

2020

ANNUAL REPORT

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2020 IN REVIEW



Dear Friends,

Our commitment has always been providing exceptional customer service to those we serve. In 2020, the team has exceeded all expectations. The COVID-19 pandemic forced us to refocus our efforts and adapt to the everchanging challenges presented. Staff have given up evenings, weekends, and holidays and have found creative, new ways to serve the public in every Division within the Department.

Way back in March, I said, “Together, we’ve got this,” not fully realizing how true and important these words would come to be. Time and time again during 2020, I have witnessed individuals across the department stepping up to not only face their own work-related challenges, but also to help meet the demands placed on the Reemployment Assistance (RA) Division. People with little or no knowledge of RA took on the responsibility of assisting the division in multiple ways. As the months wore on, many of the tasks – like fielding calls from the public – became more arduous, but true to our commitment to serve, DLR employees did their very best to help our fellow citizens.

A few examples of our commitment:

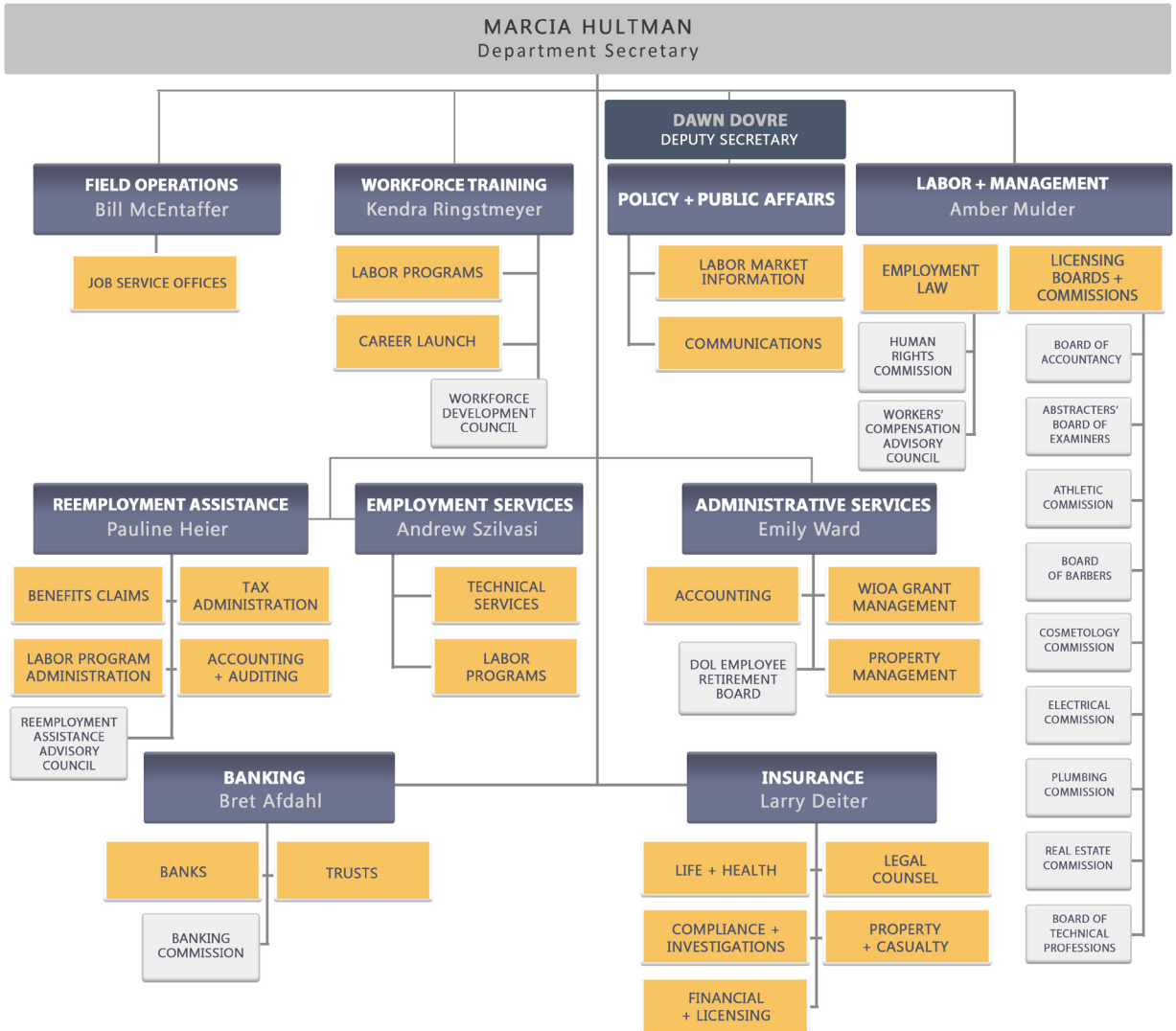
- Staff moved out of their comfort zones and regular job responsibilities to help in ways too numerous to mention.
- We figured out ways to virtually communicate with and support co-workers located across the state.
- Employees worked remotely while juggling parenting and teaching and self-care.
- I heard positive reports about how good it feels to be helping others in DLR, as well as the public.
- We’ve connected with each other in innovative ways, we’ve supported each other, we’ve struggled together, and we’ve rallied.

I am proud to say I work for DLR because of all my team members. When faced with adversity, nothing could hold us back. This takes a certain amount of toughness. But in the end, it really comes down to public servants dedicated to helping our fellow citizens, neighbors, friends, and family. We truly are strongest together.

Marcia Hultman

VISION Promote workforce enhancement, financial security, and economic opportunity.

MISSION To promote economic opportunity and financial security for individuals and businesses through quality, responsive, and expert services; fair and equitable employment solutions; and safe and sound business practices.



POLICY + PUBLIC AFFAIRS



Dawn Dovre | *Deputy Secretary*

The Policy and Public Affairs Division supports the entire department through a variety of functions, including:

- Managing communication matters such as advertising, public relations, media relations, constituent services, and legislative task force.
- Leading organizational development and strategic planning efforts.
- Providing labor market information and economics data to make policy recommendations.

COMMUNICATIONS

- Most of the year was devoted to public information efforts for topics related to the COVID-19 pandemic. This included: layoffs and closures, reemployment assistance, weekly unemployment claims data, federal assistance program requirements, and consumer protection.
- Public outreach campaigns were developed for several programs, including Career Launch SD, SD UpSkill, SDWORKS jobs database, Workforce Development Month, Adult Education and Family Literacy Week, Registered Apprenticeship Week, and career exploration tools. Outreach strategies involved employer newsletter articles, social posts, videos, testimonials, infographics, homepage web sliders, and internal staff communications.
- Deputy Secretary Dawn Dovre served as Chair of the National Association of State Workforce Agencies (NASWA) Communications Committee. Discussions primarily dealt with unemployment insurance: new programs implemented through the CARES Act, messaging for claimants and employers, constituent services, and working with the media. Dovre has served on the leadership team of this committee since 2016.
- An IntraNews weekly digest was created and is emailed to all staff. This internal communications tool is a collection of staff kudos, internal stories, DLR news releases, and other articles related to agency efforts. Interactive features such as polls are also included.

ORGANIZATIONAL DEVELOPMENT

- The theme of 2020 was helping employees adapt to working remotely, learning new technology

to be effective, and providing supports to care for physical and mental health in the wake of the pandemic.

