



# Legislative Research Council

# MINUTES

## Legislative Planning Committee

**Representative Scott Munsterman, Chair**  
**Representative Steve Street, Vice Chair**

**Third Meeting**  
**2012 Interim**  
**September 13, 2012**

**Room 414**  
**State Capitol**  
**Pierre, South Dakota**

### Thursday, September 13, 2012

The third meeting of the Legislative Planning Committee for 2012 was called to order by Chair Scott Munsterman, at 8:30 a.m. (CDT) in Room 414 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Representative Scott Munsterman, Chair; Representative Steve Street, Vice Chair; Representative Charles Turbiville, Executive Board Chair; Representative Val Rausch, Speaker of the House; Senators Ryan Maher, Billie Sutton, and Mike Vehle; and Representatives Jacqueline Sly, and Susan Wismer. Senator Bob Gray and Representative Kristin Conzet were excused.

Staff members present included James Fry, Executive Director; David Ortbahn, Principal Research Analyst; and Cindy Tryon, 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 (LRC). This meeting was web cast live. The archived web cast is available at the LRC web site at <http://legis.state.sd.us> under "Interim Information – Current Interim – Minutes and Agendas.")

### Minutes

**REPRESENTATIVE WISMER MOVED, SECONDED BY REPRESENTATIVE SLY TO APPROVE THE MINUTES OF AUGUST 20, 2012. The motion prevailed unanimously on a voice vote.**

### Opening Remarks

**Representative Scott Munsterman**, Committee Chair, talked about the work and research that went in to preparing for the meeting. **Jim Fry, Executive Director** of Legislative Research Council, distributed a copy of an article from the Council of State Governments magazine, Capitol Ideas, regarding the jobs outlook (**Document #1**).

## **Nebraska Model for Legislative Planning Senator John Harms, Chair, Nebraska Legislative Planning Committee**

**Nebraska State Senator John Harms** joined the committee via teleconference. Chair Munsterman welcomed Senator Harms to the meeting and thanked him for taking time to talk to the committee.

“The Nebraska Legislature’s Planning Committee was created in 2009 with the passage of LB 653, in order to help establish a process of long-term state planning with the Nebraska Legislature. The committee was created to assist state government in identifying emerging trends, assets, and challenges of the state and the long-term implications of the decisions made by the Nebraska Legislature.” From the *Executive Summary: Nebraska Legislative Planning Database* put together by John R. Bartle and Jerome Deichert of the University of Nebraska at Omaha.

Senator Harms introduced himself to the committee and explained that his background had prepared him for putting together the planning committee in Nebraska. The Nebraska Legislature had previously tried to set up planning committees but with no success. In 2009, he introduced the legislation that put the current planning committee in place (**Documents #2 & 3**). The Nebraska Legislature is unicameral so getting it passed was different than in South Dakota. First, they had to get it through the executive committee and that was a challenge because of funding. They tied the university into helping them develop a plan and that helped in getting the bill passed because working with the university meant they didn’t need funding for the research. However, they made it clear that this was not a university committee but that the university was just to provide the research. There was good floor debate on the bill establishing the committee. He had worked on this idea for a couple of years before introducing the legislation. He found the biggest issue was assuring his colleagues that the committee would not come in and take over the committee chairs’ functions.

Once the legislation passed, legislators wanting to serve on the committee were asked to apply and the executive committee then made the selection of who was on the committee. The committee is under the executive committee because Senator Harms wanted to structure it so that when he leaves it will not get lost in the shuffle. They are currently reworking the committee member structure so there is some continuity on the committee throughout the years. The University of Nebraska at Omaha has covered the cost of research as the committee itself has no funding. The committee was divided into subcommittees and each of those was assigned a category (economy, agriculture, education, etc.). Goals were established and, using these goals, they discuss what is really important under each category. When the committee was first set up, they voted on the categories and the goals.

When establishing the committee, Senator Harms contacted both Kentucky and Virginia legislatures as they were supposedly the two best legislative planning states at that time. Those states put a lot of money into their committees but with the economy problems they pretty much disbanded their committees. Because there is no funding with the Nebraska planning committee, the economy did not hinder them.

The committee puts together a policy brief that includes four or five areas they believe are problem areas for Nebraska. They present that brief to the committee chairs and then offer assistance in writing legislation that may help deal with those problem areas. They sit down with committee chairs and say this is what we have found and this is what you may want to look at more closely. They ask the committee chairs what other research/information they may want or need. Once questioning the purpose of the planning committee, now those committee chairs ask for the policy briefs and the data/research.

Chair Munsterman then opened the meeting up to questions from the committee.

