



south dakota department of labor 2008 annual report

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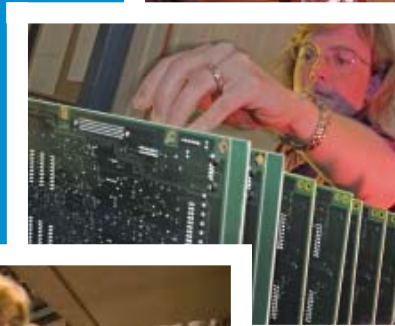
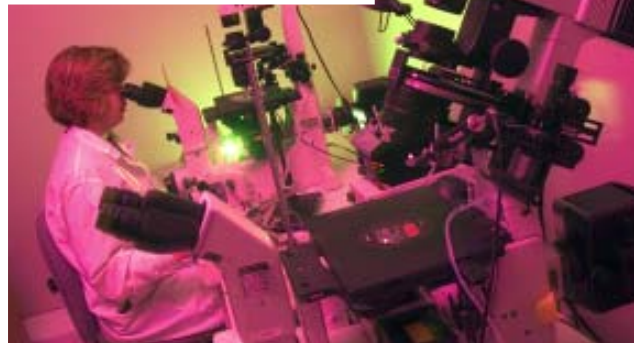


Photo by Department of Tourism



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Our mission is to enhance the South Dakota workforce by providing businesses with employment-related solutions and helping people with job placement and career transition services.

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As Department of Labor staff do their work each day, most of us are surrounded by the common utensils of office work: calculators and coffee cups, phones and forms, computers and cubicle walls. Come take a look at our working world, where we always remember we are here to serve you.

To the Governor, Legislature, and People of South Dakota:

2008 proved to be a challenging year for the South Dakota Department of Labor (DOL) as we strived to meet the needs of both businesses and job seekers across the state. The changing economy and shifting workforce led us to develop new strategies and rethink how we do business.

I am proud to report the launch of the Workforce 2025 initiative, which was created to ensure a quality and competent workforce to allow for economic growth and expansion. Our DOL team worked diligently to design, implement, and support five programs focused on recruitment, retention, students, internships, and industry needs.

Through effective relationships with our partners in economic development, education, business, and industry, we were able to enhance customer service, strengthen existing resources, collaborate on projects, and share best practices. This cooperation has been invaluable in better understanding and serving our customers.

I appreciate your support of our programs. It has enabled us to provide quality services to South Dakota's workforce of today and tomorrow. Our dedicated professionals look forward to continue positively impacting the communities of South Dakota.

Sincerely,

Pamela S. Roberts

**Pamela S. Roberts
Secretary**



Pamela S. Roberts, Secretary

2008 in Review

DOL experienced many accomplishments in 2008, the greatest one being the evolution of Workforce 2025 from a loosely defined concept to a solid initiative with five programs: Live Dakota, Grow Dakota, Build Dakota, Dakota Roots and Dakota Seeds. By focusing on education and training, employer needs, recruitment and retention, DOL offered immediate strategies to employers and workers experiencing challenges resulting from a fluctuating economy, while also implementing strategies to address long-term workforce issues.

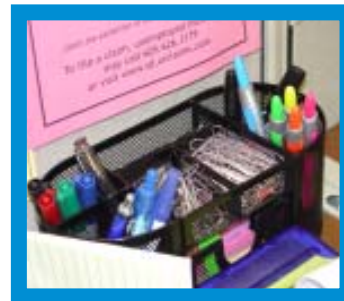
Specifically, Dakota Roots has successfully recruited 875 individuals to South Dakota, bringing additional family members back as well. In addition, DOL Field Offices across the state held Youth Career Expos. These expos were designed to show high school students the wide variety of career opportunities available in South Dakota when planning for their future. Expos play a vital role in Live Dakota by providing students career choices in South Dakota they may have not known about before and providing a potential pipeline of employees to businesses.

Another noteworthy achievement includes the conversion of unemployment insurance benefit payments from paper checks to electronic debit cards. This eliminated about 90,000 checks per year, along with associated costs for printing, handling, envelopes and bank reconciliation. The postage savings alone was about \$40,000. About 70 percent of payments are now made to debit cards with the remainder being direct deposit.

Looking forward, it is essential for DOL to continue to re-evaluate the programs provided to constituents in order to deliver optimal services. Feeling the effects of a downturn in the economy, Field Offices will likely continue to see an influx in clients due to layoffs or closures. Focusing on providing exceptional customer service to an increasingly diversified workforce will also be an important factor to success.

It is necessary to continue to meet job seekers' needs, as well as meet with industry leaders to determine their future needs and how to assist them. Not only will Field Office staff be challenged, but unemployment insurance staff also will as they handle a greater number of claims, payments and inquiries from unemployed workers.

By continuing to work with partners and combining best practices, DOL will effectively provide businesses with workforce solutions and help people with job placement and career transition services.



Unemployment Insurance



Don Kattke,
Division Director

Our division administers the department’s unemployment insurance program, whereby covered employers pay taxes into the Trust Fund and individuals who have lost their jobs though no fault of their own make claims upon the funds. It is our duty to run this complex program efficiently, effectively and fairly, while minimizing occurrences of overpayment and fraud.

Performance

The improvements in the division’s performance measures (see Table 1) are the result of two factors: normal growth as we emerged from the recession earlier in this decade and the effects of trust fund solvency legislation passed in 2006. The increase in unemployment taxes

Benefits		2007	2008
Applications for Benefits		19,188	17,955
Total Number of Weekly Payments		89,233	82,479
Number of Individuals Who Received Benefits		7,985	7,377
Dollars Paid Out	State Benefits	\$20,385,089	\$19,512,708
	Federal Claims	\$2,404,630	\$1,918,646
	Total	\$22,534,282	\$21,431,354
Average Number of Weekly Payments per Claimant		11.2	11.2
Maximum Weekly Payment		\$285	\$298
Average Weekly Payment		\$225	\$232

received from South Dakota’s employers can also be attributed to these factors plus wage inflation. The latter is also the major factor in the increase in maximum and average weekly payments to claimants.

Our Program Integrity unit is responsible for reducing instances of overpayment, fraudulent or otherwise, and collecting these monies from claimants.

Table 1 - Unemployment insurance benefits for fiscal years 2007 and 2008 (July 1 through June 30).



Photo by South Dakota Tourism

“It is our duty to run this complex program efficiently, effectively and fairly ...”

More than 25,000 employers pay into the unemployment insurance system.

As evidenced in Table 2, over the past 18 months we have significantly improved our performance in this area. Although the percentage of overpayment cases involving fraud has remained fairly steady, our collection techniques have become more aggressive. Our set of automated collection letters was revamped and we use the letters more often. We also stepped up our civil actions, such as wage garnishment, or automotive and general liens. Improved diligence in overpayment prevention is reflected in the decrease in new overpayment cases and the dollar amount of overpayment fraud. The ratio of dollars collected to dollars in overpayments increased from 66 percent in FY2007 to 77 percent in FY2008.

In 2006, we won the national award for Benefit Payment Excellence, the first year the U.S. Department of Labor instituted the award. In 2008, we won the award again, as the top performer among 15 states of similar size. This was in recognition of excellence in timeliness of payments, timeliness of determination of eligibility, quality of determination of eligibility and detection of overpaid claimants. We are proud of this testament to the dedication and ability of the division's staff.

Integrity Systems	2007	2008
Amount of Benefit Overpayment Debt	\$819,481	\$664,549
New Overpayment Cases	2,200	1,670
Percent of Cases Involving Fraud	16.8%	16.3%
Dollar Amount of Overpayment Fraud	\$207,493	\$189,974
Cases Investigated	N/A	14,655
Dollar Amount Collected Back	\$539,356	\$512,277
Number of Collection-Related Correspondence Items	5,373	5,877
Number of Civil Actions	631	956
Convictions Obtained	3	3
Cases Pending	7	3

Table 2 - Unemployment insurance integrity systems performance measures for fiscal years 2007 and 2008 (July 1 through June 30).



“We are proud of this testament to the dedication and ability of the division’s staff.”

Unemployment Insurance Trust Fund	2007	2008
Taxes Received for Regular State Benefits	\$22,222,490	\$25,643,973
Interest on Trust Fund	\$884,210	\$1,154,757
Trust Fund Balance (end of year)	\$20,385,089	\$26,162,068
Number of Employers (end of year)	24,873	25,188

Table 3 - Unemployment insurance trust fund for fiscal years 2007 and 2008 (July 1 through June 30).

Internal Efficiency

To increase internal efficiency, our division successfully developed and implemented a document imaging system for the Benefit Payment and Benefit Payment Control units. The UI Tax unit will also be using this system, beginning early in 2009. The imaging system reduces the amount of paper handled by staff, allows rapid access to information, informs staff of their

assigned tasks and gives managers easy access to information on work flow. The system will eventually eliminate hundreds of thousands of paper documents.

