



# Legislative Research Council

# MINUTES

## Legislative Planning Committee

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**Representative Scott Munsterman, Chair**  
**Senator Mike Vehle, Vice Chair**

**First Meeting**  
**2015 Interim**  
**July 16, 2015**

**Room 413**  
**State Capitol**  
**Pierre, South Dakota**

The first meeting of the Legislative Planning Committee was called to order by Senator Mike Vehle, Vice Chair, at 10:00 a.m. (CDT), on Thursday, July 16, in Room 413 of the State Capitol in Pierre, South Dakota.

The following members answered the roll call: Senator Mike Vehle, Vice Chair; Senator Terri Haverly; Representatives Shawn Bordeaux, Kristin Conzet, and Jacqueline Sly. Members excused: Representatives Scott Munsterman and Dean Wink; Senators Corey Brown, Ried Holien, and Scott Parsley.

Staff members present included Clare Charlson, Principal Research Analyst; David Ortbahn, Chief Analyst of Research and Legal Services; Stephanie Gruba, Fiscal Analyst; Jason Simmons, Fiscal Analyst; and Rena Ortbahn, Legislative Secretary.

*NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council office. This meeting was web cast live. The archived web cast is available at the LRC web site at <http://legis.sd.gov>.*

### **Opening Remarks**

**Senator Mike Vehle** suggested that the Legislative Planning Committee's overall goal should be to provide short summaries of each study area including goals, objectives, and dashboard indicators. The dashboard indicators would measure progress toward the stated goals and objectives, and the summaries would be available for the committee, the Executive Board of the Legislative Research Council, and the entire Legislature.

### **Strategic Objectives Focusing on K-12 Education**

**Dr. Melody Schopp, Secretary, Department of Education**, explained that ultimately the Department of Education's goal is that all students enter postsecondary education without the need for remediation (**Document #1**). In the past, a common measure of postsecondary readiness has been the ACT test scores, but not all students take the test. This year, in lieu of the ACT, the Board of Regents will be using the new 11<sup>th</sup> grade Smarter Balanced assessment scores as benchmarks for placement.

Dr. Schopp pointed out that the South Dakota Opportunity Scholarships, advanced placement courses, dual credit courses, and taking a minimum of four years of English and three or more years of math have all had a positive impact in helping students enter postsecondary education without the need for remediation. These students are more likely to meet the college readiness benchmarks (CRB),

demonstrate better success in postsecondary education, and demonstrate higher rates of retention after their first year.

Dr. Schopp presented charts and data showing that high school students who participate in career and technical education (CTE) programs are more likely to graduate. She said students who take more than two CTE courses in a specific cluster, referred to as “concentrators”, have a graduation rate of ninety-eight percent.

Dr. Schopp highlighted the priorities and results, by school district, of the Governor’s Grants for CTE which were awarded last year. To expand the program in the upcoming school year, regional CTE specialists will continue providing technical assistance to grant schools and will also assist other districts in implementing similar models.

Dr. Schopp highlighted the department’s remediation data. She said the department looks at the 11<sup>th</sup> grade assessment scores and ACT scores, if available, and sends out information to the school districts, students, and parents outlining what help is available to students to allow them to complete their remedial work before entering postsecondary education. She said the department has performance indicators that will be provided to the committee.

Senator Vehle asked that a summary on remediation rates and workforce readiness be sent to committee members via US mail.

Dr. Schopp further explained the National Career Readiness Certificate test (NCRC). Available online to South Dakota students, it tests for skills needed for workplace readiness. In 2014, 2,624 students took advantage of the test, but Dr. Schopp said as employers become more aware of NCRC, she hopes that many more students will take advantage of it.

**Ms. Tiffany Sanderson, Director, Career and Technical Education, Department of Education**, responding to **Representative Jacqueline Sly**, agreed that not all students have access to CTE programs, especially in the most rural areas. Ms. Sanderson said the department does encourage the sharing of CTE resources in the rural areas.

**Representative Shawn Bordeaux** suggested that the department’s benchmarks include graduation rates. He also suggested that the state become more involved with dual credit courses on the reservations. Dr. Schopp said that the state has worked across the reservation in promoting the Jobs for America’s Graduates (JAG) and the Gear Up programs. She agreed that more attention needs to be given to dual credit course work.

### **Strategic Objectives Focusing on State-Tribal Collaborations**

**Mr. David Reiss, Director of Intergovernmental Programs, Department of Tribal Relations**, said the Department of Tribal Relations is working with the tribes to enable them to access the Secretary of State’s online Uniform Commercial Code (UCC) filing system. This allows for capital investments on the reservations and has expanded the participating tribes’ ability to access funds. He said his department is presently working with two additional tribes in their efforts to also access the Uniform Commercial Code system.

Mr. Reiss addressed workforce development on the reservations. He said the Economic Development Partnership Program is available to tribal governments. Enacted by the 2014 Legislature, it is available through the Governor’s Office of Economic Development (GOED) and provides funding for new and existing employees and helps with new skill development. He also discussed the Dakota Seeds

Program that provides matching funds for internships, helping with temporary and possibly permanent workforce needs.

