

85th Legislative Session – 2010

Committee: Joint Appropriations

Tuesday, January 19, 2010

P - Present
E - Excused
A - Absent

Roll Call

P Ahlers
P Burg
P Bartling
P Dennert
P Hundstad
P Wismer
P Novstrup (Al)
P Brown
P Carson
P Deadrick
P Peters
P Wink
P Haverly
P Putnam
P Hunhoff (Jean), Chair
P Tidemann, Vice-Chair

OTHERS PRESENT: See Original Minutes

The meeting was called to order by Senator Jean Hunhoff.

Department of Game, Fish & Parks

Jeff Vonk, Secretary of Game, Fish & Parks along with Chris Peterson, Doug Hofer and Tony Leif met with the Committee to present the department's FY11 budget request. Spencer Hawley, Chair of the Game, Fish & Parks Commission and Commissioner Susie Knippling were also in attendance. Document No. 1 was distributed.

For FY11, the Governor recommends a decrease of \$4,675,388 from all funds and a decrease of 2.0 FTEs from FY10. The FY11 recommended budget consists of \$5,087,556 from general

funds, \$21,379,151 in federal fund expenditure authority, and \$51,383,573 in other fund expenditure authority, for a total budget of \$77,850,280 and 563.6 FTEs.

The department's FY10 highest priorities include:

- Current downturn in the economy and how it may affect visitation and license sales.
- Provide abundant quality wildlife habitat.
- Funding for park road improvement projects due to the condition of the State Highway Fund.

Priority No. 1 - Secretary Vonk was pleased to report that despite the economy, fishing license sales increased by 7%, state park visitation across the state was up 7% from the previous season (which had been a record), and use of camping units increased by 10%, (a new record). However, hunting license sales were down between 2 and 3 percent in both categories (instate and out-of-state). In the non-resident small game license category, approximately 98,600 licenses were sold compared to over 100,000 in previous years. In response to a question from Representative Deadrick, Secretary Vonk explained that those individuals coming to hunt on a private reserve have the option of buying a specific license to hunt on the preserve. Those sales were also down approximately 15%. In response to Committee questions Secretary Vonk said a non-resident general license costs \$110 and enables the licensee to hunt for two 5-day periods. The shooting preserve license (nonresident) has different options: an annual license is \$85, a 5-day license is \$65 and 1-day license is \$35. Representative Burg asked if the preserve license applicants have to follow the rules regarding daily limits. Secretary Vonk said regulations for those hunting on a reserve were recently changed and now allows a daily bag limit of up to 20 birds/day.

Secretary Vonk said the department estimates that camping and park visitation this past year meant \$130,000,000 was spent by park users in the state. The US Fish & Wildlife agency does a survey every 5 years. Their survey in 2006 estimated \$550 million was spent by hunters, fishermen, and bird watchers in South Dakota.

Priority No. 2 - Secretary Vonk said the program was started in the mid-1980's and South Dakota is starting to see the end of some of the early CRP contracts. USDA has not held a signup in recent years and producers are faced with a loss of income on land that provided habitat and having to decide how to generate income from those acres. Many are turning these acres back to crop production. Senator Hunhoff asked how many acres the department had lost. Secretary Vonk said the state has lost about 40% of the 1.8 million acres under contract and is currently down to 1 million. Projections for the next 3 years show an additional 500,000 acres soon to expire. It is hoped that USDA will hold a general signup to allow some of these contracts to be renewed and others the chance to signup. Representative Tidemann commented on the number of acres lost in eastern South Dakota and the impact it has on the pheasant population. Secretary Vonk said the department has seen some impact from the loss of habitat in a decline in bird counts. However, even with the decline, this year's count was the 4th highest in history.

Secretary Vonk informed the Committee that after two years of development, the James River Watershed Conservation Reserve Enhancement Program (CREP) was finalized. At full implementation, CREP will add 100,000 acres of wildlife habitat. Signups have just started with approximately 1000 acres to date. All CREP programs require a 25% state match. The department is using Wildlife Division funds for match. The land has to be open for public hunting. Rates paid to landowners are similar to CRP payments.

Representative Peters asked about the \$1.5 million increase for this program from last year's budget and why there was an additional request this year. Secretary Vonk said funds from last year were not spent because it took longer than hoped for USDA to approve the program and once fully implemented the department anticipates higher expenses. The department needs the authority to expend the funds to implement the program. Secretary Vonk will provide a breakdown of this budget.

Senator Hunhoff asked if the funds in this account were the state's match for the landowner payment. Secretary Vonk said the money in the budget is the match from the Wildlife Division, which is approximately \$35/acre. At full implementation it would be approximately \$3.5 million per year over the life of the program. The funds requested are funding if the program was fully enrolled. The FY11 goal is to have enrollment up to 60% of the program. Secretary Vonk said primary eligibility criteria are that the acreage must have a crop history, so not all acres are eligible.

