

Workforce Development Council Meeting
Regular Quarterly Meeting
April 2, 2009

AGENDA ITEMS

- | | | |
|-------------------------------------|--------------------|---------------|
| A. Call to order | Warren Lotsberg | |
| B. Approval of Minutes | Warren Lotsberg | |
| C. Director's Report | Bill Molseed | |
| D. New Business | | |
| 1. PY 2009 Allotment of AEL Funds | Bill Molseed | |
| 2. Dakota Seeds | Ann Gesick Johnson | Action |
| 3. Alternative School Age 18 Issues | Wade Pogany | |
| 4. GED Policies | Marcia Hess | Action |
| 5. Stimulus Bill | | |
| a. Stimulus Unemployment Issues | Don Kattke | |
| b. Summer Youth | Deb Halling | |
| c. Adult/Dislocated Workers | Bill McEntaffer | |
| d. DRS and SBVI | Grady Kickul | |
| 6. State Plan / Waivers | Dawn Dovre | |
| E. Adjournment | | |

The agenda was amended to add an action item to increase the Skills Training funding cap.

AGENDA ITEM A

The South Dakota Workforce Development Council (WDC) met in Pierre in Kneip Conference Room # 3 on Thursday, April 2, 2009. The meeting was called to order by Council Chairman Warren Lotsberg at 10:00 a.m. CDT. Roll call was conducted and a quorum was present.

Members Present

Warren Lotsberg, Chairman
Pat Lund, Vice-Chairwoman
Ann Gesick Johnson
Shelley Stingley
Roland Benson

Grady Kickul
Mark Wilson
Wally Myers
Larry Tolzin

Cal Geis
D. J. Mertens
Marcia Hultman
Helen Wegner

Members Absent

George Cook

Patricia Kenner

Paul Gough

Others Present

Bill Molseed
Marcia Hess
Bill McEntaffer

Kari Porch
Don Kattke
Dawn Dovre

Wade Pogany
Deb Halling

AGENDA ITEM B APPROVAL OF MINUTES

Pat Lund made a motion to approve the January 8, 2009 minutes. Helen Wegner seconded the motion. **Motion passed.**

AGENDA ITEM C DIRECTOR'S REPORT

The last few meetings through Dakota Digital Network (DDN) were an experiment to see how our meetings work through electronic means. We are likely to continue to hold some meetings through DDN but it is important for the Council to meet in one location for particular agenda items.

A lot has happened since the January 8, 2009 meeting. The national economy officially entered a recession, a new president was inaugurated and a new Secretary of Labor was installed. Congress committed more than a trillion dollars as a tool to jump-start the economy and for bailouts.

Hilda Solis was sworn in as the nation's 25th U.S Secretary of Labor. She said she would prioritize job training and other programs to help improve economic conditions for working families and to help employers improve productivity and increase economic activity. Secretary Solis further emphasized the importance of job training and re-employment programs for veterans re-entering the workforce after their service to the country.

Unemployment has reached double digits in other states. South Dakota has reached unemployment numbers we haven't seen in many years. Yankton and Watertown have the highest unemployment rate in the state. The most recent data report in February had Yankton at 7.3 percent and Watertown at 7.2 percent.

Unemployment Rates – most current available:

National: 8.1 percent – February 2009 seasonally adjusted
(March 2009 data will be released April 3, 2009.)

Statewide: 4.6 percent – February 2009 seasonally adjusted
(March 2009 data will be released April 15, 2009.)

Rapid City MSA: 5.1 percent – February 2009 not seasonally adjusted
(March 2009 data will be released April 15, 2009.)

Sioux Falls MSA: 4.8 percent – February 2009 not seasonally adjusted
(March 2009 data will be released April 24, 2009.)

(Don Kattke provided more information later in the meeting.)

We continue to record layoffs across the state which impact large and small communities and practically every industry in South Dakota. Manufacturing firms, particularly in Yankton and Watertown, have been hit hard. (Bill McEntaffer reported on the state of worker dislocations later in the meeting.)