Mr. Reiss explained that within the City of Pierre, many businesses are seeking employees while in nearby reservations many people are looking for employment. The Department of Tribal Relations in participation with the City of Pierre, the Department of Labor and Regulation, River Cities Public Transit, and Capital University Center is looking at ways to encourage tribal members to work in Pierre. Transportation concerns and job training are being addressed.

Mr. Reiss said the Department of Tribal Relations meets monthly with GOED and travels frequently to the reservations with GOED staff regarding job creation, economic development, and business expansion. He said GOED has funded several projects on the reservations and also provides technical assistance. For example, the recently funded Wounded Knee Development Corporation in Pine Ridge expands upon a casket-making facility.

Working closely with the SD Native Homeownership Coalition, the department is also addressing housing concerns on the reservations. If potential employees are eligible for tribal housing, they may lose their homes if their jobs pay too much. The department also promotes agriculture, and is presently working to establish tribal farming operations.

**Senator Terri Haverly** commented that in Rapid City, many businesses would like to work with those living in Pine Ridge.

Representative Bordeaux encouraged the Department of Tribal Relations to include the Sinte Gleska University in the discussions of agricultural development on the Rosebud Reservation.

Mr. Reiss said that with employment, child care becomes a concern. There are few licensed child care facilities on the reservations.

Representative Bordeaux added that, on the reservation, to qualify for housing a person has to be economically distressed. If that person gets a job, by federal regulation, 30 percent of the person's salary goes toward housing. He also said for children born off the reservation, even though they qualify for Indian Health Services, they often experience problems getting the Indian Health Service to pay their medical bills.

Senator Vehle lamented that there is a shortage of workforce in SD, yet a huge segment of the state's population has a high unemployment rate. He added that the committee should examine the statistics for the Native American and non-Native American populations in the state.

Dr. Schopp and Mr. Riess noted that the information requested by Senator Vehle is readily available, including graduation rates; student achievements; and employment data separated by Native and non-Native Americans, and that they will provide it to the committee. Senator Vehle again requested that information be summarized in one or two pages.

### **Strategic Objectives Focusing on Economic Development and Jobs**

**Ms. Marcia Hultman, Secretary, Department of Labor and Regulation**, presented information from a report entitled "Strategic Objectives Focusing on Economic Development and Jobs" (**Document #2**). Ms. Hultman said the official unemployment rate is used across the country and it only includes those people who actively sought employment in the last six weeks or have been laid off. Eventually, even though these people may remain unemployed, they won't be included in unemployment data. Therefore, she thinks the committee would be more interested in the number of people engaged in the

work force, which is not the number people normally see. She will provide this information to the committee.

Ms. Hultman said that in South Dakota the overall unemployment rate has been going down. Data from March of this year indicates a statewide unemployment rate of 5%, with the reservation unemployment rate at 19.5%. However, using a different methodology of looking at the reservation population, she said, of those 16 years of age and over, there is a nonparticipation rate of 42.5%.

Senator Vehle suggested that the nonparticipation rate should not include those over a certain age, possibly 70. Ms. Hultman said the Department of Labor and Regulation should have that information. She said that, in South Dakota, the percentage of those 75 years of age and older and working is higher than both the surrounding states and the national average. She pointed out that the state does a good job of providing employment for veterans and those with disabilities.

Ms. Hultman explained that the Department of Labor and Regulation maintains the largest job database in the state. She said the current average number of job openings exceeds anything seen in the past, and that state unemployment insurance data shows that fewer people are making initial claims for unemployment insurance, and they are not receiving unemployment benefits for as long.

The Workforce Opportunity Tax Credit program (WOTC) offers tax savings to employers if they hire felons, and Temporary Assistance for Needy Families program (TANF) is available in the fifty-four non-reservation counties in South Dakota.

The Dakota Roots program connects out-of-state job seekers with in-state employment. Ms. Hultman said that, on average, more than one person a day relocates to South Dakota because of this program.

Through the South Dakota Postsecondary Graduate Employment and Wage Outcomes system, the department will soon post information online including the percent of graduates who are employed in South Dakota, how much those graduates are earning, and in what industries they are employed.

Ms. Hultman said that the information she highlighted is available online and updated monthly by the Department of Labor and Regulation in the e-labor bulletin. Interested committee members may sign up for the bulletin at <http://dlr.sd.gov/lmic/elaborbulletin.aspx>.

Ms. Hultman said the department is a source of a lot of good data and can present it in a variety of ways to meet the committee's needs.

Representative Bordeaux pointed out that the reservations include some of the poorest and deadliest counties in the nation. He suggested the department could work through Sinte Gleska University in training tribal leaders. He also said the reservations have a strong core of Native American veterans who could certainly benefit from a workforce program.

Ms. Hultman will provide the following to the committee: the percent of businesses that report job openings; clarification as to whether data on veterans comes from federal or state sources; and a breakdown of the 14.2% of the state population reported below the federal poverty level into specific populations and how those populations are being addressed by department programs.

