

87<sup>th</sup> Legislative Session – 2012

Committee: Joint Appropriations

Monday, January 30, 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 Agriculture

Walt Bones, Secretary of the Department of Agriculture appeared before the Joint Appropriations Committee to present the department's proposed FY13 budget. Also in attendance were Jon Farris, Chris Petersen, Dustin Oedekoven, Ray Sowers, Kevin Fridley, Lucas Lentsch, Blair Dunn, Brad Berven and Jerome Hertel. Documents 1-3 were distributed.

The department's proposed FY13 budget totals \$15,450,432 and includes \$3,721,435 in general funds, \$5,066,230 in federal funds and \$6,662,767 in other funds.

Secretary Bones reminded the Committee that agriculture is South Dakota's No. 1 industry with a \$20.9 billion economic impact. The department has 108 full-time staff including 3 hand crews hard at work on pine beetle issues in Custer State Park. Secretary Bones said the department's use of general funds has trended lower since 2008 and was down 25% in FY12. The department has been able to secure federal grants and other funds to replace the general funds.

The Governor's Ag Development Summit was held in 2011 and the following key areas in South Dakota's agriculture industry were identified:

- Improve infrastructure of rail, roads and townships
- Increase livestock production
- Increase awareness and education on water issues
- Attracting youth and providing opportunities for youth
- Local zoning
- Increase value-added processing, and
- Public acceptance and understanding of agriculture.

Secretary Bones reported the dairy plant at SDSU had been completed and the Northern Beef Packers Plant was nearing completion. This plant will have an economic impact of over \$2 billion/year. In response to Representative Wink's question, Secretary Bones said approximately 350 people will be employed at the Beef Packers Plant and they are planning a second shift of workers.

The 2011 State Fair was a huge success with attendance at 191,158, a 7.5% increase. The number of exhibitors is growing and the amount of taxes collected as well.

The Wildland Fire Suppression team responded to 5 large, complex incidents in 2011. Four were large wildland fires and flooding along the Missouri River was the 5<sup>th</sup> assignment.

Representative Wink asked if the reductions in the wildland suppression budget would impact their work. Chris Petersen said the budget reductions were in the area of other fund expenditure authority. The department has looked for surplus funds in other areas to help local fire departments. The reductions are in spending authority, not real dollars.

Representative Wismer asked if the reductions were an indication that homeland security funds had taken care of the needs of the volunteer fire departments. Mr. Peterson said it could be the case; FEMA funds pass through the department to the local agencies. As that funds decrease, there would be less activity on the part of the department.

Representative Romkema asked about the budget reduction in pine beetle suppression. Mr. Petersen said there are several budget decreases that cross divisions; budget increases in some areas come from reductions in other areas. It is moving spending authority and will not impact programs. Representative Romkema asked if the decrease in pine beetle spending authority was the result of an increase in state fair spending authority. Mr. Petersen said yes, only from the standpoint of total other fund expenditure authority for the department; there is no connection between the dollars shared in those two programs.

Secretary Bones said the Resource Conservation & Forestry Division has been working on the Governor's Black Hills Initiative to address the mountain pine beetle epidemic on state and private lands. As of January 6, 2012, 50,587 acres have been surveyed for 572 private landowners resulting in 143,954 infested trees being marked. Forty-five landowners have been reimbursed \$54,142 for tree removal. Custer State park has marked 61,832 infested trees to be removed in the next 3 months. Approximately 30,500 trees have already been cut and treated. In response to Representative Wink's question, Ray Sowers said work on private land is a cost share program between the landowner and the state. The landowner is responsible for treating the beetle infestation on their property, they send the department a voucher and the department pays 50% up to a certain amount. Those landowners seeking reimbursement must use an approved method of treatment.