LABOR MARKET INFORMATION CENTER

- More than 8,200 requests for information were handled, including the distribution of more than 2,500 publications to our users, including businesses, job service staff, and economic development groups.
- New South Dakota Hot Careers were identified – those growing occupations which have high wages and are projected to be in high demand. Those with the highest wages and projected demand were featured as Top 30 careers. Related print and online career exploration resources were developed for youth and other career explorers and planners.
- Occupational demand and wage data were provided for consideration of programs eligible for the Build Dakota scholarships and the Eligible Training Provider List.
- When the COVID-19 pandemic began impacting South Dakota’s labor market, LMIC began tracking the number of jobs advertised online in the state daily. The data is included as one of the economic impact indicators on the State’s COVID-19 website.
- A Pandemic Picture webpage was created, featuring COVID-19’s impact on key workforce indicators including labor force and employment levels by industry. The page includes bullet statements of highlights, data tables, and graphs illustrating trends.
- Employment and wage outcomes data was provided on South Dakota’s public postsecondary graduates, including the publication of an annual report.

CONTINUOUS IMPROVEMENT

In 2020, DLR completed its third year of a continuous improvement, or lean, journey. This effort has been branded as Optimize DLR to empower everyone in the department to seek ways to enhance services to customers, operate at optimal efficiency, and create a sustainable continuous improvement environment.

An Optimize DLR Steering Committee, of which the Deputy Secretary serves as Chair, ensures larger projects focus on the overall vision, mission, and goals of the agency while a network of Optimize Champions appointed in each division assist the Lean Coordinator in monitoring and motivating continuous improvement activities. Agency divisions have highlighted continuous improvement in each section of the DLR Annual Report.

Overall, DLR collaborated with the Bureau of Information and Telecommunications to pioneer new technology that assists in working remotely and providing virtual services. DLR helped bring to the forefront of state government applications to reduce frustrations and spend more time on customer service. DLR use of the Microsoft Office365 suite directed by the Communications team include:

- Microsoft Teams became the department standard for internal meetings. Guidance was also developed for individuals to meet with DLR staff via Teams to receive services virtually.
- Over 100 employees made use of a Teams Voice free trial period, starting in April, and many DLR employees have ported their desk number. Teams Voice is also the department standard for hosting public meetings virtually.
- The DLR Intranet has been almost fully migrated to a SharePoint site. This allows for easier access and better organization, and more edit access for pages for over staff beyond the Communications team.
- The DLR IntraNews was also moved to SharePoint which provides a more streamlined and secure way to share department-wide news. Fresh information is shared weekly in a digest developed and deployed by the Communications team, such as polls, quotes, news releases, kudos, success stories, staff spotlights, and more.
- Divisions continue to collaborate in virtual workspaces using SharePoint and Teams as the Communications team offers support and guidance. Files are also shared with other departments for projects as needed.
- A method to share data externally with DLR partners and subrecipients has been developed is the external DLR SharePoint site collections. This allows for faster payment of invoices and a more secure route for private information to be sent to DLR.
- DLR also began integrating Adobe Sign forms with SharePoint to allow customers to sign and submit forms virtually and safely. Microsoft Azure integration moves submitted data to files and folders within SharePoint for more streamlined processes and paperless automation.

WORKFORCE TRAINING



Kendra Ringstmeyer | *Division Director*

The Workforce Training Division provides training and education programs including Workforce Innovation and Opportunity Act (WIOA) Title I Youth, Adult, and Dislocated Worker program, Title II Adult Basic Education, General Educational Development (GED®), and the National Career Readiness Certificate (NCRCTM). It also oversees Trade Adjustment Assistance (TAA), Re-employment Services (RES), Registered Apprenticeships, and Dakota Roots.

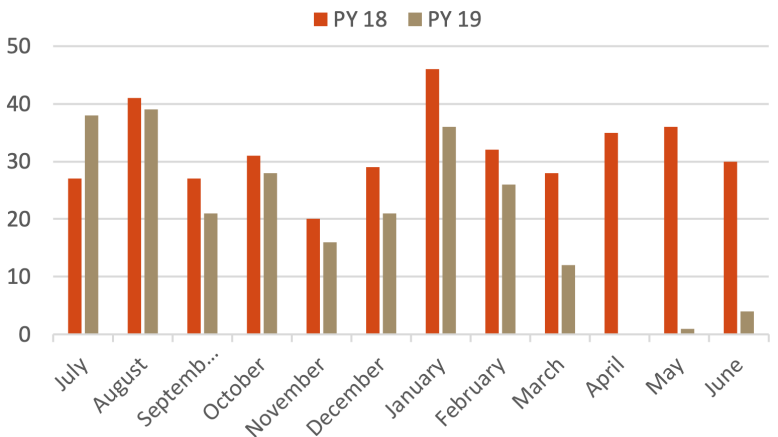
The mission of Workforce Training is to develop and implement innovative workforce solutions. This will guide individuals to self-sufficiency while building a skilled workforce and strengthening the state's economy. This Division's diverse set of programs is designed to aid South Dakota's workforce and help employers, employees, and job seekers. The information in this section is a review of Program Year 2019 (PY2019): July 1, 2019, through June 30, 2020.

DLR continues to find ways to develop field staff knowledge of policy and procedures to serve the public. The policy memo process to communicate changes in policy and procedure to the 16 DLR job service offices continues to improve. At the end of the Program Year, the division, along with the Employment Services Division, began a virtual training schedule to train new Employment Specialists and re-train team members assisting with Reemployment Assistance (RA) Division efforts from March 2020 through the end of the Program Year.

YOUTH

Overall, participation in the Title I Youth program has decreased. South Dakota had 588 unique individuals as participants during PY18 compared to 463 in PY19, a reduction of 21%. The reductions were experienced solely in the out-of-school youth (OSY) demographic and can largely be attributed to the COVID-19 pandemic. As DLR job service offices were closed and DLR staff

New Youth Participants Compared to Previous Program Year



were called to assist the RA Division with unemployment insurance claims, resources for WIOA Title I decreased. Prior to March, South Dakota was on track to maintain PY18 participant numbers or even experience slight growth.

Despite reductions in the overall Title I Youth numbers, in-school youth (ISY) participation experienced modest growth. Continued success can be attributed to:

- Increased integration and referral efficiency between One-Stop Career Centers and Career Launch Career Advisors
- Improved relationships between secondary and post-secondary providers and DLR
- Enhanced trainings for One-Stop staff
- The Career Launch outreach campaign

ISY efforts attempt to target students experiencing the greatest need, those in rural areas, and serving Indian Reservations. Of the 122 participants served:

- 28% identify as Native American
- 64% report as having a disability
- 98% report as being low income
- 58% report as receiving public assistance

To increase participation on South Dakota's Indian Reservations, DLR formed a partnership with the South Dakota Native American Homeowners Coalition and Lakota Funds to increase work experience opportunities on the Pine Ridge Indian Reservation. Through this partnership, post-secondary building trades students would take part in a summer internship partially paid for through the Title I program, gaining experience in the construction field while building housing units on the reservation. Unfortunately, the project had to be postponed due to COVID-19, but the partnership successfully developed:

- Concepts of remote case management
- Co-hort model for enrollments and service delivery
- Awareness of non-profit organizations to provide meaningful services on behalf of DLR
- Stronger relationships between DLR and programs serving Native Americans in our state, including WIOA Native American programs

Career Launch SD

In January 2018, DLR formed a partnership with DOE with the intent to increase career exploration and work-based learning opportunities for students in the K-12 school system. This Career Launch program, funded in part with WIOA Title I Youth funding, allowed twelve staff to assist four schools. The following school year, services were expanded to a regional model in the western side of the

state. Realizing this was a more effective method to serve more students and fulfill increased requests from schools, DLR prepared for a statewide regional service delivery model for the 2020-2021 school year. Through a survey of the schools, over 65 districts have requested Career Launch services.