Representative Deadrick asked how far this project goes along the James River and what percentage of the total property is the department hoping to acquire. Secretary Vonk distributed a map (Document No. 2) showing the area involved. Representative Burg asked if many along the James River were participating. Secretary Vonk said signups were going well, interest is high but the numbers are not as high as they had expected. Currently 1000 acres are currently under contract with another 1000 acres in the works.

Department owns a fair amount of land in game production areas and plans expenses and invests time and resources in improving habitat in these areas. Representative Burg questioned the department's burning practices on the habitat areas. Secretary Vonk said the department attempts to do the burning as early as possible and generally does not burn the entire area, leaving an area for nesting birds.

Secretary Vonk said the department tries to maximize the amount of walk-in hunting areas and provide the landowner some compensation for maintaining that habitat. Representative Wink asked what the increase was in the amount of acres provided for walk-in hunting. Secretary Vonk said they are up approximately 30-40% from 2001. The program has grown and the department continues to look at this as a very valuable program for the hunting community; a benefit to hunters and private landowners.

Priority No. 3 – Secretary Vonk told the Committee that historically the department had received nearly \$2 million from the State Highway fund for park road improvement projects; however, last year that amount was reduced to \$500,000 due to the condition of the State Highway Fund. To offset that loss the department increased the park entrance fees to generate funds for road work in the park system. Senator Brown asked if the number of entrance licenses had decreased due to the increased fee. Doug Hofer, Director of Parks & Recreation said no, in fact in some areas there was an increase.

Representative Wink asked for an explanation of the increase in Contractual Services from FY09 to FY10. Secretary Vonk said this was the ARRA funding and involved road work at Angostura and work on forest land near Spearfish. The department was able to take advantage of one-time federal money, both stimulus and other programs, to make some road improvements associated with state parks.

Responses to Supplemental Committee Questions

First question – Please review the Department’s intermediate-term game management plans. For example, as the CRP program phases out, how does the Department intend to keep pheasant populations high while controlling the deer population?

Tony Leif, Director of the Wildlife Division spoke to the question. The biggest impact on wildlife management in South Dakota is to work closely with agriculture producers and partners in the federal farm programs. The department works with USDA partners to create wildlife friendly farm bills. If the state can leverage federal dollars to fund habitat areas, it frees up state dollars to do other wildlife management work. The department tries to leverage as many dollars as possible. USDA does not have the staff to sell the programs to the consumer, consequently a number of years ago the department entered into a partnership with USDA and Pheasants Forever to promote these programs to the landowners. To leverage federal dollars the department had to put up some money. Senator Hunhoff asked if the department was competing against production. Mr. Leif said the department merely presents options available to the landowner. If finances are their top priority, cropland may be their best option. The ultimate decision is with the landowner.

Mr. Leif also spoke to the Ring-Necked Pheasant Management Plan for South Dakota 2009-2014 (Document #2). The plan has 5 goals which are:

1. To partner with private landowners to conserve, restore and manage habitats critical for pheasants and other wildlife species
2. To conserve, restore, manage and preserve habitats critical for pheasants and other upland nesting birds through fee title purchases, management agreements, and partnerships with other owners and managers of public land.
3. To continue to monitor population and habitat trends and conduct research as needed to address population and habitat-related questions.
4. To provide the public with access to quality pheasant habitat on private and public land.
5. To inform and educate the public on pheasant ecology, management, and research.

In regard to big game management, Mr. Leif said there is no universal management across the state that works in all cases. There are areas in South Dakota where there is sufficient big game harvest and areas where there is a need for more harvest, in particular deer. License allocation starts with discussions with the landowners and sportsmen, then season structures are put in place to allow for the harvest. Where landowners want additional harvest there are options for extended seasons, late seasons, or a triple tagged license that sells for the same fee as a double tag. Because a family or hunter only wants or needs 1 or 2 deer, the department implemented the "Sportsmen Against Hunger" program.

Senator Hundstad asked if the department had done anything to recognize the processors in the state that participate in the "Sportsmen Against Hunger" program. Mr. Leif said the department could do a better job of recognizing the processors who process the deer at a reduced rate and help get the product to those needing it.

Senator Hunhoff asked for data on the changes that have come about due to the "Sportsmen Against Hunger" program. Mr. Leif said the additional seasons have provided sufficient harvest to provide the landowners the desired outcome for their properties. In some areas, the department had to reduce the number of licenses issued. Mr. Leif said they do evaluate the outcome of the program and all programs as well. Mr. Leif will provide additional information to the Committee.

Mr. Leif said occasionally there are conflicts with wildlife on landowner property and a Wildlife Damage Program was implemented to provide a service to the producer. Canada goose management is an issue being worked on at this time as well as research on the mountain lion population. In addition, the department is monitoring the population for both deer and elk in order to estimate the numbers within a hunting unit. That data will show the department if their management tools are working. Overall they are working to be better managers of the states resources.