Representative Bolin asked if the department had a plan to keep the trees thinned. Mr. Sowers said the pine beetle is nature's way of thinning the forest when it gets too thick. Most of the national forest grows about twice of what is removed each year. That type of growth and reduced removal of trees creates the condition that leads to this problem. Representative Bolin asked if increased logging in the national forest could be an economic benefit and help reduce the problem. Mr. Sowers said yes, if the amount of wood was removed that grows each year, it would help in a number of ways. Senator Putnam commented that South Dakota's cut/chunk system isn't the same method used in other states. Mr. Sowers said South Dakota's treatment works well and was developed for this area. Large piles work in other areas because of the different weather conditions.

Senator Heineman asked if the state would be better able to manage the forests in the future. Mr. Sowers said foresters always work to keep the forests healthy; there are always things that get in the way of that, including public policy. There has been a push to limit logging operations on national forest lands. Without logging any managing done becomes pure cost. The industry has the ability to use twice as much wood as they get from the national forest.

Secretary Bones reported over a million acre decrease in all noxious weeds. Intergovernmental cooperation has improved weed control on state owned lands and right-of-ways. The department distributed \$450,000 in grant funds to counties and others for control of noxious weeds and pests. Over 1.5 million pesticide containers were collected in addition to 700,000 lbs of unused

pesticides. Representative Wink asked what percent of weed control is biological control vs. spraying. Kevin Fridley said it varies by location but estimates 10-15%.

Secretary Bones said the wildland fire suppression team responded to 1,254 fires on federal lands, which burned 97,248 acres, along with 521 fires on state and private land. In addition, hand crews treated 2,100 acres of hazardous fuels, burned 20,589 piles and used prescribed fire to burn 500 acres of forested and grass lands. The team conducted 57 training classes across the state for volunteer fire departments, as well as local, federal and state agencies.

The Local Forestry Division provided 12 Community Forestry Challenge Grants to South Dakota communities totaling \$865,869 and funded 24 "Coordinated Natural Resource Conservation Program" grant applications at a cost of \$865,659.

Senator Sutton asked about equine processing at the federal level. Nathan Sanderson with the Governor's Office said in the past the federal government had not able to conduct inspections of equine processing facilities. It is not possible to ship meat interstate or internationally without that federal inspection. In 2007 when the federal inspectors were banned because of no funding, all equine processing facilities in the United States were shut down. In the fall of 2011 Congress reversed course and allowed for the federal inspection of the facilities. Currently, in the United States, equine slaughter is an available opportunity. South Dakota is now looking for ways to actively recruit people to come to South Dakota to set up an equine processing facility. There are a number of challenges with this, one being Congress can always change their mind again and some in Congress are actively working in that direction. Mr. Sanderson said another issue is that there has been no market for the product since 2007. Financing, waste management, and a workforce are also challenges. South Dakota has been looking to establish a facility but it will likely be sometime before that happens. Senator Sutton asked what other states are doing. Mr. Sanderson said a number of states, including Nebraska, Wyoming, Montana and North Dakota, are reviewing this issue as well. A big part of the issue is establishing a market for the product. There is no one feasibility study that will indicate if the facility would be profitable or not. Senator Tidemann asked if a regional site could be a viable option. Mr. Sanderson said a horse being raised for meat presents a different challenge compared to beef that is raised primarily for human consumption. In 2007, when funding ended, there were only 3 facilities in the United States and they were close to shutting down so a regional approach would be integral. There is no way North Dakota, South Dakota or Nebraska could all construct a facility. Any plant, wherever it is constructed, would be pulling in horses from region wide. While South Dakota is well positioned for that, it is all dependent on the market.

Senator Heineman asked how the department measures the success of its goals. Secretary Bones said they first try to identify who has jurisdiction or who has authority. The top 5 key issues are local issues (counties).

