

BFM Overview of Budget Follow-up Questions

Revenues

Hunhoff – There was something this summer that had to do with bank franchise tax and it was removed from the rules agenda.

Representative Hunhoff was provided a copy of the General Funds Receipts page from the Governor’s Budget book.

GENERAL FUND RECEIPTS				
	ACTUAL FY2018	ACTUAL FY2019	REVISED FY2020	PROJECTED FY2021
ONGOING RECEIPTS				
Sales and Use Tax	\$ 988,823,603	\$ 1,025,401,209	\$ 1,071,609,815	\$ 1,088,181,339
Lottery	116,675,440	123,815,501	127,352,534	130,994,054
Contractor’s Excise Tax	107,626,628	113,163,617	117,811,978	121,800,414
Insurance Company Tax	91,021,843	90,347,541	91,127,918	95,704,260
Unclaimed Property Receipts	52,766,031	48,573,600	47,167,962	47,167,962
Licenses, Permits, and Fees	67,492,051	68,758,069	68,969,723	69,106,076
Tobacco Taxes	54,157,663	49,971,217	49,043,485	47,232,519
Trust Funds	37,035,528	38,527,936	39,875,032	41,577,763
Net Transfers In	20,941,048	23,827,140	21,005,164	21,311,678
Alcohol Beverage Tax	7,668,288	7,845,250	8,001,015	8,140,374
Bank Franchise Tax	13,494,940	17,256,120	14,375,530	14,889,195
Charges for Goods and Services	16,094,652	16,012,654	16,212,862	16,240,927
Telecommunications Tax	4,931,125	5,089,768	4,711,089	4,360,584
Severance Taxes	6,602,808	4,234,206	4,794,138	5,304,110
Investment Income and Interest	6,053,274	6,229,304	11,058,713	9,074,529
Alcohol Beverage 2% Wholesale Tax	2,020,940	2,150,157	2,191,736	2,303,823
SUBTOTAL (ONGOING RECEIPTS)	\$ 1,593,405,861	\$ 1,641,203,288	\$ 1,695,308,694	\$ 1,723,389,607
ONE-TIME RECEIPTS				
Transfer from Dept. of Agriculture	\$ -	\$ 705,101	\$ -	\$ -
Transfer from DOR Agency Fund	3,871,437	-	-	-
Transfer from Petroleum Release Fund	1,300,000	-	-	-
Transfer from Workforce Education Fund	792,729	-	-	-
Transfer from Prescription Drug Plan Fund	750,000	-	-	-
Transfer from Telecommunication Fund	750,000	-	-	-
Transfer from Video Lottery Fund	500,000	-	-	-
Transfer from Court Automation Fund	500,000	-	-	-
Transfer from Technology Fund	500,000	-	-	-
Transfer from Private Activities Bond Fee Fund	480,743	-	-	-
Transfer from Budgetary Accounting Fund	261,396	-	-	-
Transfer from Veterans' Home Operating Fund	120,000	-	-	-
Refinancing Gains/Transfer from SDBA	-	-	7,082,539	-
Prior Period Adjustments	(1,309,473)	2,755,524	-	-
Unexpended Carryovers and Specials	204,351	5,777,493	-	-
Transfer from Property Tax Reserves	-	-	-	-
Transfer from Budget Reserve Fund	5,855,710	6,603,463	16,778,512	-
Obligated Cash Carried Forward	7,943,412	16,898,828	19,354,553	-
Transfer from Gaming Commission	-	-	120,000	-
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 22,520,305	\$ 32,740,409	\$ 43,335,604	\$ 0
GRAND TOTAL	\$ 1,615,926,166	\$ 1,673,943,697	\$ 1,738,644,298	\$ 1,723,389,607

NOTE: The totals may not add due to rounding.

Additionally, DOR and Rep. Hunhoff had a discussion about the rule relating to Bank Franchise Tax that was proposed and withdrawn.

Nesiba – What are the assumptions on the \$20M in the internet tax freedom act loss?

BFM will provide this next week.

DPS-Victim's Services

Hunhoff – Didn't the department have \$300k in federal grants that wasn't being utilized go back out? They had money in federal grants, and they've allowed applicants to resubmit applications?

DPS opened an additional solicitation period for two weeks in August 2019 to allow subrecipients an opportunity to apply for additional grant dollars from Grant Year 2016 that would revert 9/30/2019. DPS was seeking projects that could be expended by the end of the grant period such as shelter furniture replacement, increase in emergency funding from the summer months (these months can get more expensive during tourism season); additional training opportunities for staff development, and prevention or community education programming to support their communities and/or schools.

UJS Drug/DUI Court Treatment

Greenfield – You said the cost was anticipated to be \$2,700 per person and it's actual \$3,200 per person. Where is the discrepancy? Why are they so far off in projecting?

