

# Annual Report 2009



**Your workforce experts.**

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

**2009 brought many challenges for the South Dakota Department of Labor (DOL) as we faced the economic downturn affecting our citizens and businesses. I am proud to report that, despite the unprecedented demands placed on DOL staff members and systems, we continued to provide high quality customer service to all in need of our assistance.**

**The year was also characterized by several positive features:**

- **Strengthened relations with our state's technical institutes opened new training opportunities benefiting both job seekers and businesses.**
- **The Workforce 2025 initiative, created in 2008 to ensure a quality and competent workforce for economic growth, has shown positive results for retention, students, internships, industry needs and recruitment.**
- **Stimulus dollars were spent effectively in several program areas (e.g. summer youth jobs, unemployment insurance benefits and aid to older workers).**

**I appreciate your support of our programs, making it possible for our dedicated workforce experts to continue helping the people and businesses of South Dakota.**

**Sincerely,**



**Pamela S. Roberts  
Secretary**



*Pamela S. Roberts, Secretary*

# Labor and Management

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 (Table 1) trends continue to be favorable. Petitions for hearing have dropped by 3 percent this year, continuing a trend of the past five years. The number of injuries per covered worker also decreased from the previous year. We believe this is the result of passage of a 2008 law that encourages prompt payment of medical bills by insurers. We have noted better service for medical providers and employees without concomitant costs for employers since

passage of this legislation.

Workers’ Compensation Activities		2008	2009
Pre-hearing Conferences Held		123	120
Agreements Approved	State Files	80	130
	Hearing Files	117	157
Permanent Partial Disabilities Approved		703	616
First Report of Injuries Received		23,745	22,019
Money Collected	Searches, copies, mailing	\$96,725	\$51,001
	Wage & Hour	\$40,545	\$70,782

Our unemployment insurance appeals (Table 2) staff faced a serious challenge this year to meet federal standards for the percentage of appeals handled in a timely manner. Unlike the previous year, the staff dealt with a 65 percent increase in case load with a concomitant drop in the percentage of administrative judges’

**Table 1 - Workers’ compensation activities for calendar years 2008 and 2009.**

hearing decisions issued within 30 days of a petition. The federal requirement is 60 percent; our staff managed to reach 53 percent without an increase in staffing or release from other duties. Our average quality score received from the U.S. Department of Labor for ensuring hearing fairness, however, was 95 percent; the federal requirement is 80 percent. Thus, our case resolution may have been slower, but we did not cut corners in assuring professional and fair handling of appeals.

During 2009, we noted that hearing requests remained fairly steady, while requests for mediation activities continued to increase significantly, indicating preferred use of a simpler and less costly means of resolving conflicts. See Tables 3 and 4. We are pleased with the trust shown us by the

Unemployment Appeals	2008	2009
New Filings	1,117	1,846
Cases Ruled On or Dismissed	1,073	1,753
Percent Cases Decided Within 30 Days	88%	53%
Cases Awaiting Decision	119	173

**Table 2 - Unemployment insurance appeals for calendar years 2008 and 2009.**

disagreeing parties when they request our mediation services.

The Division issued a significantly greater number of findings, conclusions and decisions in 2009, while the number of orders issued decreased by 14 percent.

Table 5 reflects what is probably normal yearly variation in human rights complaint activity. Should this slight downward trend continue in the coming year, it might be interpreted to reflect increased wariness on the part of workers who fear losing their jobs after lodging a complaint.

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 for greater efficiency.

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.

Hearing and Settlement Activities	2008	2009
Workers' Compensation Hearings	22	18
Grievance Hearings	4	10
Unfair Labor Practice Hearings	3	1
Elections	0	1
Unit Determinations	0	0
Impasse Conciliations	4	7
Fact Findings	2	4
Mediations	79	89
Conference Calls	148	212

**Table 3 - Hearing and settlement activities for calendar years 2008 and 2009.**

Decisions and Reports	2008	2009
Workers' Compensation Decisions	28	61
Grievance Decisions	7	14
Unfair Labor Practice Decisions	2	4
Findings of Fact, Conclusions of Law and Final Orders Issued	23	36
Orders Issued	603	520
Fact Finding Reports Issued	1	4

**Table 4 - Decision and report activities for calendar years 2008 and 2009.**

Human Rights Activities	2008	2009
Potential Discrimination Charges	225	286
Requests for Information	180	119
Intakes of Discrimination Complaints	190	183
Investigations Opened	120	98
Investigations Closed	100	75
EEOC Transfers	25	22
Money Collected for Charging Parties	\$50,923	\$0

*Table 5 - Human rights activities for calendar years 2008 and 2009.*

## Unemployment Insurance

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 through 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 enormous changes in the Division's performance measures (see Table 6) this year are almost exclusively the result of the economic recession and its impact on South Dakota's workforce. More than 13,000 additional applications for benefits were received for processing. The number of individuals receiving benefits more than doubled, as did the total number of weekly payments.

### Integrity Systems

Our Program Integrity unit is responsible for reducing instances of overpayment, fraudulent or otherwise, and collecting these monies from claimants. As evidenced in Table 7, during the past fiscal year, the amounts in nearly every measured category increased. This increase was probably inevitable given the huge influx of new claims in the system. However, we minimized the growth of overpayments and fraud to a much smaller percentage. For example, although the number of individuals receiving benefits increased 110 percent, the dollar amount of overpayments increased only by 38 percent and the amount of overpayment fraud increased by only 25 percent.

### Internal Efficiency

To increase internal efficiency, our document imaging system (developed in 2008 for the Benefit Payment and Benefit Payment Control units) was extended to include the UI Tax unit this year. 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 has already eliminated approximately a million paper documents.

Benefits		2008	2009
Applications for Benefits		17,955	31,156
Total Number of Weekly Payments		82,479	178,572
Number of Individuals Who Received Benefits		7,377	15,473
Dollars Paid Out	State Benefits	\$19,512,708	\$45,870,000
	Federal Claims	\$1,918,646	\$9,785,000
	Total	\$21,431,354	\$55,655,000
Average Number of Weekly Payments per Claimant		11.2	11.5
Maximum Weekly Payment		\$298	\$309
Average Weekly Payment		\$232	\$252

**Table 6 - Unemployment insurance benefits for fiscal years 2008 and 2009 (July 1 through June 30).**

## Challenges of 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 worked toward accomplishment in three areas during the 2009 fiscal year.

