

FORM 10

MINUTES OF PUBLIC HEARING Bureau of Administration

The Bureau of Administration (BOA) convened at 10:00 a.m. CT on August 23, 2021, in room 412 of the Capitol, 500 East Capitol Ave., Pierre, SD 57501.

The purpose was to conduct a public hearing on the proposed rules of the Bureau of Administration numbered §§ 10:02:02:01 and 10:02:02:02, adopted under the authority of SDCL § 17-2-19.

Hearing Officer: Kirsten E. Jasper

Employees of the Bureau of Administration in Attendance: Kirsten E. Jasper, General Counsel, and Rick Augusztin, Executive Assistant.

Others in Attendance: David Bordewyk, South Dakota Newspaper Association

Written Testimony

- No written testimony was submitted to BOA prior to the hearing.
- Mr. Bordewyk, Executive Director of the South Dakota Newspaper Association, did supply a written copy of his oral testimony, summarized below.

Oral Testimony

- Ms. Jasper, BOA General Counsel, stated that the effect of the proposed rule change was to adjust the legal publication rate to reflect changes in the economic conditions within the newspaper industry and the general economy. Ms. Jasper then briefly summarized that prior to proposing the rule change BOA, as proscribed by SDCL §17-2-19, requested information from newspapers and local units of government regarding “changes in economic conditions within the newspaper industry and the general economy” and that BOA received a number of responses which were considered prior to proposing the publication rate change.
- Mr. Bordewyk testified on behalf of the South Dakota Newspaper Association in support of the proposed rate adjustments. Mr. Bordewyk testified that the “proposed rates are merited and deserve approval.” Mr. Bordewyk further noted that the last rate adjustment was in 2016 and since then:
 - Publishers faced increasing costs to mail newspapers (which is the only viable business option given their geographical coverage area) via the U.S. postal service. Until recently the increase was two percent annually and that a week from the hearing date the rate would increase 8.8 percent. Mr. Bordewyk illustrated the annual estimated increase postage costs for the following papers:
 - \$26,500 for the Yankton Daily Press & Dakotan;

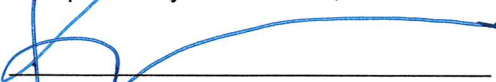
- \$13,243 for the Black Hills Pioneer; and
- \$2,000 for other small weekly papers.
- Publishers experienced a 15 percent increase in the price of newsprint in the first half of 2021, compared to the end of 2020. The U.S. Bureau of Labor Statistics provided the price index for newsprint was 105 percent in 2016, and 140 percent in 2020.
- The increase in the state minimum wage from \$8.65 in 2017 to \$9.45 in 2021, pressured newspapers to increase employee wages. Further annual double-digit increases in health insurance premiums were common and increased the cost of health insurance.
- The maximum rate for publication of public notices by rule was far less than the open-market display advertising rate. Mr. Bordewyk provided as an example, that a full-page retail advertisement in the Custer County Chronicle was \$945, while a full page of public notices was \$282.16.
- Mr. Bordewyk recognized that government entities also operate within tight budget constraints but noted that should be balanced against a need to ensure the public is properly informed about actions and deliberations of government bodies, which should be a budget priority. Mr. Bordewyk further provided that on average the cost to local government entities to publish all public notices is less than one half of one percent of the overall budget and if the new rates were adopted it would annually cost:
 - the city of Britton \$137;
 - the city of Madison \$300;
 - the Brandon Valley School District \$270;
 - and Butte County \$290.
- Finally, Mr. Bordewyk stated that any argument that an increase was not justified as newspapers are losing readers is false. Rather he asserted that newspaper readership remains strong given the combined reach of print and digital audiences and a 2019 statewide survey commissioned by the SDNA showed that eight out of ten South Dakotans read their local paper, both print and digitally.

Summary of Changes to Proposed Rules on Account of the Public Hearing

- No changes to the proposed rules were made.

Adjournment: The hearing was adjourned at approximately 10:10 a.m.

Respectfully submitted,



Kirsten E. Jasper
General Counsel
Bureau of Administration