Beginning last spring, we instituted a major change in department operations by issuing payments to debit cards, rather than writing and mailing checks. By fall of 2008, 98 percent of payments were via debit card or direct bank deposit. The electronic payment process ensures payments are not lost in the mail, and reduces the amount of time before the claimant has the money available. We also estimate saving \$40,000 per year in postage costs.

Tax Administration/New-Hire Reporting	2007	2008
Delinquent Notices	7,374	7,498
Subpoenas to Non-Compliant Employers	291	270
Percent Status Determinations Made Within 90 Days	88.1%	79.5%
Percent Quarterly Reports Filed Timely	93.3%	92.8%
Percent Employers Paying Timely	96.0%	97.3%
New-Hire Reports	194,446	200,033

Table 4 - Unemployment insurance tax administration and new hire reporting for fiscal years 2007 and 2008 (July 1 through June 30).



Agriculture employs more than 3,500 workers in South Dakota.

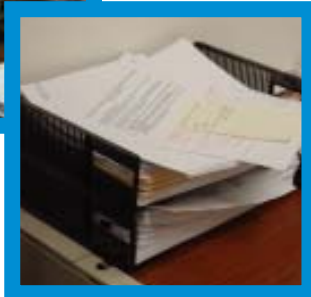
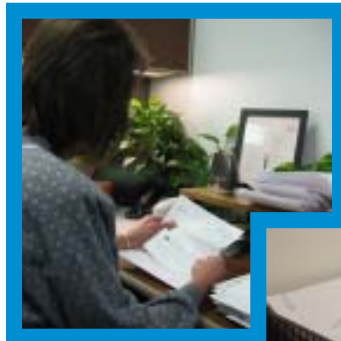
“We ... estimate saving \$40,000 per year in postage costs.”

Goals and Challenges in 2009

Besides the ever-present goal to make timely and accurate payments to eligible applicants, and meet and exceed every federal performance requirement, the division will focus on three major goals in the coming year.

- The Labor Department is a member of a consortium that contracts with a bank for debit-card services. In preparation for contract expiration in 2010, the division will participate in consortium efforts to craft an RFP, evaluate bidders and select a new debit-card service vendor.
- One provision of major trust-fund solvency legislation, passed by Congress in 2006, charges interest to employers with increasingly negative balances in their unemployment insurance tax accounts. These interest charges will begin in 2009; computer systems and procedures are being developed to implement this legislation.
- We will implement a major new automation project to improve on-line tax filing and wage reporting for employers. The new system will improve the speed of the application, allow employers to send a data file or manually enter wages, allow large employers to use the system easily, and allow employers to determine when money will be removed from their banking accounts.

We foresee the primary challenge of 2009 will be successful operations in an environment of rising unemployment. We have seen claims increase over the past months and national economic forecasts indicate a serious recession has occurred and will continue. The division has systems in place to handle higher workloads, but staff will be challenged to simultaneously issue high-quality decisions, issue timely payments, respond to telephone inquiries and provide good customer service as the number of unemployment insurance claims increase.



“... the primary challenge of 2009 will be successful operations in an environment of rising unemployment.”

Your workforce experts.

**south dakota
department of labor**

Labor and Management



James Marsh,
Division Director

Responsible for administering the state’s discrimination and employment laws, the Division of Labor and Management:

- helps settle problems between employers and workers
 - enforces wage and hour, and child-labor laws
 - answers questions about state and federal unemployment laws
 - administers the state’s workers’ compensation system
 - provides oversight to the Division of Human Rights
 - holds hearings and mediations
- handles labor union certifications
 - adjudicates unemployment insurance and workers’ compensation appeals
 - provides legal services for the Unemployment Division and five state boards and commissions

Workers’ compensation trends continue to be favorable. Petitions for hearing have dropped by 10 percent this year, and by 26 percent compared to four years ago. The number of injuries per covered worker also decreased slightly from the previous year. We believe this is the result of passage of a law recommended by the department and the Governor’s Advisory Council to encourage prompt payment of medical bills by insurers. We have noted better service for medical providers and employees without concomitant costs for employers.

Workers’ Compensation Activities		2007	2008
Pre-hearing Conferences Held		208	123
Agreements Approved	State Files	80	80
	Hearing Files	140	117
Permanent Partial Disabilities Approved		672	703
First Report of Injuries Received		24,840	23,745
Money Collected	Searches, copies, mailing	\$85,028	\$96,725
	Wage & Hour	\$45,428	\$40,545



Table 5 - Workers’ compensation activities for calendar years 2007 and 2008.

Photo by South Dakota Tourism



Manufacturers are the fifth-largest employers in the state.

“Petitions for hearing have dropped by 10 percent ...”

Our unemployment insurance appeals staff continues to meet and exceed federal standards for both quantity and quality of appeals. On average, 88 percent of administrative judges' hearing decisions were issued within 30 days of a petition; the federal requirement is only 60 percent. Our average quality score received from the U.S. Department of Labor for ensuring hearing fairness was a shining 94 percent; the federal requirement is 80 percent.

“We are pleased with the trust shown us by the disagreeing parties ...”

Hearing and Settlement Activities	2007	2008
Workers' Compensation Hearings	20	22
Grievance Hearings	8	4
Unfair Labor Practice Hearings	4	3
Elections	1	0
Unit Determinations	2	0
Impasse Conciliations	2	4
Fact Findings	2	2
Mediations	55	79
Conference Calls	252	148

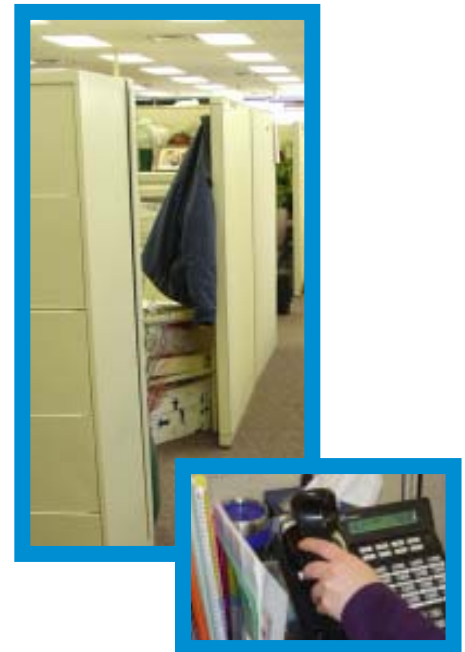


Table 6 - Hearing and settlement activities for calendar years 2007 and 2008.

We have noted a trend in the past year of decreased litigation activities requiring legal orders, findings, conclusions and decisions. On the other hand, mediation activities have increased significantly, indicating preferred use of a simpler and less costly means of resolving conflicts. We are pleased with the trust shown us by the disagreeing parties when they request our mediation services.

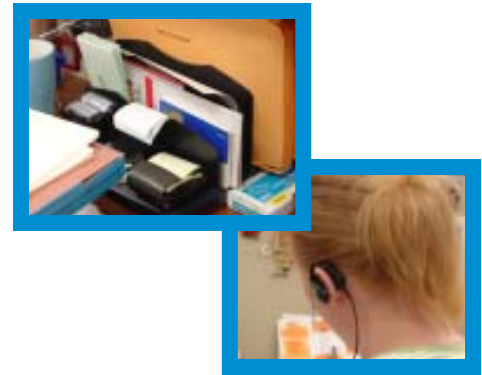
Unemployment Appeals	2007	2008
New Filings	1,206	1,117
Cases Ruled On or Dismissed	1,205	1,073
Percent Cases Decided Within 30 Days	87%	88%
Cases Awaiting Decision	53	119

Table 7 - Unemployment insurance appeals for calendar years 2007 and 2008.



Decisions and Reports	2007	2008
Workers' Compensation Decisions	31	28
Grievance Decisions	12	7
Unfair Labor Practice Decisions	2	2
Findings of Fact, Conclusions of Law and Final Orders Issued	35	23
Orders Issued	972	603
Fact Finding Reports Issued	3	1

Table 8 - Decision and report activities for calendar years 2007 and 2008.



“We strive to carry out both the letter and spirit of the laws we enforce ...”

Our outreach efforts, at dozens of events around the state, educate the South Dakota public about our laws. Internally, the Division continues its efforts to convert records, forms and claim information to electronic formats. Workers' compensation insurers now send claim and payment information via our Web application. Employers, insurers and case management plans have easy access to interactive forms to meet their reporting obligations and apply for permits.

Human Rights Activities	2007	2008
Potential Discrimination Charges	207	225
Requests for Information	168	180
Intakes of Discrimination Complaints	205	190
Investigations Opened	110	120
Investigations Closed	95	100
EEOC Transfers	19	25
Money Collected for Charging Parties	\$500	\$50,923

Table 9 - Human rights activities for calendar years 2007 and 2008.