- As a member of a consortium contracting with a bank for debit-card services, the division participated in crafting an RFP, evaluating bidders and selecting a new debit-card service vendor.
- Interest charges began in 2009 for employers with increasingly negative balances in their unemployment insurance tax accounts. Computer systems and procedures were developed to implement this change.
- We also implemented a major new automation project to improve online tax filing and wage reporting for employers. The new system improves the speed of the application, allows employers to send a data file or manually enter wages, allows large employers to use the system easily, and allows employers to determine when money will be removed from their banking accounts.

Nevertheless, our primary challenge of 2009 was to maintain successful operations in an environment of swiftly rising unemployment. Although we were prepared with systems in place to handle higher workloads, the division staff was severely 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 increased.

The Unemployment Insurance Trust Fund experienced a very difficult year (Table 9), despite a small amount of growth in the number of employers paying into the system and only a moderate loss of interest income on the fund balance. The overwhelming demand on the fund to pay out benefits to qualified individuals brought the year-end balance to a mere \$8.8 million, triggering an employer surcharge several weeks after year's end.

<b>Integrity Systems</b>	<b>2008</b>	<b>2009</b>
Amount of Benefit Overpayment Debt	\$664,549	\$920,049
New Overpayment Cases	1,670	1,874
Percent of Cases Involving Fraud	16.3%	25.8%
Dollar Amount of Overpayment Fraud	\$189,974	\$237,503
Cases Investigated	14,655	19,301
Dollar Amount Collected Back	\$512,277	\$640,563
Number of Collection-Related Correspondence Items	5,877	6,443
Number of Civil Actions	956	1,133
Convictions Obtained	3	3
Cases Pending	3	8

*Table 7 - Unemployment insurance integrity systems performance measures for fiscal years 2008 and 2009 (July 1 through June 30).*

<b>Tax Administration/New-Hire Reporting</b>	<b>2008</b>	<b>2009</b>
Delinquent Notices	7,498	7,778
Subpoenas to Non-Compliant Employers	270	240
Percent Status Determinations Made Within 90 Days	79.5%	79.5%
New-Hire Reports	200,033	172,160

*Table 8 - Unemployment insurance tax administration and new hire reporting for fiscal years 2008 and 2009 (July 1 through June 30).*



Unemployment Insurance Trust Fund	2008	2009
Taxes Received for Regular State Benefits	\$25,643,973	\$26,200,000
Interest on Trust Fund	\$1,154,757	\$1,075,299
Trust Fund Balance (end of year)	\$26,162,068	\$8,800,000
Number of Employers (end of year)	25,188	25,769

*Table 9 - Unemployment insurance trust fund for fiscal years 2008 and 2009 (July 1 through June 30).*

## Workforce Services

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

- Foreign Labor Certification (FLC)
- Labor Market Information Center (LMIC)
- National Career Readiness Certificate (NCRC)
- Public Information
- 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 year 2009 saw a fundamental change in the way non-agriculture (H2B) applications were administered by the state and federal DOL offices. Employers no longer file first with the state office but rather with the National Processing Center (NPC) in Chicago. They are also required to advertise their positions prior to filing those applications, both in local newspapers and through job orders in the local offices. Because employer job orders may now be filed through an online self-service system in which notification of the department is not required, this eliminated the state's ability to accurately track the number of job order requests and the number of openings for H2B positions within the state. Agricultural (H2A) applications procedures did not change significantly, but all activity records are now monitored and published by the NPC. Summary data for H2A or H2B during calendar year 2009 will not be released until some time in 2010.

Despite concerns about the lack of informative data, we recognize that these changes have somewhat lessened the burden on employers who need to deal with only one agency now, instead of two.

## 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.

For the past several years, we have reduced the number of hard copy publications produced and distributed as we increasingly rely on lower-cost electronic communication (see Table 10). Our Web pages and applications within the department Web site ranked third only to unemployment insurance and job seeker services page usage, with more than 56,000 hits during the 2009 calendar year.

Labor Market Information Center Activities		2008	2009
Publications Distributed		14,071	29,294
Subscribers to e-Labor Bulletin		1,432	1,472
LMIC Web Usage (page views)*		132,351	172,058
Requests for Information	Statistical Data and Technical Assistance	877	920
	Publication Requests	15,796	18,610
	In-depth Research and Analysis	168	176

*\*This data is based on web metrics tracked on State of South Dakota Web sites and reflects usage of all web pages within the Labor Market Information Center folder of the South Dakota Department of Labor's Web site. Please note information for 2008 was estimated based on usage for months of September through December in 2008.*

**Table 10 - Labor Market Information Center activities for calendar years 2008 and 2009.**

## National Career Readiness Certificate

This year marked the introduction of the National Career Readiness Certificate (NCRC) program. This portable, national credential allows a job seeker to show an employer he or she has the foundation skills to succeed in a particular occupation. Developed by ACT, Inc., the college entrance exam company profiled more than 16,000 occupations to learn the level of foundation skills necessary for each job.

Via an individual assessment in three areas (applied mathematics, reading for information, and locating information), an individual can earn one of four levels of certification; bronze, silver, gold and platinum. The higher the level, the greater percentage of occupations in which the individual is likely to succeed. Employers gain from requesting or requiring the certification from job seekers and/or employees. Hiring and promotion are focused only on those individuals who have demonstrated foundation skills necessary for the position.

We have added NCRC certification to the line-up of DOL assessments available to WIA-eligible participants, with plans to expand participation to Adult Education & Literacy (AEL) and Vocational Rehabilitation (VR) Services clients in the coming year.

## **Public Information**

### **Media**

To keep the public well-informed concerning workforce issues and DOL programs, 68 news releases were issued. All news releases are archived and readily available in an online press room on the DOL Web site.

As a result of these informative efforts, DOL's Public Information Officer fielded 307 media inquiries. Many of these calls were specific to labor market statistics, such as unemployment rates. Other topics included job seeker and dislocated worker services, the Unemployment Insurance Trust Fund, the federal stimulus package, South Dakota's economy, summer youth work experiences, unemployment benefits, the employer surcharge, the job outlook for graduates and minimum wage.

### **Unemployment Insurance e-Lerts**

DOL launched an e-mail subscription service for people interested in receiving updates on the unemployment insurance (UI) system. After signing up online, subscribers receive e-mails with highlights of UI system updates and events, plus an Internet link to detailed information. This ensures information, such as notices of UI Advisory Council meetings, is distributed more quickly. Since the September 2009 launch, 133 people have subscribed.

