

MINUTES

Executive Board



Representative Steven Haugaard, Chair
Senator Brock L. Greenfield, Vice Chair
Senator Troy Heinert, Ranking Minority Member

**Fifth Meeting, 2019 Interim
Monday, August 26, 2019**

**Room 413 – State Capitol
Pierre, South Dakota**

The fifth meeting of the Executive Board for the 2019 Interim was called to order by Representative Steven Haugaard at 10:25 a.m. in Room 413 of the State Capitol, Pierre, South Dakota. A quorum was determined with the following members answering the roll call: Representatives Spencer Gosch, Randy Gross, Chris Johnson, John Mills, Sue Peterson (via phone), Lee Qualm, and Jamie Smith; Senators Jim Bolin, Kris Langer, Jim Stalzer, and Jim White; Senator Brock L. Greenfield, Vice Chair; and Representative Steven Haugaard, Chair. Excused: Senators Bob Ewing and Troy Heinert.

Staff members present included Jason Hancock, Director; Sue Cichos, Deputy Director; David Ortbahn, Chief Analyst for Research and Legal; Tamara Darnall, Chief Fiscal & Program Analyst; Scott Darnall, Information Technology Manager; and Cindy Tryon, Senior 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 webcast live. The archived webcast is available at the LRC website at sdlegislature.gov.

Approval of Minutes

A motion was made by Senator Greenfield, seconded by Representative Qualm, to approve the minutes of the Monday, June 10, 2019, Executive Board meeting. Motion prevailed on a voice vote.

Investment Council Report

Mr. Matt Clark, State Investment Officer, and Mr. Loren Koepsell, Chair, State Investment Council, presented the SD Investment Council's Investment Performance and FY2021 Budget Request ([Document #1](#)). Mr. Koepsell presented the report showing the current and historical performance and comparisons of the investments. Beginning FY2019, the SDRS assets were \$12.222 billion and ending FY2019 the SDRS assets are \$12.460 billion. The fund did underperform this year by about 3% of the capital market benchmark. Mr. Clark said at this time the focus is to take the least amount of risk possible. The main reason for the underperformance is oil stocks did not do well this year, but those stocks are anticipated to rebound. Growth is due to the willingness to be diligent and patient and suffer some pain, that is how to achieve impressive 10-year results.

Mr. Clark presented information on the Trust Funds. The Trust Fund accounts include Health Care Trust, Education Enhancement Trust, Dakota Cement Trust, and School & Public Lands. All trust funds continue to grow and the performance of the trust funds can be found on pages 16-17 of Document #1.

Mr. Koepsell explained the compensation plan used for the Investment Council staff. The compensation plan is reviewed every three years. The review is being conducted now and the results will be reported at the November Executive Board meeting.

Mr. Clark reviewed the budget summary for FY2019 explaining the budget request and actual funds expended. Mr. Clark presented the budget request for FY2021. The FY2021 budget request is a 4.8% increase over FY2020 and Mr. Clark explained the increases.

A motion was made by Senator Greenfield, seconded by Representative Smith, to approve the FY21 SD Investment Council budget as presented. Motion prevailed on a roll call vote with 13 members voting AYE, 2 EXCUSED. Voting AYE: Gosch, Gross, Johnson, Mills, Peterson, Qualm, Smith, Bolin, Langer, Stalzer, White, Greenfield, and Haugaard. EXCUSED: Ewing and Heinert.

South Dakota Retirement System Report

Mr. Rob Wylie, Executive Director, SD Retirement System (SDRS), presented the SDRS Estimated Funded Status Summary ([Document #2](#)). The SDRS continues to be 100% funded. Mr. Wylie said within the next 5 years there will be 100,000 members of SDRS. The number of retirements has been lower than expected, largely due to the high cost of pre-Medicare health insurance. SDRS has raised the average expected age of retirement by 5 years.

Mr. Wylie said he will be retiring later this year and the SDRS Board of Trustees are in the process of interviewing candidates for the new SDRS Executive Director.

Senator White thanked Mr. Wylie for his accomplishments over the years, saying he has always admired the way Mr. Wylie looks to the future and not to the past. The Executive Board members applauded Mr. Wylie for his years of service and wished him well.

Management Reports

Ms. Sue Cichos, Deputy Director, said the 2020 page application information is available on the LRC website. LRC continues to increase the outreach for page recruitment. The page mailing is going to all schools this week. Legislators are encouraged to speak to students about the page program. The LRC will increase the use of social media for recruiting pages and interns.