On February 17, 2009, the president signed the American Recovery and Reinvestment Act. This is the \$787-billion economic stimulus effort by the U.S. government. The intent of the Act is to:

- Preserve and create jobs
- Promote the nation's economic recovery
- Assist those most affected by the recession

The stimulus program is guided by a few key tenets:

- Transparency and accountability
- Timely spending of the resources
- Increasing capacity to serve more people

Federal policy guidance for the Workforce Investment Act (WIA) and Wagner Peyser programs followed a month after the signing of the bill. This allowed us to proceed with the plans we had been working on since January. Some of the main policy points laid out by the U.S. Department of Labor include:

- Keep an emphasis on serving those most in need

- Increase number served under the WIA and Wagner Peyser programs
- Provide a full range of employment and training services
- Work within a short time frame for expenditure of stimulus funds, with a requirement to concurrently expend regular formula funds.

Funding under the stimulus program for WIA and Wagner Peyser is

- \$2,918,025 for WIA Youth
- \$1,234,406 for WIA Adult
- \$953,934 for WIA Dislocated Workers
- \$2,758,469 for Wagner Peyser and Re-employment Services.

This is a combined total of \$7,864,734. This total does not consider the new funding we received under the regular formula funds, another \$2,821,195. Overall, we have more than \$10 million to serve the public.

The intent of WIA Adult and Dislocated Worker stimulus funds is to increase the number of individuals served to support their entry or reentry into the job market. The intent of Wagner Peyser and Re-employment resources is to assist job seekers and unemployment claimants to secure employment. The intent of WIA Youth Stimulus funds is to operate an expanded summer youth employment opportunity for eligible youth. (Bill McEntaffer and Deb Halling provided a description of the WIA programs later in the meeting.)

We have set in motion a plan meeting the intent of the Recovery Act and responding to the needs of South Dakota. We plan to move the stimulus funds to those most in need in very short order, while maintaining the high quality expectation we have always placed on our services.

We see this as an opportunity for labor programs in South Dakota. We are working to address immediate employment needs resulting from the recession. We are also looking forward to the day the economy is once again healthy. Recently, some economists predicted an upswing in the economy later this year. Our plan is designed to help workers move into high-demand occupations with the skills needed to be successful.

We believe our workforce development system is a significant component of South Dakota's recovery effort. Our motto of recent years has been "We are your workforce experts." This is our time and our responsibility. Our Local Office staff is prepared to meet this challenge. The South Dakota Department of Labor is committed to making this stimulus program work for our citizens and the business community.

In keeping with the first tenet of the Recovery Act, the federal government has established a Web site so the public has access to how the Recovery funds are being utilized nationally. This site can be found at www.recovery.gov. The South

Dakota state recovery site and the Department of Labor's link will soon be up and running. We will send this address to the council when it is activated.

AGENDA ITEM D NEW BUSINESS

AGENDA ITEM D1 PY 2008 ALLOTMENT OF AEL FUNDS

Bill Molseed, Workforce Training Administrator, explained a change in the request for proposal process for the youth programs and that a special meeting will be held at a later date via Dakota Digital Network (DDN) to approve funding for the youth programs. DOL-affiliated CLCs and other training providers are being asked to submit proposals for testing and remediation training for National Career Readiness Certificates (NCRC).

WDC members were provided a handout with recommendations for AEL funding and federal funding allotments for AEL and EL Civics. The federal funding allotment for instructional programs is \$954,336. This is approximately \$128,000 less than last year's allotment. It is recommended the AEL program utilize carryover funds and fund AEL programs at the same level as last year plus adding in professional development dollars for travel to Summer Institute and other similar activities. Shelley Stingley made a motion to approve the recommended funding. Pat Lund seconded the motion. **Motion passed.**

Over the next two years, the AEL program will receive \$128,000 less in funding and will not have carryover funds. The program will have a total loss of \$300,000. Discussions on how the program should proceed will be discussed at the April 23, 2009, AEL directors' meeting.