### **DOL Employer Newsletter**

The DOL Employer Newsletter was published and distributed to approximately 26,000 employers in October. It contained information on the unemployment insurance employer surcharge, re-employment services program, online unemployment insurance reporting system, National Career Readiness Certificate, unemployment insurance modernization incentive legislation, H1N1 flu preparedness and DOL business services. This newsletter is printed on an as-needed basis to provide workforce updates to employers.

### **Small Business Workshops**

DOL representatives participated in Small Business Workshops in cooperation with the Department of Revenue and Regulation and the Small Business Development Centers. The day-long events were held in Watertown, Mobridge, Sioux Falls, Mitchell, Yankton, Aberdeen, Brookings, Winner and Rapid City with 160 employers in attendance.

DOL topics included services available to new and existing businesses, South Dakota's unemployment insurance tax, unemployment insurance employee benefits, the appeals process, the workers' compensation system, and laws covering new hire reporting, wages and hours, youth employment and posting requirements.

### Capital for a Day

In order to connect government to communities and people who cannot travel to Pierre, Capital for a Day events were held in Clear Lake and Murdo. Governor Mike Rounds and his team, including Secretary of Labor Pam Roberts and DOL staff, visited these towns to talk to constituents about topics of importance in their area.

### SDWORKS Awareness Campaign

Targeted to the business community, an awareness campaign highlighting employer services and SDWORKS was created and implemented in August. Media included a statewide news release, newsletter article, public service announcement, rack card, weekly news tips and special event promotions. A total of 3,388 unique visitors viewed the Employer Services Web page from August through the end of the year, an increase of 5 percent compared to the same time period one year ago.

Veterans' Services		2008	2009
Veteran	Entered Employment Rate	68%	67%
	Employment Retention Rate	83%	84%
Disabled Veteran	Entered Employment Rate	58%	58%
	Employment Retention Rate	78%	84%

**Table 11 - Veterans' services for program years 2008 and 2009 (July 1 through June 30).**

system (job listings have decreased by 21 percent while the number of job seekers has greatly increased (16 percent). Also, the phenomenal 2008 growth of the WOTC program, a federal tax credit for employers hiring individuals of certain targeted groups characterized by a variety of employment barriers, was held in check by the poor economic conditions.

### Technical Services

This subdivision handles SCSEP, a program for older workers; SDWORKS, the largest statewide online job database; veterans' services (Table 11); the Work Opportunity Tax Credit (WOTC) program (Table 12) and our six licensing boards and commissions (Table 13).

The most significant changes in the past year have been in usage of the SDWORKS

Work Opportunity Tax Credit	2008	2009
Certifications	2,648	2,327
Denied Applications	2,691	2,191
Pending Applications	176	1,467
Total Applications	5,515	5,985
Acceptance Rate	48%	39%
Tax Dollar Savings	\$6,355,200	\$5,673,600

**Table 12 - Work Opportunity Tax Credit activities for federal fiscal years 2008 and 2009 (October 1 through September 30).**

Board/ Commission Performance Indicators	Licenses Renewed		New Licenses		Total Practitioners		Examinations		Complaints		Inquiries	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Accountancy	1671	1837	101	98	1616	1624	77	75	8	13	7190	7215
Barber Examiners	410	258	6	0	252	249	1	1	n/a	n/a	510	510
Cosmetology	6631	6831	1146	911	5112	5260	296	295	23	9	14,700	16,500
Electrical	3207	560	995	686	4357	5326	377	260	5	5	n/a	n/a
Plumbing	2310	2720	384	380	2694	3100	144	138	59	92	3871	3762
Technical Professions	1891	3669	481	629	6172	6299	487	409	14	7	596	668

**Table 13 - Licensing board and commission performance measures for fiscal years 2008 and 2009 (July 1 through June 30).**

## Temporary Assistance for Needy Families (TANF)

The Department of Labor partners with the Department of Social Services to co-administrate the TANF program. It is responsible for 54 South Dakota counties, handling just under half the TANF caseload statewide, but producing 81 percent of TANF job entries around the state and most of the job entries having health insurance benefits. We are very proud to have exceeded our 50-percent participation-rate goal, despite the rise in caseloads since the current economic downturn (Table 14).

Parents in TANF households are at a serious competitive disadvantage in today's job market. Many are without a GED, high school diploma or other post-secondary education. A significant number have serious physical/mental health problems, high-risk pregnancies, are needed at home to care for a disabled family member, or are attempting to get SSI/SSDI approval. Many have critical barriers to TANF participation, such as issues with transportation, housing, childcare, legal problems, addictions, domestic violence, and/or related physical/mental health issues. TANF staff members have emphasized intensive individual case management and worked to strengthen our partnerships with appropriate community organizations. We continue our efforts to coordinate

services with the Workforce Investment Act (WIA) program and to leverage resources, stretching program dollars as far as possible.

TANF remains a work program and strongly promotes personal responsibility. But, when clients refuse to help themselves, they face program sanctions. Last year 422 TANF clients were sanctioned when they did not show good cause for not following through with their commitments.

Educational activities are limited due to federal restrictions on determining the TANF participation rate. Despite this, we were able to increase the number of individuals working on a GED/high school diploma; in on-the-job training/subsidized employment; or post-secondary education to help our clients compete in job market.

TANF Performance Measures		2008	2009
TANF Applicants (mandatory, from DOL counties)		4,593	5,016
Caseload	Average Monthly	383	418
	Share of Statewide	43%	47%
Employment	Entered	1,030	846
	Share of Statewide Entered	82%	81%
	Entered with Medical Benefits	31%	32%
	Share of Statewide Entered with Medical Benefits	97%	98%
Average Starting Wage		\$7.85/hour	\$8.06/hour
Assigned Activity	Job Search	553	516
	Community Service	806	929
Education	Post-secondary	81	124
	On-the-job Training	10	59
	Studied for GED/High School Diploma	72	105
Applying for Supplementary Security Income or Social Security Disability Insurance		128	110
Health/ Family Issues	Serious Physical Health Issues	216	207
	High-Risk Pregnancy	85	98
	Serious Mental Health Issues	53	72
	Disabled Family Member	72	64
Sanctioned for Non-Compliance		n/a	422

*Table 14 - Temporary Assistance for Needy Families activities for fiscal years 2008 and 2009 (July 1 through June 30).*