For game management it is essential that the department get input from landowners, hunters and state citizens. The department held 40 public meetings last year to hear from these individuals.

Senator Brown complimented the department on the work done in cleaning up dead deer along the highways. Mr. Leif told the Committee that the department worked closely with the Department of Transportation on the cleanup. The policy was to get the deer out-of-site rather than a quick pickup or hire a contractor to pick them up. This practice worked well in the summer, but in the fall it was more difficult especially because more accidents occur in the fall. The department is looking at re-implementing a contract system for the fall season, the peak season, to do the cleanup. This change is still in the early stages; however, Mr. Leif will report back to the Committee on the outcome of these discussions and the costs.

Representative Dennert asked if the County Highway departments were contacted about helping with deer pickups. Mr. Leif said because they primarily work on state highways they work with the state Department of Transportation. They have not worked with the county governments because of the deer kill count.

Representative Deadrick commented on a number of issues including the marketing done by the department, especially regarding pheasants. Representative Deadrick felt the department was giving a mixed message on pheasant population and in his area pheasant population and hunting was critical to his constituents. In addition, the department's free fishing weekend generally hit during the peak of fishing season. And finally, Representative Deadrick requested information on the preferred list for hunting licenses. Mr. Leif told the Committee the department strives to provide the most accurate information they can, which is what the hunters want. The department tries to put a positive spin on the information and is very aware that small communities and businesses are dependent on the hunting and fishing seasons. In regard to the free fishing weekend, Mr. Leif said it is generally combined with the free park entrance weekend. The purpose is to hopefully give the public a positive fishing experience that would in turn encourage them to purchase a fishing license. In reference to the preference system, Mr. Leif said if there is a pool of licenses available, half of the licenses are set aside for individuals who have landowner preference. The next drawing that takes place is only those individuals that previously applied but were unsuccessful. If you are a first time applicant in a unit that has more people applying that were previously unsuccessful, than licenses available, you will not receive a license. The next step in the drawing is individuals that were unsuccessful in previous drawings and then if there are any licenses left over again then individuals that had their preferred license in the previous year get in on the drawing. In addition for every year you are unsuccessful you gain a preference point.

Representative Wismer commented on the public meeting the department held on the Canadian goose issue and was impressed by the amount of work put into this issue; however, she wishes the department would put that much effort in the deer management issue. Mr. Leif said the department meets with landowners in every county to discuss management issues involving their land. The department can not eliminate all deer/car accidents but strives to better manage the problem. Representative Peters asked about the total cost of Habitat Forever and Pheasants Forever and what is the measure of success. Mr. Leif said the measure of success is on the number of additional enrollments and will provide additional information.

Representative Carson asked for information on the preference given for one license for one area and the amount of elk being reduced in Wind Cave National Park. Mr. Leif said the preference Representative Carson was referring to was a concept that didn't happen because of the complex number of licenses and seasons. In regard to the elk issue the department has worked closely with the park in moving the elk out of the park to enable the hunters to harvest the elk. This would require an additional allocation of licenses.

Representative Putnam asked the Wildlife and Parks & Recreation Division directors to provide information on the last 5 years of revenue requests, whether or not they obtained the request, and any revenue increase (general, federal, other) in total amount.

Second Question – What are the plans for the future and development of the park system with emphasis on Custer State Park and Lewis & Clark? What has been the return on investment from the parks system in recent years?

Doug Hofer, Director of Parks & Recreation told the Committee the department's first priority is to take care of what they already have with an aggressive M&R program. Currently the department is responsible for 3900 camp sites, 291 boat ramps, 1500 structures, and 310 miles of roads through the state park system. In the FY11 Capital Improvement budget there are 128 projects that address the M&R. Mr. Hofer said in terms of future development the FY10 budget included an expansion of the campground at Hartford Beach by 60 campsites. The FY11 development improvement budget includes expansion at the 2 most popular campgrounds in the state, Lake Vermillion and Lewis & Clark Recreation area. Thirty-two new camp sites will be added at Lewis & Clark. Mr. Hofer said from an operation standpoint, once constructed these campsites will be self-supporting and will not add to any needs. An additional development project in the FY11 budget is a sewer system and rest room facilities at Center Lake campground in Custer State Park.

Another priority in terms of future development in Custer State Park would be the Pavilion and Reunion Cabin, both of which were originally a part of the 2007 list of bonding projects. Because of a lack of funds, these two facilities were not completed. However, after working with the concessionaire, the Commission and now the Appropriations Committee, the department hopes to complete the original list of projects for Custer State Park. The Commission authorized a 5-year lease extension with the concessionaire in return for a \$750,000 commitment for the Reunion Cabin and the Pavilion. The understanding is that the concessionaire is building the Reunion Cabin, which is being constructed over the winter months. The cabin will be operated by the concessionaire and they anticipate the construction cost to be \$600,000-\$650,000. The balance in the \$750,000 commitment will be coupled with the \$200,000 that is budgeted in the Capital Development Program for the Pavilion. The \$200,000 is from the bond redemption fund and is the dollars that come from the franchise fees paid by the concessionaire. Legislation earmarked these funds for improvements at Custer State Park. Both facilities will generate revenue, franchise fees that go into the bond redemption fund, and are subject to the 5% M&R requirement.

