



MINUTES

GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

**Second Meeting
2012 Interim
May 1, 2012**

**Room 412
State Capitol
Pierre, South Dakota**

The second meeting of the 2012 Interim Government Operations and Audit Committee was called to order by Chair Haverly at 9:00 a.m., May 1, 2012, in LRC Room 412, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Jeff Haverly, Deb Peters, Larry Tidemann, Jean Hunhoff, and Jim Hundstad; Representatives Lance Carson, Charles Turbiville, Paul Dennert, and Kim Vanneman. Representative Dan Dryden was excused.

Staff members present were Mr. Martin Guindon, Auditor General, Mr. Bob Christianson and Mr. Tim Flannery, State Government Audit Managers for the Department of Legislative Audit (DLA).

Approval of Minutes

Representative Turbiville moved, seconded by Senator Hundstad, the minutes of the March 20, 2012 meeting be approved. Motion prevailed unanimously on a voice vote. (Doc.1)

Department of Agriculture – Veterinary Services/Education Opportunities, Mountain Pine Beetles in the Black Hills, and Performance Indicators Listed in the Governor’s Budget Book (Doc’s. 2, 3, 9, 10, 11, & 12)

Mr. Walt Bones, Secretary for the Department of Agriculture briefly addressed the Committee and introduced Dr. Dustin Oedekoven, State Veterinarian, Animal Industry Board for the Department of Agriculture, and Ms. Penny Dye, President of the South Dakota Veterinarian Association. Dr. Oedekoven gave the following testimony in response to numerous questions presented by the Committee:

- Dr. Oedekoven does not feel that areas of the state are underserved by veterinary care. Dr. Oedekoven testified that the makeup of farming and ranching has changed over the years, therefore so has the need for veterinary care. There is less need for veterinary service on a small scale. Dr. Oedekoven also testified that the feedback he has gotten is primarily positive that people in the rural areas have access to veterinary care.
- According to the American Medical Veterinary Association (AMVA), the average starting salary for a veterinarian is \$46,000 annually. There is more opportunity to make higher salaries and pay down loans in urban versus rural areas.
- There are 765 veterinarians licensed to practice in South Dakota. 381 of them reside in South Dakota. 32 credit hours of continuing education are required every two years.
- Dr. Oedekoven explained the Veterinary Tuition Assistance and Veterinary Medical Loan Repayment Programs. Recipients are bound by contract to return to South

Dakota to practice within 3 years. A breach of contract would mean re-payment of the loan with interest. Dr. Oedekoven testified that the programs are working but some changes could be made.

- Of college graduates entering veterinary schooling the majority attend Iowa State University (46%). Over the last five years 78% of the graduating SDSU students went on to veterinarian schooling at Iowa State.
- Over the last five years over half of the veterinarians licensed in South Dakota are staying in South Dakota.
- Dr. Oedekoven stated that a function of the board is to handle complaints against individuals violating the practice act.
- Veterinarian Technicians (Vet Techs) must complete a course of study and go through a specific process with the board, under the supervision of a veterinarian.

State Treasurer Rich Sattgast and Ms. Marianne Gabriel, State Treasurer's Office were present to explain to the Committee the process and repayment of debt if the student breaks their contract. The Committee is considering making a change in repayment stipulations if a veterinarian has already completed part of the contract, such as pro-rating the repayment. Treasurer Sattgast will do some research to see if this has happened in the past.

Mr. Ray Sowers, State Forester for the Department of Agriculture, and Mr. Greg Josten, Forestry Program Supervisor for the Department of Agriculture were present to address the Committee on the Mountain Pine Beetle infestation in the Black Hills. Mr. Sowers gave some background information on the beetles stating that they have always been in the Black Hills with the first infestation dating back to the late 1800's. There have been five epidemics in the past, with the current one starting in 1996-97 lasting the longest and covering the largest area. Mr. Sowers passed out handouts numbered above as Documents 9, 10, and 11 which gave in-depth information, pictures, and graphs on the areas of infestation and the measures being taken to combat the beetles on public and private land. Mr. Sowers testified that the state has been suppressing the beetles in Custer State Park since 2005. Mr. Sowers also testified that to date the state has allocated \$1.1 million in the effort to combat the Mountain Pine Beetles.