When asked how they came up with the categories (benchmarks), Senator Harms said that he took the categories Kentucky used and asked the committee to review them. The following categories were chosen by the Nebraska Planning Committee: Economy, Agriculture, Natural Resources, State and Local Government, Education, Health and Human Services, Public Safety, Transportation, and Telecommunications. They also approached the committee chairs and executive branch department heads to get their input and suggestions before making the final decision.

The long-range planning concept is beginning to affect other areas. The Nebraska State Chamber now does long-range planning and when presenting budget requests, state agencies are asked if they have a long-range plan. It is really changing the way business is done now in Nebraska.

Chair Munsterman asked Senator Harms to go through the committee process. Senator Harms said to first establish the overarching goal, then agree on categories, establish benchmarks, set up subcommittees, then go to established legislative committees and present the suggested benchmarks for them to discuss, and then send the benchmarks to research. Once the research is delivered, committee discussion and debate is held. This is followed by dissemination of research/policy briefs to the legislature as a whole and they decide if legislation is needed. Throughout this entire process, it is vital to keep other legislative committee chairs informed.

When asked to give a specific example, Senator Harms said that they are now at the point of deciding if something is an issue or not; for example, education. When they started looking closely at the numbers, it became clear that rural Nebraska is in real trouble. They now have a subcommittee analyzing the numbers and trying to find ways to meet the challenges in the rural areas. The hope is that they are discussing this before the crisis hits, so they are prepared. They will have their first report sometime in October. He said the sad part is that some of the counties are already lost – it's too late. County lines will eventually have to be redrawn.

He added that as the research continues regarding any of the categories; it is exciting because you realize you have a chance to make a real difference in your state's future.

**Senator Ryan Maher** asked how the Nebraska planning committee addresses the challenges facing the Indian reservations in their state. Senator Harms said that they are just starting to work on that. They have requested a copy of a plan from the Winnebago which he believes

will become a model plan for tribal lands throughout the country. He suggested the committee contact the author of that plan and invite him to one of their future meetings.

**Representative Steve Street**, Vice Chair, told Senator Harms that his information and the sense of a timeline was all of great help and he thanked him for taking the time to talk to the committee. Senator Harms told the committee not to give up the ship. He said the people of South Dakota will be the winners in all this; the government has to plan for the future. He told the committee members that they will be very proud when they see South Dakota start to take on these issues.

### **NCSL – Long-Term Planning Methodologies**

#### **Luke E. Martel, Policy Specialist, National Conference of State Legislatures, Denver, CO**

Mr. Martel began his presentation by distributing handouts and copies of his PowerPoint presentation (**Documents #4, 5, & 6**). He said that state planning is typically short-term in nature. Long-term refers to anything longer than three years out. Volatility and accuracy become issues the further out the forecast goes. Several states have attempted establishing planning committees, some of which have been successful. Larger states, such as Florida and California, have significant staff resources to rely on to create the long-range forecasts.

Kentucky had set up a long-term policy research center, considered to be part of the legislative branch. It had a 21-member board of directors made up of the legislative and executive branch equally. The center had a total of seven staff members and cost \$550,000 a year to operate. Economy issues caused the center to close in 2010, but some say it became a target because of its independence and some did not like the reports coming from the center.

The Nebraska model is very similar to South Dakota's except the Nebraska planning committee cannot draft legislation.

Hawaii developed the 2050 Sustainability Task Force which included 25 members from public and private sectors. They started with five key questions to establish their five goals. After setting the goals, they established strategic actions for accomplishing those goals. The report was presented in 2008 suggesting a council be set up, but, that has not happened yet.

In Texas, they enacted State Agency Strategic Planning in 1991. All agencies must prepare a strategic plan every two years. This plan is overseen by the legislature and the executive branches. The main purpose of the plans is to guide the budgeting process.

Mr. Martel distributed the document "*A Practical Guide to Futures Study*", prepared by the National Council of State Legislatures (**Document #7**). He said the NCSL model is basically goals-based, Kentucky uses scenario planning, Hawaii is organic planning, and Texas uses the alignment model.

Mr. Martel suggested the committee avoid any disconnect; craft a plan that is both timely and timeless; and keep in mind that short sessions, term limits and changes in leadership can inhibit long-range planning. He added that the committee can think of NCSL as an extension of the legislature and rely on them for assistance. They can assist with research and they

have access to all fifty states and can pass on information regarding those states' planning committees.

When asked about getting from research to action, Mr. Martel said that this can be complicated. He pointed out the need to make sure they have the blessing of leadership including committee chairs. Also, make sure not to circumvent the legislative process – work with people not over people.

**Representative Val Rausch** agreed adding that many times the action suggested by summer study committees fails because the legislative standing committees were not involved.