AMENDED AGENDA ITEM INCREASE IN SKILLS TRAINING FUNDING

Bill McEntaffer, DOL Program Specialist, provided a handout with the costs of attending South Dakota technical institutes and state universities. With the increasing costs of attending post-secondary schools, DOL is requesting approval to increase the maximum amount allowable for skills training from \$4,000 to \$5,200 per year. Helen Wegner made a motion to approve the increase. Grady Kickul seconded the motion. **Motion passed.**

AGENDA ITEM D2 DAKOTA SEEDS

Ann Gesick Johnson, Department of Tourism and State Development, provided a handout listing 13 businesses that applied for funding from Dakota Seeds to provide internship opportunities in the STEM (science, technology, engineering, and mathematics) fields. Staff with the Dakota Seeds program recommended funding 11 businesses and referred two businesses to DOL. Black Hills Nanosystems Corporation, Rapid City, requested assistance for five undergraduates. Dakota Seeds recommended funding the five positions at \$2,000 each for a maximum of

\$10,000. Applied Engineering, Yankton, requested funding for an undergraduate internship for their IT department. Dakota Seeds recommended funding the internship at \$2,000. Avon Manufacturing Company, Avon, requested one undergraduate student to create a Web site that would allow their dealers to showcase the products they make. Dakota Seeds recommended funding the position at \$2,000. CreditSoup, Madison, requested an undergraduate internship who will be working on designing, developing, and supporting databases and Web sites. Dakota Seeds recommended funding the position at \$2,000. Infotech Solutions, Madison, requested one graduate student to work on client IT systems. Dakota Seeds recommended funding the position at \$8,000. Vantage Point Solutions, Mitchell, requested 10 undergraduate students. Some students will be making sure that outside contractor work meets Vantage Point's engineering standards. Other students will be working in-house with the engineering staff to prepare plans. Dakota Seeds recommended funding five positions for a maximum of \$10,000. McLaury Engineering, Elk Point, requested funding for an undergraduate and a graduate student to perform engineering and surveying tasks. Dakota Seeds recommended funding two positions for a maximum of \$10,000. Mitchell Technical Institute, Mitchell, is looking for one undergraduate student to help with enrollment services. This did not provide a good STEM connection. Dakota Seeds referred the position to DOL. Ketel Thorstenson, Rapid City, requested three interns to do taxes and auditing. This did not provide a good STEM connection. Dakota Seeds referred the position to DOL. Hebda Family Produce – Garrity's Prairie Gardens, Mission Hill, requested two horticulturists to work on research for plant rotation and pest management. They would also like one food scientist to work on safe practices/standards for their processing area. Dakota Seeds recommended funding the three positions at a maximum of \$6,000. Chenega Logistics, Sioux Falls, would like two undergraduate students to provide help desk, server and network management and software development. Dakota Seeds recommended funding two positions for a maximum of \$4,000. Nutraferma, North Sioux City, position in Spearfish, is looking for three undergraduate students to assist in research at the McNenny Hatchery. Two of the positions are not eligible as they do not meet the minimum wage requirement of \$9.00 per hour. Dakota Seeds recommended funding one position and denying two positions for a maximum of \$2,000. ProName Media, Inc. is looking for an intern to work on all facets of their Web site from initial concept to launch.

Shelley Stingley made a motion to approve the recommendations. D. J. Mertens seconded the motion. **Motion passed.**

AGENDA ITEM D3 ALTERNATIVE SCHOOL AGE 18 ISSUES

Wade Pogany, Department of Education, provided information on the new statute for the compulsory age 18 issue. The compulsory age 18 rule will have a significant impact on the school year. Wade shared background information on the origin of the law, activities that have happened around the compulsory 18 rule and an update on where they are today. In 2003, the Department of Education began discussions

about No Child Left Behind and the impact it would have on high schools. One question they were concerned with was if there was truly no child left behind what would happen to the 16- and 17-year-olds that walked out the door. In 2006, the Department of Education introduced a bill to legislature. The bill did not pass in 2006 but the Department of Education reintroduced the bill to legislature in 2007 and Senate Bill 199 passed. The purpose of Senate Bill 199 was to increase the graduation rate, bring more employees into the workforce that had diplomas from high school, and change the paradigm of 16-year-olds dropping out of school and the education system no longer being responsible for them. Many of the communities brought in at-risk counselors to assist the students who would have otherwise dropped out of school.

