

JOURNAL OF THE SENATE

EIGHTY-SEVENTH SESSION

SIXTH DAY

STATE OF SOUTH DAKOTA
Senate Chamber, Pierre
Friday, January 20, 2012

The Senate convened at 2:00 p.m., pursuant to adjournment, the President presiding.

The prayer was offered by the Chaplain, Auggie Mintzlaff, with the Christian Motorcyclists Association and Chaplain for A.B.A.T.E. followed by the Pledge of Allegiance led by Senate pages Haley Vik and Paige Jack.

Roll Call: All members present except Sens. Cutler and Nygaard who were excused.

APPROVAL OF THE JOURNAL

MR. PRESIDENT:

The Committee on Legislative Procedure respectfully reports that the Secretary of the Senate has had under consideration the Senate Journal of the fifth day.

All errors, typographical or otherwise, are duly marked in the temporary journal for correction.

And we hereby move the adoption of the report.

Respectfully submitted,
Bob Gray, Chair

Which motion prevailed.

1 Also MR. PRESIDENT:

2 The Committee on Health and Human Services respectfully reports that it has had under
3 consideration SB 24 and returns the same with the recommendation that said bill do pass.

4 Also MR. PRESIDENT:

5 The Committee on Health and Human Services respectfully reports that it has had under
6 consideration SB 6 and returns the same with the recommendation that said bill be amended as
7 follows:

8 6ja

9 On page 3, after line 12 of the printed bill, insert:

10 "Section 4. That chapter 27B-3 be amended by adding thereto a NEW SECTION to read
11 as follows:

12 Each person hired as an employee at the South Dakota Developmental Center, whose
13 primary duties include patient care or supervision, shall submit to a criminal background
14 investigation, by means of fingerprint checks by the Division of Criminal Investigation and the
15 Federal Bureau of Investigation. The Developmental Center shall submit completed fingerprint
16 cards to the Division of Criminal Investigation before the prospective new employee enters into
17 service. If no disqualifying record is identified at the state level, the fingerprints shall be
18 forwarded by the Division of Criminal Investigation to the Federal Bureau of Investigation for
19 a national criminal history record check. Any person whose employment is subject to the
20 requirements of this section may enter into service on a temporary basis pending receipt of
21 results of the criminal background investigation. The Developmental Center may, without
22 liability, withdraw its offer of employment or terminate the temporary employment without
23 notice if the report reveals a disqualifying record. Any person whose employment is subject to
24 the requirements of this section shall pay any fees charged for the criminal record check."

25 And that as so amended said bill do pass.

26 Respectfully submitted,
27 Jean M. Hunhoff, Chair

28 Also MR. PRESIDENT:

29 The Committee on Retirement Laws respectfully reports that it has had under consideration
30 SB 30 and 31 and returns the same with the recommendation that said bills do pass.

1 Also MR. PRESIDENT:

2 The Committee on Retirement Laws respectfully reports that it has had under consideration
3 SB 29 and returns the same with the recommendation that said bill do pass and be placed on the
4 consent calendar.

5 Respectfully submitted,
6 Bruce E. Rampelberg, Chair

7 Also MR. PRESIDENT:

8 The Committee on State Affairs respectfully reports that it has had under consideration
9 SB 19 and 57 and returns the same with the recommendation that said bills do pass.

10 Also MR. PRESIDENT:

11 The Committee on State Affairs respectfully reports that it has had under consideration
12 SB 56 and returns the same with the recommendation that said bill do pass and be placed on the
13 consent calendar.

14 Also MR. PRESIDENT:

15 The Committee on State Affairs respectfully reports that it has had under consideration the
16 nomination of Bob L. Sutton of Hughes County, Pierre, South Dakota, to the South Dakota
17 Ellsworth Development Authority and returns the same with the recommendation that the
18 Senate advise and consent to the confirmation of said appointment and that said confirmation
19 be placed on the Consent Calendar.

20 Also MR. PRESIDENT:

21 The Committee on State Affairs respectfully reports that it has had under consideration the
22 nomination of Michael S. Bender of Minnehaha County, Sioux Falls, South Dakota, to the
23 South Dakota Ellsworth Development Authority and returns the same with the recommendation
24 that the Senate advise and consent to the confirmation of said appointment and that said
25 confirmation be placed on the Consent Calendar.

26 Also MR. PRESIDENT:

27 The Committee on State Affairs respectfully reports that it has had under consideration the
28 nomination of Patrick J. Burchill of Pennington County, Rapid City, South Dakota, to the South
29 Dakota Ellsworth Development Authority and returns the same with the recommendation that
30 the Senate advise and consent to the confirmation of said appointment and that said
31 confirmation be placed on the Consent Calendar.

1 Also MR. PRESIDENT:

2 The Committee on State Affairs respectfully reports that it has had under consideration the
3 nomination of Kenneth G. McNenny of Meade County, Sturgis, South Dakota, to the South
4 Dakota Ellsworth Development Authority and returns the same with the recommendation that
5 the Senate advise and consent to the confirmation of said appointment and that said
6 confirmation be placed on the Consent Calendar.

7 Also MR. PRESIDENT:

8 The Committee on State Affairs respectfully reports that it has had under consideration the
9 nomination of Kent E. Mundon of Pennington County, Rapid City, South Dakota, to the South
10 Dakota Ellsworth Development Authority and returns the same with the recommendation that
11 the Senate advise and consent to the confirmation of said appointment and that said
12 confirmation be placed on the Consent Calendar.

13 Respectfully submitted,
14 Larry Rhoden, Chair

15 **MESSAGE FROM THE HOUSE**

16 MR. PRESIDENT:

17 I have the honor to transmit herewith HB 1016, 1024, and 1048 which have passed the
18 House and your favorable consideration is respectfully requested.

19 Respectfully,
20 Karen Gerdes, Chief Clerk

21 **MOTIONS AND RESOLUTIONS**

22 SENATE PAGE RESOLUTION 1 Introduced by: Senators Adelstein; Begalka; Bradford;
23 Brown; Buhl; Cutler; Frerichs; Fryslie; Gray; Hansen, Tom; Haverly; Heineman; Holien;
24 Hundstad; Hunhoff, Jean; Johnston; Juhnke; Kraus; Krebs; Lederman; Maher; Nelson, Tom;
25 Novstrup, Al; Nygaard; Olson, Russell; Peters; Putnam; Rampelberg; Rave; Rhoden;
26 Schlekeway; Sutton; Tidemann; Tieszen; Vehle

27 A RESOLUTION, Expressing the appreciation and gratitude of the Senate of the Eighty-seventh
28 Legislature of the State of South Dakota to Cody Breen, Courtney Chester, Paige Jack,
29 Jacqueline Juffer, Lauren Nelson, Tucker Troyer, Haley Vik, Kimberly Welter

1 WHEREAS, the above named served loyally as pages for the Senate of the Eighty-seventh
2 Legislative Session; and

3 WHEREAS, the members of the Eighty-seventh Senate express their most sincere
4 appreciation to these young people for their service to the state; and

5 WHEREAS, the members extend to these young people their wishes for every success in
6 life:

7 NOW, THEREFORE, BE IT RESOLVED, by the Senate of the Eighty-seventh Legislature
8 of the State of South Dakota, that a personal copy of this resolution be duly certified and
9 furnished to each page on this last day of service.

