



MINUTES

GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

Fourth Meeting
2013 Interim
September 24, 2013

Room 413
State Capitol
Pierre, South Dakota

The fourth meeting of the 2013 Interim Government Operations and Audit Committee (Committee) was called to order by Chair Dryden at 9:00 a.m., September 24, 2013, in LRC Room 413, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Corey Brown, Phyllis Heineman, Larry Lucas, and Larry Tidemann; Representatives Justin Cronin, Dan Dryden, and Susan Wismer. Senator Jean Hunhoff and Representative Mark Mickelson were present through conference call. Representative Melissa Magstadt was excused.

Staff members present were Mr. Martin Guindon, Auditor General, Mr. Bob Christianson, Mr. Tim Flannery, and Mr. Russ Olson, State and Local Government Audit Managers for the Department of Legislative Audit (DLA).

Approval of Minutes

Senator Heineman moved, seconded by Senator Tidemann, the minutes of the August 21, 2013 meeting be approved. Motion prevailed unanimously on a voice vote.

Item 1 – Governor’s Office of Economic Development to discuss use of funds received from the Building South Dakota Fund

Kim Easland, Finance Director, provided a handout to the Committee. She announced that the REDI board met on September 11th. She provided a handout with information about the Local Infrastructure Improvement Program, the Economic Development Partnership Program, and the South Dakota Jobs Program. She discussed the handout in more detail and provided information regarding the breakdown of who was awarded funding, how much they were awarded, and how the money was disbursed. Ms. Easland also discussed in detail the eligibility requirements.

Ms. Easland provided the following answers to Committee questions:

- Belle Fourche was awarded monies to hire a new full time director.
- The projects that were awarded funding were not eligible for REDI funds.
- There is a project with anticipated costs over \$20 million that is in the discussion phase and there is a project coming with costs over \$20 million.

There was additional discussion about tracking the dollars leveraged and performance metrics associated with these programs.

Item 2 – Department of Game, Fish and Parks to discuss the non-meandering water issue

Secretary Vonk was present to discuss non-meandering water concerns from landowners. He gave a brief update on where they were in getting the matter resolved with affected landowners. At this point there has been no agreement between the state and the landowners. He discussed the compromise that was proposed to the landowners for which they did not agree. He explained in more detail, under current law, what is and is not considered trespassing where the non-meandering waters are concerned. He then talked in more detail about how current law could be changed to accommodate landowners' privacy and livestock protection while still allowing hunters their rights. He was asked by the Committee if the Department had researched how other states handle this issue. He stated that the Department has researched other states and found that states vary quite a bit on their laws.

It was requested that the Committee receive a copy of the proposal sent to the landowners' attorneys and the letter the Department received in response to the proposal. The Committee requested that the attorneys for the landowners be invited to the next Committee meeting. The Department Secretary stated that it is not known how many landowners are involved, as they are represented by the Non-Meandering Waters Association of SD. The Committee also requested a list of the waters that are considered to be non-meandering and the Department's policy for buying access rights to waters.

Item 3 – Department of Game, Fish and Parks to provide an overview of Other Fund Company 3122 and Company 3125

Mr. Chris Petersen, Game, Fish and Parks Division Director for Administration, discussed in detail the two other fund companies. Mr. Petersen explained that the main reason cash had decreased over the last several years, in Company 3122, was because of the construction of the outdoor campus in Rapid City. Mr. Petersen explained that the main reason cash has decreased over the last two years, in Company 3125, was because of damage to the State Parks from the 2011 Missouri River flood and the subsequent repairs to those parks. The State was not eligible for Federal Emergency Management Administration assistance for repairs to the State parks. The Committee requested and Mr. Petersen agreed to provide additional information relating to the Sportsman's Access and Landowner's Depredation funds, as well as State park reconstruction projects completed since the 2011 Missouri River flood.

Item 4 – South Dakota Public Safety Improvement Act – Update from the Oversight Council

Mr. Greg Sattizahn, member of the Oversight Council, was present to address the Committee on the annual summary report of the performance and outcome measures called for in the Public Safety Improvement Act (the Act). Mr. Sattizahn gave a brief overview of the Act and its primary goals. He talked about what had been done since the bill was passed. He discussed the different implementation stages. The Committee requested a draft of the performance metrics which Mr. Sattizahn said he would provide. He also discussed the challenges ahead with the many phases being implemented at the same time. Mr. Sattizahn remarked that the baseline data needs to be created before they can figure out how this will affect the county jails. The involvement of different departments is very important and the Department of Social Services has taken the lead on making sure all the applicable Departments are informed of the changes.

