

87th Legislative Session – 2012

Committee: Joint Appropriations

Wednesday, January 25, 2012

P - Present
E - Excused
A - Absent

Roll Call

P Wismer
P Dennert
P Sutton
P White
P Dryden
P Bolin
P Romkema
P Deelstra
P Peters
P Novstrup (Al)
P Heineman
P Haverly
P Juhnke
P Putnam
P Carson
P Tidemann
P Wink, Vice-Chair
P Brown, Chair

OTHERS PRESENT: See Original Minutes

The meeting was called to order by Chairman Corey Brown.

Department of Public Safety

Trevor Jones, Secretary of the Department of Public Safety appeared before the Joint Appropriations Committee to discuss the department's proposed FY13 budget. Also in attendance were Kristi Turman, Cindy Jungman, Colonel Craig Price, Cindy Gerber and Terry Woster. Document #1 was distributed.

Secretary Jones briefed the Committee on the department's mission and goals and spoke to the multiple activities his department had experienced in 2011, especially the flood related work.

Secretary Jones told the Committee there were 110 highway fatalities in 2011, the lowest number since WWII. Of that 110, 37 were alcohol related. In response to Senator Sutton's question, Secretary Jones said alcohol related deaths had also declined. In 2010 there were 140 highway deaths with 49 being alcohol related.

The department continues to be very concerned about motorcycle injuries and deaths. Motorcycle fatalities account for 1 in 5 highway deaths. In 2010, 27 people died in motorcycle crashes on South Dakota highways, twice as many as in 2009. A majority of these deaths were non-residents, middle-aged and relatively inexperienced riders. Secretary Jones said his department is directing additional resources toward motorcycle safety.

The department continues to be actively involved in the Teen Driving Task Force and is working to develop an electronic data system to collect crash information to tabulate statistics related to teen driving.

The Highway Patrol has also been busy with drug seizures along South Dakota highways during routine traffic stops. Secretary Jones said drug interdiction will continue to be a priority of the Highway Patrol.

Secretary Jones said more than 303,000 citizens have successfully obtained a federally required drivers license through the Driver's License Real ID Program. Approximately 15,000 applications are handled each month. The department is conducting a pilot program using kiosks at Sioux Falls, Rapid City, Aberdeen, Pierre, Watertown and Brookings. Ms. Gerber explained the kiosk will speed up the renewal process, allowing the applicant to fill in or update personal information and have their picture taken before they meet face-to-face with the examiner and present the other necessary documentation.

Secretary Jones presented the department's budget overview:

- The Department of Public Safety is requesting a total FY 2013 budget of \$52,518,775. This is an increase of \$925,802. This includes a \$90,712 increase in general funds, a \$459,223 reduction in federal funds, and a \$1,294,313 increase in other funds.
- The major component of the requested increase is \$886,007 for the Governor's recommended compensation package in addition to a \$39,795 requested increase for space billings and computer services billings.

- The Administration Division requests an increase of \$38,918 for the Governor's compensation package and to cover changes in BIT and space billing rates.
- The Division of Highway Patrol has a \$1,184,364 requested increase. \$619,794 of the increase relates to the Governor's compensation package; another \$13,858 to cover changes in BIT and space billing rates. \$238,985 is requested due to increased gas prices and an increase in Capital Outlay of \$311,727 to purchase 13 additional vehicles. Secretary Jones reminded the Committee that the Highway Patrol completely eliminated their highway fund vehicle budget in FY 2009. By increasing the replacement threshold from 100,000 miles to 125,000 miles, the Patrol was able to forego the purchase of vehicles in FY 2009. Budget authority for 25 vehicles was reinstated in FY 2010. No additional authority was requested in FY 2011 or FY 2012, as the Patrol was able to utilize Byrne Recovery Act grant funds to purchase a total of 24 vehicles. With the recovery grant funds exhausted, the Highway Patrol is now requesting to add 13 vehicles to its Capital Outlay budget in FY 2013. The department will still not be back to FY 2008 budget levels for vehicles.
- The Emergency Services & Homeland Security Division requests a net reduction of \$454,262. Increases include \$87,354 for the Governor's compensation package and \$9,096 to cover changes in BIT and space billing rates. The increases are offset by a decrease of \$550,712 in federal fund expenditure authority due to a decrease in Homeland Security funding.
- The Inspections & Licensing Division requests a total increase of \$156,782 for the Governor's compensation package and to cover changes in BIT and space billing rates.
- To summarize, the budget request for the Department of Public Safety includes the following components:
 - \$886,007 increase for the Governor's compensation package;
 - \$ 39,795 increase for space billing and computer services billing rate changes;
 - \$238,985 increase for gasoline due to increases in fuel prices;
 - \$311,727 increase for Highway Patrol vehicles; and finally,
 - \$550,712 decrease in federal grant authority due to a reduction in Homeland Security grant funding.

