

VERMILLION CELEBRATES WITH PARADE OF LIGHTS



SARAH WETZEL/FOR THE PLAIN TALK

Led by the color guard and followed by the Vermillion High School marching band to kick things off the Vermillion Parade of Lights was held last Friday. Santa Claus greeted children flipped the switch to light up the tree for the official kickoff for the holidays. Top children participate in the after party held at the library. Top Right: Part of the parade of lights included this horse drawn carriage. Bottom Left: Santa and Mrs. Claus greet children at the parade.

Area Legislators React To Budget Address

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Gov. Dennis Daugaard's budget address shows Medicaid expansion and school funding will emerge as major priorities in the 2016 Legislature, lawmakers said Tuesday.

District 17 Rep. Ray Ring (D-Vermillion) sees Medicaid expansion as long overdue. "It looks like a very good chance of getting Medicaid expansion, which we should have done three years ago," he said. "Our cost the first two or three years would have been a very minimal expense to South Dakota, we would have had a significant stimulus to the state's economy and (it) would have helped us pay the state's share."

In terms of school funding, District 17 Sen. Art Rusch (R-Vermillion) supports a needs-based scholarship for students, a college tuition freeze and more funding for education. He sees a budget battle even with an improved revenue and economy.

"You think we're a small state, but our total budget is \$4.4 billion one year and \$4.8 billion the following year," he said. "That gets to be a real large amount for a state like South Dakota."

District 18 Sen. Bernie Hunhoff (D-Yankton) said he senses a change in priorities.

"You know, I've had a lot of concerns about recent state budgets, as we've socked away tens of millions of dollars into reserve funds while decreasing funding for schools, increasing tuition costs and failing to take advantage of the new federal program to expand health care services for South Dakota's low-income workforce," he said.

"But maybe we've turned the corner. I'm encouraged by Governor Daugaard's FY 2017 budget. Finally we have South Dakota's real priorities on the front burner in Pierre. If we can wrangle support for the governor's proposals to freeze college and tech school tuition and better fund our scholarship programs, then we'll be making some headway."

Hunhoff gave up his Democratic leadership role to focus on Medicaid expansion, and he's excited about the governor's effort.

"Expanding Medicaid would help our economy as a whole, our Native American neighbors, our community hospitals and low-wage workers who can't afford insurance," he said.

"I appreciate that the governor is willing to set aside ideology and focus on the benefits and how to make it work from an economic standpoint. Hopefully all of us — Democrats and Republicans — can do the same in the Legislature."

"The Affordable Care Act isn't perfect, but it's the law of the land, and we need to find ways to improve (health) care, find efficiencies, lower costs and save lives."

Medicaid expansion can't wait another year, Hunhoff said.

"Delaying it has cost South Dakota hundreds of millions of dollars in health care services, and it has cost us the chance to improve lives ... even save lives," he said.

"The New England Journal of Medicine study suggests we'll save the lives of 200 to 300 people a year once we expand access to care."

Hunhoff said he was disappointed not

to hear more about K-12 school funding in the governor's budget address. However, he expects more details in the State of the State speech next month.

"(The governor) did say that we need to find new monies so we can be competitive with neighboring states in teacher salaries. But the devil will be in the details," he said. "My fear is that lawmakers and the administration will get side-tracked with less important education funding issues and lose sight of the simple goals the governor spoke of today."

District 18 Rep. Mike Stevens (R-Yankton) serves as House Majority Whip and holds concerns about Medicaid expansion.

"I think it's a really contentious issue that we won't pursue unless the federal government does the things they talk about doing and the tribal groups go along," he said. "There are a lot of big ifs that need to get approved and get done. The governor doesn't want the dedication of any general funds to pay for (Medicaid expansion), and that's going to be an issue."

Stevens, a former Yankton school board member, said he holds concerns about the governor's call for a 0.3 percent increase in K-12 funding. Stevens doesn't see a recovery of past cuts to education without a tax increase, which would require a two-thirds majority for passage.