10 Sen. Juhnke moved that Senate Page Resolution 1 be adopted.

11 The question being on Sen. Juhnke's motion that Senate Page Resolution 1 be adopted.

12 Which motion prevailed.

13 Yesterday, Sen. Gray announced his intention to reconsider the vote by which SB 54 lost.

14 No member moved to reconsider the vote by which SB 54 lost.

15 Sen. Nelson moved that SB 11 be referred to the Committee on Commerce and Energy.

16 Which motion prevailed.

17 Sen. Olson moved that SB 13 be deferred to Monday, January 23, the 7th legislative day.

18 Which motion prevailed.

19 **CONSIDERATION OF REPORTS OF COMMITTEES**

20 Sen. Olson moved that the reports of the Standing Committees on

21 Judiciary on SB 42 as found on page 74 of the Senate Journal; also

22 Education on SB 5 as found on page 75 of the Senate Journal; also

23 Commerce and Energy on SB 32 as found on page 76 of the Senate Journal; also

24 Commerce and Energy on SB 33 as found on page 77 of the Senate Journal be adopted.

1 Which motion prevailed.

2 **FIRST READING OF SENATE BILLS AND JOINT RESOLUTIONS**

3 SB 65 Introduced by: Senators Rampelberg, Cutler, Hundstad, Johnston, Krebs, Lederman,
4 Novstrup (Al), Olson (Russell), and Tieszen and Representatives Hunt, Abdallah, Dennert, Lust,
5 Turbiville, and Willadsen

6 FOR AN ACT ENTITLED, An Act to revise the list of products offered to consumers by
7 motor vehicle dealers and sales finance companies.

8 Was read the first time and referred to the Committee on Commerce and Energy.

9 SB 66 Introduced by: Senators Peters, Brown, Cutler, Fryslie, Heineman, Maher, and
10 Novstrup (Al) and Representatives Lust, Hawley, Solum, and Willadsen

11 FOR AN ACT ENTITLED, An Act to permit the filing of certain documents with the
12 secretary of state by electronic means and to remove the notary requirements.

13 Was read the first time and referred to the Committee on Local Government.

14 SB 67 Introduced by: Senators Kraus, Krebs, Peters, and Putnam and Representatives
15 Willadsen, Kirkeby, and Novstrup (David)

16 FOR AN ACT ENTITLED, An Act to provide provisions that all documents filed with and
17 maintained by the Office of the Secretary of State may be filed electronically.

18 Was read the first time and referred to the Committee on Local Government.

19 SB 68 Introduced by: Senators Johnston, Buhl, and Cutler and Representatives Haggar,
20 Abdallah, Deelstra, Hickey, Kopp, Magstadt, and Turbiville

21 FOR AN ACT ENTITLED, An Act to provide that no statute of limitations applies to
22 certain rape offenses.

23 Was read the first time and referred to the Committee on Judiciary.

24 SB 69 Introduced by: Senators Bradford, Johnston, Krebs, Maher, Nygaard, Olson
25 (Russell), Peters, Schlekeway, and Tieszen and Representatives Lucas, Abdallah, Brunner,
26 Jones, Sigdestad, Stricherz, and Verchio

1 FOR AN ACT ENTITLED, An Act to repeal the sunset provision on certain statutes
2 relating to nursing homes on Indian reservations.

3 Was read the first time and referred to the Committee on Health and Human Services.

4 SB 70 Introduced by: Senators Holien, Novstrup (Al), Olson (Russell), Peters, and
5 Schlekeway and Representatives Sigdestad, Bolin, Deelstra, Fargen, Hansen (Jon), Hoffman,
6 Kirkeby, and Novstrup (David)

7 FOR AN ACT ENTITLED, An Act to revise the procedures for filing referred laws,
8 initiated constitutional amendments, and initiated measures and to revise certain election
9 provisions and campaign finance requirements for referred laws, initiated constitutional
10 amendments, and initiated measures.

11 Was read the first time and referred to the Committee on Local Government.

12 SB 71 Introduced by: Senators Hunhoff (Jean), Buhl, and Vehle and Representatives Hunt,
13 Gibson, Lucas, and Tornow

14 FOR AN ACT ENTITLED, An Act to modify the requirements relating to the publication
15 of the administrative rules.

16 Was read the first time and referred to the Committee on State Affairs.

17 SB 72 Introduced by: Senators Hunhoff (Jean), Adelstein, Begalka, Fryslie, Hansen (Tom),
18 Heineman, Kraus, Krebs, Nelson (Tom), Rhoden, Schlekeway, Tidemann, Tieszen, and Vehle
19 and Representatives Romkema, Blake, Bolin, Boomgarden, Gibson, Hunhoff (Bernie), Kirkeby,
20 Moser, Munsterman, Street, Verchio, and Wick

21 FOR AN ACT ENTITLED, An Act to regulate persons offering speech-language pathology
22 to the public.

23 Was read the first time and referred to the Committee on Health and Human Services.

24 **FIRST READING OF HOUSE BILLS AND JOINT RESOLUTIONS**

25 HB 1016: FOR AN ACT ENTITLED, An Act to repeal certain rules relating to use of the
26 centennial logo.

27 Was read the first time and referred to the Committee on State Affairs.

1 HB 1024: FOR AN ACT ENTITLED, An Act to repeal the authorization to sell certain
2 surplus real estate under the control of the Department of Corrections in Aurora County and
3 Minnehaha County.

4 Was read the first time and referred to the Committee on State Affairs.

5 HB 1048: FOR AN ACT ENTITLED, An Act to expand the Board of Military Affairs.

6 Was read the first time and referred to the Committee on State Affairs.

7 **SECOND READING OF CONSENT CALENDAR ITEMS**

8 SB 51: FOR AN ACT ENTITLED, An Act to eliminate an obsolete reference to the
9 Division of Commercial Inspection and Regulation.

10 Was read the second time.

11 The question being "Shall SB 51 pass?"

12 And the roll being called:

13 Yeas 33, Nays 0, Excused 2, Absent 0

14 Yeas:

15 Adelstein; Begalka; Bradford; Brown; Buhl; Frerichs; Fryslie; Gray; Hansen (Tom); Haverly;
16 Heineman; Holien; Hundstad; Hunhoff (Jean); Johnston; Juhnke; Kraus; Krebs; Lederman;
17 Maher; Nelson (Tom); Novstrup (Al); Olson (Russell); Peters; Putnam; Rampelberg; Rave;
18 Rhoden; Schlekeway; Sutton; Tidemann; Tieszen; Vehle

19 Excused:

20 Cutler; Nygaard

21 So the bill having received an affirmative vote of a majority of the members-elect, the
22 President declared the bill passed and the title was agreed to.

23 **SECOND READING OF SENATE BILLS AND JOINT RESOLUTIONS**

24 SB 21: FOR AN ACT ENTITLED, An Act to repeal and revise certain outdated provisions
25 relating to the Department of Human Services.

26 Was read the second time.

27 The question being "Shall SB 21 pass as amended?"

1 And the roll being called:

2 Yeas 33, Nays 0, Excused 2, Absent 0

3 Yeas:

4 Adelstein; Begalka; Bradford; Brown; Buhl; Frerichs; Fryslie; Gray; Hansen (Tom); Haverly;
5 Heineman; Holien; Hundstad; Hunhoff (Jean); Johnston; Juhnke; Kraus; Krebs; Lederman;
6 Maher; Nelson (Tom); Novstrup (Al); Olson (Russell); Peters; Putnam; Rampelberg; Rave;
7 Rhoden; Schlekeway; Sutton; Tidemann; Tieszen; Vehle

8 Excused:

9 Cutler; Nygaard

10 So the bill having received an affirmative vote of a majority of the members-elect, the
11 President declared the bill passed and the title was agreed to.

12 SB 8: FOR AN ACT ENTITLED, An Act to revise certain provisions related to the
13 calculation of state aid to special education.