Chair Munsterman opened the meeting to committee discussion.

Senator Maher suggested the State-Tribal Relations Committee become a subcommittee of the Planning Committee. He also requested inviting the gentleman from the Winnebago tribe to talk to the committee at a future meeting.

Chair Munsterman asked if the committee would like to set up subcommittees.

**Senator Mike Vehle** said that he would prefer they set the framework first. He would like to inventory existing agency plans and decide how those plans may fit into the committee process. He then would like to learn what research assets are available to the committee.

Chair Munsterman added that the LRC could be a clearinghouse for those plans and the available resources. He asked that flow charts be developed. Senator Maher added that an organizational chart would be helpful, too. Chair Munsterman asked that LRC request a copy of the Nebraska policy brief.

### **Role of Higher Education in Innovation**

**Dr. David Chicoine, President, South Dakota State University**

**Dr. Jack Warner, Executive Director, South Dakota Board of Regents**

Dr. Chicoine and Dr. Warner talked to the committee about innovation and workforce development in the state (**Documents #8, 9, 10**).

Dr. Chicoine gave a PowerPoint presentation (**Document #9**) which covered the four major roles of universities: educating people; providing public space; problem-solving for industry; and creating codifiable knowledge.

The impact of higher education on the workforce issue – the import-to-export ratio has improved steadily since the year 2000. One reason is that South Dakota keeps the out-of-state tuition highly competitive consequently drawing in students from other states. Dr. Chicoine said that 70% of South Dakota resident students remain in the state after graduation and that three out of every ten out-of-state students also stay in South Dakota after graduating. Dr. Chicoine said that 90% of the SDSU graduates found jobs in the region. Dr. Chicoine believes that to continue or improve these numbers we must find a way to assist the lower-income students. The state is lacking a needs-based scholarship program like other states have

available. When asked which states near us have needs-based scholarship programs, Dr. Warner said only one state doesn't offer those programs and that's South Dakota.

Through the Department of Labor and Regulation and a national clearinghouse, they are able to track students' locations and how they are doing. Dr. Warner, in response to a question, said that they do not now track students from point of origin on through graduating, but they could do so. The Census Bureau information does tell us that that hollowing out of South Dakota continues.

In response to questioning, Dr. Warner explained that the Department of Labor and Regulation keeps track of jobs that are available. Also, The Governor's Office has a workforce development task force that tracks that information. Through those sources, information about workforce needs can be obtained. The collection of this information means that the Regents have a pretty good idea of where workforce shortages are predicted.

The committee also asked Dr. Chicoine about the universities' research programs. He explained that the researcher completes a disclosure form (**Document #10**). That form is reviewed by a tech transfer specialist – this is all conducted in a very professional manner. Then, if the discovery makes it to commercial use, the researcher receives 50% of the royalty. The faculty member, the university, and the private investor all have a piece of the final product and would receive founder stock in addition to the royalties. Some investments in the research may come from venture capital firms.

Dr. Chicoine was then asked for his advice on how the committee can best start moving forward. He said that obtaining copies of existing plans from each of the departments and agencies would be a great start. He added that in setting up a matrix, the committee could start with Nebraska's topics. The committee should make sure the words used fit the committee's intentions. The committee should break down the components of each of the topics and put into a matrix format. Once the committee has chopped it up into parts the committee can get a real understanding of where it wants to go and goals can be set.

Dr. Chicoine added that once the committee has agreed on the message the committee wants to get out, the committee needs to keep repeating it often and to everyone and soon others will buy into it.

### **Committee Discussion**

It was suggested that the Government Operations and Audit Committee (GOAC) needs to be advised regularly so that the planning committee does not duplicate work already being done in regard to performance measures.

The committee asked that LRC staff work on a matrix and other charts and diagrams for their consideration at the next meeting.

**Representative Charles Turbiville** suggested that the committee give an update/presentation to the Executive Board at their November meeting. He will make sure that report gets added to the agenda for the November 16, 2012, Executive Board meeting.

The next Legislative Planning Committee meeting will be held on Thursday, October 18, 2012, in Pierre, starting at 8:30 a.m. Suggested possible presenters are the Secretaries of Economic Development, Labor and Regulation, and Tribal Relations. David Owen, SD State Chamber or someone from the Retailers Assoc. could also be invited to talk about the workforce issues from the private sector viewpoint.

### **Adjourn**

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

The committee adjourned at 4:10 p.m.



All Legislative Research Council committee minutes and agendas are available at the South Dakota Legislature's Homepage: <http://legis.state.sd.us>. Subscribe to receive electronic notification of meeting schedules and the availability of agendas and minutes at **MyLRC** (<http://legis.state.sd.us/mylrc/index.aspx>).