Photo by South Dakota Tourism



Financial service companies are concentrated in eastern South Dakota.

Employees can provide human rights complaint information interactively. Unemployment appeal hearing files have also recently been converted to imaging.

We strive to carry out both the letter and spirit of the laws we enforce, and to provide expert information in the areas of our responsibility, so the systems we regulate function as the legislature and governor intend.

Workforce Services



Marcia Hultman,
Division Director
and Deputy
Secretary

Our division is home to a diverse set of programs designed to aid South Dakota's workforce, helping employers, employees and job seekers. The six subdivisions are:

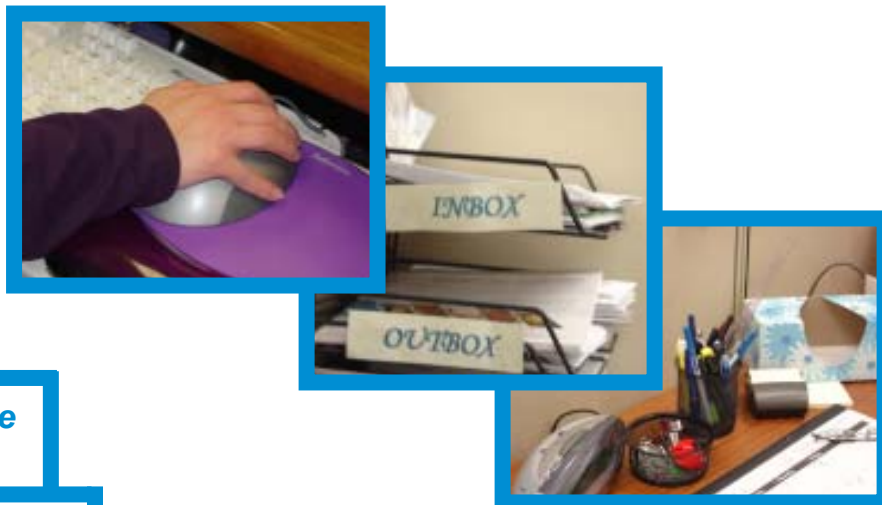
- Foreign Labor Certification (FLC)
- Labor Market Information Center (LMIC)
- Media and Public Relations
- Technical Services (Boards and Commissions; SCSEP; SDWORKS, Veterans' Services; Work Opportunity Tax Credit)
- Temporary Assistance for Needy Families (TANF)
- Workforce Training (Adult Education & Literacy/GED; Dislocated Workers; Trade Adjustment Assistance; WIA Adult & Youth)

Foreign Labor Certification

Foreign labor certification (FLC) is the process by which employers can request workers from outside the United States. These workers occupy positions employers have been unable to fill with a sufficient number of available and able U.S. workers.

The number of applications for foreign labor certification decreased from 2007 to 2008 by approximately 7 percent. However, the average number of positions requested in each application jumped dramatically from about 20 to nearly 30 positions.

We have seen strong indications that the federal government will be initiating sweeping changes in the FLC program. State offices, such as ours, are likely to have reduced administrative responsibility for the FLC federal grant. This would mean employers may be allowed to "self-certify." In other words, the employer will need only to attest that he or she has made a good-faith effort to recruit U.S. workers and no further recruitment efforts would increase his or her ability to hire qualified U.S. workers. We anticipate a final decision from the U.S. Department of Labor very soon.



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experts.**

**south dakota
department of labor**

Labor Market Information Center

The Labor Market Information Center (LMIC) collects, analyzes and provides to the public information on the labor market of the state. This includes information such as employment levels, unemployment rates, wage and earnings data, estimates of available labor, employment projections, business staffing patterns, career planning information, etc. Among those who use our information are employers, career decision makers, and education, economic development, job placement and training program planners.

Labor Market Information Center Activities		2007	2008
Publications	Printed	26,000	18,650
	Distributed	34,166	14,071
Subscribers to <i>e-Labor Bulletin</i>		976	1,432
Web Application Usage (page views)		39,693	40,147
Requests for Information	Statistical Data and Technical Assistance	1,124	877
	Publication Requests	13,974	15,796
	In-depth Research and Analysis	177	168

Within the past year, we have reduced the number of hard copy publications produced and distributed as we increasingly rely on lower-cost electronic communication. Our Web pages and application within the department Web site ranked second only to unemployment insurance in page usage, with more than 35,000 hits in the last quarter alone.

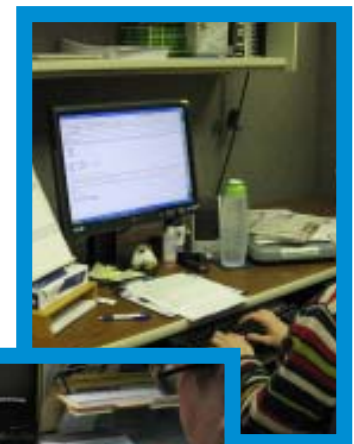
Table 10 - Labor Market Information Center activities for calendar years 2007 and 2008.

Photo by South Dakota Tourism



Electronics manufacturers employ more than 3,000 South Dakota workers.

“... we increasingly rely on lower-cost electronic communication.”



Media and Public Relations

Workforce 2025 Initiative Activities

Governor Mike Rounds launched the Workforce 2025 initiative to ensure South Dakota has a competent and qualified workforce to allow for economic growth and expansion. Throughout the year, department staff gave informational presentations to state agencies, community organizations and service clubs. A professional video was created to showcase all five programs within the initiative:

- Live Dakota
- Grow Dakota
- Build Dakota
- Dakota Roots
- Dakota Seeds

Initiative Web Site	Page Views	Unique Visitors
Live Dakota (4-14-08 to 12-3-08)	33,878 (145/day)	6,2441 (27/day)
Dakota Roots (1-1-08 to 12-3-08)	77,007 (228/day)	13,007 (39/day)
Workforce 2025 (3-19-08 to 12-3-08)	55,962 (215/day)	12,212 (47/day)

Table 11 - Web site activity for Workforce 2025 initiative programs during 2008.

Live Dakota is the retention component of the initiative. An awareness campaign used the Web site, www.LiveDakota.org, as the primary call to action, supplemented by campus visits, youth career expos, print and broadcast media, and promotional items.

As part of Build Dakota, state business leaders attended department-sponsored forums (including the first-ever Manufacturing Workforce Summit) to identify the workforce needs of the manufacturing, construction trades and financial services industries. Career awareness campaigns for each industry were developed.

Dakota Roots aims to bring former South Dakotans back home to live, grow and build. Since its 2006 launch, nearly 350 businesses have become Dakota Roots partners and more than 1,600 individuals have registered to indicate active interest, more than half of whom have successfully entered employment in South Dakota. Public relations efforts included:

- Reaching out to approximately 189,000 college and university alumni
- Co-sponsoring the Independence Day celebration at Mount Rushmore, an event tracked by more than 53 million viewers in more than 300 broadcast markets
- Targeting visiting pheasant hunters with print media and greeting arriving hunters at the Sioux Falls airport
- Scheduling an aggressive holiday media campaign



Other Outreach Activities

- Radio – A radio campaign, *The top five things you didn't know, you didn't know*, used two new 60-second ads to increase awareness of our enhanced Web site.
- Capital for a Day – Secretary Roberts and staff attended Capital for a Day events in Gettysburg, Phillip, Freeman and Webster to answer questions and promote available programs and services.
- Business Expo 2008, Rapid City – Nearly 80 employers and businesses attended this event to learn about the Workforce 2025 initiative, our programs and services, and labor market information.
- Small Business Workshops – With other state and federal agencies, we co-hosted workshops to present information on our business services, the unemployment insurance system, labor and employment laws, and the workers' compensation system.
- New Internet and Intranet – We launched a new public Web site along with a new departmental Intranet. Both sites have been designed for easy navigation with clear, concise and informative content. Preliminary usage results for the public site show unemployment insurance, labor market information and workers' compensation pages accounting for more than half the page views.
- Print Media – During 2008, we produced original or revised versions of nearly 80 booklets, brochures, posters, forms, ads, fliers and postcards to inform and assist the public.