Mr. Hofer briefed the Committee on the proposed Blood Run national historic landmark project in Lincoln County south of Sioux Falls. The department has not requested funding in the FY11 budget and is currently trying to obtain Federal funds and donations from the surrounding area. Senator Hunhoff asked if department staff were assigned to this project at the present time. Mr. Hofer said the work going on now is to establish partnerships with local entities and those duties are handled by Mr. Hofer and Secretary Vonk. No department staff or resources will be used in

the fundraising efforts. The department will work through their foundation to raise money in order to do the master plan for the project. Mr. Hofer said the department currently owns 200 acres in the area and the state of Iowa owns 187 acres. The current option is for 300 acres. The vision is that this would all be interconnected with the opportunity to have an 800-1000 acre park. Iowa developed a master plan a number of years ago and is working through their state agencies. The area that holds the greatest potential for a state park is on the South Dakota side. Senator Ahlers asked for an explanation of the 2-year option. Mr. Hofer said the department has the option to purchase the property for the next 2 years. Senator Ahlers asked if there will be a bill this year for authorization to purchase the land. Mr. Hofer said no. The earliest the department would be prepared to request spending authority would be for the FY12 budget.

In response to the return on investment question, Mr. Hofer said one measure is visitation. Visitation was up 7% in 2009 and has been up for the past 5 years. Camping has increased significantly since 1997. Camping numbers in 1990 were 100,000 in 1990 and this year it was over 250,000. Mr. Hofer said another measure on the return on investment is the department's reliance on general funds. In FY96 the department's state park system general funds budget request was 55%; today, 15 years later the general funds budget request is down to 16%. A third measure of return would be visitor spending and associated sales tax revenue.

Using Custer State Park as an example, Mr. Hofer said in FY07 expenditures exceeded revenue by \$822,000/year. Park entrance license and camping revenue was \$2,559,000 and the Promo fund generated \$229,000. The Legislature authorized a \$12 million bonding project and authorized adding electricity and 50 camping cabins. Today the resort facilities are in great condition, infrastructure is the best it's been, and Custer State Park had record attendance. Operating revenue will exceed expenditures in FY11 by \$109,000; so based on projections, the park will have turned the corner from negative balance of \$822,000 to a positive balance of \$109,000. Entrance license and camping revenue over that 4 year period is up 61% and the department predicts \$4,108,000 in revenue in FY11. Over the same time period the Promo fund is up 42% and projections have that at \$322,000. The investment in Custer State Park has paid off and has been good for the economy, the Black Hills and Custer State Park.

Senator Bartling asked what the Parks & Recreation budget was in 1996. Mr. Hofer will provide that information; however, told the Committee the general fund dollars were less than the current request, and the park system has grown considerably since FY96. Representative Peters asked what percentage of revenue comes in on credit cards and what percent the department is charged in credit card fees. Mr. Hofer said credit cards had been used for online reservations and through the call center. Last year they implemented a feature allowing credit card use at all camping areas. The department knew there would be a cost for the credit card but did not understand that it would require spending authority. The funds retained by the credit card company show up as an expense. So the department has requested \$100,000 for credit card costs. Mr. Hofer will provide the credit card information.

Representative Wink asked if private campgrounds had the same increase in visitations. Mr. Hofer said he understands everyone had a good year. Representative Dennert asked if the Reunion Cabin would be available year around. Mr. Hofer said yes. Representative Dennert requested a breakdown on the Custer State Park expenses. Document No. 4 was distributed.

Senator Hunhoff asked if state parks were to be self-supporting. Mr. Hofer said nationwide parks are about 50% self-supporting, South Dakota is 84%. Custer State Park has attempted to operate as a self-supporting park and numbers for FY11 look good. Senator Hunhoff asked for the source of the revenue increase in Custer State Park. Mr. Hofer said the increased revenue between FY10 and FY11 would primarily be two things. The rules changed regarding the motorcycle pass that is sold during the Sturgis Motorcycle Rally. This change will generate \$108,000 in revenue. The remaining amount is anticipated increases in camping revenue. Representative Putnam asked for information on the exemptions in park entrances in Custer State Park. Mr. Hofer said state statute allows through traffic on US 16 and 87 in Custer State Park to pass through with a park entrance license. Gate attendants wave through those that are merely trying to get through the park without stopping. Eighty percent of the usage in the park is by non-residents and it is not an issue with those individuals. Mr. Hofer reminded the Committee that annual park entrance licenses are good beyond where they are purchased and the department does not track where it is used.