An issue that arose during discussions was what will happen to the extreme cases of at-risk youth, those students who are incarcerated or were short on credits and would not graduate. Senate Bill 126 was introduced and after changes in the language the bill passed. The bill allowed high schools to offer a GED preparation program for students who met certain extreme conditions.

AGENDA ITEM D4 GED POLICIES

Marcia Hess, DOL Program Specialist, discussed the requirements the U.S. Department of Labor set forth to ensure students completing the adult education program and passing their General Education Development (GED) test are ready to enter post-secondary education or training. Along with the requirement age changing to 18, students must now take an official practice test to prove they can pass the GED test at the standard 500 score prior to taking the GED test. The minimum score to pass each GED subtest will move from 410 (equivalent to approximately a seventh-grade level) to 450 (a ninth-grade level).

DOL recently awarded their first GED scholarship for \$1,000 to a non-traditional student attending Western Dakota Technical Institute preparing to be a pharmacy technician. He is 61 years of age. Funding for the scholarship came from the incentive grant DOL received as a result of the high quality performance our partners, providers, and local staff achieved in program year 2007.

AGENDA ITEM D5 STIMULUS BILL

Bill Molseed, Workforce Training Administrator, introduced each program representative to provide an overview of their program as it relates to the stimulus program.

Don Kattke, Unemployment Insurance Division Director, provided a PowerPoint presentation on unemployment insurance changes implemented as part of the stimulus program. Two immediate changes available for unemployed workers are an additional \$25 in unemployment payments and an extended benefit program. Unemployed workers will receive the additional \$25 starting March 2, 2009. The

extended benefit program will allow unemployed workers to receive an additional 20 weeks of unemployment benefits. An unemployed worker will get 26 weeks of regular state unemployment benefits and an additional 20 weeks of federally funded unemployment benefits.

As part of the stimulus program, modernization provisions fund the current unemployment systems around the country. These programs are all state-specific but have a fairly high level of federal policy issues they have to meet. Otherwise, the states can design their own programs, run their own programs, and fund their own programs.

The first provision, Option 1, requires states to adopt an alternative base period to determine the eligibility of unemployment claims. The current base period is the first four of the last five completed quarters. The new alternative base period is simply the last four completed quarters. Claimants must have earnings in at least two quarters of the base period. The change allows workers to use more recent wages when filing claims. New entrants to the workforce benefit, including recent college graduates and workers re-entering the workforce after family obligations, illness, or disability.

Once the details for Option 1 were released, the South Dakota Unemployment Insurance Advisory Council immediately looked at the provision and recommended it to Governor Mike Rounds. Legislature passed House Bill 1176 with no opposition. South Dakota was the first state to pass legislation to implement this program. The base period will go into effect on July 1, 2009. It has added \$5.9 million to the South Dakota Unemployment Insurance Trust Fund.

The second provision, Option 2, allows states to pick two of four optional ways to extend benefits to workers. The four options are: (1) including workers having a history of working part-time would be eligible if they are seeking part-time work. This would not be a new cost for the Trust Fund as this is already implemented in South Dakota; (2) including workers who quit for family reasons such as domestic violence (this is already implemented in South Dakota), illness or disability of family member, or relocating with spouse; (3) including claimants that have exhausted their previous claim could receive additional payments for 26 weeks if they are participating in state-approved or WIA-funded training programs; (4) establishing an allowance of at least \$15 per week per dependent with an aggregate limit of the lesser of \$50 or 50 percent of the individual's weekly benefit amount.