Senator Peters asked about the substantial increases in the Corn Utilization and Soybean Council budgets. Secretary Bones said not only are yields increasing but so are prices. On the corn check-off it is strictly 1 penny per bushel so the more bushels, the more money that comes into the check-off programs. The Soybean check-off is one-half of 1 percent. Not only are they producing more soybeans but the price has almost doubled in the last few years. Because of the additional money and producers the Council is requesting additional FTE to go out and promote the product. Senator Peters asked what the department was doing with the additional revenue. Secretary Bones said the funds are used for research, education, for promoting the product. Additional information will be provided to the Committee. Senator Tidemann asked if this was national or state check-off funds. Secretary Bones said the corn check-off is primarily state; however, they do support federal programs. The soybean check-off is a national program and national keeps a portion. Representative Dennert asked if the funds were used at SDSU for research. Secretary Bones said a lot of research projects are funded by the corn utilization and soybean councils. Additional information on this will also be forwarded to the Committee.

Representative Wink about the removal of rozol from the market. Brad Berven said rozol was approved for 2-3 years and then removed last summer. EPA was required to remove it from use in North Dakota, South Dakota, Montana and New Mexico because wildlife enthusiasts sued to have it removed for prairie dog control. A draft biological opinion is being reviewed at this time which could bring rozol back by October of 2012.

Representative Wink commented that in 2010 14% of the livestock reported missing or stolen was recovered and in 2011 21%. It appears the numbers have gone down since the state took over the recovery. Mr. Stearns from the Brand Board was asked to update the Committee. Mr. Stearns said recovery is a hard issue to grasp because there are a lot of owners or producers that report missing livestock and then fail to report that they find them. The report shows the actual number of reported missing livestock. In response to Representative Wink's question, Mr. Stearns said they currently have 2 investigators and would like to hire additional investigators; however, funding is an issue. Approximately 75% of an investigators time is on the road; 20-25 road checks were done last year. The Brand Board was approved four years ago by the Legislature to raise their brand inspection fee from 80 cents to \$1 which can be done by administrative rule change. The Board will consider this fee increase in March. Mr. Stearns said the fees are used for brand inspectors and associated expenses. Additional investigators would require increases in other fees. Senator Brown asked if there was a cap on the Boards ability to raise fees. Mr. Stearns said yes. Senator Brown asked if the investigators/inspectors fall under the Governor's proposed salary increase. Mr. Stearns said yes.

Representative White commented on the pine beetle issue and asked if South Dakota had done everything possible to maximize the logging industry. Mr. Sowers said South Dakota has done quite a bit of logging on state land in an effort to mitigate the pine beetle. The state has used helicopter logging for two seasons and because current economic conditions have reduced helicopter rates, the state will use them again. Senator Heineman asked if the state is able to do

logging on federal lands. Mr. Sowers said the national forest accounts for 80% of the forest land. Because of national policies and pressure, the national forest has a much harder time utilizing logging as effectively as they could. Other parts of the world are producing wood cheaper than the United States which also presents an issue; however, South Dakota's industry is thriving.

Senator Tidemann commented on a fungus that causes discoloration of wood and asked what impact that has on the product. Mr. Sowers explained that the pine beetle brings the blue stain fungus with them to the tree. It is perceived that the stain reduces the value of the wood on the open market and many distributors will not take the wood. In fact, it does not impact people or animals; it is just a perceived problem because of the color.

Secretary Bones presented the following summary:

- **Division of Fire Suppression – Federal Expenditure Authority:** An increase of \$600,000 in federal fund expenditure authority is recommended to align budget authority with anticipated expenses.
- **Employee Compensation – Salaries & Benefits:** An increase of \$255,905 is recommended for salary policy and health insurance. The recommendation includes \$96,993 of general funds, \$73,972 of federal fund expenditure authority, and \$84,940 of other fund expenditure authority spread across the various divisions of the department. The total Department budget also includes salary policy for the board, commissions, and councils reporting through the Department of Agriculture. Salary policy and health insurance increases for the Animal Industry Board include \$53,425 in general funds, \$33,580 in federal authority, and \$4,999 in other fund authority.
- **Central Service Billings-Space Billing and Computer Services:** Included in the recommended budget for FY13 are minor adjustments for office space and computer services. The total increase for central services across the Department's line divisions is \$10,590, of which \$5,802 is general funds, \$2,052 is federal authority, and \$2,736 is other fund authority.
- **Other Fund Expenditure Authority:** An increase of \$255,500 in other fund expenditure authority is recommended for the State Fair to align budget authority with anticipated other fund expenditures. Other fund expenditures have increased proportionately to decreases in general fund appropriations. Miscellaneous reductions in other fund authority are recommended throughout the Department to cover the \$255,500 increase. This shift does not impact dollars available to programs only expenditure authority.
- **Boards, Commissions, and Councils:** An increase of 2.0 FTE and \$4,643,187 in other fund expenditure is recommended to reflected budgetary changes within the regulatory and

checkoff boards, commissions, & councils reporting to the Department of Agriculture.

- **Special Appropriations – Not in the Department’s Budget:** Emergency Special Appropriation requests have been submitted for 1) the annual back fill of the fire suppression fund requests for \$1.3 million for costs associated with the suppression of wildland fires, 2) an additional special appropriation request is included for treatment of pine beetle infestations through out the Black Hills for \$6.1 million, and 3) the annual appropriation of other fund expenditure authority for \$500,000 to fund conservation grants to local conservation districts.

Senator Tidemann asked about a long-standing workman’s comp issue dealing with the State Fair. Mr. Petersen said the costs have been declining. Over the past few years those expenditures have been in the \$35,000-\$50,000 range and the cost allocations are significantly less.

Representative Wismer asked about the Animal Industry Board and the number of FTEs that were eliminated last year. Dr. Oedekoven, State Veterinarian and Executive Secretary of the Animal Industry Board said they did take a reduction of 4 FTE last year. The Board worked with the inspectors and veterinary supervisors that work in four areas in the state to work with the local locker plants and 65 establishments that are inspected. Some lockers rearranged their work schedules as well as the amount of product that was inspected versus what is done under the custom exempt. The efficiencies were to find days of inspection with the establishments when they needed the inspection compared to being there as often as they could to inspect as much product as we could. More product is processed under custom exempt which means the inspectors are not there when the product is processed.

Representative Dennert asked if the Aberdeen plant will have any impact on the work of the inspectors. Dr. Oedekoven said the Northern Beef Packers Plant will be under the federal meat inspection program. The entire country is under the federal meat inspection program and 27 states (including South Dakota) still have a state meat inspection program; however, that meat can only be sold within the state. Sixty-five establishments are under state inspection and 10, and soon 11, under federal inspection. Senator Tidemann asked who will monitor the Northern Beef Packers Plant when they come on line and the certified beef program ramps up to make sure they are following the necessary guidelines. Lucas Lentsch, Director of Ag Development said there are 2 areas, birth to finished product for South Dakota certified and from feedlot to harvesting is the second area. The Ag Development Division facilitates the SD Certified Beef Program and has a livestock development specialist that is the primary contact for that program. Mr. Lentsch is the ag certification officer for the state. The division has reformatted the Certified Beef Program data base, making it more accessible for producers, then interfacing all the way through so that the cattle are tracked all the way to the feedlot. The SD Certified program has a

staff that administers the rules to make sure the facilities are compliant. In response to Representative Dennert's question, Mr. Lentsch said one of the things about the SD Certified Beef Program is that the fundamental identification of each animal within the chain of custody.

Representative Wink asked about the future of selling beef outside of South Dakota. Dr. Oedekoven said this has been a 20-year discussion. In the 2008 farm bill Congress directed FSIS (Food Safety Inspection Services) to create rules to allow interstate shipment of state inspected product. The rules were written, comments were taken, the rules have been issued; however, no states are currently taking advantage of the rule as written. The rule, as written, is very complex and as written does not recognize state programs. This option would take additional resources to provide for additional inspectors and extensive and expensive training, despite the fact that South Dakota's inspectors always meet federal guidelines.