Representative Wink commented that revenue in the Park & Recreation fund was \$14,327,000; operating expenses were \$12,950,000 with a \$1 million carryover. Under the general fund summary, general funds usage was \$5.6 million of which \$2 million was for bond payment and \$2.8 million of general funds that was not pass through. Representative Wink asked if the \$1 million in Other funds could be used elsewhere. Mr. Hofer said anything is possible as long as you are willing to make the tradeoff and in this case the department would have to reduce services or improvements; the department has used all the resources available to them. Mr. Hofer said part of this revenue is miscellaneous revenue in the development improvement budget. Representative Wink asked for information on the transfer of the \$1,276,000 overage. Chris Petersen said the \$1.2 million was bond payments for Custer State Park and had no impact on the general fund.

Senator Hundstad asked if the department used payment in lieu of taxes in Custer State Park. Mr. Hofer said no, the constitution does not provide for payment in lieu of taxes for anything other than public shooting areas or game production areas. However, in Custer State Park they do have service contracts with various agencies to make sure that the department is able to benefit from those services in the state park.

Representative Wismer asked for an update on the Center Lake project and in particular the water supply. Mr. Hofer said this project has two funding sources, a grant for \$500,000 and the balance of \$240,000 from other funds. The project has a preliminary engineering plan, the only thing left is testing that needs to be done in the spring. The project will be constructed over the

summer of 2010. Mr. Hofer said there never has been a sewer system or bath house in this park, consequently this improvement will bring it up to standards with other state parks.

Representative Wismer asked for an update on the Black Hills Playhouse lease. Mr. Hofer said the Black Hills Playhouse Board has a lawsuit pending against the state so he was unable to comment on the status. Representative Wismer asked how the playhouse could mount a 2010 season. Mr. Hofer was not sure.

Representative Peters asked the department to provide information on the Park & Recreation Fund balance, to provide a breakdown of Other funds by Division, and to identify what companies the funds are from.

Representative Putnam commented the Governor had requested a decrease in Other funds of \$3 million. The budget analysis for the entire department, which is not broken out between general and federal, shows a decrease of \$4.6 million. At the same time the request is for an increase in Other fund authority. Representative Putnam asked for an explanation on how the department moves Other funds so that the Committee is able to track the increases/decreases. Mr. Petersen explained the two Other Fund companies the department uses to operate the department. One of those companies is the Game & Fish Fund used to operate the Wildlife Division. A majority of the revenue coming into this fund is from hunting and fishing license fees. This fund is very restrictive. State law requires these license fees to be obligated to the Wildlife Division in order to allow the department to tap into available federal money. Also in that division is the Animal Damage Control fund that is generated through the taxes paid per county. These funds are matched with other funds. The Parks & Recreation Division has the Parks and Recreation revolving fund where all revenue from parks and recreation funds go. The Custer State Park bond redemption subfund and the Custer State Park Improvement subfund are part of this fund and can only be used for Custer State Park. Funding is not transferred between the two divisions.

Representative Putnam asked what authority the department has to move money around and what is going away to coincide with the Governor's recommended decrease in Other Funds. Secretary Vonk spoke to the \$3 million reduction and said the bulk of those funds were in the Wildlife Division and dealt with the construction of the Black Hills Outdoor Campus. In response to the department's authority to move funds, Secretary Vonk said use of the Game Fund and Snowmobile Fund is limited; however the Game, Fish & Parks Commission has continuous spending authority will allows them to move funds within those divisions. The department gets total spending authority for the remainder of the budget from the Legislature. Senator Hunhoff said in order for the Committee to understand what the department is doing, it is not unrealistic to know what the breakdown is for the different funds.

Representative Deadrick commented on the department's condition statement and asked about the \$9 million. Secretary Vonk said this \$9 million is the Wildlife Division's Game Fund. The philosophy of the department and the Commission is to hold these funds in reserve for

unforeseen problems. The department is dependent on license fees and transfer of federal dollars for operating the Wildlife Division. In the case of a pheasant population being wiped out or similar situation, these funds would allow the department to continue to work in the Wildlife Division.

Spence Hawley, Chair of the Game, Fish & Parks Commission spoke to the Commission's authority to move funds. Mr. Hawley said the Legislature has given the Commission the authority to move funds and the authority to oversee the Game fund and Snowmobile fund. The Commission takes that authority very seriously. The diversion of funds issue is important and is there to save the hunting/fishing and recreation opportunities in South Dakota.

Senator Bartling asked Secretary Vonk to provide the statutory authority for the Commission and their ability to spend discretionary other funds. Senator Bartling also asked for information on Missouri River boat ramps access to the ramps.

Senator Hunhoff asked for a breakout of the revenue shown on the Division of Parks & Recreation handout (No. 4).

The department's budget hearing will be continued on January 27, 2010 following Session.