14 Was read the second time.

15 The question being "Shall SB 8 pass?"

16 And the roll being called:

17 Yeas 33, Nays 0, Excused 2, Absent 0

18 Yeas:

19 Adelstein; Begalka; Bradford; Brown; Buhl; Frerichs; Fryslie; Gray; Hansen (Tom); Haverly;
20 Heineman; Holien; Hundstad; Hunhoff (Jean); Johnston; Juhnke; Kraus; Krebs; Lederman;
21 Maher; Nelson (Tom); Novstrup (Al); Olson (Russell); Peters; Putnam; Rampelberg; Rave;
22 Rhoden; Schlekeway; Sutton; Tidemann; Tieszen; Vehle

23 Excused:

24 Cutler; Nygaard

25 So the bill having received an affirmative vote of a majority of the members-elect, the
26 President declared the bill passed and the title was agreed to.

27 SB 34: FOR AN ACT ENTITLED, An Act to revise certain provisions and delete certain
28 obsolete provisions pertaining to the Department of Labor and Regulation.

29 Was read the second time.

30 The question being "Shall SB 34 pass?"

1 And the roll being called:

2 Yeas 33, Nays 0, Excused 2, Absent 0

3 Yeas:

4 Adelstein; Begalka; Bradford; Brown; Buhl; Frerichs; Fryslie; Gray; Hansen (Tom); Haverly;
5 Heineman; Holien; Hundstad; Hunhoff (Jean); Johnston; Juhnke; Kraus; Krebs; Lederman;
6 Maher; Nelson (Tom); Novstrup (Al); Olson (Russell); Peters; Putnam; Rampelberg; Rave;
7 Rhoden; Schlekeway; Sutton; Tidemann; Tieszen; Vehle

8 Excused:

9 Cutler; Nygaard

10 So the bill having received an affirmative vote of a majority of the members-elect, the
11 President declared the bill passed and the title was agreed to.

12 SB 50: FOR AN ACT ENTITLED, An Act to revise the permissible uses of the cigarette
13 fire safety standard act fund.

14 Was read the second time.

15 The question being "Shall SB 50 pass?"

16 And the roll being called:

17 Yeas 33, Nays 0, Excused 2, Absent 0

18 Yeas:

19 Adelstein; Begalka; Bradford; Brown; Buhl; Frerichs; Fryslie; Gray; Hansen (Tom); Haverly;
20 Heineman; Holien; Hundstad; Hunhoff (Jean); Johnston; Juhnke; Kraus; Krebs; Lederman;
21 Maher; Nelson (Tom); Novstrup (Al); Olson (Russell); Peters; Putnam; Rampelberg; Rave;
22 Rhoden; Schlekeway; Sutton; Tidemann; Tieszen; Vehle

23 Excused:

24 Cutler; Nygaard

25 So the bill having received an affirmative vote of a majority of the members-elect, the
26 President declared the bill passed and the title was agreed to.

27 Sen. Fryslie moved that the Senate do now adjourn, which motion prevailed and at
28 2:55 p.m. the Senate adjourned.

29

Fee Jacobsen, Secretary

1 Pursuant to the Joint-Select Committee Report found on page 11 of the Senate Journal, the
2 following is Governor Dennis Daugaard's State of the State Address:

3
4 STATE OF THE STATE 2012
5 JANUARY 10, 2012
6 PIERRE, SOUTH DAKOTA
7 GOVERNOR DENNIS DAUGAARD

8 Thank you very much for allowing me to serve you this past year. It was one year ago today that
9 I walked into my office for the first work day as Governor, and it's been an honor every day
10 since then to serve this great state.

11 I am also honored to work and serve with the public servants gathered here today, and there is
12 one I would like to particularly mention today. Moments ago, we heard a familiar voice
13 announce my arrival in this Chamber. We've heard this same voice now for over 20 years. The
14 House Sergeant-at-Arms, Mel Chandler. This will be Mel's last year working for the legislature,
15 and I want to thank him for his years of service to our state. Will you help me - Mel!

16 Now Mel you still have to work this session!

17 It is my duty and pleasure today to report to you on the "State of the State", and I am pleased to
18 say South Dakota and her condition has improved since we last met at this time last year. South
19 Dakota is moving forward. It's not the best of times, but neither is it the worst of times. We
20 have reason to be hopeful.

21 Today, because of tough budget decisions you made, our state is on stronger financial footings,
22 and because of the hard work of the people of South Dakota our economy is also stronger in
23 spite of what may happen on Wall Street or Washington, DC.

24 Our unemployment rate is lower, and non-farm employment numbers are increasing, but we
25 have not yet returned those numbers to pre-recession levels, and there is still great uncertainty.
26 We are recovering, but we have not yet fully recovered. That is why, last month, I proposed a
27 conservative budget that departs from freezes and cuts, and returns to formula increases, but still
28 guards against a downturn. My budget spends 99 percent of the revenues we project to receive,
29 but still leaves money on the bottom line against uncertainties in case we need it.

30 Beyond economic progress, we have made efforts in other areas as well. Last year, in my first
31 State of the State address, I spoke to you about the problem of infant mortality in South Dakota.
32 Every year, on average, 80 infants die in South Dakota before their first birthday. The infant
33 mortality rate is one of the most important measures of a population's health, and we can do
34 better. Consequently, I convened a 27-member task force, led by our First Lady, to recommend
35 ways to address this problem.

36 The task force identified four key improvement opportunities. First, we need to ensure access
37 to early and regular prenatal care, which is vital to a healthy pregnancy. Second, too many South
38 Dakota mothers smoke during pregnancy which puts the health of an infant at risk. Third, safe
39 sleep practices, like having a baby sleep on its back in a crib without loose blankets, that makes

1 a difference. And fourth, we need to address these disparities within Native American
2 populations.

3 You will be hearing more in the coming months about these efforts, but today, I can announce
4 we will use available funds to expand the Bright Start Home Visiting program. Bright Start is
5 a voluntary program under which specially trained nurses visit high-risk pregnant women in
6 their homes. My budget proposes to expand Bright Start to four new communities beginning
7 with Pine Ridge and Cessation.

8 In addition, the state will be redoubling efforts to educate new parents on safe sleep practices,
9 and we will use existing funds for tobacco control to educate the public about the dangers of
10 tobacco use during pregnancy.

11 I would encourage you all to review the task force's report, and I know that Linda will be
12 presenting to both health committees about this work. I want to thank Linda and the entire task
13 force for their commitment and time. I sincerely hope their efforts will help more South Dakota
14 children live to see their first birthday.

15 Another task force that worked hard this year was the Medicaid Solutions Workgroup. We all
16 recognize the challenge that Medicaid poses to our state budget. Medicaid is second only to
17 education as a portion of our general fund budget. We face increasing enrollments, increasing
18 costs of those enrolled, and falling federal support of Medicaid as our personal income growth
19 is stronger than the nation's.

20 I formed the Medicaid Solutions Workgroup during the last legislative session to see what we
21 could do to control the growth of this expenditure category. Legislators, health care providers
22 from around the state, my staff, and others interested in Medicaid all participated - over 80
23 people in all, and the task force continued to meet through the session and into the rest of this
24 year. The task force issued its report last month.

25 What they found was that South Dakota's Medicaid program, first of all, is an efficient and
26 conservative program. We have never had many of the expensive options that now burden other
27 states, and there are not many things consequently that we could cut. The group focused instead
28 on key cost-drivers in Medicaid - care for people with chronic conditions, high cost services like
29 neo-natal care for premature babies, prescription drugs, institutional services, and emergency
30 room use. After much research and discussion, the workgroup developed a dozen key
31 recommendations.