Despite the shortened school year due to COVID-19, Career Advisors were able to offer 15 career fairs, connect over 500 students with post-secondary institutions or work-based learning experiences, and link 63 students to the WIOA Title I Youth program.

School districts served in through each year of the Career Launch program			
School Year	January 2018	2018-2019	2019-2020
School Districts Served	4	9	21

Table 1: Career Launch program impact

ADULT + DISLOCATED WORKER

DLR enrolls anyone over the age of 18 and interested in receiving individualized services into the WIOA Title I Adult program. All Title I participants are also enrolled in Wagner-Peyser. Title I Adult funding for services is reserved for those individuals with a barrier to employment. The Title I Adult and Dislocated Worker programs ensure each person has a road map with the steps, resources, and training necessary to reach their goal. Despite limited funding, DLR provides supportive and training services to help individuals overcome obstacles to employment.

Enrollment into the Title I Dislocated Worker program is similar to the Title I Adult program, but the individual must meet the definition of a dislocated worker. All dislocated workers are also co-enrolled into Wagner-Peyser and the WIOA Title I Adult program. The number of dislocated workers in the past year has increased due to improved coordination with the Re-employment Services program. Employers often contact DLR for information about recruiting impacted employees when a layoff occurs. DLR assists by organizing job fairs and hiring events so affected workers can step into another position immediately.

All dislocated workers are also co-enrolled into Wagner-Peyser Title III and the WIOA Title I Adult program. The number of Dislocated Workers in PY19 increased by 24% due to continued coordination with the Re-employment Services (RES) program and the RA Division. To provide additional resources for dislocated workers, South Dakota applied for and received a National Dislocated Worker Grant (NWDG), developed to combat job loss resulting from COVID-19. Part of this funding was allocated for participants to attend shortened and more focused programs of study at the four South Dakota technical colleges in partnership with the South Dakota Board of Technical Education.

ADULT EDUCATION + LITERACY

Improving the literacy, numeracy, and oracy skills of our workforce leads directly to a stronger economy. The instruction, activities, and services provided by the Adult Education and Literacy (AEL) programs promote family literacy, obtainment of a high school diploma equivalency, employment, and

self-sufficiency. Language instruction methodologies, such as workplace literacy, and action-research projects were again priorities for the Integrated English Literacy and Civics Education program. These efforts support our non-native speakers, immigrants, and former refugees in achieving linguistic, economic, and civic integration. Furthermore, the Distance Education project became increasingly important this past year due to the restrictions of the COVID-19 pandemic.

In PY19, WIOA Title I supported three AEL Special Projects as allowable Employment and Training Activities [under WIOA Section 134(a)(3)(A)(viii)(II)(dd)]: Career Navigation, Distance Education, and Weekend English as a Second Language courses.

APPRENTICESHIPS

DLR began the program year with the launch of the Start Today SD incentive funding and received the National Association of State Workforce Agencies (NASWA) State Excellence Award during the NASWA 2019 Workforce Summit in Boston, Massachusetts. The State Excellence Award recognizes a state for a workforce-related program, project, or initiative, which innovatively addresses an issue or challenge, and results in significant improvement of service or performance. The 2019 Start Today SD Incentive funding provided a maximum of \$20,000 per business to help offset the initial startup costs when developing Registered Apprenticeship programs. Each of the 32 applications were scored based on priority factors, such as: key industries, career pathway model, partner collaboration, and under-represented population recruitment.

DLR celebrates National Apprenticeship Week (NAW) every November. Leading up to NAW 2019, DLR team members, the U.S. DOL Office of Apprenticeship, and state leaders traveled South Dakota to learn more about the impacts of Registered Apprenticeship programs through interviews with mentors, business leaders, training providers, and apprentices. The roadshow offered an opportunity to share impacts statewide through social media outlets. At the end of NAW 2019, DLR announced the 20 organizations selected to receive the Start Today SD incentives, totaling \$370,000. These organizations represented hospitality, advanced manufacturing, information technology, agriculture, building trades, automotive, construction, and healthcare industries. Over the next four months, DLR and U.S. DOL offered intensive guidance and technical assistance as the organizations developed programs to meet and enhance their workforce needs. Small-group virtual workshops were scheduled with the incentive awardees, job service office staff, and the U.S. DOL Office of Apprenticeship State Director. The virtual workshops included review of the RAPIDS data entry process, apprentice registration into SDWORKS, and using WIOA services to meet the training needs of both businesses and individuals. Support of these new programs and apprentices is ongoing.

Similar to the Start Today SD incentive funding, organizations could apply for a \$50,000 Pathway Partnership incentive, also announced during NAW 2019. This funding offsets the cost of implementing a Registered Apprenticeship program to allow students to earn high school credit, post-secondary credit, and Registered Apprenticeship credit simultaneously. Upon graduation, a Pathway Partnership student can decide to complete their Registered Apprenticeship and/or continue their post-secondary education. Eight organizations applied, including workforce development boards,

businesses, associations, and post-secondary institutes. Applicants were invited to present their program intentions and were scored based on partner commitment, use of funding, plan to increase under-represented populations, and sustainability. Four organizations, including two of South Dakota's technical colleges, were awarded. DLR staff continue to offer technical assistance for the development and implementation of these programs. As we move into PY20, DLR is improving the process to gather and report data to help make informed decisions surrounding Registered Apprenticeships. DLR is also building mentor training, offering incentives for new apprentices to increase engagement with businesses, and strategically engaging with industry associations for program development in STEM fields.

RE-EMPLOYMENT SERVICES

The Re-employment Services and Eligibility Assessment (RESEA) is the Re-employment Services (RES) program in South Dakota. With a goal to engage those who have lost their jobs and are receiving unemployment insurance with workforce programs, DLR co-enrolls all RES participants into WIOA Title I Adult, Dislocated Worker, and Youth programs as appropriate.

A surge in unemployment insurance claims due to COVID-19 changed the RES program dramatically near the end of PY19. RES notification letters were suspended along with required job contacts and activities, resulting in a decrease of RES participation.

DLR continues to prepare to serve individuals in-person and virtually when the participation in RES resumes in January 2021. South Dakota has a large rural area to serve, and not all claimants are able to attend meetings in person. The effects of COVID-19 only increased the necessity for a virtual service deliver method.

TRADE ADJUSTMENT ASSISTANCE

Trade Adjustment Assistance (TAA) provides federal assistance to workers who are adversely affected by foreign trade. TAA includes resources and opportunities to obtain skills, credentials, and support necessary for successful reemployment. Due to a renewed understanding of the program and technical assistance from the regional and national offices, TAA petitions filed and petitions certified have increased in South Dakota.

DLR actively pursues businesses to gain information to file a petition on behalf of the employees. In PY19, DLR had three petitions approved and served 104 individuals through this program. In response to the increase of layoffs and closures, DLR looks to become common knowledge to businesses and community agencies to give businesses the confidence to come to DLR for services and TAA petition assistance.

RAPID RESPONSE

South Dakota uses a variety of strategies to link Rapid Response to businesses, Title I Dislocated

Workers, and Trade Adjustment Assistance (TAA) individuals. As a result of job service office closures due to COVID-19, a video recorded presentation was developed for Rapid Response events. This general informational recording can be utilized by a business and employees in the event of a layoff. DLR also began working with a technical college to provide training information during Rapid Response events. This initial partnership will provide a framework to engage other technical colleges.