Department of Health

Secretary Doneen Hollingsworth met with the Committee to present the FY11 budget request. Also in attendance were Laurie Gill, Colleen Winter, Tom Martinec, Dr. Lon Kightlinger, Kari Weisbeck and Natalie Berquist. Document No. 5 was distributed.

The total recommended budget for FY11 includes \$7,782,285 in general funds, \$45,272,377 in federal funds and \$32,009,365 in other funds for a total of \$85,064,027 and 401.2 FTE.

Secretary Hollingsworth explained the department's FY11 funding sources. Federal funds make up 53.22% of the department budget, General Funds 9.15% and Other funds 37.63%. Largest sources of Other funds are public health laboratory, Boards and Corrections health. Largest Federal funding agency is CDC. The department proposes 4 FTE reductions for FY11. All of these positions are vacant.

Top Priorities:

- Improve Birth Outcomes and Health of Infants, Children and Adolescents in South Dakota.
- Strengthen the Health Care Delivery System in South Dakota.
- Improve the Health Behaviors of South Dakotans to Reduce Chronic Disease (i.e., heart disease, cancer, stroke, diabetes)
- Strengthen South Dakota's Response to Current and Emerging Public Health Threats

Response to Supplemental Committee Questions

First Question: What are the “lessons learned” from this year’s H1N1 vaccination program?

Secretary Hollingsworth said H1N1 was the predominate public health issue of 2009 and on into 2010. The first H1N1 case in South Dakota was confirmed in early May 2009. The department released its Pandemic Influenza Plan in August 2006 and that plan helped the department deal with the pandemic. Beginning in 2006, the Department of Health has awarded \$1,665,618 in federal grants to health care entities and local governments to support local pandemic planning.

In response to Senator Brown’s questions, Secretary Hollingsworth said the plan put together in 2006 does need to be revised and the department is planning an “after action” review and a review with those in the private sector to see how the department could do better.

Secretary Hollingsworth told the Committee that as soon as the first case was diagnosed, the department started working with a number of local agencies, schools, hospitals and other state agencies to coordinate their response to H1N1. Secretary Hollingsworth said the planning suggested there would not be enough vaccine for everyone at first and the vaccine would come out in allotments. The CDC and the Advisory Committee on Immunization Practices put together target groups as to who would get the vaccine first. It was determined the limited amounts of vaccine needed to go to those who had the most adverse affects from the disease back in the spring. The first target group included pregnant women, young children, healthcare workers and emergency medical service workers as well as those who had contact with children less than 6 months old. The second target group included older children, young adults and adults with high risk health issues.

Representative Wink asked what percentage of those receiving the vaccine had an adverse effect. Secretary Hollingsworth said the vaccine was very safe and the number of those with adverse effects has been very minimal. The thought is that next year when the seasonal flu shot is given, it may contain the H1N1 vaccine.

Senator Ahlers asked if there were additional components to the first tier groups. Secretary Hollingsworth said yes, the first shipment of vaccine was flu mist and that product is recommended for those under the age of 50. Representative Carson asked how many of the estimated 150,000 targeted in the first group, actually received the shot. Secretary Hollingsworth said the department is still working on that information. Their first priority was to get the shot or mist administered but is not sure exactly how many received the vaccine. The difficult part was the department never knew how many doses of vaccine were going to be delivered. The vaccine was paid for entirely by the federal government. If an individual went to their private provider they may have been charged an administrative fee but the vaccine itself was free.

Senator Hunhoff asked for an explanation of “travel teams”. Secretary Hollingsworth told the Committee the department knew they would not have enough staff to do vaccinations in public clinics. In order to provide multiple opportunities for public clinics, the department was setting up contract vaccinators mostly from the 3 large health care providers in South Dakota. In

addition, department staff, along with people added to the FTE roster, went out to the public clinics to administer the vaccine.

Senator Haverly asked about the local pharmacies that charged for the shots. Secretary Hollingsworth said that cost was an administrative fee and not for the vaccine. All the vaccine came to the Health Department lab in Pierre. The pharmacies have only had the vaccine since mid-December, once it was open to the general population. The department did not go into the private sector to administer the vaccine, only public venues. Secretary Hollingsworth said the department had fantastic support from the private sector and providers; the retail setting where the public is charged is small because the public clinics did such a great job.

Senator Brown asked how the department paid for the advertising, especially the TV advertisements. Secretary Hollingsworth said the advertising costs were paid for with the federal grant.

The number of H1N1 cases started in May of 2009 and peaked in October of 2009. The department estimates that 100,000 South Dakotans actually had the H1N1 but the confirmed number is lower at 2,272. Dr. Kightlinger said the confirmed cases are those confirmed by high level lab tests. Those that had the “quick” tests in their home clinics are not included in this number. Twenty-three deaths were reported as a result of H1N1.

Dr. Kightlinger said 99% of the influenza diagnosis in South Dakota and across the United States is H1N1.