The state archives is working on digitizing historical legislative documents. All session laws beginning with the year 1890 are now available. The state archives is currently working on journals, codified laws and committee minutes. Information on the process of document digitizing will be included in the Legislator Update.

Ms. Cichos introduced Ms. Carol Richardson, the new LRC Business Manager.

Mr. David Ortbahn, Chief Research and Legal Analyst, said the Research and Legal Staff reviewed 20 initiated measures over the past year. Only a few of the measures reviewed are at the petition level in the process. The staff is working with the interim committees which started meeting later than expected. The staff is researching and writing the assigned issue memos. Research and Legal has been short staffed this interim causing the staff to be very busy. As of today, the division is again fully staffed. The intern coordinator is working on recruitment. A bill drafting training session for the executive branch will be held in September. Staff is also preparing for the 2020 Legislative Session.

Ms. Tamara Darnall, Chief Fiscal & Program Analyst, said the new fiscal analysts are learning their assigned agencies and assisting with some of the interim committees. The staff researched and wrote the fiscal notes for the initiated measures as needed. All fiscal staff are working on the program evaluations. Fiscal is discussing possible types of follow-up procedures to use after the review is completed. All fiscal staff will be attending a national meeting in Utah for a week in September. The East River Joint Committee on Appropriations (JCA) tours are completed and the west river tours will be conducted in November. The agency budget requests should be available in October. The 2 new Lean RFPs were issued today.

Mr. Scott Darnall, Information Technology Manager, said the IT staff's main focus right now is the new bill drafting program. The server infrastructure is in the process of being updated, as is the technology in meeting rooms 423 and 464. The budget request does include funding for a few items that will be needed in the near future such as security training.

Mr. Jason Hancock, Director, said the LRC is fully staffed as of today. The director attended the NCSL summit in Nashville and focused mostly on the sessions regarding redistricting. There was a court case in Virginia where the court ruled the Virginia laws did not have standing in court when sued over redistricting. If the South Dakota House and Senate want standing to make a court case as far as redistricting there will have to be some statutory changes.

Representative Peterson attended the NCSL redistricting sessions also and said the South Dakota legislators agree that the legislature needs to look into addressing this issue. Senator Bolin said there have been lawsuits in several states regarding redistricting but none in South Dakota from the 2011 redistricting. The public did vote on the responsibility for redistricting and overwhelmingly voted to leave the responsibility of redistricting with the legislature. Representative Haugaard said it would be good to have a provision in statute should this issue arise in the future.

New Staff Introductions

Director Hancock introduced the three new LRC employees. Ms. Carol Richardson is the new LRC Business Manager, Mr. Michael Loesevitz is a Senior Legislative Attorney, and Mr. Matt Frame is a Legislative Analyst.

Budget Subcommittee Report

Mr. Marty Guindon, Auditor General, Department of Legislative Audit, presented 2 options of the FY2021 budget request for the Department of Legislative Audit. The Executive Board approved additional salary dollars for competitiveness during the FY2020 budget process but neither the Governor nor the Appropriations Committee approved that funding. Option A for the FY2021 budget process includes additional salary dollars for compensation competitiveness and Option B excludes those dollars. Option A includes total increase in salary of \$161,040 and Option B salary increase is \$107,146. Option A's total increase over the FY2020 budget is \$167,544 and Option B's total increase over the FY2020 budget is \$113,650.

In response to a question from Senator Bolin, Mr. Guindon said the increases will help retain staff. Retaining staff helps reduce risks as better scrutiny is done by staff who have been doing this for a while. The salary increase recognizes the increased knowledge, skills and experience (KSE) as an auditor progresses with Legislative Audit.

Representative Peterson asked about the vacancies that have carried over. Mr. Guindon said there are 3 auditor positions and 1 clerical position open. Some openings are due to retirements and some to the difficulty in recruiting. One position was moved to Rapid City from Pierre and there are more applicants for the Rapid City location. There have been multiple positions open in Pierre for years. Applications have now been submitted for all positions.

Representative Peterson said it is imperative to adopt Option A and even more funding may be needed if the positions cannot be filled.

Representative Gosch said it is the recommendation of the Budget Subcommittee that the Executive Board adopt Option A of the proposed budget requests for the Department of Legislative Audit.