In PY19, DLR assisted 45 employers through Rapid Response activities. While not all resulted in a Rapid Response event, employees of the companies were given the opportunity to visit their local DLR job service office and received the same information. Businesses with a limited number of employees impacted or employers not interested in hosting a Rapid Response event are still able to connect their employees with One-Stop services.

DAKOTA ROOTS

Dakota Roots assists in recruiting out-of-state job seekers by providing local job market insight and personalized job search assistance through DakotaRoots.com and SDWORKS. This worker recruitment initiative continued its 13th year of connecting out-of-state job seekers with in-state career opportunities. In addition to grassroots efforts encouraging current South Dakotans to refer family and friends, a digital media outreach campaign drove traffic to the websites.

Job advisors assist individuals one-on-one with job referrals, resume development, interview preparation, labor market information, community resources, and housing information. From July 1, 2019, to June 30, 2020, 716 out-of-state job seekers were contacted and offered job search assistance.

SOFT SKILLS

DLR facilitates hands-on soft skills training, Bring Your 'A' Game to Work, as a result of expressed need from employers for soft skills in their workforce. Bring Your 'A' Game is a training designed to teach foundational behaviors and values for employment. The seven soft skill behaviors determined to be the most important are addressed in the workshops. These behaviors are attendance, appearance, attitude, ambition, accountability, acceptance, and appreciation. The curriculum is designed for participants to discover these skills through activities and group participation. After completing the program, individuals will understand the long-term benefits of work ethic, setting a foundation for personal and professional success, and earn a certificate of completion.

DLR partners with seven providers across the state to deliver the curriculum to program participants and employer referrals. These partners include the Career Learning Center of the Black Hills, Cornerstones Career Learning Center, Lake Area Technical College, Lutheran Social Services, Outsource Projects, Inc., and The Right Turn, Inc. From July 1, 2019, to June 30, 2020, 457 job seekers and employees attended the workshops and earned certificates of completion.

DLR job service office staff are certified to offer Bring Your 'A' Game to school districts across South Dakota. Soft skills training in the state school system provides the future workforce with invaluable

skills. During the 2019-2020 school year, 47 school districts hosted a workshop, and 1,217 students earned a certificate of completion.

DLR is developing a partnership with the Center for Work Ethic Development to implement Bring Your 'A' Game Anywhere e-learning courses. This will be offered to job seekers, employers, employees, and schools across South Dakota.

HIGH SCHOOL EQUIVALENCY

During PY19, 394 South Dakotans earned a General Educational Development (GED®) credential. The majority of individuals interested in earning a credential were white males ages 20-24 who finished their junior year of high school. While the national pass rate during the program year was 76%, South Dakotans had a pass rate of 83%.

In June 2020, GED® Testing Service introduced an online-proctored (OP) version of the GED® test.

Four testers in South Dakota took advantage of this opportunity in June, with three of them earning a credential. The OP GED® offers flexibility and greater opportunity for testing for those who qualify to take that version.

GED Pass Rate		
	United States	South Dakota
Social Studies	83.00%	90.00%
Science	93.00%	93.00%
Reasoning Through Language Arts	90.00%	90.00%
Math	86.00%	83.00%

Table 2 – GED Pass Rates for Program Year 2019

NATIONAL CAREER READINESS CERTIFICATE

Through statewide funding, DLR continues to financially support the ACT National Career Readiness Certificate (NCRC®) for both employers and job seekers. This allows any job seeker registered in SDWORKS to prepare and complete the three WorkKeys Assessments required for certification: Applied Math, Graphic Literacy, and Workplace Documents. South Dakota's NCRC scores consistently rank above the national average. As of June 2020, over 36,000 South Dakotans have earned an NCRC, and over 1,200 businesses in South Dakota recognize the NCRC. Available to all current and potential job seekers in the state, the NCRC can be a key employment tool for all Title I program participants, high school students, and incarcerated individuals. Whether in the application, the interview, or the probationary training phase, the NCRC provides concrete information for all parties (participants, case managers, employers) in making appropriate workforce decisions.

The NCRC program has grown significantly since its 2009 inception. In addition to serving job seekers across the state through the DLR job service offices, developing partnerships has been a key component in expanding the program. Partnerships with other South Dakota state agencies have also gleaned the following results in PY19:

- 341 incarcerated individuals earned an NCRC

- Over 5,300 students earned an NCRC
- One of the state’s technical institutions has utilized the NCRC program
- Most job listings in SDWORKS through the South Dakota Bureau of Human Resources (BHR) include a reference to the NCRC, providing a model for other hiring personnel to follow

DLR also offers ACT WorkKeys® Curriculum, a skill development curriculum, at no cost to all program participants and job seekers interested in earning an NCRC. The use of this curriculum provides a framework to capitalize on skill strengths and to define potential skill training needs during the employment process. DLR is committed to providing the resources in maintaining the NCRC program, while fulfilling its mission. This obligation provides an effective tool for job seekers, high school students, employers, education, and government leaders to identify and improve the foundational workplace skills found across all employment sectors.

WORKFORCE TRAINING AND EMPLOYMENT SERVICES CONTINUOUS IMPROVEMENT

The Employment Services and Workforce Training divisions often collaborate as one division, and continuous improvement is an example of this cohesion. Focused efforts in 2020 continue to involve training development to improve federal reporting, staff confidence, customer satisfaction, and diversification of services. COVID-19 has forced our agency to get creative and serve our customers in an entirely new way. During the journey, program administrators got a chance to look at their programs through a new lens and identify further efficiencies. In the end, DLR has shown that in the face of adversity, the agency can change and succeed in difficult situations. Long after COVID is gone, DLR will continue to operate in ways we would have never dreamed of in 2019.



The role of the Division of Employment Services is to provide the support mechanisms for the Department’s workforce services mission. Employment Services oversees WIOA Title III Wagner-Peyser, Jobs for Veterans State Grant (JVSG), Work Opportunity Tax Credit (WOTC), Foreign Labor Certification (FLC), Temporary Assistance for Needy Families (TANF), Senior Community Service Employment Program (SCSEP), and SDWORKS and the Management Information System. The Division also provides support to other programs, including technical assistance and support to special Information Technology (IT) projects requests.

WAGNER-PEYSER

The primary function of the Wagner-Peyser Act is to provide universal access of labor exchange services from South Dakota's businesses to job seekers. Labor exchange services are considered a type of career service under WIOA and are available to all individuals legally authorized to work in the U.S. with no further eligibility criteria. In PY19, the focus was to engage One-Stop Career Center walk-in traffic and to enroll Wagner-Peyser Title III participants in other workforce programs to the greatest extent possible. This focus shifted in March 2020, and the duration of the program year was spent developing virtual service delivery. In May 2020, the Virtual Job Search Assistance Program (JSAP) was piloted with four JSAP instructors who were all located in different offices across the state. The service delivery was successful and has helped pioneer new service delivery model for PY20. JSAP sessions in PY20 will also be available to Title II, Title IV, and other partner programs for their participants to attend. A youth specific virtual JSAP is under development.

In PY19, 7,321 participants were served with Wagner-Peyser career services. This is a significant reduction in participation from last year's report of 11,017 participants. All three negotiated goals for PY18 were met: employment rate for 2nd Quarter after Exit was 70.4% (goal of 70%), employment rate for 4th quarter after program exit was 68% (goal-61.4%), and median earnings was \$4,962 (goal of \$4,800). U.S. DOL has implemented a pilot program through WIOA to measure effectiveness in serving employers. Through these measures, DLR is focusing efforts specifically on employee retention and repeat services to businesses. Wagner-Peyser performance measures were negotiated in PY19 for the next four years, in accordance with unified state plan procedures.