Representative Wismer asked about the single engine tanker contract for fire suppression. Steve Hasenohrl, Interim Director for Wildland Fire Suppression, said when there was a demonstrated need for the single-engine tanker program to be activated, those costs went to the special fire fund and the process worked well. At the end of the season, when it was necessary to have them onsite, they were put on contract. Because they are not able to anticipate the need, the response time is slowed down when there isn't a contract in place.

### **Department of Health**

Doneen Hollingsworth, Secretary of Health met with the Joint Appropriations Committee to discuss the department's proposed FY13 budget, Also in attendance were Kari Weisbeck, Joan Adam, Colleen Winter, Tom Martinec and Terri Iverson. Document 4 was distributed.

The department's FY13 recommended budget totals \$84,454,385. Federal funds totaling \$44,923,137 make up 53.19% of the budget; other funds total \$32,351,798 or 38.31% with the remaining 8.50% being general funds totaling \$7,179,450.

Major Expansions and Reductions include:

#### All Department

- Salary Policy – an increase of \$1,512,377 including \$195,648 in general funds, \$719,709 in federal funds and \$597,202 in other funds.
- Space and Computer Billings – an increase of \$49,450 including \$4,677 in general funds, \$27,795 in federal funds and \$16,978 in other funds.

#### Health & Medical Services

- An increase of \$1,000,000 in federal funds and 0.0 FTEs for the Maternal, Infant and Early Childhood Home Visiting Program.

#### Correctional Health

- An increase of \$13,635 in other funds for the 1.8% increase in Provider Inflation.
- A decrease of \$720,478 in other funds for changes in pharmacy services.

Secretary Hollingsworth said all reductions from FY12 have been sustained and will continue to be. The department strives to make the reductions work with minimal effect on public health. The department has been a part of 2 major initiatives – one being the infant mortality task force and the other the workforce initiative with the department’s focus being on the rural healthcare workforce. The Governor is recommending an increased emphasis and resources on recruiting and retaining physicians, dentists, mid-level practitioners, nurses, dietitians, and the like in rural South Dakota.

Secretary Hollingsworth briefed the Committee on the Maternal, Infant and Early Childhood Home Visiting Program. The department was awarded \$1,000,000 in federal funds per year for a 5-year funding cycle under the Affordable Care Act for a Maternal, Infant and Early Childhood Home Visiting Program. This program is aimed at improving health and developmental outcomes for children and families in at-risk communities. To date, a need assessment has been completed, high risk communities identified, and a plan developed for expansion of evidence-based home visiting. Secretary Hollingsworth said the program will require 9.0 FTEs and \$501,262 in personal services for additional nursing staff dedicated to providing the home visiting services. The program will begin in the Pine Ridge Reservation area with each nurse carrying a caseload of 20-25 families. An estimated 190 families will receive services during the first year.

Operating expenses of \$498,738 are also requested to support the program. Secretary Hollingsworth said they assume there will be an on-going funding opportunity following the initial 5-year grant and are not expecting the program to end.

In Correctional Health, the decrease of \$720,478 in other funds for prescription drugs is related to the change in pharmacy services. This change is part of the collaboration between the Departments of Corrections, Social Services (Human Services Center) and Health to provide a more cost effective pharmacy service to inmates. The Committee was briefed on this change during the Department of Corrections budget hearing.

Secretary Hollingsworth said other than the request for \$1 million federal fund spending authority and 9 FTEs, every budget increase deals with the proposed salary increase and central service billings. The decrease in other fund expenditure authority in Corrections health is because of the centralized pharmacy services.