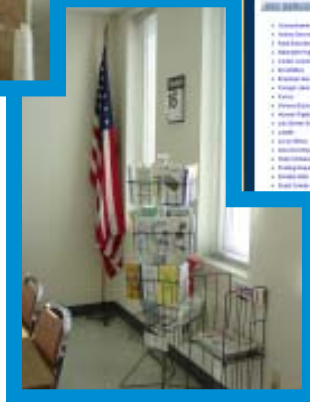
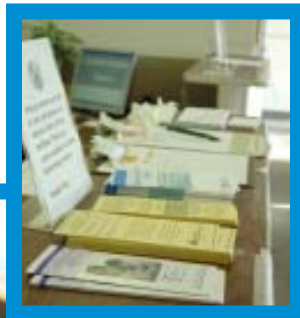
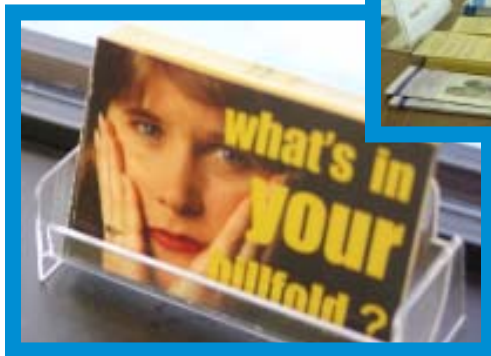


Photo by South Dakota Tourism



Government (including federal, state and local) is the second largest employer in the state.

“We launched a new public Web site ... designed for easy navigation with clear, concise and informative content.”

Technical Services

This subdivision handles our six licensing boards and commissions (Table 12); SCSEP, a program for older workers; SDWORKS, the largest statewide online job database; veterans' services (Table 13); and the Work Opportunity Tax Credit (WOTC) program (Table 14).

The most significant changes in the past year have been in employer usage of the SDWORKS system (job listings up by almost 4 percent) and the phenomenal growth of the WOTC program, a federal tax credit for employers hiring individuals of certain targeted groups characterized by a variety of employment barriers.

Compared to last year, the number of successful WOTC certifications in our state shot up by 79.4 percent. This resulted in more than \$6.3 million in tax savings for South Dakota employers and 2,648 hard-to-place job seekers finding productive employment. The acceptance rate of applications also climbed from 38 percent to 48 percent. As we continue to expand this program, we expect another large increase in certifications in the coming year.

Board/ Commission Performance Indicators	Licenses Renewed		New Licenses		Total Practitioners		Examinations		Complaints		Inquiries	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Accountancy	1570	1671	93	101	1525	1616	82	77	11	8	7150	7190
Barber Examiners	373	410	14	6	266	252	0	1	n/a	n/a	500	510
Cosmetology	6482	6631	1197	1146	4974	5112	293	296	19	23	12,960	14,700
Electrical	773	3207	992	995	5162	4357	303	377	7	5	n/a	n/a
Plumbing	2363	2310	331	384	2694	2694	123	144	66	59	3300	3871
Technical Professions	1851	1891	243	481	5863	6172	349	487	14	14	587	596

Table 12 - Licensing board and commission performance measures for fiscal years 2007 and 2008 (July 1 through June 30).



“... successful WOTC certifications in our state shot up by 79.4 percent.”

Veterans' Services		2007	2008
Veteran	Entered Employment Rate	63%	68%
	Employment Retention Rate	83%	83%
Disabled Veteran	Entered Employment Rate	51%	58%
	Employment Retention Rate	80%	78%

Table 13 - Veterans' services for program years 2007 and 2008 (July 1 through June 30).

Work Opportunity Tax Credit	2007	2008
Certifications	1,476	2,648
Denied Applications	2,389	2,691
Pending Applications	0	176
Total Applications	3,865	5,515
Acceptance Rate	38%	48%
Tax Dollar Savings	\$3,542,400	\$6,355,200

Table 14 - Work Opportunity Tax Credit activities for federal fiscal years 2007 and 2008 (October 1 through September 30).

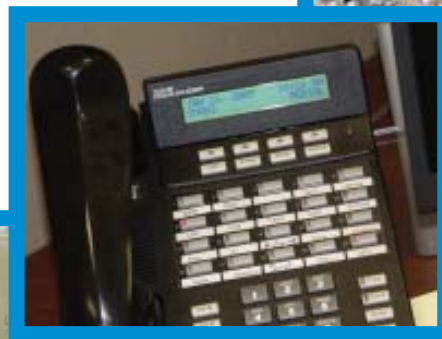
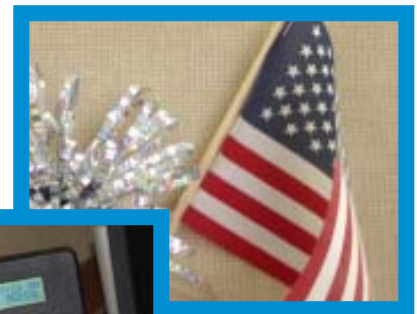


Photo by South Dakota Tourism



Mining remains an important part of the Black Hills local economy, employing nearly 850 residents.

TANF Performance Measures		2007	2008
TANF Applicants (mandatory, from DOL counties)		5,692	4,593
Caseload	Average Monthly	474	383
	Share of Statewide	47%	43%
Employment	Entered	1118	1,030
	Share of Statewide Entered	80%	82%
	Entered with Medical Benefits	31%	31%
	Share of Statewide Entered with Medical Benefits	96%	97%
Average Starting Wage		\$7.36/hour	\$7.85/hour
Assigned Activity	Job Search	671	553
	Community Service	776	806
Education	Post-secondary	127	81
	On-the-job Training	19	10
	Studied for GED/High School Diploma	180	72
Applying for Supplementary Security Income or Social Security Disability Insurance		132	128
Health/ Family Issues	Serious Physical Health Issues	249	216
	High-Risk Pregnancy	109	85
	Serious Mental Health Issues	46	53
	Disabled Family Member	57	72

Table 15 - Temporary Assistance for Needy Families activities for fiscal years 2007 and 2008 (July 1 through June 30).

Temporary Assistance for Needy Families (TANF)

The Department of Labor is co-administrator of the TANF program with the Department of Social Services. It is responsible for 54 South Dakota counties, handling just under half the TANF caseload statewide, but producing more than 80 percent of TANF job entries around the state and most of job entries having health insurance benefits.



“[We] produc[ed] more than 80 percent of TANF job entries around the state.”

We are very proud to have exceeded our 50-percent participation-rate goal. While the number of participants dropped off before the current economic downturn, the percentage of our clients with serious physical or mental health problems, high-risk pregnancies or disabled family members requiring home care has increased. This means more individuals are facing serious barriers to participation in the TANF program.

The other major concern has been our reluctant de-emphasis on education goals as the result of rigorous federal restrictions on program options and data reporting. Along with producing weekly signed verifications of work hours and class hours, those who want to obtain postsecondary training may only attend classes for a maximum of 12 months and GED students must be under 20 years old. Older students may not spend time working on their GED studies until they first perform 20 hours of their weekly required core activities.

On a positive note, we have seen an increase in the average starting wage of 7 percent.

Workforce Training

This subdivision is home to several programs geared to assisting employees and job seekers.

Adult Education & Literacy/GED

Our department targets adults who are most in need of literacy services, including low-income learners who are educationally disadvantaged, individuals with disabilities, single parents, displaced or dislocated workers, and limited English-proficient adults. Other populations include unemployed and underemployed persons,

ABE Educational Functioning Level Completion	2006	2007
ABE Beginning Literacy	43%	59%
ABE Beginning Basic Education	52%	44%
ABE Intermediate Low	44%	41%
ABE Intermediate High	40%	43%
Adult Secondary Education Low	52%	54%
Adult Secondary Education High	62%	74%

Table 16 - Adult Basic Education achievements for program years 2006 and 2007 (July 1 through June 30).



Biotechnology companies need workers with a good education.

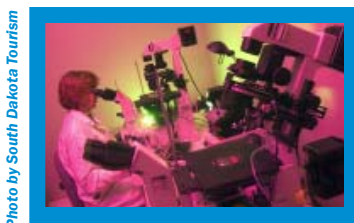


Photo by South Dakota Tourism

young adults and offenders in correctional institutions. These individuals consistently perform at lower educational levels (below the 8.9 grade level) and generally demonstrate a need for reading, writing and math skills. Of those learners who take the tests for the GED credential, 84 percent pass and receive their GED certificates.

ESL Educational Functioning Level Completion	2006	2007
ESL Beginning Literacy	39%	34%
ESL Beginning Low	51%	52%
ESL Beginning High	55%	50%
ESL Intermediate Low	42%	45%
ESL Intermediate High	41%	38%
ESL Advanced	35%	20%

Table 17 - English as a Second Language achievements for program years 2006 and 2007 (July 1 through June 30).

