

Retirement System's Investments Hit A Lull

BY BOB MERCER
State Capitol Bureau

PIERRE — The South Dakota Retirement System has seen little gain on its investments during the first five months of the current fiscal year, the system's trustees learned Thursday.

"Around a half of a percent," state investment officer Matt Clark told them.

That is a concern. The system is built on the assumption of an average 7.25 percent return annually.

There is a \$720.5 million cushion remaining from the big gain a year ago.

However, there would be little left, if the net investment return were zero for the current 2015 fiscal year.

"We would have no cushion to speak of," Doug Fiddler, an actuarial consultant, said during his report to the board.

The system represents employees and officers of state government and many counties, cities, school districts and other local units.

SDRS finished the 2014 fiscal year on June 30 with investment values at 107 percent of the long-term liabilities of the plan.

Fiddler said the funded ratio would fall to about 100 percent with a zero gain in fiscal 2015.

SDRS ended fiscal 2013 with \$8.8 billion of long-term liabilities and nearly \$9.1 billion in then-current market value of assets.

The system ended fiscal 2014 with nearly \$9.9 billion of long-term liabilities and \$10.6 billion in then-current market value of assets.

The fiscal 2014 investment value gain was nearly \$1.7 billion. The expected earnings of 7.25 percent required \$628 million. That left an investment gain of nearly \$1.07 billion.

Paying ahead for mortality assumption changes — people will live longer — took \$599 million from that gain.

After various other changes there was \$439 million left from the 2014 investment gain.

The system finished fiscal 2013 with a cushion of \$282 million. With the addition of the 2014 net gain of \$439 million, the accumulated cushion at the end of fiscal 2014 was \$720.5 million.

The State Investment Council's position became more conservative in recent months because investment markets seem to have exceeded realistic values in many instances.

The council and chief officer Clark tend to be contrarians and purchase investment positions when prices are falling.

Clark said Thursday that oil stocks present an opportunity now, as they fall in price because of lower prices for oil itself.

"There's been a big drop," Clark said.

SDRS Retirees Will Get Maximum Benefit Hike

BY BOB MERCER
State Capitol Bureau

PIERRE — People receiving benefits from the South Dakota Retirement System will get a 3.1 percent cost of living adjustment next year, the board of trustees decided Thursday.

State law permits the annual adjustment to range from a minimum of 2.1 percent to a maximum of 3.1 percent, depending on the system's funding status.

SDRS administrator Rob Wylie said the 3.1 percent was permitted because the system finished fiscal 2014 with at least 100 percent funding of its long-term liabilities.

The funding was 107 percent as of the June 30 end of the fiscal year.

Wylie said the adjustment would take effect July 1, 2015.

The adjustment, known as the COLA, was changed to a flexible range after the investment difficulties of the 2009-2010 period.

S. Dakota Education Advocates To Pursue More State Funding

BY JAMES NORD
Associated Press

PIERRE — South Dakota teachers didn't get the break they were looking for in Gov. Dennis Daugaard's spending plan for the state's next budget cycle.

So, education advocates said Thursday, they plan to push for more funding and measures to hike teacher pay during the 2015 legislative session, which convenes in January.

Daugaard proposed about \$50 million in new general fund spending in his budget for fiscal year 2016, with a roughly 2 percent increase — about \$15.4 million — going to schools. School aid would make up about 30 percent of state spending. But lower-than-expected revenues kept the Republican governor from seeking larger spending hikes, and the budget contains no tax increases.

Democrats had hoped Daugaard would tackle the state's teacher shortage. Advocates say inadequate pay is a serious barrier to attracting teachers to the state, which ranks last in the nation for teacher compensation, according to the National Education Association.

"I continue to be disappointed that this governor refuses to recognize the crisis he continues to create for our local communities," Rep. Susan Wismer said. Teacher pay was a splitting point in the governor's race, which the Democrat lost in November. "He's just conducting a war of attrition particularly on our smallest schools in the state."

The average teacher in South Dakota makes \$39,018 — far below the national average of \$56,103, according to NEA statistics from the 2012-2013 school year.