32 Two of these recommendations have a direct impact on the budget I proposed for FY13. The
33 Department of Social Services budget includes a reduction of about \$340,000 in general funds
34 as a result of increasing co-payments for prescription drugs and implementing an annual cap on
35 dental services for adults. Other recommendations will take longer to accomplish - proposals
36 to manage care differently for those with chronic conditions and to help people stay in their
37 homes longer or in their communities longer to avoid higher cost services.

38 The Workgroup recommendations provide solutions that make sense for South Dakota, and I
39 appreciate the efforts of everyone who has participated. I especially want to thank Senators
40 Corey Brown, Jason Frerichs, Jean Hunhoff, Deb Peters, and Bruce Rampleberg, as well as

1 Representatives Suzy Blake, Justin Cronin, and Scott Munsterman for their efforts on the task
2 force.

3 This year we've also seen and addressed the severe mountain pine beetle epidemic in the Black
4 Hills, which has left large swaths of dead trees in its wake. Over 400,000 acres in the Black
5 Hills forestland are infested with this pest, which has spread from federal land onto state land
6 and private property. As a result, the potential for massive forest fires is very high. Through the
7 Black Hills Forest Initiative, state crews working with private landowners, are taking on this
8 threat by identifying and marking tens of thousands of beetle-infested trees and providing
9 50 percent cost-share for their removal. The response to the program has been huge, in fact, over
10 double what we anticipated, and it has encouraged local governments, as well, to participate in
11 other cost-sharing arrangements.

12 In addition, state staff, private contractors, and inmate crews are working to address this
13 infestation in Custer State Park and other state lands. Of 142,000 identified trees that are in
14 infested, more than 30,000 have already been cut down. All 142,000 trees are scheduled to be
15 cut down by March 30th. Further activities will re-commence next fall. The pine beetle
16 epidemic remains a grave threat to the Black Hills, but our continuing efforts will slow the
17 spread of that epidemic.

18 This summer I also announced a "Better Government" initiative - an ongoing focus on making
19 state government more open, more efficient, and more accessible.

20 I asked my cabinet to conduct a Red Tape Review, to eliminate regulations or statutes that are
21 out-of-date or unnecessary and to simplify those that are too complex. I am proud to say that
22 they exceeded my expectations in this first year. We will be bringing 22 bills, totaling 168 pages
23 in length, to repeal unnecessary regulations and statutes. Through these bills, as well as through
24 the rules process, we will propose eliminating nearly 1,100 rules and 200,000 words from the
25 Administrative Rules of South Dakota. Additionally, we will recommend the repeal of over
26 400 sections of codified law. This is the first year of our effort, but it won't be the last. I hope,
27 as legislators, you will exert your own effort toward reducing the numbers of laws and
28 regulations which burden our citizens, equal to the effort you exert toward initiating new ones.

29 My administration has also sought to make government more open and transparent. We have
30 released the list for the Governor's Hunt and other economic development events. We've also
31 made public the names of those who sponsor those events. We've opened the Governor's
32 Mansion and Valhalla to regular public tours for the first time in our state's history. We've
33 released more information from the Department of Corrections. We've made the Governor's
34 Office of Economic Development more open than ever before. In fact, every recipient of a state
35 economic development loan or award administered by GOED is now available for viewing
36 online. Finally, we've added more functionality and more information to open.sd.gov and
37 created better search function to the state home page. If you haven't visited the state home page
38 in recent months, I encourage you to do that. I think you'll be pleased with what you find.

39 Finally, we've made great strides toward allowing our citizens to go online, rather than wait in
40 line to interact with their state government. I am proud to announce today that more than
41 20 permits and licenses can be obtained fully online for the first time, and that many more have

1 been identified for this upgrade. This saves time and effort for our state workers and again we
2 are just beginning this effort, which will be ongoing.

3 Of course, my top priority of the past year has been creating jobs and growing the economy, and
4 I am proud of the progress we've made this past year. We've added more than 5,000 jobs in the
5 last two years, and the number of jobs in South Dakota has nearly reached its pre-recession
6 peak. Our unemployment rate, which has been among the three lowest in the nation, has fallen
7 again to 4.3 percent.

8 When I started my term as Governor, I asked the Governor's Office of Economic Development
9 to redouble their effort and their emphasis on economic development efforts for businesses
10 already here in South Dakota. The statistics show and I truly believe that South Dakota's most
11 important job creators are the entrepreneurs and businesses that are already in South Dakota. In
12 2011, the Office of Economic Development assisted 61 companies with expansions through
13 financing or technical assistance. Of those, 73 percent are existing South Dakota companies.
14 So they are doing as I had asked.

15 I also want to listen to South Dakota business. Since I took office, the Lt. Governor and I and
16 the GOED staff have visited more than 250 existing South Dakota businesses to encourage them
17 to grow and expand in South Dakota and to listen. We asked them to tell us how can the state
18 help you be better, be bigger, have more jobs.

19 We've seen that businesses are expanding and adding workers all over South Dakota. In
20 Watertown, OEM Worldwide is undergoing an \$11 million expansion that will add 150 jobs.
21 In Spearfish, TMone has opened an office that's already created 60 jobs and expects to add
22 more. Adams Thermal Systems in Canton is adding 50 jobs as part of its fifth expansion in
23 Canton since 2005. We've seen job announcements in Madison, Yankton, Sturgis, Mitchell,
24 Vermillion, Rapid City, and other places.

25 There's also been good news in the financial services industry. When the federal credit card
26 regulation scheme changed, and that caused job losses in this industry, many of us feared that
27 we would never get those jobs back, but we are seeing promising signs. This fall, Capital One
28 acquired the HSBC credit card business and announced they would not only retain the 400 jobs
29 there in Sioux Falls, but add 400 more. They've already begun hiring at a pace of 50 a month,
30 50 a month, and then 100 a month, 100 a month and plan to fill all jobs before summer.

31 Even as the national economy continues to struggle, South Dakota is bouncing back because of
32 our strong business climate in South Dakota. The Small Business and Entrepreneurship Council
33 ranked South Dakota #1 in its Small Business Survival Index. The Tax Foundation ranked
34 South Dakota #1 for our State Business Tax Climate, and we continue to have the lowest
35 per-capita tax burden in the nation.

36 I have to tell you - I attended the Western Governors Association meeting in California last
37 month, and Pat Costello went with me. We stayed an extra day and half and met with business
38 leaders in Southern California about opportunities in South Dakota. We put together a slide
39 presentation that compared South Dakota's business and tax climate to California's, and it almost
40 felt unfair. It was like shooting fish in a barrel. California has taxes we've never even heard of,
41 and like many states, they are looking to raise them again.

1 We are lucky to live in South Dakota, where we still understand the role of government and the
2 importance of a balanced budget. Over the past year, we have moved South Dakota forward in
3 these and many other areas - many, many, too many to recite today. I want to thank my cabinet,
4 my staff, and all others who helped achieve these successes and for your support to make them
5 possible.

6 I would like to spend the rest of my time now to talk about two important issues that we must
7 address in order to keep South Dakota moving forward. The first of these issues is Workforce
8 and the second issue is Teaching. First, let's talk about Workforce.

9 I mentioned a moment ago that I've been visiting existing South Dakota businesses to encourage
10 them to expand here in South Dakota. I've heard good news on these visits. Many South Dakota
11 companies have expansion plans. They appreciate our business climate because they don't face
12 the barriers to growth they see in other states. Many of these businesses are in multiple states,
13 so they have a basis for comparison, but I did hear about one major barrier we need to address.