SDWORKS

SDWORKS completed a third full program year as DLR's Management Information System (MIS). It is still growing in response to the needs of South Dakota job seekers, employer, and DLR staff. SDWORKS serves as the state's premier and most complete job listing board, employer posting site, and case management system. Enhancements continue to improve data entry and program data.

Eligible Training Provider List Module

DLR implemented an Eligible Training Provider List (ETPL) module in SDWORKS. This module will allow for the application process and performance reporting to take place within SDWORKS.

Registered Apprenticeship Module

In response to U.S. DOL Registered Apprenticeship reporting guidance, DLR began efforts to implement a module in the SDWORKS management information system with a goal to launch this in PY20. This module will connect job seekers looking to learn new skills with employers looking for qualified workers. This module will also assist staff in preparing and engaging individuals with case management oversight.

VETERANS' SERVICES

South Dakota values its veterans. They have served our country. We are proud to serve them, their families, and those who hire them. DLR job service offices are staffed with trained representatives who provide job-seeking veterans with an array of job services, career planning, and training referrals. Individualized Career Services to JVSG eligible veterans was 100% for PY19. The compliance metric for this performance measure is 90%.

WORK OPPORTUNITY TAX CREDIT

The Work Opportunity Tax Credit (WOTC) program is a federal income tax credit savings program that encourages employers to hire job seekers in demographics with high unemployment rates due to some type of employment barrier. The WOTC program in South Dakota started a new State Coordinator during the program year but continued a 42.2% certification rate while the remainder of the United States is 27.5%. The WOTC program saved South Dakota employers an estimated \$8,261,000 in federal income tax savings.

Due to the challenges presented with COVID-19, South Dakota processed fewer applications in the 2020 federal fiscal year. To meet these challenges and become more efficient for the future, DLR is developing an electronic process for submissions of applications, upgrades to the WOTC system, and more automation for the certification process.

FOREIGN LABOR CERTIFICATION

The Foreign Labor Certification (FLC) program processes H2A visas designed for temporary, agricultural work, and H2B visas for temporary, seasonal, and nonagricultural jobs. DLR processes applications for both visas, posts SDWORKS job orders, inspects housing for H2A employers, and communicates changes and information between the National Office in Chicago and applicant's agent. DLR also refers potential U.S. applicants to employers who are resolving their labor shortage with temporary, foreign workers.

In PY19, the FLC results must be broken down into FFY19 and FFY20 equivalents: FFY 19 Quarter 4 and FFY 19 Quarter 1. A small decrease in the H-2B job applications was experienced between program years, but H-2A job orders have grown, even during a small period of COVID-19. DLR referred 35 U.S. citizens for H2A and H2B job orders during PY19. DLR began using the new Foreign Labor Application Gateway (FLAG) portal for new applications and held a refresher FLC training for existing staff over Skype in October 2019.

OLDER WORKERS

The Senior Community Service Employment Program (SCSEP) is a federal program authorized by the Older Americans Act and administered through DLR. The program offers services to older adults, a vital untapped labor pool. SCSEP provides community service and work-based training opportunities

to low-income, unemployed adults over the age 55 years old and helps place them into meaningful, unsubsidized employment. While undergoing work experience training at a non-profit or government organization, SCSEP participants are building relevant skills pertaining to their career goals while mastering soft skills. Since January 2018, all applicants who are deemed eligible for SCSEP are enrolled into WIOA Title I and Wagner-Peyser Title III to offer a wider variety of basic career services, such as job search assistance and resume help, and open opportunities for support services and more robust case management.

SCSEP operates in three different regions of South Dakota (West River, Central, and East River) and four employment specialists help oversee these regions. In PY19, a total of 51 older workers participated in SCSEP (27 transferred over from PY18 and 24 participants were enrolled in PY19). Overall, participants contributed 29,190 cumulative hours in a host agency performing community service. This program is committed to helping minority groups and people with significant barriers to employment. Out of the 51 total participants, 39% were Native American, 25% reported a disability, 33% were veterans, and 26% were either homeless or at risk of homelessness.

DLR is continuing to see success in enrolling SCSEP participants into WIOA programs, but COVID-19 has been a unique challenge. Working with older workers more susceptible to serious health complications has led to the adaption of a paid sick leave policy. In June, this paid sick leave policy changed and some individuals were allowed to return back to open training sites. Enrolling participants is a struggle, as many nonprofits and government agencies in rural areas continue to keep doors closed or are not accepting volunteers at this time.

ECONOMIC ASSISTANCE

DLR is a long-term partner with the Department of Social Services (DSS) in co-administering welfare-to-work programs in South Dakota for the purpose of promoting personal responsibility and self-sufficiency. DLR delivers the Temporary Assistance for Needy Families (TANF) work activities in 54 counties that contain 52% of the eligible mandatory parent-case population. The U.S. Department of Health and Human Services requires every state to achieve a 50% TANF rate (unless a waiver has been approved) to receive full TANF block grant funding. This federal fiscal year, which ended Sept. 30, 2020, DLR achieved 35.1% of the required 50% participation rate for the TANF clients living in DLR counties (non-reservation counties) in South Dakota.

COVID-19 had a profound effect on the overall TANF program and the required participation rate. DLR offices closed on March 16, 2020, but TANF participation was still expected. DLR and DSS worked diligently to create “at home job readiness activities” for clients to complete. These activities continue to evolve to engage TANF clients in preparation for a return to normal, including the goal of obtaining employment. Each household has unique barriers to participation, including home-schooled children, lack of technology resources (computer/internet), and trying to maintain a safe and clean household while quarantined. Expectations for activities are case-by-case.

FIELD OPERATIONS



Bill McEntaffer | *Division Director*

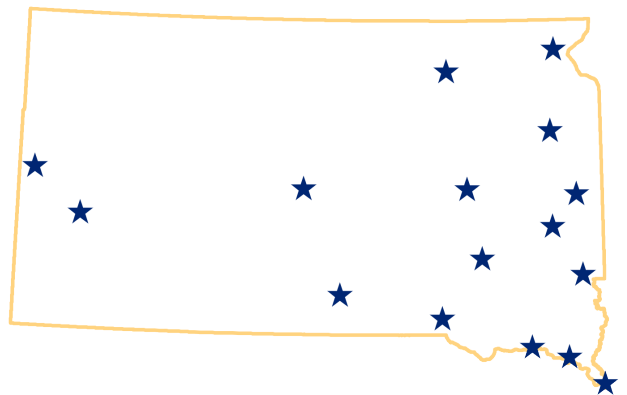
The Division of Field Operations is responsible for the 12 DLR job service offices in communities across the state with a mission to achieve a skilled workforce contributing to economic development by efficiently and respectfully serving businesses, job seekers, and community partners through innovative workforce development solutions and serving as an information resource. Job service office managers are directly involved with businesses, community leaders, educators, and economic development authorities. Staff are readily available to assist businesses with job fairs, applicant screening, interview space, and other resources.