Core Indicators of Performance	2006	2007
Entered Employment	42%	67%
Retained Employment	63%	54%
GED Diploma Obtained	81%	88%
Further Education	75%	76%

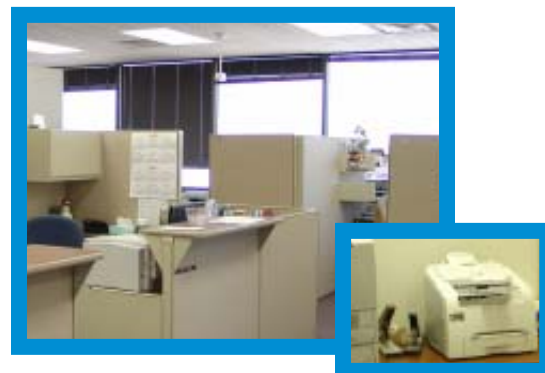


Table 18 - GED achievements for program years 2006 and 2007 (July 1 through June 30).

Dislocated Workers

The last complete program year had fewer layoffs, more workers placed in new jobs and better earnings for these workers. Indications for the 2008 program year strongly suggest a sharp rise in layoffs due to the current economic conditions.

Dislocated Workers	2006	2007
Participants	443	345
Entered Employment Rate	83.9%	89.6%
Employment Retention Rate	94.6%	92.6%
Average Earnings	\$12,317	\$13,193
Employment Credential Rate	77.1%	75.3%

Table 19 - Dislocated workers for program years 2006 and 2007 (July 1 through June 30).



Trade Adjustment Assistance

In this program to assist workers laid off due to outsourcing, we enrolled significantly fewer participants in the last program year (PY 2006: 345; PY 2007: 155), due to a sharp drop in layoffs statewide. However, we anticipate this number will increase again under the current economic conditions.

WIA Performance Measures		2006	2007
Adults	Participants	1,604	1,762
	Entered Employment Rate	80.6%	82.9%
	Employment Retention Rate	86.8%	86.8%
	Average Earnings	\$10,227	\$10,744
	Employment Credential Rate	77.1%	60.6%
Older Youth	Participants	202	233
	Entered Employment Rate	82.2%	73.9%
	Employment Retention Rate	86.5%	86.2%
	Earnings Change	\$5,686	\$5,639
	Credential Certificate Rate	59.0%	52.6%
Younger Youth	Participants	527	642
	Skill Attainment Rate	78.2%	89.0%
	Diploma Equivalent Rate	62.2%	62.4%
	Retention Rate	74.1%	76.7%

Table 20 - WIA performance measures for program years 2007 and 2008 (July 1 through June 30).

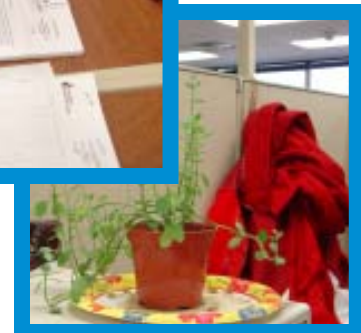
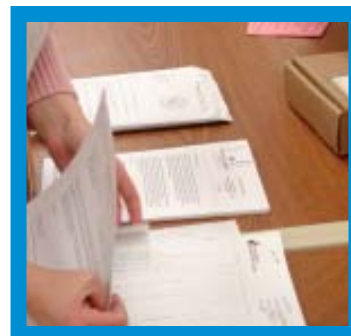
Workforce Investment Act (WIA) Adult & Youth

We are pleased with the performance measures shown in Table 20. Participation is up in all three categories (adults, older youth, younger youth). Most other measures increased or held steady.

Photo by South Dakota Tourism



Our state's tradition of cattle ranching is responsible for 65 percent of state agricultural workers.

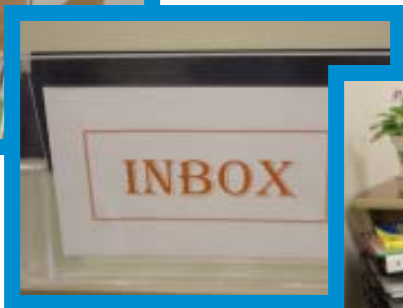
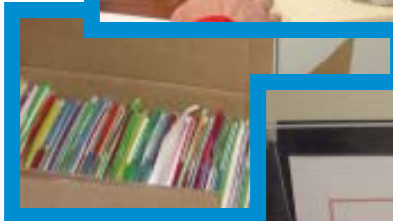
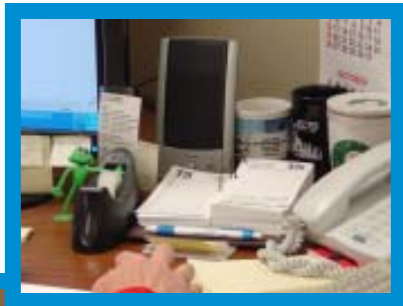


The decrease in credential rates for all categories reflects the more stringent federal definition of acceptable credentials. We are no longer allowed to use numerous local credentials previously accepted. The change in the younger-youth skill-attainment rate, while impressive, is the result of better data management, reflecting a more accurate view of activities. Other program highlights include:

- Incentive Grant – South Dakota was one of only eight states to receive a WIA Incentive Fund grant for Program Year 2007 (July 2007-June 2008). To even apply for an Incentive Fund grant, a state must have exceeded negotiated performance levels for outcomes under three separate employment and training programs. These are:
 - o Title I of the Workforce Investment Act (WIA)
 - o Title II of the Adult Education and Family Literacy Act (AEL)
 - o Carl D. Perkins Career and Technical Education Act (CTE)

These performance goals include, among other measures, placement after training, retention in employment and improvements in literacy levels. Qualifying under all three programs earned us the right to apply, which resulted in an award of \$821,995, shared equally among the WIA, AEL and Perkins programs. Workforce Training’s share is being used for innovative programs in support of the Governor’s Workforce 2025 Initiative.

- Alternative High Schools – Our subdivision has a long standing partnership with the Department of Education and 17 local school districts to provide alternative education opportunities. These educational programs provide an academic program emphasizing employability and career awareness. The change in the number of WIA-eligible students is due to changing budgetary considerations which prompted the department’s decision to enroll its WIA-eligible clients in other educational venues.



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 south dakota
department of labor

- Dakota Corps Scholarships – The Dakota Corps Scholarship program encourages students to study and work in South Dakota in critical-need areas. The amount of each scholarship is generally equal to the cost of tuition and fees for a full-time undergraduate student attending a public university or technical institute. The current critical-need areas are:
 - o teaching K-12 music, special education or foreign languages
 - o teaching high school math or science
 - o working as a licensed practical nurse or registered nurse, or in other allied healthcare fields
 The division assisted 162 students this past program year.
- Registered Apprenticeships – By partnering with the U.S. Department of Labor Bureau of Apprenticeship and Training and 10 private-sector businesses and industry associations, we provided job-related instruction for 456 participants in Program Year 2006 and 503 participants in the past year. These apprentices received on-the-job experience combined with an educational component.

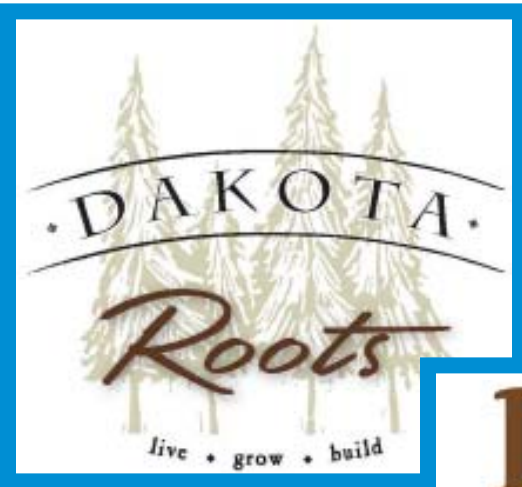


Photo by South Dakota Tourism



Manufacturing has clean, safe workplaces where South Dakota workers can build a career.