14 One of my visits was to Raven Industries, a technology firm that employs more than
15 1,000 people in our state. Business is good at Raven, and in 2011 they added 200 jobs in Huron,
16 Madison, and Sioux Falls. They told me they are planning to add another 100 jobs in
17 engineering and other skilled fields. I was excited about what that meant for South Dakota until
18 they told me they were planning to add those 100 jobs in Texas. They didn't believe they could
19 find another 100 engineers in South Dakota.

20 I've heard similar concerns from other South Dakota employers about the difficulty of finding
21 skilled workers, and the numbers bear them out. Our Department of Labor and Regulation has
22 nearly 10,000 job openings in our employment system. Many of these job openings are for
23 skilled or professional positions, welders, engineers, and accountants - jobs like that.
24 Meanwhile, fewer than 100 welders, engineers, IT specialists, and accountants are receiving
25 unemployment benefits in South Dakota today.

26 This is a significant barrier to employers who want to expand in South Dakota. We have
27 incredible professionals and technicians, but we need more of them. We need more of them.
28 South Dakota is better positioned in terms of our climate than almost any other state in the
29 nation, but we must do more to address our workforce challenges.

30 So today, I am proposing an effort we're calling "South Dakota WINS", short for "South Dakota
31 Workforce Initiatives." South Dakota WINS is a twenty-point plan, in four categories to get
32 more South Dakotans trained and ready to work in a rapidly growing and changing South
33 Dakota economy.

34 The first category involves preparing our children. South Dakota WINS when our students are
35 prepared to compete in a modern, high-tech economy.

36 It's hard to overstate the importance of science, technology, engineering, and math in this
37 modern economy. Nearly every high-need career field relies on a strong foundation in these
38 areas. The first component of South Dakota WINS emphasizes science and math education by
39 rewarding math and science teachers for teaching in this high-demand field. This is very

1 important, because nothing lights a spark better than an effective and outstanding teacher. I'll
2 speak more about that in a minute.

3 We also want to provide opportunities to inspire future scientists and engineers outside the
4 classroom. Hundreds of South Dakota students have experienced "scrubs camps" organized by
5 our state Department of Health. Scrubs camps are free, one-day, hands-on health career camps
6 for high school students. Scrubs camps successfully introduce challenges to students in
7 incredibly important medical fields. Our experience has shown that students participating in
8 these camps are highly likely to pursue careers in medicine and other health fields.

9 We need to expand the scrubs camps concept into engineering camps, technical camps, and
10 math camps. The scientists, engineers, nurses, and doctors of tomorrow are already in our
11 K-12 system. Tonight as they go to bed, they may not understand the value and importance of
12 math and science, but over the next few years we'll use the tools at our disposal, in and out of
13 the classroom, to show them the possibilities. There are more elements in that first category but
14 I ask you to look at the plan later. I am going to move onto the second category.

15 The second category involves training for skilled jobs. South Dakota WINS when our workforce
16 is qualified and prepared for all types of careers.

17 An economy needs more than engineers and doctors to flourish. We need skilled and trained
18 technicians who know how to make things. We need more training for those skilled jobs.

19 Our technical institutes provide graduates that our state needs, and I want to see technical
20 education in South Dakota expand. Our state doesn't have enough welders for example. We
21 need a new welding program at Mitchell Tech and we're going to work to provide that. We also
22 need to develop hybrid courses so that people that are located outside the communities served
23 by a tech school can still get that kind of training, to deliver that kind of training online and in
24 the lab. Likewise, we need to expand the welding program in our corrections facility at
25 Springfield, and the plan includes an effort to do that.

26 I'm also proposing next year that more than 2,000 of our high school students take the National
27 Career Readiness Certificate test. The NCRC is a national certification program used to
28 determine if workers have the skills to succeed in this modern economy. Promoting this
29 certification will help our students demonstrate that they have the job skills to make them good
30 employees - whether they continue their education or go right into the workforce.

31 I am also reallocating almost a million dollars a year in Community Development Block Grant
32 funds toward workforce training. Over the years CDBG dollars have had a tremendous impact
33 on South Dakota, helping to build fire halls, waste and drinking water systems, and community
34 centers, and we'll continue to do that. CDBG funds will continue to help us do that at the same
35 time it is also allowing for training dollar match programs in communities where they want to
36 undertake training of that sort.

37 The third category of our Workforce Initiative is to promote health care occupations, especially
38 in rural areas. South Dakota WINS when every citizen of our state - no matter where they live
39 - has access to quality healthcare.

1 Across our state, we have rural communities working hard to succeed. Quality healthcare is vital
2 to those communities, but in rural areas 59 of South Dakota's 66 counties are medically
3 underserved - 59 of our 66 counties are medically underserved. This is a workforce issue
4 because to have quality healthcare, you have to have quality healthcare professionals. The third
5 component of South Dakota WINS improves access to rural healthcare.

6 Primary care is the care a patient receives at the first contact with the health care system.
7 Nationally, and in South Dakota, more young doctors, nurse practitioners, physician assistants
8 - they're choosing to practice as specialists in dermatology, radiology, and other specialties,
9 instead of in primary care. Instead of in fields like pediatrics, or obstetrics, or family medicine,
10 or internal medicine. We need more primary care providers. And, we especially need more
11 primary care providers in rural South Dakota.

12 We need to train more doctors at our medical school, and we need to put programs in place to
13 keep those doctors in South Dakota, and to encourage them to choose primary care practice in
14 rural areas of our state.

15 As one point in this category, I support expanding the Medical School by four additional
16 students per year, beginning this year. I also support exposing more medical students to rural
17 practice, as part of their third year in Medical School.

18 Now, a majority of physicians who attend medical school in South Dakota, and who enter a
19 residency program in the South Dakota, stay in South Dakota to practice medicine, and I want
20 to work with the major health systems, communities, and others to determine the feasibility of
21 creating additional residencies in South Dakota so we don't train our medical students in South
22 Dakota, have them go to residencies in another state, and never come back.

23 In addition to doctors, mid-level professionals like physician assistants and nurse practitioners
24 also play a critical role in rural healthcare. As a second point in this category, I am proposing
25 that we expand the physician assistants program at USD to double the number of available spots
26 for in-state students.

27 Over the last few years, we've also seen some success in the recruitment and retention of rural
28 healthcare providers. Our tuition reimbursement program for physicians, dentists, and midlevel
29 providers is working. Thirty-one contracts have been created under those programs, and today,
30 22 of those professionals are still practicing in their rural communities. Philip, Belle Fourche,
31 Hot Springs, Howard, Scotland, Flandreau, Mobridge, Gettysburg, Wagner, and 21 other
32 communities have participated in this program, and it is improving healthcare in rural South
33 Dakota. I am calling for an expansion of the tuition reimbursement program.

34 We also have had a program to help health care facilities recruit nurses, lab techs, and other
35 professionals through a signing bonus like arrangement. Nursing homes and hospitals in rural
36 South Dakota have told us they need to be able to offer greater incentives to these folks to get
37 them to come. We will be introducing legislation to expand this program by providing a higher
38 payment incentive for nurses and other high need providers at rural facilities.

1 The fourth category of South Dakota WINS, our Workforce Initiative, involves recruiting
2 workers to South Dakota. South Dakota WINS when our working population grows by
3 welcoming new skilled workers and encouraging the return of those who have left.

4 Despite aggressive efforts in the classroom, and at the tech schools, in the medical arena, the
5 efforts I've described won't be enough to meet our workforce needs. There are 1,466 unfilled
6 jobs in this state in the engineering, information technology, accounting, and skilled worker
7 fields today. All our training programs are for tomorrow. There are fewer than 100 South
8 Dakota workers today in those careers receiving unemployment benefits, so the fourth category
9 of South Dakota WINS brings professional and skilled workers into our state to fill this gap.