Secretary Hollingsworth told the Committee the department never knew how many doses of vaccine they would receive. As of January 4, 2010, 405,000 doses have been received and distributed to 625 enrolled providers. In response to a question from Senator Haverly, Secretary Hollingsworth said the active duty people at Ellsworth were handled by the federal government while the dependents were the state’s responsibility. They were vaccinated in line with the target groups. The state handled all IHS cases. The VA did receive an allotment for their staff; however the state provided vaccine for the patients and residents.

Secretary Hollingsworth said until the middle of December, demand exceeded supply. The department sent allocations to the various providers based on how much was received. Senator Brown questioned the distribution method. Secretary Hollingsworth said the distribution was monitored and allotted fairly by population.

Secretary Hollingsworth said the department handled 600 media contacts (radio/TV/newspaper) and 5,000 calls from the public and providers asking for information. Approximately 1,100 calls were handled by a call center for 3 weeks, and 4,000 were handled in the department. From April 2009 to early January 2010 a total of 9,200 tests were done as compared to 142 tests from April 2007 to January 2008. Approximately 4,600 shipments of vaccine and 5,000 shipments of

supplies were sent out by the department. Department staff continued to do their everyday work in addition to helping with the H1N1 effort and continues to do so today.

Representative Wink asked about the call center. Secretary Hollingsworth said the Department of Public Safety's Office of Emergency Management set up the call center, using staff from other state agencies (average of 4/day) to staff the phones for 3 weeks.

Lessons Learned

1. Planning, communication, and distribution from a central location were key factors.
2. Public/private effort was effective and allowed vaccinations to be offered in a wide variety of locations.
3. Points of dispensing communities demonstrated their willingness and ability to conduct large scale events.
4. Pre-existing stockpiles of critical supplies kept the department well positioned.
5. Strike teams and partnering with other state agencies worked well.
6. Ability to ship large quantities of vaccine quickly.
7. Security was not an issue but could have been.
8. Inventory tracking could be improved.
9. Immunization registry needs to be upgraded.
10. Shipping vaccine in cold weather was an issue.
11. Variety of vaccination types, doses, was confusing.

Secretary Hollingsworth said South Dakota has received \$6,715,800 in supplemental H1N1 funding and has 2 years to spend those funds. There will be a FY10 general bill amendment to provide the department \$5,000,000 in federal expenditure authority and 15 FTE. This amendment will not affect the base for FY11. Representative Burg asked for an explanation of the extra FTE. Secretary Hollingsworth said the department has been using the FTE, primarily the nurses that were contracted during the pandemic.

Representative Putnam asked for a breakdown of the \$5 million and the cost of the FTE. Secretary Hollingsworth said they need the FTE in the current year for surge capacity. The department had hired retired nurses, added to the hours of nurse's already on staff and brought on nurses that were in the communities. The FTE are part-time/temporary.

Second Question: What is the status and outlook regarding the child immunization program?

Secretary Hollingsworth said the status is dynamic, changing and hopeful. During the 2009 Legislative Session the Governor recommended and the Legislature authorized a \$438,783 increase for childhood immunizations. This increase, all Other funds, came from interest on the tobacco fund and a \$61,217 general fund decrease from the base that eliminated funding for HPV. In the spring of 2009 the department received \$586,057 in ARRA funding which allowed the department to maintain HPV as a universal vaccine for FY10 as well as cover the increased

costs of other universal vaccines such as varicella (chicken pox). The total cost of the HPV vaccine was \$280,000.

For FY11 the department needs \$3,078,685 to maintain the childhood immunization program. The department has 3 main sources of funding for the immunization program. One source is the Vaccine for Children Program, direct assistance for low income children. The department is able to access doses of vaccine with a targeted amount of \$8,000,000 allocated to South Dakota. Secretary Hollingsworth said this is off-budget and direct assistance doses of vaccine. In addition there is a \$1,389,685 Federal grant and the General fund base is \$1,089,000. In order to keep doing what they are doing (except HPV) the department needs \$600,000 for the immunization shortfall. Secretary Hollingsworth said they are asking to use the tobacco fund one time. The department will spend \$600,000 in tobacco dollars on immunizations because they are getting one-time stimulus grant that can be used in the tobacco area. The Tobacco Prevention & Control Program resources remain level.

After reviewing the budget numbers, Representative Putnam asked if the costs that were carried over were part of the federal \$1.3 million. Secretary Hollingsworth said no. The stimulus dollars received were needed to pay for the HPV and the increased costs of vaccine. The program costs keep increasing, vaccines are expensive and the number of babies in the state is increasing. Representative Putnam asked why the HPV program was eliminated in 2009. Secretary Hollingsworth said the policy decision was made that there wasn't enough money to carry on with the HPV program. The discussions were that if the department received stimulus money they would continue with the HPV program. They did receive the stimulus funding and they did continue the program. The department is not looking to fund that program in FY11.