Senator Juhnke asked how long the Patrol drives a patrol vehicle. Secretary Jones said it depends on the location of the trooper. Colonel Price said the Patrol averages 31,000 miles/car/year. Vehicles are generally rotated after 125,000 miles and 17 are currently at that or over that mileage with the highest on an essential vehicle at 149,000 miles. Another 40 vehicles are between 100,000 and 125,000 miles. In response to Senator Putnam's question, Colonel Price said the Highway Patrol has its own fleet program and manager. The Highway Patrol currently

has a total of 221 vehicles. This includes Motor Carrier vehicles and 160 Highway Patrol vehicles. Senator Putnam asked what the FY08 level of vehicles had been. Colonel Price said the department was budgeted for 54 vehicles in FY08.

Senator Haverly asked for information on the requested gas price increase from \$2.69 to \$3.36. Colonel Price said they base their price estimates on data from US Energy Information. The current price is \$3.23/gallon (\$3.05 minus federal tax). FY12 was budgeted too low; the average price paid over the last six months has been \$3.25/gallon. Senator Haverly asked if miles driven are taken into the equation. Colonel Price said they budget miles per year at 5.6 million assuming full staff working the highway based on average miles/trooper. Senator Haverly asked if the patrol was still using the "stationary" program. Colonel Price said the goal is to get back to full strength on the highway; stationary patrol is still an option but is not mandatory. Senator Heineman asked if the stationary program had proved to be effective. Colonel Price said the Patrol's objective is to be a visible presence on the highway and both the stationary and roving functions provide that visibility. Troopers are encouraged to interact with local law enforcement and be as visible as possible. In response to Representative Dennert's question, Colonel Price said the Highway Patrol does pay close attention to high traffic areas and areas that receive a lot of complaints. The Patrol works to ensure the public's safety and in 2011 performed 11,000 motor assists with the ultimate goal of keeping the traveling public safe.

Senator Heineman asked where the revenue would come from for the \$1.94 million increase. Secretary Jones said primarily the funds come from the driver's license fund, motor vehicles fund, and state highway funds. Ms. Jungman said the department is not anticipating an increase in the funds but feels there is ample revenue available in the funds.

In response to Senator Haverly's question, Colonel Price said the Patrol has lost some officers due to low salaries but not a great number. A number of local law enforcement agencies start their officers at a higher salary, some as much as \$5/hour more. Recruiting efforts are somewhat hindered by the salary. Senator Haverly encouraged Colonel Price to gather pertinent salary information for future discussions. Senator Haverly asked about training for patrol officers. Colonel Price said generally candidates for the Highway Patrol have gone through the 13 week Law Enforcement basic training course and then go through Highway Patrol training which is approximately 10 weeks long. New troopers that are not Law Enforcement certified would be required to take the 13 week course before going through the highway patrol training.

In response to Representative Wismer, Colonel Price said the 13 week Law Enforcement basic training is managed by the Attorney General's Office through the Division of Criminal Investigation and provided for local law enforcement personnel. After that training is complete, the personnel are Certified Law Enforcement officers. It then becomes the individual's choice as to where they want to work. The Highway Patrol has the opportunity, because of its size and training requirements, to have in-service training on an ongoing basis. Other than the cost to get to the training it is free of charge.

Senator Putnam commented on the fact that the Highway Fund is slowly decreasing and yet it is a revenue source for increases in the budget. Josh Larson with the Bureau of Finance & Management said the Highway Patrol gets a majority of their funds from dedicated gas tax revenue and the state is aware of the fund balance. However, despite the requested budget increase there is not a need at this time to raise the gas tax. Mr. Miller commented that the Bureau of Administration's rates for Fleet and Travel remain unchanged in FY13.