Representative Sly commented that through CTE courses and other programs, the state is trying to improve skills and match skills to jobs.

Representative Bordeaux said that, to stimulate economic growth, the committee can look at possibly remarketing or repackaging underutilized programs. **Representative Kristin Conzet** suggested not limiting the programs, but including everyone living within the state borders.

### **Overview of Public Postsecondary Career and Technical Education**

Representing Postsecondary Career and Technical Education in South Dakota were **Mr. Mike Cartney, President, Lake Area Technical Institute**, Watertown; **Mr. Jeff Holcomb, President, Southeast Technical Institute**, Sioux Falls; and **Mr. Mark Wilson, President, Mitchell Technical Institute**, Mitchell.

Mr. Wilson provided a summary of the group's principal goals and objectives (**Document #3**). He then detailed and presented data on the postsecondary technical institutes' three main goals, which are product, plant, and people (**Document #4**).

He pointed out that the technical institutes' 69% retention rate and 58% completion rate exceed the national averages. The placement rate for those graduating from a technical institute in 2014 was 98%, with 76% of the graduates becoming employed in South Dakota. He said that, unfortunately, the technical institutes are losing many skilled instructors to industry, and there is a need to retain these skilled instructors.

Beginning in 2009, student centers and technical labs at the four technical institutes were constructed or improved.

Improving the perception of technical careers is an important goal. Mr. Wilson stated that the "Calling All Skilled Scholars" program along with dual credit offerings and grants from the South Dakota Future Fund have done much to improve the technical institutes. For instance, state of the art equipment attracts industry, and industry is then more apt to help the institutions.

Mr. Cartney added that community colleges are cornerstones for workforce development.

Mr. Wilson said that every technical institute has industry coming to them wanting laborers. South Dakota, like the nation as a whole, is approaching a workforce deficit. Compared to other states, with the exception of Montana, South Dakota has the lowest percentage of enrollment in two-year colleges. The Workforce Advocacy Council was established by industry to support the technical institutes in meeting their goal to meet workforce demands.

Moving forward, Mr. Wilson said the technical institutes will develop three-year and five-year plans with benchmarks. The following are priority needs: the affordability of career and technical education; providing better marketing to increase the numbers of students; the recruitment and retention of qualified faculty and staff and increasing their compensation; and continued maintenance and repair of school facilities and equipment.

Mr. Cartney expressed appreciation for the bonding dollars. He said the technical institutes benefited from the funding and there is still a need for the technical institutes to grow. He said that, over the last eight years, South Dakota has lost 5,600 young people, ages 16 to 24, and that the technical institutes need to draw more young people and out-of-state students.

Mr. Wilson said the burden of financing education is shifting to the student. Many of today's technical education students have already used the postsecondary financial aid available to them before they even apply to a technical institute, and many of those students come from single-parent households.

Highlighting the need, he said in one month at least two or three hundred potential students applied for Build South Dakota scholarships, which are awarded to students entering high-need workforce programs.

Mr. Cartney said when recruiting staff, the technical institutes try to target retirees. He added another problem with compensation at the technical institutes is that they can only fund a nine-month contract versus a twelve-month contract.

Mr. Holcomb said that Southeast Technical Institute is completing a workforce study which will provide good data on the total makeup of students in technical schools versus four-year colleges.

Mr. Cartney said that the postsecondary technical institutes produce 25% of the postsecondary degrees in South Dakota. He added that the schools have been working with employers on the reservations. For example, Lake Area Technical Institute is working with the Rosebud Sioux Tribe and SDSU to develop an agricultural program.

Senator Vehle said he recognizes a need for faculty and students, and that there is a higher demand than is currently met. He wonders how many young people the state will have through time, and from where the needed students and faculty will come.

Mr. Cartney replied that technical institutes have identified product, people, and plant as major indicators. He said a fourth indicator might be what South Dakota gets from every dollar it puts in to postsecondary technical education.

Representative Sly commended the technical institutes for the changes they have made. She appreciates that they are working together and are looking out three to five years in their planning.

Mr. Holcomb indicated that even though in 2016 the technical institutes will be under the new State Board of Technical Institutes, it is important to maintain a relationship with the Board of Regents. He said federal grants are designed so that students can start in a two-year program and ladder to a four-year program, or vice versa.

### **Planning for Future Meetings and Adjournment**

Senator Vehle asked that today's presenters give their dashboard indicator summaries to Ms. Clare Charlson, and Ms. Charlson will forward the summaries to the committee members. He asked that the summaries be no longer than two pages with six or less dashboard indicators and include no more than four or five graphs.

The next meeting will be Monday, August 31, 2015, in Pierre.

### **Adjournment**

**SENATOR HAVERLY MOVED, SECONDED BY REPRESENTATIVE SLY, TO ADJOURN.** The motion prevailed unanimously on a voice vote.

The committee adjourned at 2:30 p.m.