The costs for Drug/DUI Court Treatment participants have increased in recent years due to the cost of treatment and the types of treatment available for those participants. UJS is currently budgeted for \$2,700 per participant. This was last increased to \$2,700 per participant in FY2017 when CBISA (community-based inventory for social accountability) was implemented. In addition to chemical dependency treatment, some participants receive mental health, moral recognition treatment (MRT), among others. The use of those types of treatment have driven costs higher. The increased funding from \$2,700 to \$3,200 per client is to bring the budgeted amount in line with anticipated treatment costs.

Greenfield – If you could communicate with UJS, we'd like to see exactly what the length of stay used to be and what they are experiencing now, how many people are dual diagnosed, and the actual needs of clients? That information would be helpful.

UJS plans to provide an overview of the Drug/DUI Court Treatment during their budget hearing.

Hunhoff - Are those providers paid differently than other providers? What is the base for that funding?

The providers used for Drug/DUI Court Treatment are the same providers used by DSS. The UJS contracts directly with the providers at the same rates as DSS and the services are paid out of the UJS budget. The FY2020 base budget for Drug/DUI Court Treatment is \$1,361,799.

Rural Broadband

Howard – When will we ever be done with this?

GOED followed up with this information during their budget hearing.

Howard – When you say high speed internet does that include 5G?

GOED followed up with this information during their budget hearing.

Kolbeck – When they receive these grants, is that for new broadband line to connect new people? Or is it to replace existing broadband cable?

GOED followed up with this information during their budget hearing.

Wiik – The term broadband is anything faster than dial-up. When you take a look at broadband, it means so many different things to different people. We just need an accurate description of broadband.

GOED followed up with this information during their budget hearing.

Howard – Can we get a comparison of other states on how connected they are and how much money they are putting in for broadband?

GOED will follow up with this information.

Disaster Recovery

Greenfield – The event 4 that was denied by the Feds. The state felt it was worthy of federal intervention. We appealed but they declined. Is the state going to help in that instance?

FEMA deemed the disaster to not be beyond State and local capabilities, so therefore there is no FEMA federal assistance and no funding from the disaster fund. Gregory County ended up being part of the other 4 declared disasters. FEMA will work with the counties that have open declared disasters and cover eligible damages from those disaster time periods. The VOAD (Volunteer Organizations Active in Disasters) can help provide resources in this instance as well and OEM connects local EMs and others in the community with VOAD for other needs. Currently there is a Long-Term Recovery Committee established in Burke with approximately \$100,000 in their fund and are working with approximately 12 families and may also assist businesses. DPS can provide additional information at their budget hearing.

Rural Healthcare Assistance Programs

Greenfield – I would like to see what the history of the Rural Healthcare Recruitment Assistance program is. If we are going to have a discussion on not funding the program, it would be a repealer. I would like to see going back how far, when did we establish the program?

The Department of Health has two programs that provide incentives for healthcare professionals to practice in rural communities (defined as a population less than 10,000). To be eligible the provider must be licensed in South Dakota, practice in a rural community for three years, and provide services to Medicaid, Medicare, and State Children's Health Insurance Program patients. Payment is split between the State and the community or health care facility depending on the size of the community. The amount of the payment varies by program and the type of health care professional practicing. The state portion is paid after completion of the three-year commitment period.

The Recruitment Assistance Program (RAP) was established in the early 1980s with physicians and midlevels. Dentists were added in 2003.

The Rural Health Facility Recruitment Assistance Program (RHFRAP) was established in 2012 to help rural health care facilities (includes hospitals, ambulance services, nursing homes, Federally Qualified Health Centers (FQHCs), and several other healthcare facilities) recruit health care professionals such as nurses, pharmacists, physical therapists, respiratory therapists, pharmacists, physical therapists, paramedics, medical technologists, speech therapists, radiologic technologists and healthcare social workers.

Both programs are very popular and have been successful since their inception. In RAP we have 15 physician slots/9 participating; Dentists 5 slots/3 participating; PA/NP/CNM 15 slots/11 participating. To date, a total of 50 physicians have either completed the program or are currently participating in the program; 34 (68%) are currently participating, still in the rural community that recruited them, or remained in the community for at least 5 years after completing the program. With respect to dentists, 87% (14 of 16) are currently participating, still in the rural community that recruited them, or have remained in the community for at least 5 years after completing the program.

All of the slots (60) in RHFRAP are filled and are consistently filled each year. To date, a total of 520 health care professionals have participated in the program; currently 339 of the 520 (65%) of those individuals are still working for the rural health care facility that recruited them with the use of the RHFRAP Program.

Extraordinary Litigation Fund

Nesiba – Could we have a list of cases paid for with the Extraordinary Litigation Fund?