Field Operations

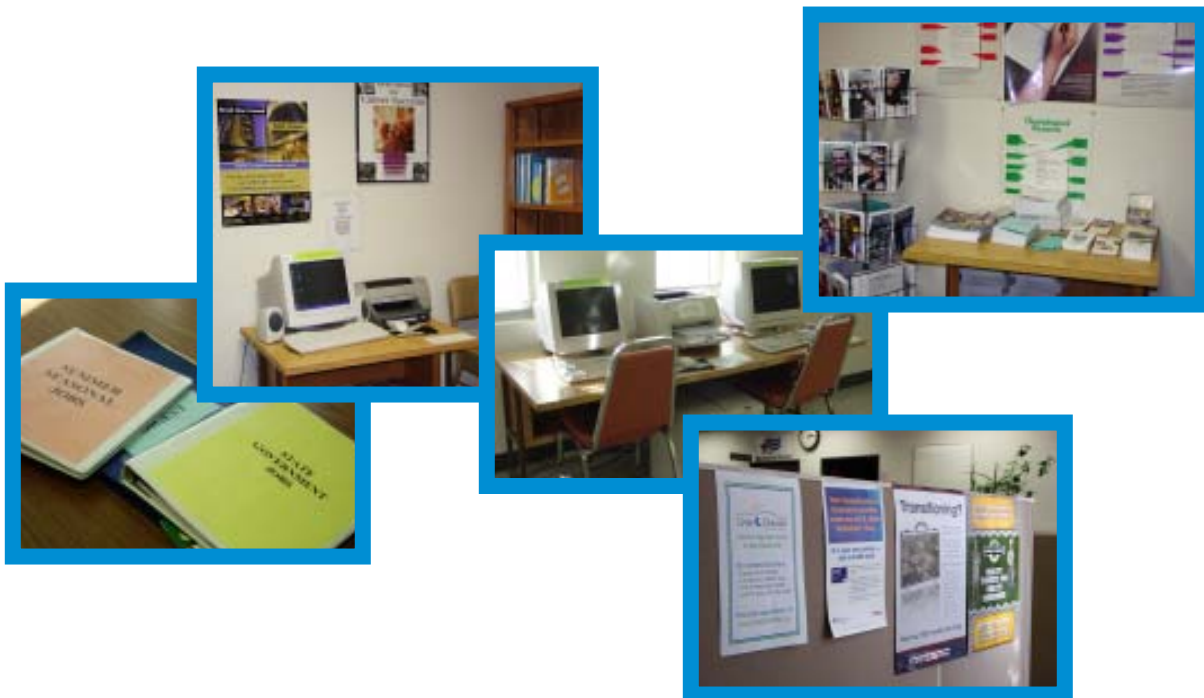


Mike Ryan,
Division Director

Every year the trained professionals of our Field Offices assist thousands of individuals and employers with their employment needs, filling approximately 30,000 job openings a year. Each office has resources for both job seekers and employers. We help job seekers identify opportunities, and prepare for and find productive employment. We also help employers locate and hire the workers they need to grow their organizations.

The Field Offices also administer many of the department's core programs, such as WIA, veterans' services, TANF/Food Stamp Employment and Training, and WOTC. To measure our success, we set rigorous performance goals in each of the areas listed in Tables 21 through 23. On average state-wide, we came close to meeting these employment goals for the number of job seekers, the number of job listings, and service to veterans and disabled veterans. Almost every goal for Employment Security and the WIA program was exceeded. We recognize a need for greater outreach efforts in some of our smaller communities and a greater effort to place disabled veterans in these same communities. Steps are already underway to improve in these areas.

One of the biggest changes within the division is the institution of online training, available over the departmental intranet system. These self-paced modules allow our new division staff



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***“Each office has resources
for both job seekers and
employers.”***

Photo by South Dakota Tourism



Agriculture becomes increasingly high-tech with each growing season.



Field Office	Participants				Job Openings Received			
	2007	2008 Goal	2008	% of Goal	2007	2008 Goal	2008	% of Goal
Aberdeen	5,253	5,500	5,535	100.6%	11,924	11,800	12,595	106.7%
Brookings	5,067	5,100	5,537	108.6%	7,353	7,500	6,743	89.9%
Hot Springs	1,593	1,700	1,503	88.4%	2,724	3,000	2,970	99.0%
Huron	3,328	3,600	2,897	80.5%	3,756	4,000	3,491	87.3%
Madison	2,437	2,800	2,274	81.2%	2,708	3,000	2,351	78.4%
Mitchell	3,550	3,800	3,088	81.3%	2,905	3,100	3,270	105.5%
Mobridge	1,024	1,100	939	85.4%	1,019	1,200	1,116	93.0%
Pierre	2,926	3,100	2,927	94.4%	2,773	3,000	3,159	105.3%
Pine Ridge	1,925	2,100	2,006	95.5%	1,059	1,300	1,047	80.5%
Rapid City	12,576	13,300	12,580	94.6%	12,946	13,400	11,783	87.9%
Sioux Falls	15,413	16,500	14,639	88.7%	19,811	21,000	21,342	101.6%
Spearfish	5,793	6,300	5,474	86.9%	4,820	5,500	4,487	81.6%
Vermillion	3,861	4,700	2,893	61.6%	3,324	3,900	3,054	78.3%
Watertown	6,617	7,000	6,490	92.7%	5,234	5,800	5,544	95.6%
Winner	1,441	1,600	1,196	74.8%	1,126	1,400	991	70.8%
Yankton	4,268	4,500	3,626	80.6%	3,328	3,700	3,426	92.6%
Statewide	78,811	82,700	74,990	90.7%	86,974	92,600	87,970	95.0%

Table 21 - Field office performance measures for fiscal years 2007 and 2008 (July 1 through June 30).



Field Office	All Veterans				Disabled Veterans			
	Entered Employment		Employment Retention		Entered Employment		Employment Retention	
	Goal	2008	Goal	2008	Goal	2008	Goal	2008
Aberdeen	72%	61%	81%	89%	61%	40%	76%	75%
Brookings	72%	74%	80%	85%	63%	47%	79%	80%
Hot Springs	65%	50%	80%	73%	61%	67%	75%	67%
Huron	71%	74%	81%	76%	80%	50%	90%	50%
Madison	74%	77%	85%	82%	62%	50%	75%	69%
Mitchell	73%	91%	85%	88%	61%	78%	80%	81%
Mobridge	68%	64%	78%	82%	61%	100%	90%	100%
Pierre	68%	83%	83%	81%	72%	67%	79%	67%
Pine Ridge	65%	41%	70%	72%	61%	33%	75%	33%
Rapid City	70%	66%	80%	83%	62%	62%	82%	81%
Sioux Falls	71%	76%	83%	83%	62%	62%	83%	77%
Spearfish	68%	67%	83%	83%	61%	56%	78%	82%
Vermillion	71%	68%	83%	82%	62%	39%	83%	71%
Watertown	70%	74%	83%	80%	63%	50%	85%	83%
Winner	65%	55%	80%	83%	62%	50%	75%	100%
Yankton	72%	62%	82%	85%	61%	36%	80%	82%
Statewide	70%	68%	80%	83%	61%	58%	79%	78%

Table 22 - Field office veterans' services goals and achievements for fiscal years 2007 and 2008 (July 1 through June 30).

Field Office	Entered Employment		Employment Retention		Earnings	
	Goal	2008	Goal	2008	Goal	2008
Aberdeen	75%	71%	84%	85%	\$9,700	\$10,347
Brookings	73%	71%	84%	85%	\$9,600	\$9,901
Hot Springs	60%	65%	77%	79%	\$8,500	\$9,535
Huron	72%	70%	85%	84%	\$9,900	\$10,406
Madison	74%	72%	85%	87%	\$9,100	\$9,726
Mitchell	74%	75%	85%	86%	\$9,900	\$10,164
Mobridge	68%	59%	78%	72%	\$8,700	\$9,444
Pierre	73%	72%	82%	83%	\$9,500	\$9,892
Pine Ridge	50%	44%	65%	60%	\$8,100	\$7,840
Rapid City	73%	68%	80%	80%	\$9,500	\$10,044
Sioux Falls	75%	78%	85%	85%	\$10,700	\$10,758
Spearfish	73%	72%	83%	83%	\$9,900	\$10,309
Vermillion	74%	76%	82%	86%	\$10,900	\$10,882
Watertown	74%	70%	85%	84%	\$8,900	\$9,908
Winner	68%	57%	80%	80%	\$8,900	\$8,993
Yankton	74%	72%	86%	84%	\$11,000	\$10,671
Statewide	73%	71%	82%	83%	\$9,800	\$10,336

Table 23 - Field office employment goals and achievements for fiscal years 2007 and 2008 (July 1 through June 30).

members to be trained efficiently and effectively, supplementing the one-on-one training each receives. The modules also serve as a good refresher course for experienced staff members and as an effective way of distributing information on updated procedures.

Photo by South Dakota Tourism



The greatest challenge our local offices will have in 2009 will be the downturn in the nation's economy and the effect it has in our state of South Dakota. We are seeing a significant number of employers in our state laying employees off on temporary and permanent bases. The local offices will provide rapid responses to the affected employees, helping them become re-employed as quickly as possible. Our employment and training programs will also play a large part assisting these affected employees.

Research and development companies need highly skilled workers.

Administrative Services



Dick Flemmer,
Division Director

From travel vouchers to purchase orders, from budget projections to grant administration, the Administrative Services Division handles all the financial and administrative tasks that make our department run smoothly and efficiently.



Income/Expenses

Increased departmental income from new grant funds (WIA incentive grant, \$750K) helped to partially offset increased departmental expenses, due primarily to inflation and a reduction in overall funding levels (-3 percent). We will be watching the new federal administration closely for indications the recent disquieting trend in federal funding levels may be slowed or reversed.