ABE Educational Functioning Level Completion	2008	2009
ABE Beginning Literacy	59%	69%
ABE Beginning Basic Education	44%	46%
ABE Intermediate Low	41%	46%
ABE Intermediate High	43%	45%
Adult Secondary Education Low	54%	58%
Adult Secondary Education High	74%	77%

**Table 15 - Adult Basic Education achievements for program years 2008 and 2009 (July 1 through June 30).**

ESL Educational Functioning Level Completion	2008	2009
ESL Beginning Literacy	34%	39%
ESL Beginning Low	52%	35%
ESL Beginning High	50%	48%
ESL Intermediate Low	45%	48%
ESL Intermediate High	38%	35%
ESL Advanced	20%	33%

**Table 16 - English as a Second Language achievements for program years 2008 and 2009 (July 1 through June 30).**

Core Indicators of Performance	2008	2009
Entered Employment	67%	56%
Retained Employment	54%	55%
GED Diploma Obtained	88%	92%
Further Education	76%	69%

**Table 17 - GED achievements for program years 2008 and 2009 (July 1 through June 30).**

## 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 (Tables 15 through 17). Other populations include unemployed and underemployed persons, 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 took the tests for the GED credential, 92 percent passed and received their GED certificates during the 2009 program year.

### Dislocated Workers

The number of dislocated workers, those laid off from their jobs through no fault of their own, nearly tripled in this last program year (Table 18). However, the percentage of these workers who found new jobs and stayed in the new jobs actually went up. This is partly the result of intense efforts to contact newly laidoff workers and to offer career counseling and re-training opportunities as appropriate. Indications for the 2010 program year strongly suggest we will continue to experience layoffs in South Dakota.

Dislocated Workers	2008	2009
Participants	345	989
Entered Employment Rate	89.6%	92.5%
Employment Retention Rate	92.6%	96.1%
Average Earnings	\$13,193	\$13,142
Employment Credential Rate	75.3%	61.7%

**Table 18 - Dislocated workers for program years 2008 and 2009 (July 1 through June 30).**

**Trade Adjustment Assistance**

In this program to assist workers laid off due to outsourcing, we enrolled significantly more participants in the 2009 program year (278 workers) due to a sharp increase in layoffs statewide. We anticipate this number will increase again in 2010 under the current economic conditions.

**Workforce Investment Act (WIA) Adult & Youth**

The performance measures shown in Table 19 reflect the decline in WIA participation in all three categories (adults, older youth, younger youth). However,

WIA Performance Measures		2008	2009
Adults	Participants	1,762	1,523
	Entered Employment Rate	82.9%	79.7%
	Employment Retention Rate	86.8%	86.3%
	Average Earnings	\$10,744	\$10,121
	Employment Credential Rate	60.6%	56.1%
Older Youth	Participants	233	173
	Entered Employment Rate	73.9%	79.4%
	Employment Retention Rate	86.2%	81.7%
	Earnings Change	\$5,639	\$6,913
	Credential Certificate Rate	52.6%	36.0%
Younger Youth	Participants	642	323
	Skill Attainment Rate	89.0%	83.0%
	Diploma Equivalent Rate	62.4%	60.7%
	Retention Rate	76.7%	74.9%

**Table 19 - WIA performance measures for program years 2008 and 2009 (July 1 through June 30).**



these decreases are primarily the result of the reduction in federal funding behind the department's decision to move away from partnerships with various career learning centers and the alternative high schools. 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.

Other program highlights include:

- 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 licensed practical or registered nurses, or in other allied healthcare fieldsThe division assisted 120 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 563 participants in the past year. These apprentices received on-the-job experience combined with an educational component.

### **Stimulus Activities**

During the spring and summer of 2009, the department engaged in intense planning and activity to expedite the use of stimulus funds from the American Recovery and Reconstruction Act (ARRA). Every dollar of this funding was dedicated to job training for South Dakota citizens. Nothing was set aside for departmental administrative expenses.

In particular, we moved forward quickly with plans for a \$3 million summer youth employment program. Participant and obligated funding goals were set for our field offices. Brochures, fliers, public service announcements and internal departmental forms were prepared. By early June, the field offices had already signed up more than 700 young workers for work experiences and obligated 100 percent of the funds. This was far in advance of the federal deadline for fund usage by June 30, 2011.

## **Administrative Services**

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**

A modest increase in our state general fund appropriation, fees collected by our licensing boards and workers' compensation program, and employer contributions to the Unemployment Insurance Trust Fund combined with nearly \$14 million in federal grant and stimulus funding to partially offset an enormous drop in another area of departmental income, a nearly \$20 million loss in the DOL Retirement Plan Fund. Considering all sources of income, the department had almost \$7 million less to work with during the 2009 fiscal year (Table 20).

Department of Labor Fund Sources		2008	2009
General Funds (state general fund appropriation)		\$826,653	\$847,448
Federal Funds	Federal Grants	36,130,410	34,311,051
	ARRA Stimulus Funds	n/a	8,029,322
Other Funds (licensing board & workers' compensation fees)		3,091,899	3,159,690
Unemployment Insurance Trust Fund	Employer Contributions	25,643,973	26,200,000
	Federal Grant	n/a	5,882,545
DOL Retirement Plan Fund (employee/employer contributions & investment earnings)		68,208,947	48,578,014
Total		\$133,901,882	\$127,008,070

**Table 20 - Department of Labor funding sources for fiscal years 2008 and 2009 (July 1 through June 30).**

Departmental expenditures for personnel, operations and client services reflected our continued efforts for greater efficiencies and the lack of wage increases for state employees during the year. The department held its own in these areas. These savings or modest increases were dwarfed, however, by the \$37 million increase in payouts from the Unemployment Insurance Trust Fund (Table 21).

## Retirement Fund

Formed before the creation of the South Dakota Retirement System, the DOL retirement plan 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. This year the retirement fund balance suffered a heavy loss during the weak investment market, decreasing by almost \$20 million.

## Summary

The department's overall financial situation can be characterized as stable. Compared to many other states, the government of South Dakota is stable and functioning without furloughs or debt vouchers. Certainly, a poor investment market has exacerbated a difficult situation as the department experienced an increased demand for our services and for payments from the unemployment fund. We are looking to grant opportunities, innovative measures to increase our efficiencies, continued funding for the Unemployment Insurance Trust Fund via legislative action and a recovering investment market to bring about a better balance of income and expenditures.