Case	Case Closed or Settled	Total Paid
Nelson v Promising Future	February-10	\$ 27,826
Met Life v Viken	April-10	\$ 125,629
Trucano v Nelson	May-10	\$ 3,216
Davis v SD (School Funding)	September-11	\$ 1,147,774
Health Care Bill	August-12	\$ 10,447
SRE Real Estate	January-14	\$ 177,217
Legislation	February-15	\$ 961
Attachmate	March-15	\$ 1,637,072
SDDS	May-15	\$ 61,232
Gant	July-15	\$ 10,266
Planned Parenthood (2005 Informed Consent)	October-15	\$ 4,344
Rosenbrahn	October-15	\$ 246,948
MPC/Gateway	June-16	\$ 525,000
Darley	June-16	\$ 359,641
Rick Law	August-16	\$ 1,311
Flaundreau Sioux Tribe	August-16	\$ 22,879
Charlie Rose	July-17	\$ 243,950
Laura Zylstra Kaiser	June-18	\$ 562,852
Libertarian Party	October-18	\$ 636,145
Terri Bruce	January-19	\$ 330,919
LP6-2	April-19	\$ 17,642
Wickett	May-19	\$ 15,835
McKenzy Pickner	August-19	\$ 4,682
Jennifer Stanwick-Klimek	October-19	\$ 106,831
Dakota Rural Action	November-19	\$ 172,935
EEOC/Goodman	January-20	\$ 790,616
SD Voice	January-20	\$ 33,698
SD Newspaper Association	January-20	\$ 79,731
	Total	\$ 7,357,597
<u>Current Open Cases</u>		
Planned Parenthood		
Oglala/Rosebud Sioux Tribes		
Tobacco		
LP6		
Legion Lake Fire		
Buffalo Chip		
Austin Mahoney		
SD Voice #2		
Christiansen		
Orr		
Hansen		

Fire Suppression

Wiik – Related to the fire suppression fund, are any of our firefighters in Australia helping with those fires?

Australia has not requested firefighting support from state agencies. Currently only Federal employees (159 at this time) are being mobilized due to an agreement made between the Department of Agriculture (DOA) and the Department of Interior (DOI) of the United States of America and the Australian Fire and Emergency Service Authorities Council. This agreement only permits the United States to send federal employees to Australia, which means that legally, the National Interagency Fire Center (NIFC) cannot mobilize non-federal employees, such as state and local firefighters. If Australia were to request state personnel, an agreement would need to be put in place with the Australian Fire and Emergency Service Authorities Council.

The agreement mentioned above between the DOA and DOI of the United States of America and the Australian participating agencies can be found at this link: <https://goo.gl/sFTkN8>. The DOA and the DOI of the United States of America entered into this contract under the Emergency Wildfire Suppression Act as Amended, U.S. Public Law 100-428, 42 USC, Section 1856m.

Intensive Meth Treatment

Maher – Which facility in Rapid City will be providing methamphetamine treatment services?

It is anticipated DSS would issue a Request for Proposal to determine which facility will provide services.

Nesiba – Does DSS receive any federal funding for meth treatment or prevention programs?

There is not specific federal funding targeted to meth treatment or meth-specific prevention exclusively, however the Substance Abuse Prevention and Treatment Block Grant supports a comprehensive substance use prevention and treatment delivery system, which includes prevention and treatment of meth in addition to all other substances.

Hunhoff - Can you tell us what we have added to the budget for Meth?

Meth Epidemic Related Budget Adjustments

FY2020 Legislative Adopted

	General Funds	Federal Funds	Other Funds
DSS Intensive Methamphetamine Treatment	\$ 1,009,652		
DSS Substance Use Disorder Treatment	\$ 516,148		
DSS School-Based Meth Prevention	\$ 731,281		
DSS Supported Housing - SUD	\$ 547,500		
DSS Meth Prevention Campaign	\$ 250,000		
DSS One-Time Meth Awareness Campaign	\$ 1,375,000		
DPS Highway Patrol Troopers (4 FTE)			\$ 429,800
ATG Meth Interdiction DCI Agents (2 FTE)	\$ 203,421		
	<u>\$ 4,633,002</u>	<u>\$ -</u>	<u>\$ 429,800</u>

FY2021 Governor Recommended

	General Funds	Federal Funds	Other Funds
DSS Methamphetamine Treatment	\$ 2,974,572	\$ 68,833	
DOC Women's Prison Security Staff (2 FTE)	\$ 260,259		
DOC Parole Agents (3 FTE)	\$ 196,171		
ATG Criminal Analysts (2 FTE)	\$ 145,702		
UJS Court Services Officers (2 FTE)	\$ 135,504		
	<u>\$ 3,712,208</u>	<u>\$ 68,833</u>	<u>\$ -</u>

FMAP

Howard - When the CHIP rate was enhanced under the Affordable Care Act, did we expand CHIP eligibility requirements?

The CHIP match rate was enhanced under the Affordable Care Act beginning October 1, 2015 and further extended through the CHIP reauthorization and ends September 30, 2021. There have been no changes to eligibility requirements in the program.