Representative White asked about the movement of some of the state radio offices. Secretary Jones said currently Pierre, Huron and Rapid City dispatch patrolmen and other necessary employees. Those sights will remain the same; however the Rapid City sight is located in the old Rapid City airport terminal and will need to be vacated. The state does not pay rent at this current location and is looking to partner with the Pennington County dispatch center.

In response to Representative Bolin's question, Secretary Jones said 80% of all Homeland Security funds are distributed to local entities to use for natural disasters more than terrorists activities.

Bureau of Administration

Mr. Paul Kinsman, Commissioner of the Bureau of Administration (BOA), provided an overview of the duties, functions, and divisions of the BOA. The agency includes:

- Office of Space Management;
- Federal Surplus Program;
- Office of Risk Management;
- People Fund;
- State Engineers Office;
- Office of Fleet and Travel;
- Office of Procurement Management;
- Buildings and Grounds;
- Property Management; and
- Office of Hearing Examiners.

Over the past 10 years, BOA has made a concerted effort to remain as efficient as possible. The agency is significantly smaller and leaner today than before due to the cuts made in FY2012. Good adjustments were made and the BOA will continue to look for efficiencies.

For FY2013, the Governor recommends a total budget of \$34,236,118; comprised of \$4,104,694 in general funds, \$500,000 in federal fund expenditure authority, and \$29,631,424 in other fund expenditure authority; and 163.0 FTEs. This request is a decrease of \$22,407 (0.5%) in general funds, an increase of \$211,042 in other fund expenditure authority, and a decrease of 2.0 FTEs from the FY2012 budget.

The FY2013 budget changes include:

- Increase of \$298,815 (\$13,375 in general funds and \$285,440 in other fund expenditure authority) for the salary policy increase;
- Increase of \$13,082 (\$3,350 in general funds and \$9,732 in other funds) for space and computer billings;
- Reduction of \$39,132 in general funds for the annual lease payment to the South Dakota Building Authority;
- Decrease of 1.0 FTE and \$48,701 in other fund expenditure authority due to the elimination of one position in the Purchasing Division; and
- Decrease of 1.0 FTE and \$35,429 in other fund expenditure authority due to the elimination of one position in the Central Supply Division.

Commissioner Kinsman stated that after the budget cuts in FY2012, the office continued to review all the programs in BOA. It was determined that there is no longer a need to have both a director of Procurement and a head of Central Services Procurement. One position now oversees both areas and BOA will be able to continue to provide the same services with fewer FTEs.

The second FTE that is recommended to be eliminated is from the downsizing of Central Supply. The purpose of Central Supply is to consolidate the office supply program for state government and purchase at a reduced rate. Then agencies order supplies from Central Supply with an additional administration fee attached. There was a decrease in use because Central Supply could not carry the variety of supplies other agencies desired. The additional administration fee was then increasing because of fewer sales.

Commissioner Kinsman stated that a contract was bid six months ago with office supply companies that would place the available items in a catalogue for agencies to order from. All orders are guaranteed next day service. Central Supply provided convenience and cheaper service, but with the increased administration fee the cost was almost equal to the cost of the contract. Electronic E-Purchase received the contract and will be performing the service at about the same rate as Central Supply did. The current program has 3 FTEs. One person is retiring and the reduction will be accomplished through attrition.

Senator Larry Tidemann asked about the vehicles in fleet management. Commissioner Kinsman stated that there are 3,500 vehicles in the current fleet, excluding highway patrol cars and Department of Transportation heavy equipment. Currently, most of the vehicles are between 6-7 years old. The vehicles depreciate on a six year basis with 120,000-160,000 miles.

The BOA is now purchasing over 100 vehicles with financing less than 3%. This expense is built into the current budget and no additional funds are being requested. Pursuant to state statute, BOA is purchasing the vehicles from bid with a South Dakota vendor. The primary vehicles purchased for fleet vehicles are the Chevrolet Impala.

In response to **Senator Kent Juhnke's** question about the need to purchase 500 vehicles annually to meet depreciation, Commissioner Kinsman stated that BOA is required to have vehicles on site locations. Many of those vehicles have over 100,000 miles but are in good condition.