10 The Dakota Roots program, you've heard of I know, brings former South Dakotans back home
11 by matching them with job opportunities in this state. Dakota Roots has helped more than
12 2,000 families relocate to South Dakota. By expanding the outreach and aggressiveness of that
13 program and by targeting areas of highest need, we are going to bring even more South
14 Dakotans back home.

15 But we won't stop there. As skilled workers in other states face continued high unemployment
16 and an uncertain future, South Dakota can offer them better. We can be their land of
17 opportunity.

18 Last year at the state fair, my family received the Century Farm award. It was in 1911 that my
19 grandparents Martin and Margaret Daugaard bought our family farm. They came from Denmark
20 hoping to find a better life for themselves in South Dakota. They knew South Dakota offered
21 them a chance, and they sought nothing more than that. My grandparents worked as hard as
22 people can work, and together, they built a life in this state. Many of you have similar stories
23 about your families. Today, as in the past, South Dakota offers something special for those that
24 value community, and hard work, and family.

25 Have we done enough in recent years to share that story? Do those that share our values, but live
26 elsewhere, know what we have to offer? Do they realize that South Dakota can be their land of
27 opportunity? The time has come for us to be aggressive in selling South Dakota - not just to
28 companies that want to move here, but also to skilled workers and families that can make our
29 companies and our communities more successful.

30 Today I am announcing an innovative and first-of-its-kind relationship to attract a new
31 generation of skilled pioneers to our state. The "New South Dakotans" initiative will partner
32 state government with South Dakota businesses and with Manpower, the world's largest
33 workforce recruiter. Together we will work to identify and place 1,000 professional and skilled
34 workers from outside of our state into jobs here in South Dakota. As we move forward with this
35 proposal we will protect qualified South Dakota workers. The program will focus on
36 high-demand jobs in industries without enough in-state professionals to fill them. In fact, no job
37 will be listed with the program until it's been in our state system for at least 30 days, giving our
38 state's citizens first shot at those jobs.

39 In the gallery we have some of the employers who are interested in expanding their businesses
40 and they're excited about participating in the New South Dakotans program. One of the
41 companies here is Raven Industries, whose difficulty in hiring engineers brought this challenge

1 into focus for me. Now, Raven is among the first companies to enroll in the New South
2 Dakotans program.

3 We also have representatives here from Molded Fiberglass in Aberdeen, Applied Engineering
4 in Yankton, and RPM in Rapid City, and those companies have also expressed an interest in
5 participating. They are here in the gallery to my right. Let's welcome them to the Capitol.

6 There are also representatives here from Manpower. Although they have thousands of offices
7 around the world, we will be working with their South Dakota-based team - people who know
8 and love our state and who have chosen to make South Dakota their home.

9 Now let's think about the impact of 1,000 new South Dakotans. The impact of 1,000 new
10 welders, and engineers, and machinists, and accountants on our state's economy will be
11 enormous. Those 1,000 families will add more than \$120 million to our gross state product, put
12 hundreds of children into our schools, and pay millions of dollars in state taxes. Between 1930
13 and 1990 - I'll say that again, between 1930 and 1990, the population in our state changed up
14 and down and ended up 3,000 more than 1930 - 3,000 in 1990 more than in 1930. The Dakota
15 Roots program and the New South Dakotans program will give us the opportunity to replicate
16 that population growth, not over 60 years, but only in a few. Recent decades have seen South
17 Dakota grow, and I'm dedicated to continue that growth through smart investment and
18 innovative approaches.

19 Now, there are 20 different ideas in South Dakota WINS and all of them can be found online
20 at www.southdakotawins.com. To be successful we must join together with workers,
21 communities, schools, and businesses. And, I am committing to do just that. Although the plan
22 is ambitious, the investment required is relatively modest compared to what the impact will be.

23 With our efforts, we can begin to transform our workforce and with it our state. We can light
24 the spark that creates future scientists, and engineers, and we can train workers to fill jobs they
25 want and need. We can reinvest in our rural healthcare system. We can welcome back home the
26 young people who have left, and we can recruit professionals and skilled technicians who seek
27 a better land of opportunity. We can do those things, and we must do them if we want to move
28 our state forward.

29 Now that you've heard some of my suggestions for improving our workforce, I'd like to talk to
30 you about Investing in Teaching.

31 Of course, the best way to build a skilled workforce in South Dakota is to provide a quality
32 education to our young people. As I said in my state of the state address last year, "The
33 foundation of our economy is an educated workforce."

34 I am proud of South Dakota's schools - I'm proud of them. Our students' test scores - our ACT
35 scores and our NAEP scores, our National Assessment of Educational Progress - those scores
36 - they're routinely - routinely exceeding national averages - they always do. Our high school
37 graduation rate is strong. Much better than most places. And our high school graduates go on
38 to post-secondary education at one of the highest rates in the nation. We have much to be proud
39 about in South Dakota in our education system.

1 Our schools do well because we have involved parents. We have talented and hard-working
2 students, and very dedicated teachers and administrators. My wife, Linda, spent much of her
3 adult life working as a teacher and a school librarian, and in the past year she has visited over
4 90 elementary schools to promote reading. She has been impressed by the teachers and
5 principals she has met.

6 But we need to do more to reward our best teachers for the work they do, and to attract more of
7 our talented young people into the teaching profession. That is why, today, I am pleased to
8 announce the "South Dakota Investing in Teachers" initiative.

9 Let's begin though with some historical perspective. I graduated from high school 40 years ago,
10 1971. I asked my staff to take a look back and see what's happened in education since then.

11 In 1971, South Dakota had 173,006 students, 8,452 certified teachers, and another
12 5,436 "non-teachers" - other staff - everything from administrators and aides to cooks and
13 janitors in other staff.

14 Forty years later, there were 123,629 students in K-12. That is a decline of just under
15 50,000 students in forty years - a drop of about 28 percent. During that same period, while
16 student numbers were falling, we have added 869 new teachers. Today we have more than
17 9,300 teachers, an increase of about 10 percent. So we are employing over 800 more teachers
18 to educate 50,000 fewer students.

19 We have also seen a more dramatic shift in "other staff" over the past forty years. From the
20 5,436 in 1971, we have increased to 9,005. That is an increase of 3,569, or 66 percent. Today,
21 we have over 9,300 teachers and just over 9,000 other staff. We employ nearly as many
22 non-teachers as teachers.

23 Here's a look at that same data, over time, in a graphical form. The blue line is the number of
24 students from 1971 to 2011, with the scale on the left. The red line shows teachers, and the
25 green line shows other staff. The scale for the teachers and other staff is on the right. There is
26 a three-year gap in the data for other staff, that's why there is a missing spot in the line, but the
27 trends are very clear. During the 1970s, there was a dramatic decline in students, but very little
28 corresponding consistent change in staffing. Beginning in the 1990's, there has been a significant
29 increase in other staff. When you combine teaching and other staff, we employ nearly twice as
30 many employees per student today than when I graduated from high school in 1971.

31 Why did that happen? I know some of this increase in staff is due to the integration of special
32 education students into public school classrooms. But the federal law that created that
33 movement happened in 1975. Look at the teaching and other staff from 1975 forward, not much
34 happened until 1990. Other government mandates maybe have contributed. I don't know.
35 Looking at this data, I would guess that some of this increase is just due to the tendency of
36 institutions, including government sponsored school to grow larger over time.