Department of Labor Annual Expenditures	2008	2009
Personnel	\$18,306,829	\$18,570,345
Operating Expenses	9,446,373	8,654,112
Job Training, Adult Education & Literacy Client Services	12,977,591	10,052,634
Unemployment Insurance Benefits	19,512,708	55,655,000
DOL Retirement Plan, Retiree Benefits	3,281,728	3,514,289
Total	\$63,525,229	\$96,446,380

*Table 21 - Department of Labor expenses for fiscal years 2008 and 2009 (July 1 through June 30).*

## Field Operations

Every year the trained professionals of our Field Offices assist thousands of individuals and employers with their employment needs, filling approximately 26,000 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 workforce training, veterans' services, TANF, SNAP Employment and Training, and WOTC. To measure our success, we set rigorous performance goals in each of the areas listed in Tables 22 through 24. On average state-wide, we met or exceeded these goals for the number of job seekers, the number of successful job seekers retaining employment, the average wage of successful job seekers, the number of veterans retaining employment and the number of disabled veterans entering and retaining employment.

We fell short of our goals for the number of job openings listed, the number of job seekers entering employment and the number of veterans entering employment. Considering the economic climate for the year, this was not unexpected.

The greatest challenge our local offices had in 2009 was the downturn in the nation's and the state's economies. We saw a significant number of employers in our state laying employees off on temporary and permanent bases. The local offices provided rapid responses to the affected employees, helping them become re-employed as quickly as possible. Our employment and training programs also played a large part in assisting these dislocated workers.

Two major innovations were introduced late in the 2009 program year: the RES (Re-Employment Services) and NCRC (National Career Readiness Certificate) programs. The former is a case-management program for workers likely to use up their unemployment insurance benefits before

they re-enter the workforce. The latter is a nationally recognized credential that promotes informed hiring decisions and highlights applicants with valuable foundation job skills (for more details, see page 8).

Looking ahead to 2010, we will need to continue our efforts to return dislocated workers to the workforce, to aid job seekers with job search and job skill training as appropriate, and to assist employers in locating and hiring qualified employees. Success in these areas will be vital to returning our state economy to its previous productivity and growth.

Field Office	Participants				Job Openings Received			
	2008	2009 Goal	2009	% of Goal	2008	2009 Goal	2009	% of Goal
Aberdeen	5,535	5,500	5,957	108.3	12,595	11,800	10,164	86.1
Brookings	5,537	5,100	7,352	144.2	6,743	7,500	5,509	73.5
Hot Springs	1,503	1,700	1,567	92.2	2,970	3,000	2,016	67.2
Huron	2,897	3,600	3,061	85.0	3,491	4,000	3,061	76.5
Madison	2,274	2,800	2,330	83.2	2,351	3,000	1,647	54.9
Mitchell	3,088	3,800	3,432	90.3	3,270	3,100	2,705	87.3
Mobridge	939	1,100	977	88.8	1,116	1,200	980	81.7
Pierre	2,927	3,100	3,140	101.3	3,159	3,000	3,732	124.4
Pine Ridge	2,006	2,100	2,301	109.6	1,047	1,300	1,184	91.1
Rapid City	12,580	13,300	14,147	106.4	11,783	13,400	9,378	70.0
Sioux Falls	14,639	16,500	19,565	118.6	21,342	21,000	15,189	72.3
Spearfish	5,474	6,300	6,025	95.6	4,487	5,500	4,002	72.8
Vermillion	2,893	4,700	3,499	74.4	3,054	3,900	2,759	70.7
Watertown	6,490	7,000	7,496	107.1	5,544	5,800	4,170	71.9
Winner	1,196	1,600	1,150	71.9	991	1,400	1,146	81.9
Yankton	3,626	4,500	3,892	86.5	3,426	3,700	2,600	70.3
Statewide	74,990	82,700	87,298	105.6	87,970	92,600	70,747	76.4

Table 22 - Field office performance measures for fiscal years 2008 and 2009 (July 1 through June 30).

Field Office	All Veterans				Disabled Veterans			
	Entered Employment		Employment Retention		Entered Employment		Employment Retention	
	Goal	2009	Goal	2009	Goal	2009	Goal	2009
Aberdeen	72%	70%	81%	89%	61%	57%	76%	98%
Brookings	72%	78%	80%	85%	63%	46%	79%	88%
Hot Springs	65%	67%	80%	79%	61%	55%	75%	57%
Huron	71%	79%	81%	79%	80%	60%	90%	100%
Madison	74%	74%	85%	86%	62%	80%	79%	86%
Mitchell	73%	76%	85%	89%	61%	43%	80%	89%
Mobridge	68%	57%	78%	80%	61%	0%	90%	100%
Pierre	68%	71%	83%	87%	72%	88%	79%	90%
Pine Ridge	65%	35%	70%	70%	61%	33%	75%	100%
Rapid City	70%	64%	80%	80%	62%	58%	82%	79%
Sioux Falls	71%	74%	83%	84%	62%	67%	83%	91%
Spearfish	68%	67%	83%	87%	61%	43%	78%	89%
Vermillion	71%	75%	83%	88%	62%	50%	83%	79%
Watertown	70%	68%	83%	89%	63%	67%	85%	75%
Winner	65%	50%	80%	87%	62%	0%	75%	100%
Yankton	72%	65%	82%	80%	61%	44%	80%	71%
Statewide	69%	67%	84%	84%	55%	58%	80%	84%

**Table 23 - Field office veterans' services goals and achievements for fiscal year 2009 (July 1 through June 30).**

Field Office	Entered Employment		Employment Retention		Earnings	
	Goal	2009	Goal	2009	Goal	2009
Aberdeen	75%	71%	84%	86%	\$9.70	\$11.70
Brookings	73%	69%	84%	87%	\$9.60	\$14.00
Hot Springs	60%	69%	77%	79%	\$8.50	\$10.40
Huron	72%	72%	85%	83%	\$9.90	\$11.20
Madison	74%	68%	85%	88%	\$9.10	\$11.00
Mitchell	74%	74%	85%	87%	\$9.90	\$11.00
Mobridge	68%	58%	78%	77%	\$8.70	\$10.80
Pierre	73%	71%	82%	82%	\$9.50	\$10.90
Pine Ridge	50%	36%	65%	59%	\$8.10	\$8.70
Rapid City	73%	67%	80%	80%	\$9.50	\$11.10
Sioux Falls	75%	76%	85%	83%	\$10.70	\$11.20
Spearfish	73%	71%	83%	86%	\$9.90	\$11.70
Vermillion	74%	74%	82%	85%	\$10.90	\$11.20
Watertown	74%	66%	85%	84%	\$9.60	\$10.80
Winner	68%	62%	80%	77%	\$8.90	\$9.90
Yankton	74%	73%	86%	86%	\$11.00	\$10.90
Statewide	73%	69%	82%	83%	\$9.80	\$11.40

Table 24 - Field office employment goals and achievements for fiscal year 2009 (July 1 through June 30).