The Unemployment Insurance Advisory Council is responsible for reviewing the content, adequacy, and effectiveness of the unemployment insurance program and making recommendations for improvements. The Council will meet June 25 to discuss the Trust Fund balance and the probable impact of expanding benefits under option 2.

Deb Halling, DOL Program Specialist, provided information on the Summer Stimulus Program. The Summer Stimulus Program must provide youth with meaningful employment, employment that will benefit the youth in the future. One area DOL is emphasizing is the healthcare field. DOL is reaching out to clinics, pharmacies, hospitals, dentists, and any other areas that may get youth interested in the healthcare field. Another area DOL is learning a lot about is "green" jobs. Green jobs provide energy efficiency for the future.

The Youth Summer Stimulus Program must follow WIA income guidelines. DOL is focusing on out-of-school youth, individuals on public assistance, and youth in foster care. One change in the guidelines for the Youth Stimulus Program is the age increase from 21 to 24.

The regular youth program has seven performance measures. The stimulus program has one performance measure, the work readiness goal. The work readiness goal requires an employee to know every skill it takes to get and keep a job. It requires good communication skills, problem solving, and information utilization.

DOL is going to challenge contractors to help us in a targeted classroom component during these work experiences. DOL local office staff will be challenged to find the youth and the employers, completing the eligibility, data entry, training plans, and the monitoring. DOL's goal is to reach 600 youth.

Bill McEntaffer, DOL Program Specialist, provided information on the adult and dislocated worker activity provided as a result of the stimulus program and an update on the layoffs throughout the state. DOL's goal is to provide training for adults and dislocated workers. DOL will work with training providers whether technical schools or community based agencies to determine what training is needed to update the skills for individuals that are dislocated or adults needing additional training. DOL is also planning to do some on-site training or work experience. The challenges for DOL are to get the dollars spent and to reach the smaller communities where there have been a number of dislocated workers.

The number of layoffs has slowed but is still much higher than the average in the past. Some businesses that had temporary layoffs now have permanent layoffs. Some businesses are implementing required time off lasting one or two weeks or they may have temporary layoffs and rehire workers for a few weeks and then lay them off again. Some employees may be working one or two weeks a month. Businesses are doing what they can to keep their trained workforce because they know the economy will eventually turn around. Some employees are having their salaries and wages reduced.

The manufacturing and production fields are still seeing a lot of layoffs with more subcontractors being affected. Construction jobs are down because of the time of year. However, part of the stimulus program is to get construction jobs off the

ground and this is an area DOL is emphasizing in order to get dislocated workers back to work.

DOL is working with Associated General Contractors (AGC) so we have a connection with those businesses that are looking for employees.

Layoffs have affected all areas of the state. The larger cities include Sioux Falls, Mitchell, Yankton, Rapid City, and Watertown. Brookings, Huron, and Aberdeen have seen more layoffs since January. The smaller counties that have been hit the hardest are Madison, Elk Point, and Elkton. DOL will get into these communities so the dislocated workers know there is training available for them.

DOL is working with businesses and the Governor's Office of Economic Development (GOED) to determine what skills current workers need so they can provide training to employees while they are still employed and provide training programs that will bring skill or retraining in areas when job opportunities may exist.

DOL sent a large mailing through the Department of Social Security (DSS) to reach individuals on Medicaid, food stamps, and other programs that may qualify for employment through the stimulus program, whether it is in the adult, dislocated, or youth programs. This mailing could reach thousands of individuals.

Grady Kickul, Division of Rehabilitation Services, provided information on the stimulus activity for the Division of Rehabilitation Services. The Vocational Rehabilitation agencies and the Services for the Blind and Visually impaired received \$1.8 million in stimulus authorization and \$250,000 for independent living. This is approximately a 10 percent funding increase which is in line with the increase in the number of applications Vocational Rehabilitation received over the last quarter. Vocational Rehabilitation also administers the Social Security disability programs (Social Security disability and Supplemental Security) for the Department of Human Services. The applications for these programs have been up 11 percent. More and more individuals are coming to the program with being laid off as the reason for applying. In anticipation of the continuing number of layoffs, the Division of Rehabilitation has modified their reporting systems, case management systems, and tracking systems to accurately identify this information.