Associated School Boards of South Dakota executive director Wade Pogony said the group will push for a 3 percent increase in state aid to schools and for a measure to increase teacher pay. Education groups put forward a plan earlier this year to do a small sales tax increase in the summer to pad teacher compensation, but a proposal during the session may look different, Pogony said.

A report released Wednesday by School Administrators of South Dakota said the number of potential retirees in 2015 dwarfs the number of seniors studying teaching at South Dakota colleges and universities by nearly 300 people. The number of juniors studying teaching is even grimmer.

Dan Schmidt, who is in a master's degree program for teaching at South Dakota State University, said he would prefer to get a teaching job in Minnesota. A large factor is the pay — averaging \$56,268 — but he also wants to work in a state that values education.

He said the governor hasn't made education a priority. "Do you want to fly the coop and go cash in somewhere else, so to speak, or maybe stick around and try to change some things around here?" the 25-year-old Brookings resident said. "Is your voice going to be heard? The track record of South Dakota is no."

Daugaard has said the state can't spend money it doesn't have, calling his budget a conservative increase built on a modestly growing economy. He pushed back on some of Democrats' doomsday rhetoric, saying it's expedient to refer to chosen causes in the "most desperate terms possible" to make them a higher priority.

Daugaard aide Tony Venhuizen said Thursday that Daugaard is unlikely to support any tax increases — such as the one education groups have proposed — to fund additional teacher pay.

Republican Sen. Deb Soholt, who chaired the Senate Education Committee last session, said lawmakers would discuss how to "attract, recruit and retain" teachers in the upcoming session.

Protest Shuts Down I-35W



RICHARD TSONG-TAATARIU/MINNEAPOLIS STAR TRIBUNE/TNS
Protesters in Minneapolis shut down the Northbound lanes of I-35W Wednesday, a day after the Grand Jury declined to indict NYPD Officer in the chokehold death of Eric Garner.

Ex-Omaha Bookstore To Convert Into Digital Library

OMAHA, Neb. (AP) — A former Omaha bookstore will be converted into a library that will offer residents access to the latest digital information and technology.

The Community Information Trust, a private nonprofit, bought the closed Borders store and its parking lots for about \$4 million in August.

The planned digital library, expected to open in November, will have individual computer stations with access to library databases around the world. It will also have areas dedicated for interactive story times for children and production areas featuring 3-D printers.

"That's where it really gets exciting," Omaha Public Library Director Gary Wasdin said. "To see what people can do when they get their hands on these tools."

Heritage Services, an Omaha nonprofit that will renovate the building, gutting and wiring it for the technology.

The nonprofit declined to tell the *Omaha World-Herald* how much the work will cost. Heritage Services President Sue Morris said fundraising has already started, with support coming in from "several generous donors."

"The response has been very positive," she said. Walter Scott Jr., Heritage Services' co-founder and chairman, said the facility will be "a library of the 21st century."

It "will help position the Omaha community as a leader in access to, and understanding of, the digital world in which we all live," he said.

Boy Losing Vision Getting Visit To Mount Rushmore

SIoux FALLS (AP) — A 9-year-old Texas boy who's losing his vision will get the chance to fulfill his wish to see Mount Rushmore National Memorial in South Dakota.

Ben Pierce's trip is an effort of South Dakota's Department of Tourism, businesses and attractions in the Black Hills, and celebrity chef and talk show host Rachel Ray, the *Argus Leader* newspaper reported.

"My philosophy and the philosophy of my department is that any time we can do good, we have an opportunity to be a blessing especially to someone facing the challenge Ben is facing, we want to be able to help," said Jim Hagen, director of the Department of Tourism director.

Ben is hoping to get through a wish list of places he'd like to see before completely losing his vision. He's already been to the Grand

Canyon, the Atlantic and Pacific oceans, and New York City. He also wants to see the Great Wall of China and Japan.

But first, he'll see the cliff-side carving of former Presidents George Washington, Thomas Jefferson, Teddy Roosevelt and Abraham Lincoln.

Ben has lost his peripheral vision and depth perception in recent years. His mother, Heidi, said Ben is now losing colors and his right eye no longer works.