Within the department, we continued our quest for greater efficiencies, the primary example being improved processing of unemployment insurance benefit payments. The change from mailing

Department of Labor Fund Sources	2007	2008
General Funds (state general fund appropriation)	\$804,288	\$826,653
Federal Funds (federal grants)	35,616,285	36,130,410
Other Funds (licensing board & workers' compensation fees)	2,976,636	3,091,899
Unemployment Insurance Trust Fund (employer contributions)	22,222,490	25,643,973
DOL Retirement Plan Fund (employee/employer contributions & investment earnings)	76,356,575	68,208,947
Total	\$137,976,274	\$133,901,882

Table 24 - Department of Labor funding sources for fiscal years 2007 and 2008 (July 1 through June 30).



“... we continued our quest for greater efficiencies ... ‘

Department of Labor Annual Expenditures	2007	2008
Personnel	\$17,756,700	\$18,306,829
Operating Expenses	9,201,783	9,446,373
Job Training, Adult Education & Literacy Client Services	12,977,591	12,977,591
Unemployment Insurance Benefits	20,129,652	19,512,708
DOL Retirement Plan, Retiree Benefits	3,157,961	3,281,728
Total	\$63,223,687	\$63,525,229

Table 25 - Department of Labor expenses for fiscal years 2007 and 2008 (July 1 through June 30).



Photo by South Dakota Tourism



Smaller manufacturers are often the economic backbones of smaller communities.

checks to transferring funds via claimant debit cards (see description on p. 5) has resulted in a significant decrease in our mail processing activities. This drop was reinforced by a department-wide increase in electronic transmission of documents.



Retirement Fund

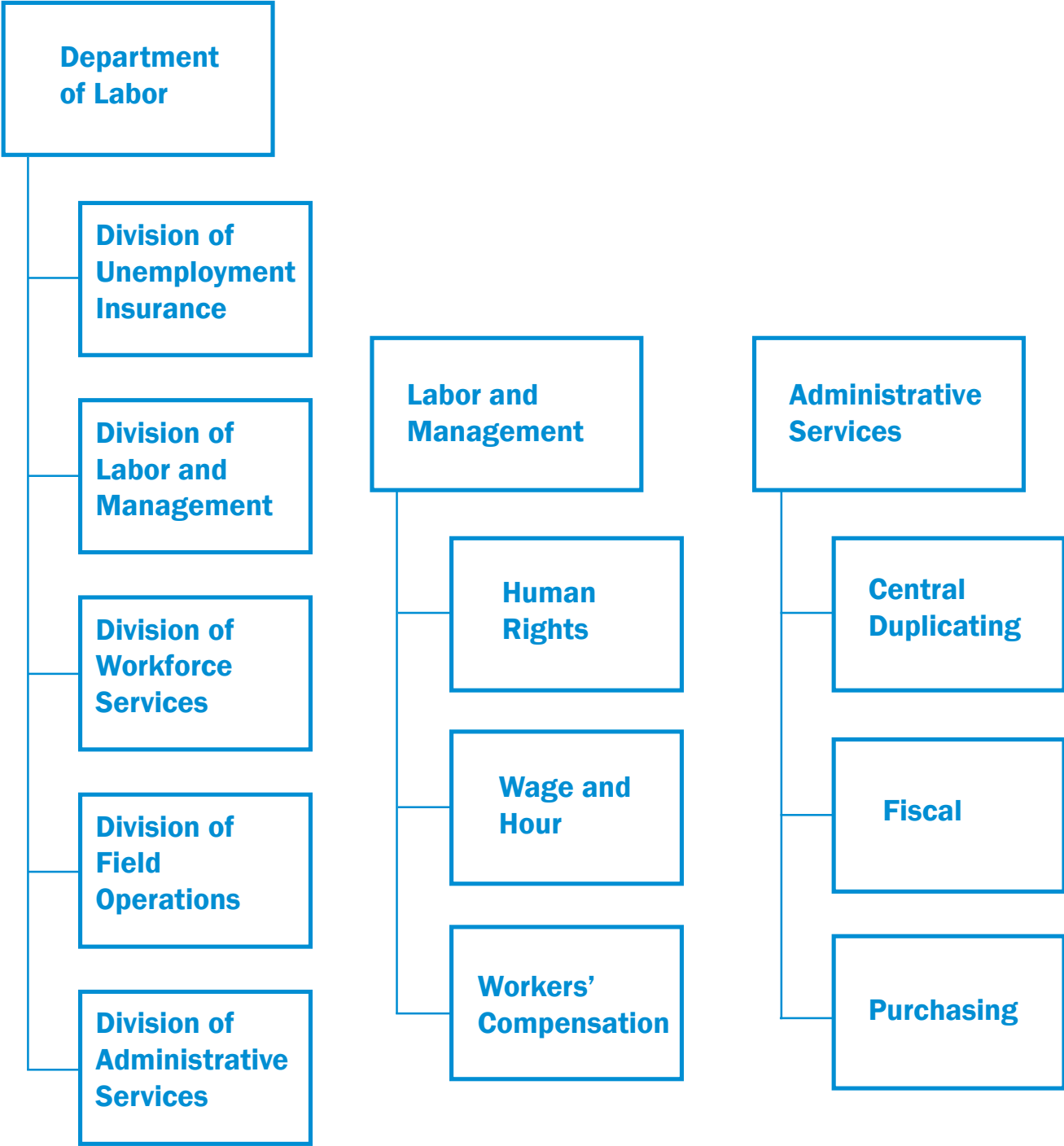
Another major change in departmental finances concerns the Department of Labor Retirement Plan. Formed before the creation of the South Dakota Retirement System, this independent retirement system has not accepted new members since July 1, 1980. As members retire, each year the amount paid in decreases and the amount the retirement fund disperses in retirement benefits increases. Our normal projections for the retirement fund are based on predicted retirements, cost-of-living adjustments to benefit levels and the value of the investment portfolio. The anticipated changes to the retirement fund balance have been exacerbated by the weak investment market.