The Division of Rehabilitation is very interested in working with DOL and the Department of Education. They are interested in providing their clients with short-term training and customized training so they can quickly return to work.

AGENDA ITEM D6 STATE PLAN / WAIVERS

Dawn Dovre, DOL Public Information Officer, provided information on the WIA/Wagner Peyser State Plan. In May 2007, DOL submitted years three and four of the five-year state plan. The U.S. Department of Labor has given DOL the opportunity to request an extension to year five which is program year 2009. DOL

can do this by sending them a letter requesting the extension and submitting an application request. DOL will request the extension and use the same negotiated performance measures we used in 2007. DOL will submit two waivers. One related to the incumbent worker program and the other is related to the youth stimulus program. The request must be submitted by April 15, 2009. Once the extension has been submitted, DOL will work on implementing the modifications necessary for the state plan to reflect stimulus funding. The extension is due June 30, 2009. A public review period is required so the public will have a chance to review the state plan which will be posted to the DOL Web site before it is submitted to the U.S. Department of Labor.

AGENDA ITEM E ADJOURNMENT

The next WDC meeting is scheduled for Thursday, July 9, 2009. The meeting will be held via DDN. Several locations will be scheduled throughout the state.

Pat Lund moved to adjourn the meeting at 11:47 a.m. CDT. The motion was seconded by Cal Geis. **Motion passed.**

Workforce Development Council Meeting
Special Meeting
May 7, 2009

The South Dakota Workforce Development Council held a special meeting via Dakota Digital Network (DDN) on May 7, 2009. The meeting was called to order by Council Chairman Warren Lotsberg at 3:00 p.m. CDT. Roll call was conducted and a quorum was present.

Members Present

Warren Lotsberg, Chairman	George Cook	Grady Kickul
Pat Lund, Vice Chairwoman	Mark Wilson	D. J. Mertens
Ann Gesick Johnson	Wally Myers	Pam Roberts
Shelley Stingley	Helen Wegner	Roland Benson
Larry Tolzin		

Member Absent

Cal Geis	Patricia Kenner	Paul Gough
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Others Present

Bill Molseed	Kari Porch	Alberta Rouse
Deb Halling	Mike Ryan	Kathy Evans
Dawn Dovre	Andy Szilvasi	Mark Millage
Lon Hird	Marcia Hultman	Kim Olson
Gloria Pluimer	Sheri Duke	

Testing and Remediation Training Proposal

Before turning control of the meeting over to Deputy Secretary Marcia Hultman, Bill Molseed thanked everyone for attending the special meeting.

Marcia explained that with funding concerns over the past few years, DOL has been looking into new ways for Career Learning Centers (CLC) to assist DOL in providing the best possible services to our clients. DOL has been looking into implementing National Career Readiness Certificates (NCRC) and decided now is the time to implement the program. With this in mind, DOL pulled the original requests for proposals (RFP) submitted by the CLCs and issued new guidelines and asked providers to submit RFPs describing how they would implement the NCRC testing, remediation, and issue the certificates.

NCRC are nationally recognized certificates approved by American College Testing (ACT). The certificate is a three-part assessment consisting of applied math, reading, and locating information. The NCRC has three levels of achievement, Bronze, Silver, and Gold. The Bronze achievement demonstrates an employee's ability to perform 35 percent of available jobs. The Silver achievement demonstrates

an employee's ability to perform 65 percent of available jobs. The Gold achievement demonstrates an employee's ability to perform 90 percent of available jobs. DOL will hold the NCRC licensing software and will negotiate with ACT to provide training to our providers.

Funding for the program is based on the number of participants to be served. The number of participants to be served is based on the number of participants served in PY2007, plus additional participants to be served as part of the stimulus program. The funding is based on the amount of \$620 per participant.