"I think seeing these locations has been impressive for him, and it will be cemented in his mind," she said.

Ben and his father, Kit, learned of the trip on Ray's television show on Tuesday. He'll make the trip sometime in the next year. They live in Denton, Texas.

Report: U.S. Should Keep Running Nebraska Exchange

BY GRANT SCHULTE
Associated Press

LINCOLN, Neb. — Nebraska should continue to let the federal government run the state's health insurance marketplace instead of creating its own, a state commission says.

The Nebraska Exchange Stakeholder Commission said in a report released this week that building a state-run marketplace would prove "difficult at best," given the lack of federal funding and problems some other states experienced with their systems.

The report comes one month after the U.S. Supreme Court agreed to hear a case that could jeopardize federal tax credits for states that use a federally facilitated marketplace. Nebraska is one of 27 states that declined to set up their own system.

The marketplace allows individuals and small businesses to comparison shop for health insurance online, over the phone or through an agent. It also lets them see whether they qualify for federal tax credits.

Commission chairman J.J. Green of Grand Island said the group opted for a wait-and-see approach while the case moves through the courts. Green pointed to states such as Oregon, which in October severed ties with a company it blamed for its botched marketplace.

"It would have cost millions to build our own" marketplace, Green said Thursday. "And quite frankly, if you look at some of those

state exchanges, they're having an awful time."

Other states have fared better. Kentucky's exchange, for example, had helped about 413,000 residents sign up for coverage in that state as of May.

State Sen. Jeremy Nordquist of Omaha, who introduced the bill to create the commission, said he initially believed Nebraska would have been better-served running its exchange. But with federal grants only available until the end of this year, he said, the opportunity for Nebraska has passed.

"It probably is more cost-effective at this point to maintain the federal exchange," he said.

Gov. Dave Heineman rejected the state-run option in November 2012, saying it was too expensive for the state.

The governor's office said creating a state exchange would have cost Nebraska \$470 million more over a seven-year period than defaulting to the federal exchange.

Groups that have worked to enroll Nebraskans say who runs the marketplace is less important than how it functions for consumers. Advocates say the sign-up process is now faster and more streamlined after some early computer problems. Nearly 43,000 Nebraskans enrolled in the six months after the federal marketplace started accepting applications on Oct. 1, 2013.

"The important thing is that we have a marketplace where there's accountability, transparency and consumer access," said James Goddard, a staff attorney for the group Nebraska Appleseed. "So far, the federal exchange has

worked well."

Goddard said all states that defaulted to the federal exchange face "some element of risk" given the pending lawsuit, but there's no way to know how the Supreme Court will rule.

Goddard stressed that the case will not affect the current enrollment period, which opened Nov. 15 and continues through Feb. 15. Groups in Nebraska are trying to contact at least 500 people by Dec. 15, the deadline to receive coverage by Jan. 1. They also have unveiled a website, <http://enroll-ne.org/>.

Thank You

The family of Leonard Wieseler wish to express our deepest appreciation for the support and kindness shown to us with the loss of our dear husband, father, grandfather.

Thank you for the food, flowers, and memorials sent to us. A special thanks to Father Eric Olsen, Deacon Shane Kleinschmidt, CCW Altar Society, organist and choir, and the Wintz & Ray Funeral Home.

The Family of Leonard Wieseler

Thank You

The Family of Carol Reisner would like to thank everyone for the memorials, flowers, food, cards, and kindness shown to us at the time of Carol's passing. Thank you to Dr. Megard, Dr. Farver and the Oncology Dept. of Yankton Medical Clinic. All the help and care from the Avera Hospice Team, Yankton Care Center and staff. The pallbearers, Pastor Jon Cooke for the beautiful service and all your visits, organist Karen Brazelton and your visits and for playing the harp for Carol. The ladies of the Discovery Church for serving the lunch, and to Tami Keller and Kevin Opsahl and all the staff at Opsahl-Kostel Funeral Home for all your help and compassion.

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Ralph Reisner, Terry & Amanda Reisner, Eli, Garrett & Deacon Reisner