## Workforce 2025 Initiative

### Dakota Roots

This part of the Workforce 2025 initiative (Table 25) was designed to bring former South Dakotans back to the state. During the economic downturn, however, the department shifted focus to make South Dakota's dislocated workers the highest priority. Nevertheless, Dakota Roots continues to be a helpful worker recruitment tool for hard-to-fill positions, usually those requiring a unique set of skills.

New registrations for this program show that job seekers across the nation are exploring what South Dakota may have to offer in these difficult economic times. Furthermore, we see a clear correlation between the unemployment rates in the new registrants' home states and the number of new registrants. Thus, while the highest number of registrations came from our neighboring states (North Dakota, Minnesota), the next highest state was Michigan, which has led the nation for several months with an unemployment rate of 15.0 percent.

Dakota Roots Activity	
Business Partners	365
Business Expansions Transferred to Governor's Office of Economic Development	55
Registered Active Seekers	1639
Seekers Who have Entered Employment	1289

**Table 25 - Dakota Roots program results for 2009 (data as of January 1, 2010).**

All of DOL's local offices have established partnerships with their communities' high schools, colleges, universities and technical schools. Staff members hold regular on-campus hours to meet with students, work with instructors on classroom presentations, attend parent-teacher conferences and freshmen orientation events, and set up booths at job fairs and career days.

Informational events were held at:

- Black Hills State University in Spearfish
- Dakota State University in Madison
- Lake Area Technical Institute in Watertown
- Mitchell Technical Institute in Mitchell
- National American University in Rapid City
- South Dakota State University in Brookings
- Southeast Technical Institute in Sioux Falls
- University Center in Sioux Falls
- Western Dakota Technical Institute in Rapid City

In addition, Youth Career Expos were held in Aberdeen and Mitchell. These expos are opportunities for the department to work with local educators and the business community. Local employers are invited to set up booths to visit with students about their company, in particular the types of jobs and training needed. Hands-on activities give students a real world perspective of what to expect on the job. Educators bus in students from surrounding communities to learn more about these South Dakota careers.

## Build Dakota

The Energy/Communications Infrastructure industry joined the list of industries targeted for DOL help in evaluating workforce needs. Via the Midwestern Governors Association's Jobs and Energy Advisory Group and Summit, we outlined cooperative regional job-creation initiatives, goals and strategies. Energy efficiency and renewable electricity were two areas of focus.

## Dakota Seeds

The South Dakota Workforce Development Council approved approximately \$125,000 in funding for 63 internships as part of the Dakota Seeds initiative. Employers posted 719 internships online.

## Grow Dakota

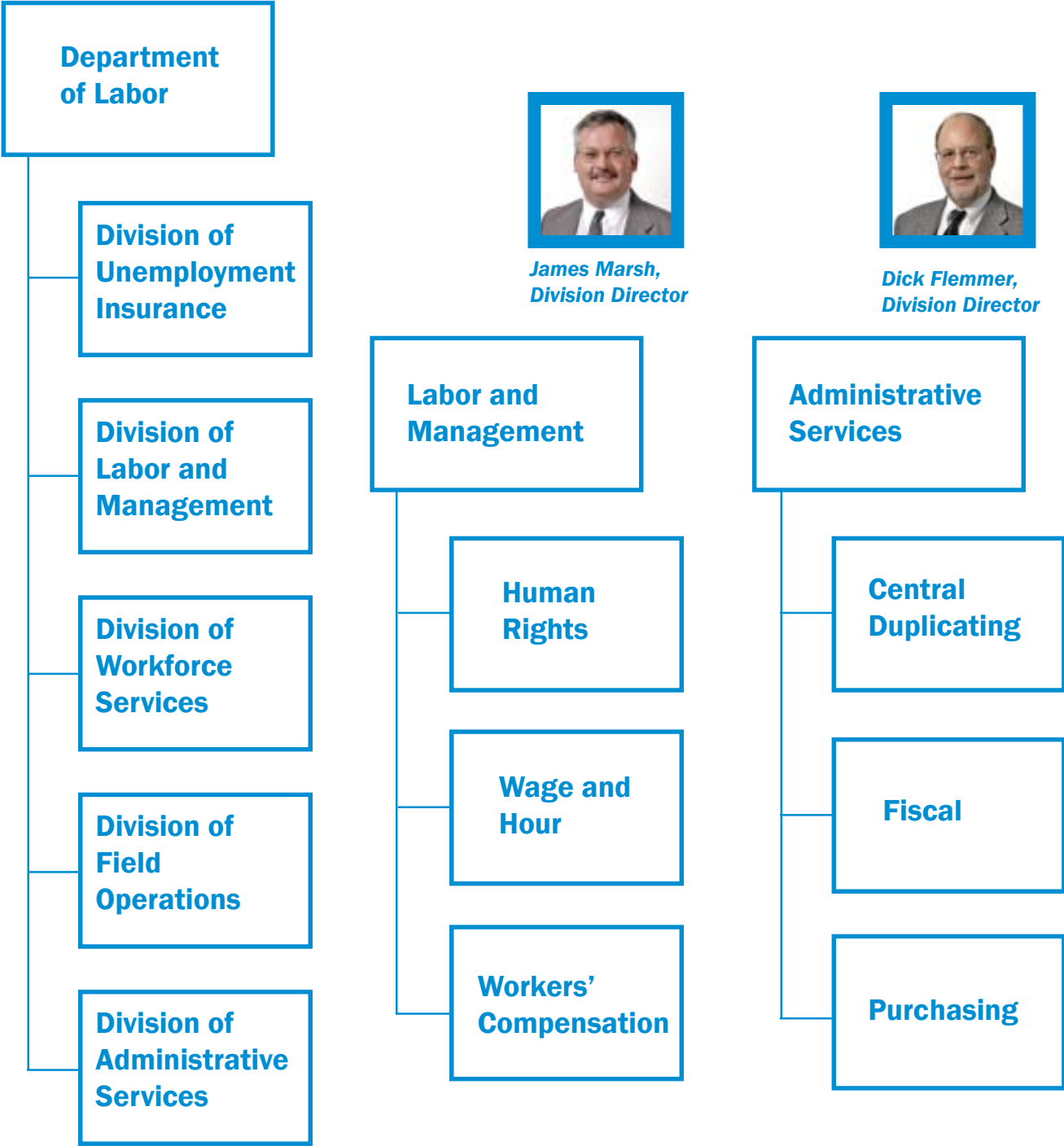
DOL partnered with the South Dakota Department of Education in the launch of the High School 2025 program in 2009, encouraging our state's youth to explore and prepare for the careers of tomorrow. Our Labor Market Information Center also acted as a resource for *My Life*, a career planning publication.