167,643

**SERVICES
PROVIDED**



**DLR JOB SERVICE
OFFICE LOCATION**



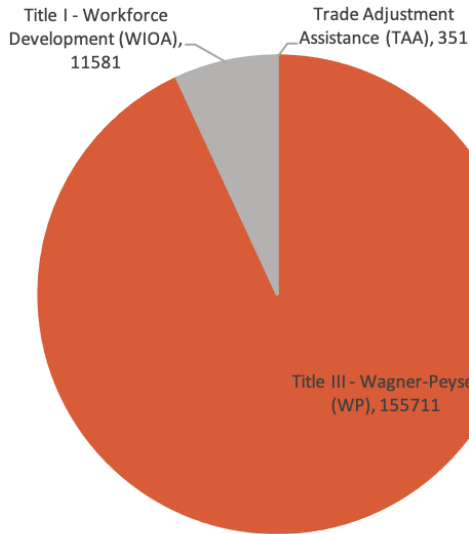
19,983

**NEW STAFF ASSISTED
JOB ORDERS**

2,897

EMPLOYERS SERVED

TOTAL SERVICE PROVIDED BY PROGRAM



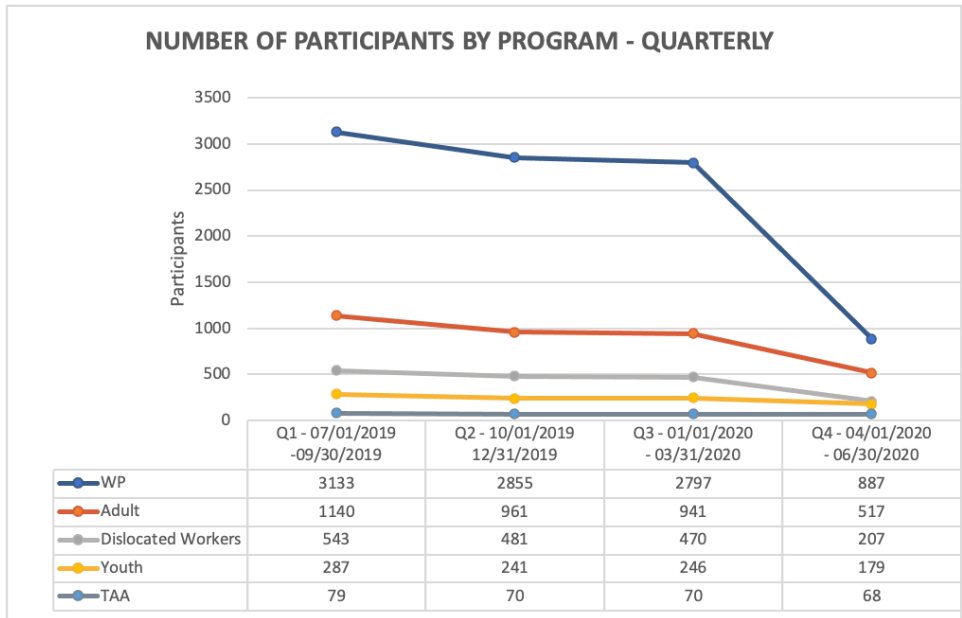
**A combined 167,643
different services provided
to individuals.**

With an unprecedented surge of phone calls from Reemployment Assistance (RA) claimants, the Field Operations team used their resources to help the RA Division speak with claimants and try to resolve issues and offer the best customer service possible. As Employment Specialists and Job Service Managers were not experts in RA benefits and claim eligibility, as system to train staff quickly an offer a resource library was imperative. Additionally, the RA Division needed to seek additional resources to process claims but onboarding new DLR staff as claim specialist did not seem possible or effective. Here, the Division of Field Operations would step in again. As RA needs grew along with knowledge of Employment Specialists, new positions were created. RA Claim Techs became employees of the RA Division while Job Service Managers stepped up to back fill the

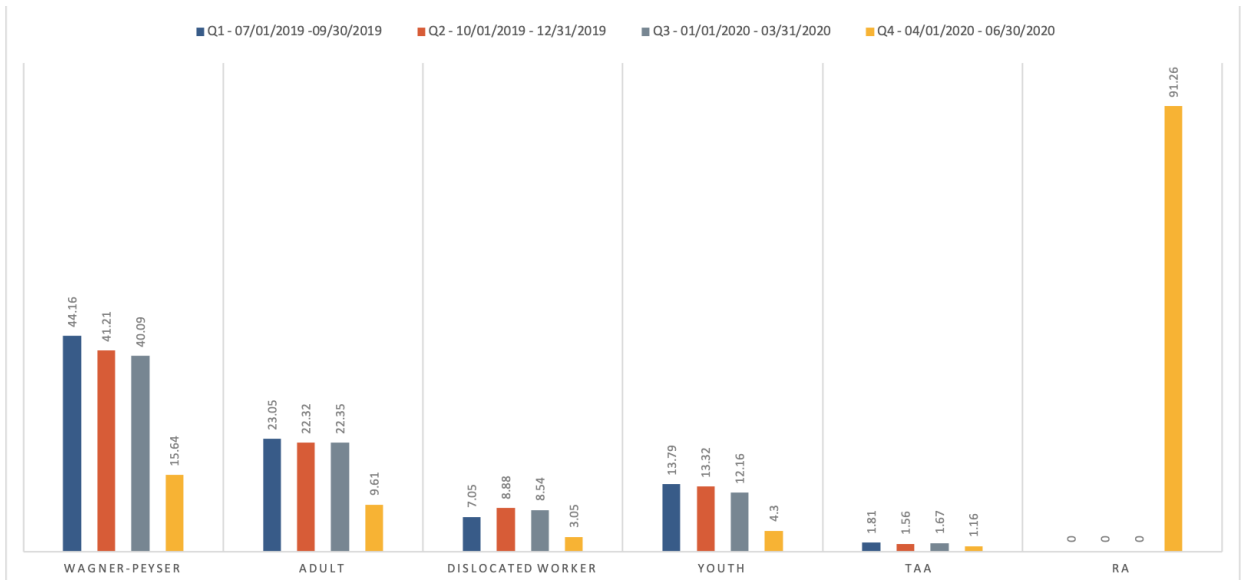
positions left vacant. The team continued to triage projects, set timelines, and divide workload among the Claims Techs and remaining staff working special projects.

The Division of Field Operations showed their resiliency and ability to adapt to change. By the end of PY19, we were already

stronger and more knowledgeable. The Field Operations team is ready to continue with a new normal and meet the needs of our customers even better than before.



FULL-TIME EQUIVELANT (FTE) PER PROGRAM



REEMPLOYMENT ASSISTANCE



Pauline Heier | *Division Director*

The Reemployment Assistance (RA) Division administers the Unemployment Insurance (UI) program, whereby covered employers pay taxes into the UI 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 overpayments and fraud.

The Division’s performance measures (Table 3) reflects South Dakota’s economic condition. This year, DLR saw an unprecedented increase of 46,502 applications for benefits received for processing. Individuals receiving benefits increased six-fold from 2019 to 2020. Total dollars paid out increased to just over \$84 million.

Our fraud and collection section is responsible for reducing instances of overpayment, fraudulent or otherwise, and collecting these monies from claimants. Our efforts to minimize overpayments and fraud continue to be successful, as evident in Table 4.

Benefits		2019	2020
Applications for Benefits		12,227	58,729
Total Number of Weekly Payments		72,664	268,380
Number of Individuals Who Received Benefits		5,348	34,211
Dollars Paid Out	State Benefits	\$23,765,930	\$76,328,441
	Federal Claims	\$1,611,323	\$8,020,046
	Total	\$25,377,253	\$84,348,487
Average Weekly Payments per Claimant		13.6	7.8
Maximum Weekly Payment		\$414	\$414
Average Weekly Payment		\$343	\$299

Table 3 – RA benefits for Fiscal Years 2019 and 2020 (July 1 through June 30).

Integrity Systems		2019	2020
Amount of Benefit Overpayment Debt		\$832,095	\$1,175,822
New Overpayment Cases		1,802	2,317
Percent of Cases Involving Fraud		27.7%	16.8%
Dollar Amount of Overpayment Fraud		\$230,625	\$197,141
Dollar Amount Collected Back		\$745,058	\$826,304
Number of Collection-Related Correspondence Items		4,028	2,359
Number of Civil Actions		1,294	684
Convictions Obtained		4	1
Cases Pending		36	29

Table 4 – RA integrity systems performance measures for Fiscal Years 2019 and 2020 (July 1 through June 30).