Recommendations for PY09 Testing and Remediation funding include:

Contractor	Community	Amount	Goal to Serve
Cornerstones Career Learning Center	Aberdeen	\$ 77,500	125
Career Learning Center of the Black Hills	Rapid City	\$151,900	245
Career Learning Center of the Black Hills	Spearsfish	\$124,000	200
Career Learning Center of the Black Hills	Hot Springs	\$ 27,900	45
Career Learning Center of the Black Hills	Brookings	\$ 49,600	80
Career Learning Center of the Black Hills	Watertown	\$ 68,200	110
Cornerstones Career Learning Center	Huron	\$ 71,300	115
Cornerstones Career Learning Center	Mitchell	\$ 71,300	115
The Right Turn, Inc.	Pierre	\$ 74,400	120
Cornerstones Career Learning Center	Mobridge	\$ 6,200	10
The Right Turn, Inc.	Winner	\$ 12,400	20
Southeast Job Link	Vermillion	\$ 55,800	90
Southeast Job Link	Yankton	\$ 77,500	125
Southeast Technical Institute	Sioux Falls	\$155,000	250
Southeast Technical Institute	Madison	\$ 31,000	50

Madison had two competing proposals, Southeast Technical Institute and Black Hills Special Services Cooperative.

Sioux Falls had three competing proposals, Southeast Technical Institute, Kilian Community College, and Volunteers of America.

DOL will be referring eligible adults, dislocated workers, and youth to the training providers for NCRC services.

Helen Wegner made a motion to approve the recommended funding. Pat Lund seconded the motion. **Motion passed.**

Secretary Pam Roberts gave an update on unemployment insurance activity and the status of the Unemployment Insurance Trust Fund. Over the last few weeks, the unemployment insurance division issued approximately 7,500 checks per week to unemployed individuals. At the same time last year, we were issuing approximately

2,200 checks. This is an increase of more than 5,000 recipients. These unemployed individuals are not the chronically unemployed that are typically looking for work this time of year. These individuals know how to hold a job and have the necessary skills for the jobs. They are unemployed because of the downturn in the economy. Most of them are low-skilled, having a General Educational Development (GED) or high school diploma. Approximately 60 percent of the workers were production workers from manufacturing facilities that have either closed or have laid off employees because they are not prospering. DOL is working with the unemployed individuals either trying to get them back into the workforce or get them into training programs. DOL is contracting with Mitchell Technical Institute, Western Dakota Technical Institute, Southeast Technical Institute, and the Regional Technical Institutional Center to provide the employees with training so when the economy turns around they can go back into the workforce with higher skills and get a better job.

DOL is concerned about the Unemployment Trust Fund. We are spending more than \$5 million per month. This is a lot higher than projected. There was no reduction in unemployment numbers in April. DOL is projecting the trust fund will go negative by fall causing a surcharge situation by the end of September. We will have to borrow money from the federal government. When President Obama signed the stimulus package, it allowed for states to borrow from the Federal Unemployment Insurance Trust Fund interest free until December 2010. When the surcharge kicks in at the end of 2010, DOL projects we will collect an additional \$36 million. Last year, we paid about \$21 million in claims and benefits to unemployed workers and this year we are projecting we will pay \$61 million. Last year, we collected \$25 million and this year we will collect \$22 million. When people are laid off there are not as many dollars in wages and the income for the trust fund comes from wages paid in South Dakota. The 1.5 percent surcharge will hit every employer in South Dakota not just those that have had layoffs in the past. Each employer will have to pay about \$150.

DOL has issued news releases to inform the public that DOL is closely monitoring the Unemployment Trust Fund. Once the surcharge is implemented, the businesses will be notified. The first surcharge will be for the quarter starting October 1, 2009 for anyone hired in October, November, and December.

Wally Myers made a motion to adjourn the meeting at 3:44 p.m. Pat Lund seconded the motion. **Motion passed.**