Representative Carson asked for information on the decrease in Corrections health. Joan Adam said the \$720,478 reduction was in other fund expenditure authority. The department currently pays for pharmacy services to an out-of-state pharmacy; however, under the new program the pharmacy will be located at the Human Services Center in Yankton. Ms. Adam said the Department of Social Services will have an increase in other funds of \$403,000 and the Department of Corrections will have an increase in general funds. The overall reduction of \$720,478 is in the Department of Health budget and after including the increases from other state agencies to make the program work, overall statewide there is a total decrease in the Department of Corrections of just over \$250,000.

In response to Representative Wismer's question on flu vaccine, Secretary Hollingsworth said the department has introduced SB 48 to provide for a \$349,000 one-time appropriation to purchase flu vaccine for 6-18 year olds for FY13. Secretary Hollingsworth told the Committee the cut in FY12, which was to the base budget, was a difficult cut for the department and the Governor. The vaccine is purchased a year in advance so FY11 funds were used to purchase vaccine for this flu season; and now due to efficiencies and cost savings projected in Corrections health in FY12, SB 48 will transfer general funds from the Department of Corrections to the Department of Health to purchase flu vaccine for one more year. FY12 funds would be used to buy vaccine for next year's flu season.

By law \$5 million from the Tobacco Prevention and Reduction Trust fund is transferred annually to the Department of Health for its tobacco prevention programs. The Governor is recommending the transfer of \$1 million from the Tobacco fund to the general fund, just like what was done in FY12. Because the program also receives \$1 million from the CDC for tobacco prevention and control, there will still be \$5 million in the budget. The FY11 transfer was \$1.5 million which included ARRA funds. Senator Haverly asked if the fund would be impacted if a bill passed on the "roll your own" cigarettes. Secretary Hollingsworth said all revenue from tobacco tax goes to the general fund.

Secretary Hollingsworth told the Committee that 2012 is the 10-year anniversary of the SD Quit Line. Over 65,000 individuals have participated in the Quit Line with a quit rate of 46%. A successful quit is 12 months. In response to Senator Brown's question, Secretary Hollingsworth said South Dakota has one of the best programs in the nation. Colleen Winter explained how South Dakota's Quit Line works and said participants are able to get various products to aid in their ability to quit. However, in order to continue to receive the products the individual must complete the necessary requirements.

Ms. Winter spoke to the Bright Start Nurse Home Visiting Program and the department's request for \$1 million federal fund spending authority and 9 FTEs to expand the program to several new sites. Ms. Winter said the grant does require maintenance of effort so they can not use the funds to supplant any other home visiting program. The Bright Start program began in 2000 in Sioux Falls and Rapid City and in 2008 the department partnered with the Department of Social Services to supply an additional nurse for the Pine Ridge Reservation.

Senator Brown commented that it was his understanding the rise in infant mortality was not necessarily attributable to the Native American population reservations; although that was an issue. The rise was actually occurring off reservation. Ms. Winter said the overall rate in South Dakota had gone up slightly; however, the most disparate population is the Native American population. Senator Haverly asked if the slight rise was attributed to the reservation. Secretary Hollingsworth said initially the Native American rate was leveling off and the white rate was increasing somewhat. As the task force got into the data, they found the best chance to make a difference was with the Native American population during the post-neonatal period. Deaths between the ages of 2 and 11 months for Native American babies are much greater than white babies. Secretary Hollingsworth said this activity ties in with the Bright Start program very well

because the deaths are not necessarily medical but more environmental. The SIDS rate is very high as is tobacco use.

Senator Putnam asked about a long time bill that proposes to expand the Medicaid benefits to poor, pregnant women. Secretary Hollingsworth said the Task Force talked at length about prenatal care; but the recommendation was to expand Bright Start. The federal funds will pay for a nurse to go into the home to help with a variety of prenatal issues and then follow-up through the infants 2<sup>nd</sup> birthday. These families are high risk and most would qualify for Medicaid.