A motion was made by Representative Gosch, seconded by Senator Stalzer, to adopt Option A as presented for the FY2021 budget request for the Department of Legislative Audit. Motion prevailed on a roll call vote with 12

voting AYE, 3 EXCUSED. Voting AYE: Gosch, Gross, Johnson, Mills, Peterson, Qualm, Smith, Bolin, Stalzer, White, Greenfield, and Haugaard. EXCUSED: Ewing, Heinert, and Langer.

Ms. Tamara Darnall, Chief Fiscal & Program Analyst, LRC, presented the budget request for the Legislative Research Council. The FY2021 budget request is an increase of 3.85% over the FY2020 budget. The total budget for FY2020 is \$7,744,446 and the proposed budget request for FY2021 is \$8,036,471.

Ms. Darnall said one of the budget increases is for legislative session staff salaries. The Legislature hires 34 seasonal staff for the legislative session. It is important to maintain the ability to recruit qualified people by having competitive salaries.

Another budget increase is in membership dues. The National Council of State Legislatures and the Council of State Governments are both increasing membership dues this next year. The board members discussed the many organizations in which LRC pays dues and suggested examining the pros and cons of belonging to each throughout the next year to determine if the benefits justify the expense. Director Hancock suggested adding a question about the services provided by these organizations to the end-of-session legislator survey.

A motion was made by Representative Gosch, seconded by Representative Gross, to approve the LRC FY2021 budget request developed by LRC, with the changes made by the Budget Subcommittee, reducing Thompson West licenses from \$20,000 to \$14,000, removing adjustments for legislator and page travel, and changing the \$75,000 in redistricting software from an emergency special appropriation to a regular special appropriation. Motion prevailed on a roll call vote with 13 members voting AYE, 2 EXCUSED. Voting AYE: Gosch, Gross, Johnson, Mills, Peterson, Qualm, Smith, Bolin, Langer, Stalzer, White, Greenfield, and Haugaard. EXCUSED: Ewing and Heinert.

Program Evaluations Scope and Work Plan

Ms. Amanda Doherty-Karber, Senior Fiscal and Program Analyst, updated the board members on the Dual Credit Program Evaluation ([Document #3](#)). The staff has been working with the Department of Education and the Board of Regents and both have been good to work with. Surveys were sent to all schools and there has been a 97% response. The staff is reviewing that data now. Other states are being contacted and information is being gathered from them. A more extensive report will be ready for the November Executive Board meeting.

Mr. Jeff Mehlhaff, Senior Fiscal and Program Analyst, updated the board members on the Community Vitality Program Evaluation ([Document #4](#)). The staff is looking at the program outcomes, how the program is utilizing those outcomes, and duplicative services in the state. The Community Vitality staff have provided a lot of information for LRC to evaluate. The evaluation is on schedule and the report will be ready for the November Executive Board meeting.

Uniform Laws Commission

Director Hancock said the Uniform Laws Commission has a travel expense limit of \$2,500 per member per meeting. The venues selected by the National Uniform Laws Commission for the meetings are quite expensive. Out of the last 25 member attendances at Uniform Laws meetings, 20 times the members maxed out on the reimbursement and had to pay part of the costs themselves. The most recent meeting in Anchorage, Alaska, found all members well over the \$2,500 limit.

Representative Haugaard said it is important that South Dakota take part in the Uniform Laws meetings, as these meetings address national issues and the members propose language to be written into the laws in a consistent manner.

Senator Langer asked if the change to the reimbursement would be retroactive. Director Hancock said it can be retroactive if the board so chooses. The options are to raise the maximum limit or to remove the limit and travel reimbursement would be consistent with the state employee travel policy.

A motion was made by Senator Langer, seconded by Representative Peterson, to remove the limit and make the travel policy for the Uniform Laws members consistent with state travel and go back to the prior Uniform Laws meeting to make this effective. Motion prevailed on a roll call vote with 12 members voting AYE, 1 voting NAY, and 2 EXCUSED. Voting AYE: Gosch, Gross, Johnson, Peterson, Qualm, Smith, Bolin, Langer, Stalzer, White, Greenfield, and Haugaard. Voting NAY: Mills. EXCUSED: Ewing and Heinert.

Legislative Intern Update and Selection Process

Ms. Amanda Marsh, Senior Research Analyst, and Ms. Sakura Rohleder, Fiscal & Program Analyst, the new LRC intern coordinators, gave an update on the 2020 LRC intern program ([Document #5](#)). The intern application deadline is Friday, October 11, 2019. Interviews will begin late September and continue through October. The intern rankings will be sent to legislative leadership by October 27.