37 Let's look at some other history. We need to understand these trends as we discuss education
38 in our state. Another way to measure our efforts in education is through looking at spending.
39 The National Center for Education Statistics, a part of the U.S. Department of Education,
40 compiles data on education spending per pupil, doesn't matter whether it comes from the federal

1 government, comes from local government, comes from state government, but let's look and see
2 what's being spent in inflation-adjusted dollars - inflation-adjusted dollars. Now, I don't have
3 this data for every year, but it is available on the Internet and here is what it shows.

4 In 1969, in inflation-adjusted dollars, we're using 2009 dollars; South Dakota spent \$3,920 per
5 student. Now really we spent less than \$1,000, but I am inflating it to 2009 dollars. That is
6 \$3,920 in 2009 inflation-adjusted dollars. In the most recent year available, 2008, South Dakota
7 spent \$9,173 per student, again in 2009 inflation-adjusted dollars. I will grant that 2008 is before
8 our budget required a freeze and a cut. But, take 10 percent off that and you are still spending
9 more than twice as much as you spent per student in 1969. In the 39-year-period from 1969 to
10 2008, in constant inflation-adjusted dollars, our per student spending on education more than
11 doubled. We spent 2.3 times more per student.

12 So that is the trend over the last four decades. We have 50,000 fewer students. We have added
13 more than 800 teachers, 3,500 other staff. We are employing nearly twice as many staff per
14 student, and we are spending well over twice per student in inflation-adjusted dollars than we
15 spent when we looked at the beginning.

16 Is that wrong? No. One can often do a job better, or faster, or more effectively when you apply
17 more resources. Any job can be done better or more effectively or faster if you apply more
18 resources to it whether it's human resources or money. And as I've said often in the past, we
19 should measure our success in education not by what we're putting into it. We should measure
20 it by what we are getting out of it - results. We all know that our schools perform well. But
21 given the statistics I just shared, we should expect to see significant improvement in
22 performance over time.

23 Is that the case?

24 Unfortunately, it is not. It is not. Our schools do well, and our test scores are good, but they have
25 flat lined. They have flat lined. Our ACT scores, our NAEP scores, and our graduation rates are
26 above the national average, but they have been relatively unchanged for decades.

27 I asked the Department of Education to compile our average ACT scores over the past four
28 decades. Here is what we found. The red line on this chart shows the average score from 1971
29 to 1985. After 1985, the test was revised so you can't compare the beginning of the chart on the
30 far left to the far right; you look at the trend in the red and the trend in the blue. But as you can
31 see, there is only variation from year to year, with no significant upward or downward trends.
32 In the 26 years since the test changed in 1986 - that would be those years represented by the blue
33 line - the average has stayed within one point, from a low of 21.0 to a high of 22.0.

34 We see a similar trend in the NAEP - the National Assessment of Educational Progress. We
35 don't have nearly as long a period to look at, but this is a test that our 4th graders and 8th graders
36 have taken in math and reading since 2003 to comply with No Child Left Behind. It is the same
37 test they take nationwide - the same test. The data doesn't go back forty years, but since 2003
38 we've seen very little movement in these scores either. The chart shows the scores in 8th grade
39 math in blue, 8th grade reading in red, 4th grade math in green, and 4th grade reading in purple.

1 On a 500-point scale, each of these scores has varied by 5 points or less over five testing cycles.
2 That is a variation of less than 1 percent - so less than 1 percent change.

3 Now what is more troubling than that, is even though our NAEP scores are steady and we are
4 doing well, we are better than the national average. We're being passed up by other states. In
5 2003, only 4 states exceeded our scores for 4th grade reading. Now, 20 states are better than us.
6 Only 8 states exceeded our 4th grade score in math in 2003 - now 18 states are better than South
7 Dakota. We have seen a similar pattern in the 8th grade scores too. Other states are passing us
8 by.

9 I am showing you all of this not because I want to be critical of our schools or the jobs they're
10 doing. We have good schools. We are routinely above the national average in each of these
11 indicators. But remember - our staffing levels and our spending levels have gone up
12 significantly. A sizeable increase in our investment in education, over time, is not getting us
13 better achievement. We are simply putting more money into the same system, and we are not
14 getting better results.

15 We need to change our focus. The key to obtaining high achievement in the classroom is not
16 more spending. It is effective teachers. Let me say that again: The key to obtaining high
17 achievement for our students is great teachers.

18 I recently met with officials from the Bush Foundation, and they shared a study with me from
19 Tennessee. This study looked at a group of children entering the 3rd grade, and followed them
20 through the end of 5th grade - so all of 3rd, 4th, and 5th grades - three years. Both groups - they
21 took two groups - both groups began the 3rd grade at the 50th percentile. They were average -
22 both of them were right on the average. One group of students had high-performing teachers
23 each year - teachers in the top 20 per cent of their peer group. The other class had
24 low-performing teachers, from the bottom 20 percent, for three straight years. After these three
25 years, the students with the high-performing teachers were in the 90th percentile - up from the
26 50th percentile. The students with the low-performing teachers had dropped to the
27 37th percentile. There was a 53 point difference.

28 That is a dramatic result, but it just confirms common sense.

29 South Dakota needs to focus on Investing in Teachers. Our goal in South Dakota is to increase
30 student achievement, and our focus must be on attracting and retaining great teachers. We need
31 clear standards, rigorous measurement, and rewards for excellence.

32 Some of the pieces of Investing in Teachers are already being put into place - you've heard about
33 them. South Dakota is adopting the Common Core standards. These standards are not just a list
34 of what concepts to teach - they are a new approach to teaching based on problem-solving and
35 higher-order thinking skills - they're evidence based. In the budget address, I announced an
36 aggressive training program for our teachers to learn the Common Core standards and these new
37 techniques.

1 A second important component is our new school accountability system. Earlier this year, our
2 state announced that we would no longer comply with No Child Left Behind, which is a broken
3 and flawed system. Instead we are seeking a waiver from No Child Left Behind which will
4 allow us to create a measurement and accountability system that makes sense for South Dakota.
5 When fully implemented, this system will not just test students at the end of the year and
6 measure them against an arbitrary bar. Instead, we will test students at the beginning of the year,
7 in the middle of the year, and again at the end of the year. In the middle of the year, our tests
8 will allow for mid-course corrections, so instructors can see where the children are lacking and
9 where they are already strong. At the end of the year, we will be able to measure the difference
10 between the beginning and the end and see what growth has occurred. Not whether the children
11 have moved up to some arbitrary bar. In one class, they might start down here and move a long
12 way but still below that arbitrary bar. In another class, they might start very close and move up
13 a little bit and this teacher is presumed to be excellent. Growth is what we should measure -
14 growth from beginning to the end and what the teacher has driven should be measured.

15 Another important component that is already being finalized is a better teacher evaluation
16 system. The system we are creating will consider growth in test scores as an important
17 component, but it will also include classroom evaluation, based upon observation of
18 evidence-based factors. In addition, it will give local schools flexibility to consider additional
19 factors. This is the groundwork for a strong system based on standards that define great
20 teaching. Another portion of the training program announced last month will train
21 administrators in these evaluation strategies. You need to have teachers doing their best work
22 against these standards and administrators capable of evaluating them accurately and fairly.

23 So - we are training teachers in new teaching methods, we are creating a new school
24 accountability system with better testing, and we are implementing a stronger teacher evaluation
25 system. These steps will be implemented over the next three years.

26 When they are completely in place, these pieces will allow us to reward our best teachers.
27 Beginning in the 2014-15 school year, we will ask schools to identify their very best teachers
28 - the top 20 percent in each district - based upon the new evaluation system. Under the Investing
29 in Teachers Initiative, the state will give every teacher in the top 20 percent a bonus of \$5000.
30 Every teacher is eligible. The bonuses will not go into base salaries, but they can be earned
31 every year by a teacher who remains in the top 20 percent.