Item 5 – Department of Education, Department of Corrections, and the State Treasurer to provide updates on progress made regarding performance indicators and budget drivers

Mr. Dusty Johnson, Chief of Staff for the Governor, was present to address the Committee on performance indicators and budget drivers for the Department of Corrections. He provided a handout and discussed it in detail. Mr. Johnson answered questions from the Committee regarding performance indicators and budget drivers. Mr. Johnson stated that budget drivers are not set for more than one or two years out and they are split out by facility due to cost differences. He also discussed how the budget drivers tie into the Department's mission.

Ms. Lee DeJabet, State Treasurer's Office, provided a handout for Treasury Management and Unclaimed Property. She explained that Treasury Management has no revenue and is performance driven whereas Unclaimed Property does have revenue. Ms. Sandy Tillman provided the Committee additional information about Treasury Management. The Committee has requested more information on the overall goals regarding how money is handled and a better breakdown of performance indicators.

Ms. Melody Schopp, Department of Education, was present to address the Committee. She presented a power point presentation on performance measures. She discussed how she had made changes to make the Department more efficient. Ms. Schopp discussed how she wanted her Department to know what their purpose was and she has implemented many different processes to make sure their primary goals are reached. She also discussed the five steps in detail of how she wanted to make sure all students are college, career, and life ready. Ms. Schopp talked about the ways her office analyzes data and discusses on a regular basis how the Department is doing in order to meet these goals.

Item 6 – Department of Public Safety – Annual report from the State 911 Coordinator

Ms. Shawnie Rechtenbaugh, State 911 Coordinator, Department of Public Safety, and Mr. Craig Price, Superintendent of the South Dakota Highway Patrol, were present to address the Committee. Two handouts were provided to the Committee. The first handout was a flowchart of how the 911 surcharge is distributed to the various State funds and to the counties. The second chart was a detailed map of the Public Safety Answering Points in South Dakota. Ms. Rechtenbaugh answered numerous Committee questions about the adequacy of funding and the future of the program. A handout was provided and was discussed by Ms. Rechtenbaugh. She discussed how funds are accounted for, how the reservation calls were paid for (County or Tribe), whether or not the prepaid wireless cards are aligned with what was expected when put in place, and she commented that the Department of Revenue would have any information the Committee would like regarding the collection of the 2% from the wireless cards but that Mr. Ted Ruffedt, State 911 Board Chair, was present and may have information regarding this.

Mr. Ted Ruffedt, State 911 Coordination Board Chair, was also present and answered Committee questions about the collection of the 2% surcharge from prepaid wireless cards. He gave a brief overview of what the projections were in the beginning and what they have seen so far.

Item 7 – Board of Regents to provide overview of Other Funds

Mr. Jack Warner and Ms. Heather Forney, from the Board of Regents (BOR), were present to address the Committee on BOR Other Funds. Ms. Forney provided a handout to the Committee with the breakdown of Other Funds between restricted, committed, assigned, and unassigned funds. Mr. Warner discussed the guidelines that are in place and the reasons for the various designations

of BOR Other Funds.

Item 8 – Follow-up Items

- Letter from the Department of Social Services with an update on the Medicaid Management Information System (SD MedX) project.
- Department of Correction's update on the definitions of an "abused and neglected child" contained in State law.
- GOAC Blue Book – Mr. Bob Christianson, DLA, was present to discuss with the Committee the Other Funds with little or no activity. It was requested by the Committee that a bill be drafted for the possible repeal of outdated statutes.

Future Items for Discussion

- Follow-up on Public Safety Improvement Act performance indicators
- Department of Corrections – update on the definitions of an "abused and neglected child" contained in State law
- SD MedX update
- Update on the bill draft for the possible repeal of outdated statutes
- Update on the Federal Health Insurance Exchange
- Government Operations and Audit Committee Annual Report

Future Meeting Dates

The next meeting will be held October 22, 2013 at 9:00 a.m.
Discussed and approved as a Committee.

The Committee adjourned the meeting at 3:32 p.m.



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