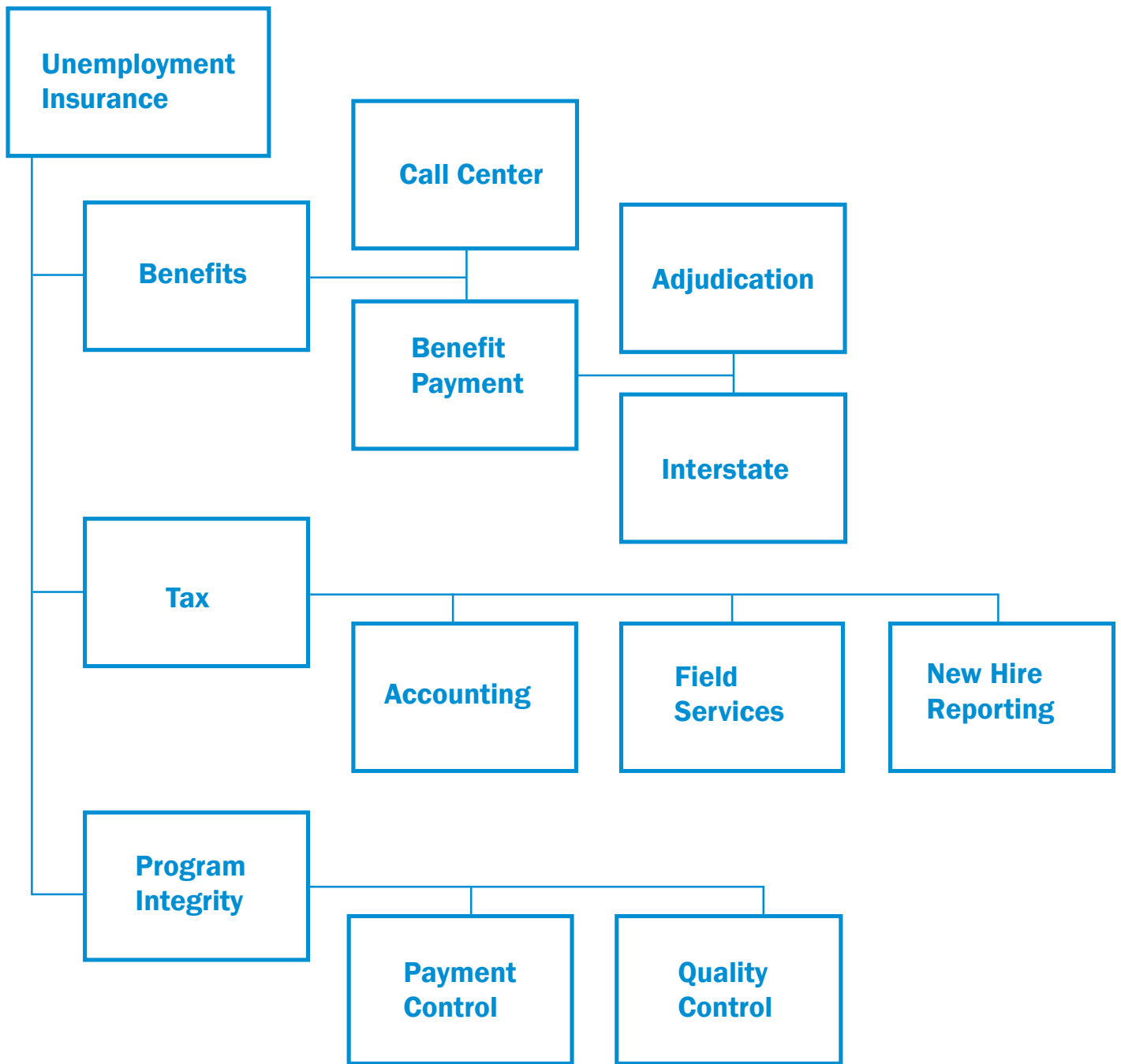
Summary

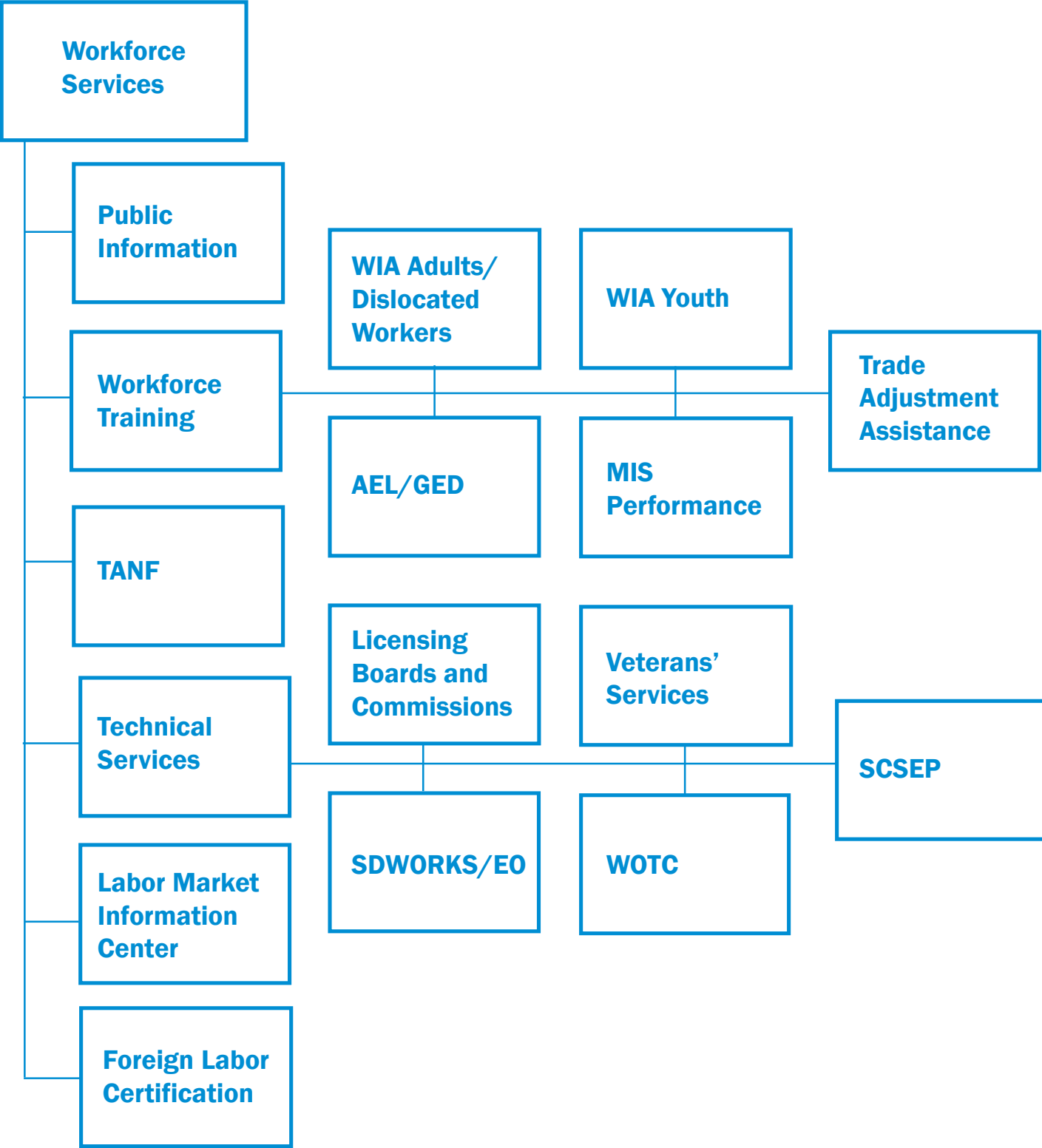
The department's overall financial situation can be characterized as stable. Increased demand for our services as the economic climate worsens is anticipated along with measures to increase our efficiencies.

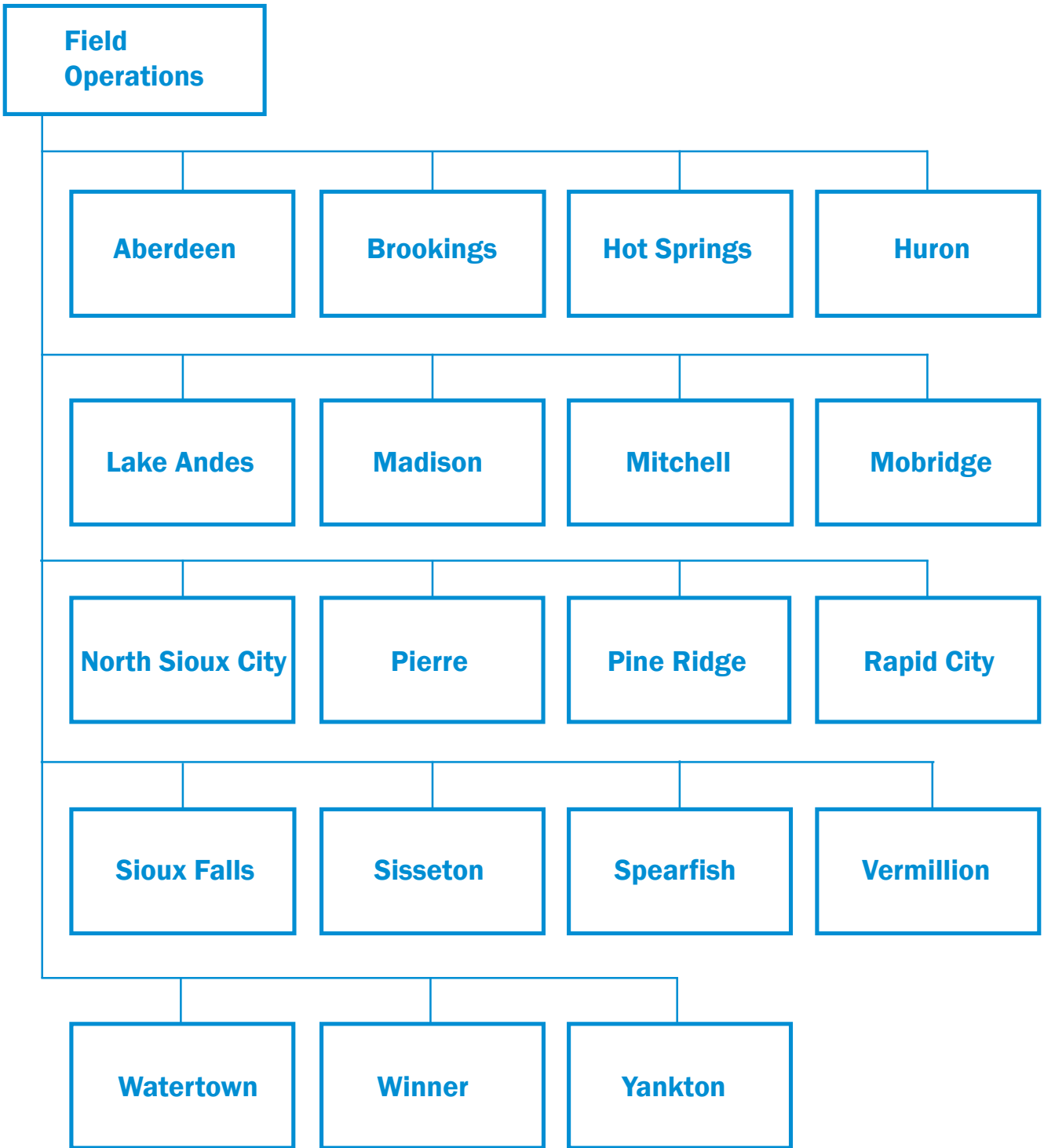


Organizational Charts









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