGULATION CONDUCTING A LEAN AUDIT. The motion prevailed on a voice vote.

Senator Tidemann and Representative Anderson appointed Senator Partridge, Senator Wiik, Representative Ahlers, and Representative Bartels to the LEAN subcommittee.

The third draft LOI is addressed to the Department of Social Services asking the Department to investigate contributing factors of overtime work at the Human Services Center and factors impacting hiring, including a review of lack of differential weekend pay.

The JCA members agreed that this issue should be addressed by the Government Operations and Audit Committee, rather than through a LOI.

The fourth draft LOI is addressed to the Board of Regents and the School of Mines and Technology stating that the School of Mines use privately collected donations, Math @ Mines program participation fees, or other non-campus funds for the Math @ Mines program. No funds collected through existing higher education tuition or fees are to be used for the Math @ Mines program (**Attachment C**).

A MOTION WAS MADE BY SENATOR PETERS, SECONDED BY REPRESENTATIVE BARTELS, TO APPROVE THE LOI REGARDING THE SCHOOL OF MINES' MATH @ MINES PROGRAM. The motion prevailed on a voice vote.

The fifth draft LOI requested the Department of Transportation provide information regarding the planning and management processes for bids and construction projects.

Representative Dan Ahlers suggested adding the question of how many out-of-state companies are granted DOT contracts.

The JCA members said this request should be in memorandum form rather than an LOI, and suggested adding a question about the STIP (Statewide Transportation Improvement Program) process (**Attachment D**).

The sixth draft LOI is addressed to the Attorney General's Office and the Department of Human Services. This LOI stipulates that if the federal funding for the Social Security Administration Cooperative Disability Investigation (SSA-CDI) Unit is terminated, the SSA-CDI Unit should be eliminated and the other fund and federal fund expenditure authority and FTE for this program be eliminated (**Attachment E**).