Senator Bartling asked for information on the \$8 million vaccine for children. Secretary Hollingsworth said this \$8 million is vaccine, not money. The Department of Health provides the universal vaccines, but because of funding is unable to provide the VFC.

Senator Hunhoff asked for data on the trend of childhood diseases.

Senator Bartling asked if the HPV program would continue for those children on VFC without general funds. Secretary Hollingsworth said yes, they are committed to continuing this program for young ladies who are eligible for VFC.

Laurie Gill, Director of Administration, briefed the Committee on Corrections Health. Funding for Correctional Health shows as Other funds in the Department of Health budget and as General funds in the Department of Corrections budget. Ms. Gill told the Committee the FY10 base budget was for \$14,577,210. The department is requesting an increase of \$29,272 in Personal Services for health insurance and an increase of \$176,327 in Medical Services to cover some of the costs related to outsourced services. These services include outpatient hospital care, hospitalizations, and ambulance, lab and x-ray, and prescription drugs. Primarily the costs of

inmate care are incurred when they leave the walls of the facility. The department has not requested any growth for the increased number of inmates.

The recommended FY11 Other fund increase is \$205,599 which would bring the total FY11 recommended budget to \$14,782,809. Senator Hunhoff asked if the outsourced services were all provided in South Dakota and if the department negotiated contracts for medical services. Ms. Gill said the outsourced services were all provided in South Dakota and the department negotiates the private sector contracts on an on-going basis. The medical service contracts are for one year and negotiated with providers located in the area of the corrections facility.

Ms. Gill presented information on the Top 25 Inmates Expenses using Out-Sourced Services. The top 25 totaled \$1,663,552.41. Ms. Gill said this list varies from one year to the next and has been higher in past years. Senator Brown asked for this data going back 10 years. Ms. Gill reminded the Committee that there could likely be other costs associated with these particular inmates; this was just the top 25 incidents.

Colleen Winter, Director of Health and Medical Services presented information on Colorectal Cancer Authority. Ms. Winter said the department had received \$600,000 in new federal funding from the CDC to develop a statewide colorectal screening program. The program will provide screening services to populations of need and help raise awareness with the goal of increasing colorectal screen rates for individuals 50 years of age and older. South Dakota was one of 26 states that received the award.

Senator Hunhoff asked if the department would need additional staff to do this work. Ms. Winter said no, current staff and private partners will assist. Senator Haverly asked if any general funds would be used for this program. Secretary Hollingsworth said no. Ms. Winter told the Committee the department is able to renew the grant yearly for up to 5 years. Senator Haverly asked if the department understood that once the grant funds run out this program will not request general funds. Secretary Hollingsworth said they understood.

Senator Haverly asked about the Intensive Meth program. Ms. Gill said the department's share of this program is \$53,730 and is built into the base budget as Other funds. This item was broken out in the Department of Corrections budget to show which agencies contribute. The increase shown for this item involves health insurance.

Senator Ahlers commented on the overall budget and excess personal services. Senator Ahlers questioned the transfer of \$105,000 in general funds in FY09 and commented that the department has a history of that activity. Secretary Hollingsworth said excess personal services are a result of turnover or, because the department is primarily federally funded, the staff is time studied in order to access the various grant sources. In FY09, as a result of the \$105,000 excess personal services, \$50,000 was transferred to help buy vaccine; and \$55,000 was transferred to the Health Protection Program. This program licenses and inspects food service, lodging and camp grounds. The department told the Legislature last year they would have a shortfall in this program and the Legislature appropriated extra for expenses in that program in FY10. Secretary

Hollingsworth told the Committee that they do the best they can when preparing a budget over a year away. Secretary Hollingsworth said she feels purchasing vaccine and paying medical service bills are good areas to spend excess personal services money. The department needs to be able to respond to public health needs as they arise.

Representative Wink asked about the controversy over vaccinating infants. Dr. Kightlinger said that issue has been studied multiple times and the latest study shows autism is not related to vaccinations.

Representative Peters asked for a breakdown of Company 3047.

Senator Ahlers asked for a breakdown by funding source for the FY10 travel budget. Secretary Hollingsworth reminded the Committee that a majority of the department's funding is federal. The only generally funded program is the inspector for food services and campgrounds. Senator Ahlers questioned the need for a \$400,000 increase in travel. Secretary Hollingsworth said the department could not do their job if they didn't travel; they need the flexibility to manage the department and the events as they occur.

Representative Wismer commented on the reduction of 4 FTEs and asked if the elimination of a lab FTE would affect service. Secretary Hollingsworth said there wouldn't be a major change in the hours worked and while it shouldn't affect service, it certainly could. Senator Hunhoff asked if the lab will test as many samples next year. Secretary Hollingsworth said it was doubtful.

MOTION: ADJOURN

Moved by: Peters
Second by: Deadrick
Action: Prevailed by voice vote.

Barb Bjorneberg
Committee Secretary

Jean M. Hunhoff, Chair