Mr. Jon Farris, Deputy Secretary of the Department of Agriculture, and Mr. Chris Peterson, Finance Officer for the Department of Agriculture addressed the Committee regarding performance indicators in the Governor's Budget Book. The Committee asked the Department to highlight the top five indicators and provide additional background information about those indicators. This background information will help the Legislature and other betters understand the significance of these indicators. From an operational perspective the Committee desired more information about what outcomes and results were achieved in the use of funds. In addition, from an operational perspective, the Committee desired to learn more about the day-to-day operations of the agency. The Chair stated that this is the start of on-going discussions with the Department of Agriculture and more time would be allocated for this topic at the next Government Operations and Audit Committee meeting.

Corps of Engineers – Update on Status of Missouri River Conditions/Impact of 2011 Flooding (Doc. 4)

Mr. Eric Stasch, Project Manager, Lake Oahe, Army Corps of Engineers, and Ms. Jody Farhat, Chief of the Missouri River Basin Water Management Division, Omaha District of the Army Corps of Engineers (via phone) were present to address the Committee. Ms. Farhat testified to the Committee that the Missouri River is 8.8 million acre feet lower than last year, and most areas in the basin are below normal precipitation. The upper reaches peaked in snowpack in

April, with the snowpack just starting to come into the reservoir. Ms. Farhat testified that there is low risk from snowpack runoff, and normal risk from possible rain runoff. Mr. Stasch reported that all dams are fully operational at this time with some restorations planned in the future. Mr. Stasch testified that the Corps will also be checking on possible encroachment (erosion) on private land. Mr. Stasch stated that there is federal funding for repairs relating to private claims. Mr. Stasch also stated an estimate of \$18-\$20 million in repairs to the emergency spillways, gates, and roads in the Oahe Project. The Committee requested the list of repairs be forwarded to Mr. Tim Flannery at the Department of Legislative Audit.

Board of Dentistry – Discuss License Fees (Doc’s. 5 & 13)

Dr. Roger Wilson, Vice-President for the Board of Dentistry, and Ms. Brittany Novotny, Executive Secretary for the Board of Dentistry were present to discuss licensing fees. Ms. Novotny passed out Document 13 and explained the background on the fee increase. Ms. Novotny explained that the reserve amount is to be used in case of a complaint or to replace computer equipment. Ms. Novotny then explained the process used to follow up on abuse cases and complaints. The Committee had some questions and may re-visit this topic in the future.

Bureau of Information and Telecommunications – Discuss the Health Exchange Project Manager Position (Doc. 6)

Mr. Jim Edman, Acting Commissioner for the Bureau of Information and Telecommunications (BIT), Ms. Deb Bowman, Governor’s Office, and Mr. Eric Matt, Governor’s Office were present to address the Committee. Mr. Matt gave a brief overview of the opinion of the Governor’s office on the President’s healthcare system. Questions were raised on the repercussions of the state backing out of the President’s Healthcare Reform. Mr. Edman addressed the Committee regarding the Health Exchange Project Manager position that was advertised. Mr. Edman explained that BIT was planning for all possible scenarios. This topic may be re-visited at a later date.

Follow-up on Items from Prior Meetings (Doc’s. 7 and 8)

Ms. Tamara Darnall, Director for the Office of Finance and Management, Department of Education was present to address the Committee on Document 8. Ms. Darnall answered some Committee questions. This topic may be re-visited at a later date.

Mr. Tim Flannery, Audit Manager for the Department of Legislative Audit discussed Committee questions relating to the Department of Health and Medicaid billing process (Document 7). The Committee had follow-up questions and asked Mr. Flannery to address these with the Department of Social Services and the Department of Health.

Future Items for Discussion

- Department of Agriculture – Performance Indicators
- PUC – Bonding Requirements for Grain Buyers

Future Meeting Date

June 28, 2012 was chosen as a tentative meeting date.

Representative Carson moved, seconded by Senator Tidemann to adjourn the meeting. Motion prevailed unanimously on a voice vote.

The Committee adjourned the meeting at 2:52 p.m. and continued on to the State Health Lab for a tour of the facility.



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