## Live Dakota

Live Dakota continues to educate South Dakota's young people about the career opportunities available right here in South Dakota. DOL staff reach out to high school and college-age students to share information about:

- Determining career interests
- Identifying in-demand and growing occupations
- Locating training providers
- Developing job search plans
- Locating careers

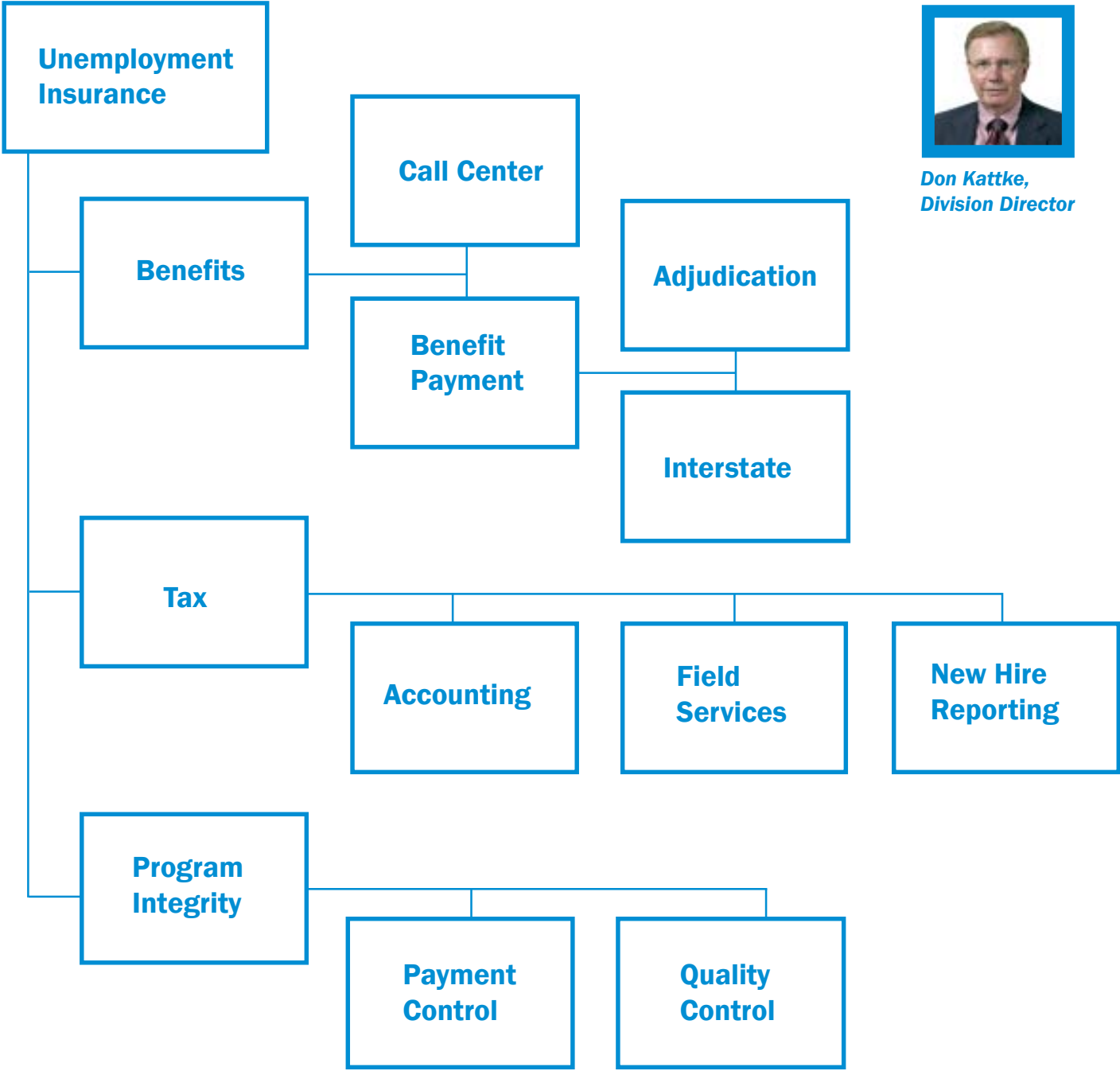
# Organizational Charts

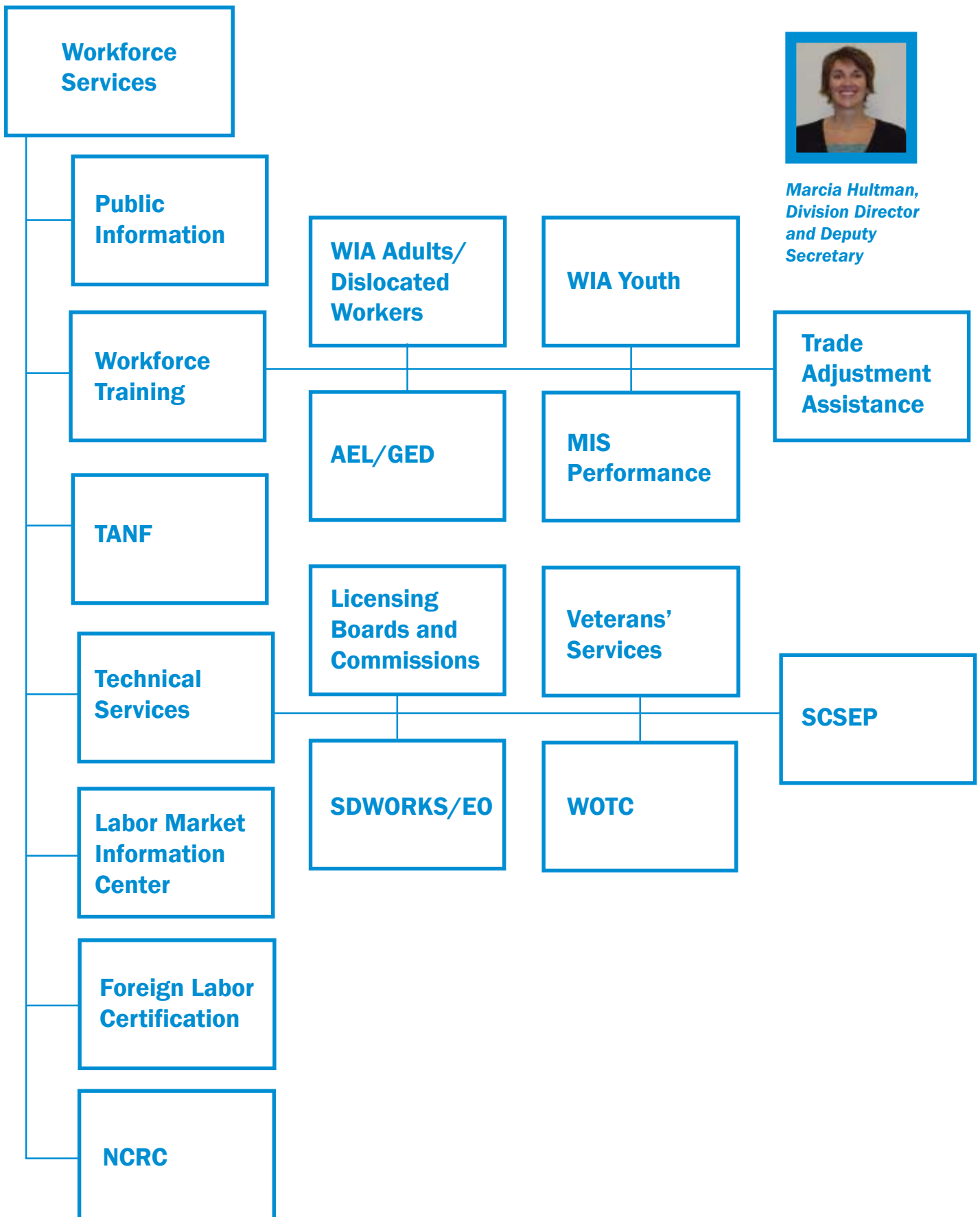






*Don Kattke,  
Division Director*

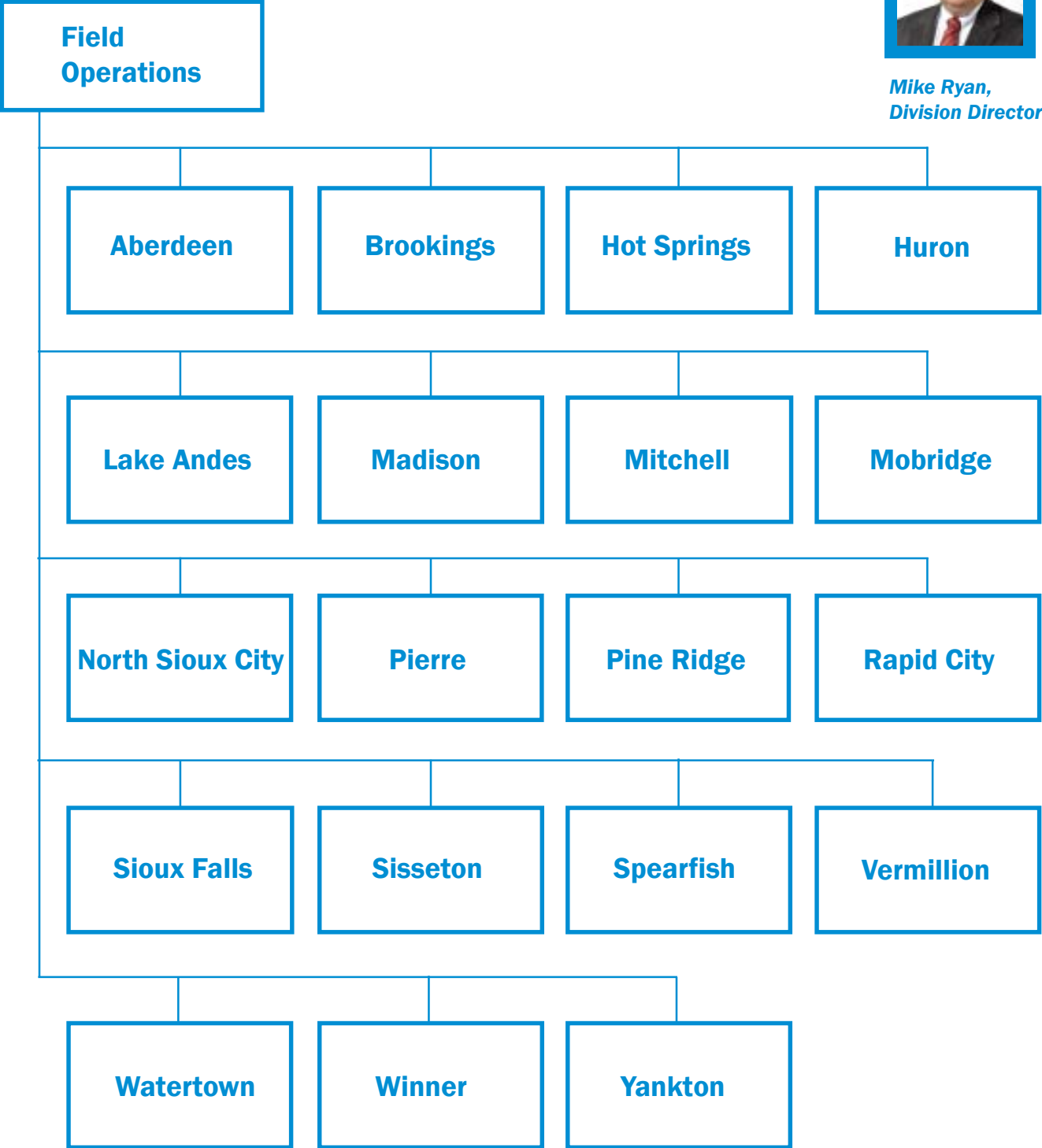




*Marcia Hultman,  
Division Director  
and Deputy  
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*Mike Ryan,  
Division Director*



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