32 In addition, I mentioned earlier the importance of Math and Science education to our future
33 workforce needs. We have to recognize the importance of having excellent Math and Science
34 teachers - because they light the spark that ignites a generation of engineers, doctors, and
35 scientists.

36 We need to attract our best teaching students into the fields of math and science, and we need
37 more teachers in these fields especially. Listen to some numbers - in the 2009-2010 school year,
38 our state universities graduated 176 new elementary school teachers - 176 new elementary
39 school teachers. They graduated 24 math teachers, 13 biology teachers, and 2 - that's right, 2 -
40 chemistry teachers.

1 Not only do we not train enough new teachers, we also face greater outside competition from
2 the private sector for the math and science teachers we already have. For the same reason that
3 math and science are important skills for our students, teachers with training in those areas have
4 more opportunities to leave teaching for other careers.

5 I've heard stories - and most superintendents will confirm this - about school districts that get
6 dozens of applicants for an elementary school opening - dozens, but they are lucky to get even
7 one qualified applicant for a position as a math or science teacher in high school. This is a real
8 problem, and the free market can help us.

9 The way to retain our math and science teachers, and to attract more young people into these
10 fields, is to apply free market principles. We simply cannot expect students to enter these
11 challenging fields, and to remain in them, if they are not rewarded any differently than any other
12 teacher. Beginning in the 2013-14 year, I propose the state pay every middle school and high
13 school math or science teacher a bonus of \$3500. Not into their base salary, but a teacher who
14 stays in these fields will qualify for the \$3500 bonus every year.

15 So I am proposing two bonus programs: a \$5000 bonus for the top 20 percent of teachers, and
16 a \$3500 bonus for math and science teachers. And a teacher can qualify for both bonuses. That
17 means if a math or science teacher is in the top 20 percent of the teachers in his or her district,
18 they would receive a bonus of \$8,500 on top of their base salary. For a teacher earning a salary
19 of about \$35,000, that is a bonus of about 25 percent.

20 Funding these bonuses is a sizable obligation, and I want to emphasize my strong commitment
21 to fully funding these incentive payments every year - not just one-time - but every year. These
22 bonuses will be paid entirely with state dollars, and they will be in addition to the annual
23 formula funding increases.

24 This is a three-year plan. This year, I have already proposed \$8 million in one-time funds for
25 aggressive training on the Common Core standards and on teacher and administrator training.
26 Next year, I will propose adding \$5 million in ongoing funds, on top of the formula, to fund the
27 bonuses for math and science teachers. And the year after that, I will propose another
28 \$10 million in ongoing funds, on top of the formula, and on top of the \$5 million, to fund the
29 incentive bonuses for our best teachers.

30 This is by far the largest investment in the teaching profession in the history of our state.

31 I am proposing one more change as part of this package. It has to do with teacher tenure.
32 Investing in Teachers makes a significant investment to reward our best teachers and to attract
33 more talented young people into teaching. But even as we reward our best teachers, we need to
34 give administrators fair and objective tools to measure performance, to deal with the few
35 teachers who just aren't able to perform in their jobs.

36 Teachers who currently have tenure will not lose it under my proposal. Let me repeat that: No
37 teacher who currently has tenure will lose it under my proposal. But I am proposing that South
38 Dakota end the availability of tenure, effective July 1 of this year, for anyone who doesn't have

1 it by that date. We are moving away from a system that relies on tenure, and into a system that
2 is based on rigorous, evidence-based evaluation. New teachers can be confident that
3 administrators are conducting professional evaluations and basing decisions on facts and proven
4 methods. Administrators will have a strong foundation to make informed decisions about their
5 teaching force, and they'll have the flexibility to carry out those informed decisions.

6 In every field - in every field, people want to strive for something better. They want to achieve
7 more through hard work. Many of our teachers go the extra mile, but most of them are still paid
8 based on how long they have worked there or whether they have a master's degree or not. A
9 \$5000 bonus is a way to demonstrate to our top teachers that we want to compensate for results,
10 not seniority - results - and we appreciate the work they do, and we reward them for their service
11 to our young people. By investing in great teachers, we are investing in our young people and
12 in South Dakota.

13 That is my vision for education in South Dakota. We are not afraid to invest in our young
14 people, but we cannot fall into the trap of believing that more money automatically creates better
15 results. We've seen it does not. We cannot simply pour more money into the same old system.
16 Rather, we must focus on improving results, and spend creatively and strategically to achieve
17 results. The key to high achievement is great teaching and we will invest the dollars that it will
18 take to make a difference.

19 This is the state of our state. We have great opportunities this year to move our state forward.
20 Now that we are on a sound financial footing, we can build a stronger South Dakota. We can
21 budget carefully and protect against uncertainty. We can strengthen our state's workforce
22 through a package of proposals to train South Dakotans and attract more people to South
23 Dakota. And we can strengthen our education system by rewarding great teaching, with a special
24 emphasis on Math and Science.

25 These are not small proposals, and they will require hard work from all of us. But it is only
26 because of your courage and hard work last year that we are in a position to consider proposals
27 like this for this year and two years more. I am confident we will be successful, because of what
28 we all saw in South Dakota this spring. I'd like to close today by talking about what we saw in
29 South Dakota last spring.

30 We are used to natural disasters in South Dakota. We have tornadoes, blizzards, wildfires,
31 drought - we have had our share of flooding in past years. And in some parts of our state,
32 flooding happens too often.

33 But the flooding we experienced along the Missouri River this spring was different. It was very
34 different. We've never been given two weeks' notice that a disaster was coming. It was a
35 Wednesday night in late May when the Corps of Engineers called to alert us that their releases
36 would be much higher than planned. And South Dakota sprang into action.

37 In Dakota Dunes, in Yankton, in Pierre and Fort Pierre, and up and down the river, South
38 Dakotans stepped up. Homeowners packed up and moved their possessions and built massive
39 sandbag walls. Contractors worked with feverish activity to build emergency levees -

1 compressing months of work into days. Truck drivers and heavy construction crews came from
2 hundreds of miles and worked around the clock to hasten the construction. Law enforcement
3 controlled traffic at every intersection, to speed the work. Prison inmates, homeowners, and
4 neighbors filled sandbags - thousands - no, millions of sandbags. National Guard troops aided
5 with preparations and patrolled the levees all summer, all day and all night. State employees
6 manned the emergency operations center for nearly a month.

7 And thousands and thousands of volunteers poured into the affected communities to help. They
8 came from every corner. I met a group of Boy Scouts who dropped their plans for a Black Hills
9 camping trip to help. I saw college basketball teams, football teams, and volleyball teams, by
10 the busload coming to help - groups of Hutterites. I saw boxes and supplies from all across
11 South Dakota sent to help those affected. I saw friends and neighbors do backbreaking work
12 hauling sandbags, for hours and hours, to secure private homes.

13 I have never been prouder of South Dakota than I was during those weeks. It was a time that
14 exemplified our values of persistence, hard work, determination, and perseverance. No one
15 thought about politics or the next election. No one got distracted by petty squabbling. No one
16 took a poll or kept a scorecard. South Dakotans were faced with a challenge, and we all rolled
17 up our sleeves and we overcame it - together - we overcame it.

18 As high as the flood waters rose, South Dakota rose even higher. I call on all of us now to
19 continue in that same spirit as we move forward this legislative session. If we do, there is no
20 limit to how high South Dakota can climb.