CHALLENGES OF 2020

Our primary challenge of 2020 was to maintain successful operations in an environment of unprecedented workloads, new programs and keeping everyone safe and healthy.

Tax Administration and New-Hire Reporting	2019	2020
Delinquent Notices	6,111	6,348
Subpoenas to Non-Compliant Employers	407	350
% Status Determinations Made within 90 Days	91.3%	87.6%
New-Hire Reports	212,909	194,898

Table 5 – RA Tax administration and new hire reporting for Fiscal Years 2019 and 2020 (July 1 through June 30).

CONTINUOUS IMPROVEMENT

In addition to COVID-19’s impact on public health, small business, society and the U.S. economy, the impact on the Reemployment Assistance

UI Trust Fund	2019	2020
Taxes Received for Regular State Benefits	\$29,387,787	\$30,545,031
Interest on Trust Fund	\$2,947,177	\$3,080,723
Trust Fund Balance (end of year)	\$128,284,710	\$129,904,110
Number of Employers (end of year)	28,534	29,067

Table 6 – UI Trust Fund for Fiscal Years 2019 and 2020 (July 1 through June 30).

will be felt and learned from for many years to come. As this pandemic unfolded the Division never even saw the impact Optimize DLR would have on the problem-solving efforts. When the flood gate opened on claims it was important staff be empowered to improve processes to reduce frustrations and keep the process moving as more and more claims backed up. One of concepts of Optimize DLR is to allow employees to address “unnecessary, outdated or unproductive processes in order to remove steps that block process flow.” This could not have been put into practice more than it was during this time.

As RA has been one of the hardest hit government services during the COVID pandemic. Requests for benefits increased exponentially and current systems were not able to keep pace with the increase in public demand. Modernizing this system using the ServiceNow platform will bring a host of new abilities to the citizen and decrease the load on the agents processing the claims. Some of the features include:

- Single Sign On (SSO) for identity management through our current identity management system (B2C) standard.
- Virtual Agent abilities and future artificial intelligence abilities to help the citizen self-serve where possible.
- Build in Customer Service Management (CSM) capabilities .
- Common Service Data Model (CSDM).
- Mobile ready for service access anywhere and anytime.
- Omni-channel communication. (Email, text, social media, voice, chat).

LABOR + MANAGEMENT



Amber Mulder | Division Director

The Division of Labor and Management is responsible for administering the state’s labor laws. Its mission is to responsively provide dispute resolution and help people through investigations, enforcement, compliance, and education of workforce and discrimination laws. The Division:

- Helps settle problems between employers and workers.
- Enforces wage and hour and youth employment laws.
- Answers questions about state employment 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.

Workers’ Compensation Activities		2019	2020
Pre-hearing Conferences Held		62	74
Agreements Approved	States Files	153	163
	Hearing Files	125	115
Permanent Partial Disabilities Reviewed		785	798
Permanent Partial Disabilities Approved		557	480
First Report of Injuries Received		21,535	18815
Money Collected	Searches, copies, mailing	\$41,009	\$34,240
	Wage & Hour	\$58,131	\$57,366

Table 7 - Workers’ compensation activities 2019 and 2020.

Hearing and Settlement Activities	2019	2020
Workers’ Compensation Hearings	2	3
Grievance Hearings	1	0
Unfair Labor Practice Hearings	0	0
Elections	8	4
Unit Determinations	0	0
Impasse Conciliations	5	2
Fact Findings	3	2
Mediations	26	21
Conference Calls	16	17

Table 8 - Hearing and settlement activities for 2019 and 2020.

WORKERS’ COMPENSATION

The Division’s dispute resolution, regulatory enforcement, and investigation activities remained similar to previous years.

APPRAISER CERTIFICATION PROGRAM

The purpose of the Appraiser Certification Program is to examine candidates; issue certificates; investigate and administer disciplinary actions to persons in violation of the rules, statutes, and uniform standards; approve qualifying and continuing education courses; and register and supervise appraisal management companies.

Data outlined in Table 9 shows the active appraisers by classification. Currently, there are 10 inactive appraisers and approximately 102 appraisal management companies registered.

Appraisers by Classification	2019	2020
State-Certified General	216	232
State-Certified Residential	99	104
State-Licensed	36	36
State-Registered	42	48
Total	393	420

Table 9 - Active Appraisers by Classification as of October 2020.

CONTINUOUS IMPROVEMENT

The Division of Labor and Management focused on a backlog of closed files waiting to be scanned. The goal of the projects was to scan all closed files, improve the scanning process, and update the retention policy. This project empowered staff to identify the frustrations and develop solutions. The new process will save staff time (four hours per case file), eliminate hard copies printing, and ease the process to search through closed case files.

In addition to the Hearing File Retention Process, Labor and Management has been focused on improving the Wage and Hour and Human Rights intake forms. Currently, the public must print the forms to complete and sign and then mail to DLR. We are currently looking at improving these processes so that the public can submit forms online.

Reemployment Assistance Appeals	2019	2020
New Filings	501	1,456
Cases Ruled on or Dismissed	517	813
Percentage of Cases Decided within 30 Days	93%	11%
Cases Awaiting Decision	16	643

Table 10 - RA appeals for 2019 and 2020.

Human Rights Activities	2019	2020
Potential Discrimination Charges	210	151
Requests for Information	122	118
Intakes of Discrimination Complaints	71	136
Investigations Opened	44	55
Investigations Closed	46	43
EEOC Transfers	10	22
Money Collected for Charging Parties	\$81,869	\$2,000

Table 11 - Human rights activities for 2019 and 2020.

Labor and Management has utilized Optimize core concepts and tools to focus on improving processes and make life easier for staff and the public. We have enjoyed the gains from improving the hearing file retention process and look forward to improving other processes in the coming year.

There are nine occupational and professional licensing boards and commissions within the DLR. These boards and commissions are charged with licensing and regulating the individuals practicing in each specific occupation or profession in the state of South Dakota. The Department provides general administrative and legal support to each of the boards and commissions.

ABSTRACTERS' BOARD OF EXAMINERS

The Abstracters' Board of Examiners is charged with administering and enforcing the South Dakota Codified Laws and Administrative Rules of South Dakota pertaining to Abstracters of Title. The board's mission is to issue abstracters licenses to qualified applicants, to examine and license new title plants and those changing ownership to maintain quality and compliance, to monitor and ensure the quality of service provided by licensees, and to promote continuing education for licensees.

BOARD OF ACCOUNTANCY

The South Dakota Board of Accountancy's mission is to protect the citizens of South Dakota from receiving inadequate accounting services by licensing qualified accountant applicants, monitoring annual reporting requirements, continuing professional education, and enforcing updated statutes and rules promulgated by the board to regulate the practice of public accountancy.

ATHLETIC COMMISSION

The South Dakota Athletic Commission's mission is to regulate boxing, kick-boxing, and mixed martial arts competitions through the enforcement of statutes and rules.

BOARD OF BARBER EXAMINERS

The Board of Barber Examiners protects the health and safety of the consumer public by licensing qualified people; licensing and inspecting of barbershop facilities; and enforcing statutes, rules, and regulations governing the practice of barbering including the appropriate resolution of complaints.