"I prefer that the financial details be dealt with in the budget (which requires a simple majority) instead of the task force wanting K-12 getting a tax increase passed, which is going to be very difficult," he said.

"You have the situation where Medicaid

expansion authority falls within the budget, but the significant funding to make up for past cuts to K-12 education basically requires a tax increase or two-thirds vote, and that's where my heartburn comes."

Steven expressed concerns about the possibility of Yankton losing other income under the state aid formula that would harm the school district.

"For Yankton, if we take away the other income and don't (keep the same level of overall funding), that's penalizing us \$1.2 million a year. That's a huge fund," he said.

Stevens also pointed to the huge errors that other states have seen in their Medicaid expansion estimates, which could harm funding for other programs, such as education, he said.

"I'm opposed to (Medicaid expansion) if it takes away from our other programs that need the funding," he said.

District 18 Rep. Jean Hunhoff (R-Yankton) noted the governor delivered basically a positive economic message.

"Interestingly, as he described the economic forecast for FY17, it did indicate the impact of the slowdown in the ag sector on revenues," she said. "As an appropriator, we continue to focus on what is seen as revenue generators and also where the expenditures are going."

Scrutiny is needed in best determining how to spend dollars, she said.

Area lawmakers expressed a similar balance of optimism and concern.

District 21 Rep. Julie Bartling

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costs for services received by American Indian people outside of the federal Indian Health Service system.

Those non-IHS costs totaled \$139 million for the past year, of which state government paid \$67 million.

If South Dakota didn't have to pay for those, Daugaard said, state government would save enough to cover the estimated \$46 million in fiscal 2020 and \$57 million in fiscal 2021 of additional state costs for the Medicaid expansion.

Daugaard acknowledged that many Republican legislators oppose Medicaid expansion.

"It bothers me that some people who can work will become more dependent on government. I hate that," Daugaard said.

"But we have to remem-

ber the single parent with three children," he continued. "The PSA can't insure themselves, at all."

Daugaard, who began his time as governor in 2011 with 10 percent cuts throughout most of the state budget, continued to show his thrifty streak Tuesday.

He said approximately \$60 million of one-time funding can be used to pay for some budget increases and he expects slow but stable growth in South Dakota's economy for the remaining six months of fiscal 2016 and for fiscal 2017 that starts July 1, 2016.

One of the major uses of the one-time funds would be to once again pay off debts in state government, this time for some of the bonds issued for the state universities and the public technical institutes.

The revenue stream that would have gone annually to those bond payments can instead be diverted into offsetting most of the

tuition increases next fall for resident students at the state universities and tech schools.

There also should be sufficient revenue growth to provide 2.7 percent pay increases to state government employees and medical services providers.

Daugaard also outlined a goal to get all medical providers' reimbursements up to at least 90 percent of their actual costs within three years.

The total budget for fiscal 2016 currently is about \$4.4 billion when all state, federal and other revenues are counted. The proposal he made Tuesday for fiscal 2017 is about \$4.8 billion.

Daugaard said inflation is forecast to run between zero and 2.4 percent in South Dakota during the next two years. It's been at about zero in recent months.

That's one reason Daugaard recommended a frugal 0.3 percent increase

in the K-12 per-student allocation for fiscal 2017. State law says the PSA should increase by inflation but no more than 3 percent.

All of which points to the Blue Ribbon proposals from the governor next month as key to South Dakota's public schools.

The governor recommended providing \$2.2 million to fund initiatives recommended by the Native American student achievement advisory council that he appointed in the past year.

He also called for an additional \$2.1 million of state funds and \$1.4 million from the state university system to bring the endowment in South Dakota's need-based scholarship fund to \$5 million.

Daugaard also recommended \$1 million be appropriated to the state railroad trust fund to be used for development projects by the state rail board.

Finishing his fifth year as governor this month,

Daugaard has made it his personal mission to weed out any financial gimmicks from state budgeting.

One of the national agencies raised South Dakota's bond rating to AAA in May, which Daugaard considered

to be a great achievement.

"We can proudly say we balanced our budgets honestly," he told the legislators. "We've made structurally balanced budgets the norm."



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