Ms. Marsh said all South Dakota colleges and universities are being contacted and there will be visitations to some of the universities in September. Senator Greenfield encouraged all legislators to reach out to college students regarding the intern program.

Mental Health Task Force Appointments

Ms. Cichos said the Executive Branch has requested 2 changes to the membership of the mental health task forces ([Document #6](#)). The task force chairs agreed, and the executive committee approved the changes and final approval is needed from the Executive Board. The changes include replacing Amy Iversen-Pollreisz with Tiffany Wolfgang on the Leverage Telehealth and Telemedicine Task Force and replacing Judy Carroll with Jeremy Johnson on the Redefine Acute Mental Health Hospitalization Task Force.

A motion was made by Senator Greenfield, seconded by Senator Bolin, to approve the membership changes to the mental health task forces as requested. Motion prevailed on a roll call vote with 13 members voting AYE, 2 EXCUSED. Voting AYE: Gosch, Gross, Johnson, Mills, Peterson, Qualm, Smith, Bolin, Langer, Stalzer, White, Greenfield, and Haugaard. EXCUSED: Ewing and Heinert.

2020 Red Book and Bills Printing

Ms. Cichos said there has been discussion about the binding of the Red Book. The book was thermal bound until 2003 then changed to spiral binding. There have been comments on the spiral binding causing problems in fitting the book into a suitcoat pocket. The thermal binding does not allow the book to stay open without ruining the binding. Ms. Cichos said it may be possible to have the final size of the book a little narrower.

The consensus of the board regarding the Red Book is to continue the spiral binding and narrow the width of the book to 3-3/4".

Ms. Cichos said the past printer of the yellow and blue copies of the bills sold the business and the new company does not have the equipment to print the bills. Central Duplicating can provide the service at a lower price. The new lawmaker system should reduce the need for printed bills. About 8 Senators and 11 Representatives requested binders with the printed bills for the 2019 session. A change in the statute will be necessary if the printing of bills is eliminated.

Representative Haugaard suggested printing no more than 40 copies of the bills on white paper for the 2020 legislative session and maybe reduce that number once the new bill drafting system has been in place for a year.

Representative Smith said the new technology means the information will all be available on the legislators' devices, making it possible to have a paperless session.

A motion was made by Senator Greenfield, seconded by Senator Langer, to direct the LRC to cease printing blue and yellow coded bills and to work with each legislator to determine the need for copies of bills printed on white paper. The motion prevailed on a voice vote.

Representative Haugaard said as these types of changes are made to the legislative process it is important to make sure the page and interns are kept busy. The legislators need to engage the pages and interns and make sure their time with the legislature is a memorable experience.

New Bill System Update

Ms. Hilary Carruthers, LRC IT Support Specialist, and Mr. Brandon Hartman, LRC Lead Software Engineer, updated the board members on the new bill drafting system and gave a brief demonstration of the system.

Representative Haugaard asked if IT staff has pursued copywriting the program. Mr. Hartman said obtaining a copywrite has not been discussed. Representative Haugaard asked LRC to further study the process for obtaining a copywrite.

Ms. Carruthers explained the outreach plans for training legislators on the new bill drafting program ([Document #7](#)). Training will begin in November and legislators will be required to sign up for the training session best fitting their schedule ([Document #8](#)). Any legislators who do not RSVP to schedule training will receive a phone call.

Senator Bolin suggested extending the 2020 session to 40 days to make sure everyone has the understanding and time to meet scheduled deadlines. The extra 3 days could be used to make sure the new system works for all members.

Representative Haugaard asked if there is a plan in case the system crashes. Mr. Hartman said the system is backed up every day and if something should happen only one day of work would be lost. The House and Senate Journals will still be printed daily.

Senator Greenfield and Representative Haugaard thanked the IT team for all their hard work on this new system.

Other Business

Director Hancock said if the board is comfortable the LRC will go ahead and add the Thompson Reuter services this session if the money is available. Senator Stalzer said if the services are approved for next year there should be no issue with Director Hancock moving forward.

The next Executive Board meeting will be November 18 in Pierre and may be a two day meeting carrying over to November 19.

Adjourn

A motion was made by Senator Bolin, seconded by Senator Langer, that the Executive Board be adjourned. The motion prevailed on a voice vote.

The Board adjourned at 4:00 p.m.