Mr. Jim Neiles, Bureau of Finance and Management, stated in response to **Representative Dean Wink's** question that the FY2013 budget reflects a decrease for the 2.0 FTEs and the cost includes the salary and benefit package. There will not be a reduction in operating expenses for these FTE reductions.

Maintenance and Repair – Distributed was a list of the Capitol Complex Maintenance and Repair Funded and Unfunded Project list. (**Document #2**) Commissioner Kinsman stated that an additional component was added to the matrix to have the projects based on energy savings in addition to health safety and priority.

The total amount of unfunded Maintenance and Repair (M&R) is \$21.1 million. Commissioner Kinsman stated that it is his intent to start all projects that have a health/safe ranking in the 90th percentile. The total for the anticipated projects is \$5.1 million for FY2013. The BOA does not have funds to cover all those projects, but they are worthy and ready to be started. There will be a special appropriations bill to add funds to the Capitol Complex maintenance and repair.

Commissioner Kinsman stated that BOA does not spend all the money in the Capitol Complex M&R Fund, because there may be unexpected issues that need to be addressed.

In response to **Representative Susan Wismer's** question, **Ms. Kristy Honeywell**, State Engineer, stated that last year the Capitol Complex Maintenance and Repair Funded and Unfunded Project list included a category 2 for demolitions and a category 3 for additional projects. Those projects were not completed. The projects remain on the department's list of M&R projects, but were removed from the statewide M&R list.

Commissioner Kinsman said, in response to **Representative Dan Dryden** and **Representative Fred Romkema's** questions, that the state self insures all state owned building except any revenue generating building (university dormitory and dining halls) or buildings that are bonded. All university buildings are covered by the Board of Regents M&R program.

Representative Romkema asked about the Extraordinary Litigation Fund. Commissioner Kinsman responded that the fund is reserved for any litigation that results from a law being challenged as unconstitutional. The fund would be used to pay for experts and attorneys expenses. Any expenses of this fund are deficit spent and a special appropriation backfills the fund.

Capitol Complex M&R Fund – Commissioner Kinsman stated that there are many significant issues that need to be addressed in the next couple years – Capitol Rotunda prism floor and the stained glass panels in House Chambers. The projects need to be fixed while maintaining the historic nature of the building.

In response to **Senator Corey Brown's** question, Commissioner Kinsman stated that the Montana Rotunda floor fell about 50 years ago. They replaced the flooring with concrete. Because of the use of the South Dakota Capitol Rotunda, the flooring repair needs to occur soon.

Representative Wismer asked about the Cultural Heritage Center drive-way, Commissioner Kinsman responded that the ground that the building and pavement is built on is moving. BOA has made several attempts to fix, but with the ground movement, it is a challenge. There will need to be a survey and solution designed.

Senator Juhnke asked if any of the state building were affected by water from the Missouri River flood. Commissioner Kinsman said that no state owned buildings were affected. There were leased facilities that were below the 1,430 elevation and those offices were moved during the affected months. All the relocated offices are back to their original location.

Senator Billie Sutton asked about BOA not requesting a budget increase for fuel. Commissioner Kinsman stated that all fuel is purchased by the Department of Transportation (DOT) and therefore not included in the BOA budget. The BOA pays for fuel based on miles traveled. The expense is billed to the agencies that rent vehicles. Any increase needed would be addressed by a rate adjustment according to the expenses incurred.

In response to **Representative H. Paul Dennert** and **Senator Jeffrey Haverly's** questions, Commissioner Kinsman stated that BOA encourages people to fill fleet vehicles at state DOT sites. However, if one is not in the area, employees are able to use a voyager card which eventually the state receives back the sales tax charged for the fuel. He will provide a comparison of the voyager card charges and the state DOT site charges.

Representative Wink asked if the state buildings incurred any damage from the earthquake. Commissioner Kinsman stated that the BOA assessed all state building shortly after the earthquake and no state buildings received damage. The only damage was to the concrete driveway at the Cultural Heritage Center, but that can't be specifically linked to the earthquake.

Distributed was the BOA response to the questions in the Budget Call letter. (**Document #3**)

MOTION: ADJOURN

Moved by: Haverly

Second by: Putnam

Action: Prevailed by voice vote.

Barb Bjorneberg and Lisa Shafer
Committee Secretary

Corey Brown, Chair