Senator Heineman asked about the success of the current Bright Start Program. Ms. Winter said the department has an extensive data system on each of the families enrolled. The new federal program has 30 benchmarks that the department will have to respond to. The outcome of families currently enrolled is very similar to the general population. Secretary Hollingsworth told the Committee the Bright Start Program was started under Governor Janklow and is not a federal program; however, multiple sources of federal funds are used to pay for it.

Representative Dennert questioned the success of the program considering that the number of deaths has increased. Secretary Hollingsworth said Bright Start is a very intense program currently located in Sioux Falls and Rapid City and a recent program in Pine Ridge. The data shows a need in other communities; however, the funding only allows expansion in high-risk areas and the high risk areas are generally on the reservation. The department has not had Bright Start in these communities in the past.

Ms. Winter said the South Dakota's infant mortality rate was 7 per 1,000 live births when looking at the average between 2000 and 2010. Between 2004 and 2006 South Dakota's rate was 7.3; Minnesota's was 5, Iowa's was 5.2, Nebraska's was 5.9, Montana's was 6 and North Dakota's was 5.9. South Dakota ranks 29<sup>th</sup> in the nation, slightly above the national average of 6.8. In response to Senator Sutton's question, Secretary Hollingsworth said the department had not expanded to the reservations earlier because of funding. Through the deliberations of the Task Force on Infant Mortality and the grant that was available for use in high risk areas, the department is able to expand this program at this time.

Representative Dennert expressed his concern with the rise in the mortality rate. Secretary Hollingsworth said the rates are statewide rates and not just for Sioux Falls and Rapid City. Senator Brown asked the department to provide a breakdown of the statistics for the past 10-15 years including Sioux Falls and Rapid City.

Representative Wink asked how mothers are selected for this program. Ms. Winter said there is networking system in the communities in addition to referrals through the WIC program. Those women complete a risk assessment to determine eligibility.

Senator Heineman asked if the department had considered contracting the 9 FTE nurse positions. Secretary Hollingsworth said yes, it was considered; however, the department felt it would have

cost more money. The expansion will be in remote areas of the state and it could be difficult to find contractors to serve those particular communities.

Senator Putnam asked how many communities are considered at-risk and could they be away from a reservation. Secretary Hollingsworth said the grant provides funding for 4 communities and it is possible that they will not be right in the middle of a reservation but will likely have a culturally diverse population. The department was required to do a risk assessment in order to obtain the funding. As of now, the department has not decided on the other locations. As far as how many communities are at risk, Ms. Winter said the department completed an extensive assessment, county by county, that considered a lengthy list of criteria. Information on the community ranking will be provided to the Committee. Senator Brown commented that the assessment appeared to provide a spectrum of needs in the counties and the department's job is to prioritize those areas that have a bigger problem and target the resources available in those communities.

Ms. Adam briefed the Committee on Correctional Health. The FY12 base budget was \$15,688,135 and the proposed FY13 budget totals \$15,380,602, a reduction of \$307,533. The out-sourced services in FY12 totaled \$1,674,619.92. This was down from FY10; however, it fluctuates depending on the inmate and their needs. Secretary Hollingsworth said the department is working hard in Corrections Health to reduce costs. In addition to the new pharmacy service, they are working on a pilot program with Avera Health in Pierre, Sioux Falls, Springfield, and Custer, on eCare for 24-hour emergency care consultations to help reduce emergency room visits.

Senator Tidemann asked for an update on West Nile. Secretary Hollingsworth said last year had the lowest number of incidents primarily since 2002 because of weather conditions and the waning of the disease along with a greater awareness among citizens of South Dakota. In response to Representative Wink, Secretary Hollingsworth said immunity also accounts for the decline in numbers.

MOTION: ADJOURN

Moved by: Haverly  
Second by: Tidemann  
Action: Prevailed by voice vote.

Barb Bjorneberg  
Committee Secretary

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Corey Brown, Chair