COSMETOLOGY COMMISSION

The South Dakota Cosmetology Commission's mission is to ensure the health and safety of our citizens as they use cosmetology, esthetics, and nail technology services. The commission does this by examining and licensing qualified practitioners; conducting inspections of cosmetology, esthetics, and nail salons, booths, and schools; enforcing statutes, rules, and regulations governing the practice of cosmetology, esthetics, and nail technology, including consumer complaints; resolving complaints; and overseeing the educational process of cosmetology schools and licensees.

ELECTRICAL COMMISSION

The South Dakota Electrical Commission works to keep the citizens of our state and their property safe from the hazards associated with using electricity.

The commission administers and enforces the state laws and regulations concerning electrical wiring, inspects wiring installations, investigates complaints related to electrical wiring, and licenses all electricians within the state.

PLUMBING COMMISSION

The South Dakota Plumbing Commission works to keep the citizens of our state and their

property safe from the hazards associated with unsafe drinking water and unsafe waste disposal facilities.

The commission administers and enforces the state laws and regulations concerning plumbing; inspects plumbing installations; investigates complaints related to plumbing; licenses all qualified plumbers within the state; ensures updating and distribution of the state plumbing code; informs plumbers, inspection departments, and the public about code requirements, new products, and methods of installation; and provides information of the commission's activities, recommendations, and requirements.

REAL ESTATE COMMISSION

The Real Estate Commission is a regulatory body charged with administering the Real Estate Licensing Act, the Timeshare Act, the Condominium Act and the Subdivision Act.

The mission of the Real Estate Commission is to

protect the interest of the public when engaged in a real estate transaction. It is the commission's responsibility to enforce standards for education, licensing, and practice of real estate brokers, sales persons, auctioneers, property managers, residential rental agents, timeshare agents and home inspectors, and for the registration of condominium, timeshare, and subdivisions projects.

BOARD OF TECHNICAL PROFESSIONS

The South Dakota Board of Technical Professions is a regulatory board charged with licensing and regulating the professional practice of architecture, engineering, land surveying, landscape architecture, and petroleum release services for the purpose of safeguarding public health, safety, and welfare in South Dakota. A person must be licensed by the board before being permitted to offer and provide these professional services on projects located within the state.

Board/ Commission Performance Indicators	Licenses Renewed		New Licenses		Total Practitioners		Examinations		Complaints		Inquiries	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Abstracters' Examiners	84	84	1	2	155	157	3	2	1	0	250	260
Accountancy	2,066	2,062	72	52	1,942	1,931	96	119	20	14	7,440	7,440
Athletic	N/A	N/A	214	8	N/A	N/A	N/A	N/A	0	0	200	200
Barber Examiners	302	260	10	15	161	170	10	5	0	0	500	500
Cosmetology	8,186	7,982	1,011	1283	6284	6,227	355	275	39	52	18,000	18,000
Electrical	1,344	3287	776	618	6,258	4,037	273	333	N/A	N/A	N/A	N/A
Plumbing	2,450	2,358	337	347	2,880	2,705	129	103	10	12	4,600	3,000
Real Estate	1607	1,963	427	363	4,193	4,123	479	442	103	101	52,094	51,924
Technical Professions	5,014	7,114	640	631	8,917	9,215	345	203	4	5	4,000	4,250

Table 12 - Boards and commissions indicators.

BANKING



Bret Afdahl | *Division Director*

The mission of the Division of Banking is to charter, license, regulate, and provide guidance to South Dakota financial entities to instill consumer confidence, protect consumer interests, and provide a stable regulatory environment through a balanced and efficient approach.

As FY 2020 was heading into its last quarter, the entire world was turned on its head by the COVID-19 pandemic. Division staff moved to a 100% remote work posture in mid-March while the banks, trust companies, and other entities licensed by the Division changed how they conduct their operations as the economy around them changed overnight.

Revenues	2019	2020
Bank Examination Fees	\$1,749,981	\$1,783,377
Trust Company Examination Fees	403,758	443,043
Trust Company Supervision Fees	1,037,150	1,126,716
Trust Company Charter Fees*	45,000	14,535
License Fees	1,005,599	1,179,763
Licensing Examination Fees	10,179	11,318
Investment Council Interest	60,175	76,880
Miscellaneous	-0-	-0-
Mortgage Servicer Settlements	-0-	-0-
Totals	\$4,311,842	\$4,635,631

Table 13 - Comparison of revenues by category for Fiscal Years 2019 through 2020. *Deposited in general funds

In addition to changing how they operate on a daily basis to reduce exposure to COVID-19, South Dakota banks originated 16,431 Paycheck Protection Program (PPP) loans and in the process provided over \$1.57 billion to organizations in our state to help them navigate the economic impact from the pandemic.

CONTINUOUS IMPROVEMENT

Division of Banking continuous improvement efforts have saved time for staff and customers and fostered partnerships with other agencies to improve processes and positively impacted South Dakota employees statewide.

Optimize DLR had a big impact on the Division of Banking again in 2020, with several projects aimed at streamlining the license application review and approval process, to improve the overall examination

process, and a targeted effort to improve our bank application fee process.

House Bill 1015 was brought forward by the Division of Banking and signed into law on February 13, 2020, by Governor Noem. This bill changed the treatment of application funds from refundable deposits to non-refundable fees, required applicant banks to pay publication costs directly, and removed the requirement of applicants being required to provide copies of their articles of incorporation/organization. The Division then amended its administrative rules to reduce the application fee for bank mergers, for new branch applications, and reduced the number of application copies from three to one. This new process will save DLR staff a great deal of time and will make the application process more efficient for applicant banks as well.

Performance Indicators	2019	2020
License Exams (on-site)	16	11
Banks Examined	15	19
Trust Companies Examined	37	30
Licenses Issued or Renewed	3,821	4,350
State-chartered Banks	44	44
State-chartered Trust Companies	101	105
Bank Assets	\$28.262 billion	\$28.923 billion
Trust Assets	\$305.079 billion	\$367.163 billion

Table 14 - Performance Indicators for Fiscal Years 2019 through 2020.



The Division of Insurance regulates the insurance and securities industries in South Dakota. Its mission is to protect the public by providing quality assistance, providing fair industry regulation, and promoting healthy and competitive insurance and investment markets. Duties of the Division include:

- Provide regulatory oversight to protect South Dakota insurance policyholders and investors against financial loss due to inappropriate business practices.
- License and/or register insurance companies, resident and non-resident producers, other insurance entities, securities agents, financial advisors, brokers, franchises, and investment products.
- Monitor licensees and registrants for compliance with existing statutes and regulations.
- Review required filings for compliance.

- Review and assist with resolution of consumer complaints.
- Investigate and take appropriate action with respect to licensees, registrants, and companies.
- Review and approve continuing education programs for insurance producers and companies.
- Provide investor education.
- Monitor federal law changes which could impact state laws and rules.

Insurance and investment products continuously evolve and develop. As new products and services are introduced to the market and existing offerings are updated, an effective and responsive approach to regulatory policies must be maintained by the Division to ensure compliance with state laws and rules while providing protection and opportunity for consumers.

During the last quarter of FY20, the Division implemented a temporary insurance producer license in response to the suspension of operations and/or closure of insurance producer examination vendor facilities due to COVID-19. Without the opportunity to successfully complete the insurance producer examination, prospective applicants were unable to obtain licensure in South Dakota and secure employment. To best serve the public interest, a temporary insurance producer license was made available from April 20, 2020, through November 13, 2020. Bulletin 20-03 issued by the Division outlined the required qualifications and process to apply for a temporary license. Temporary license holders were required to pass the

Performance Indicators	2019	2020
INSURANCE		
Total Licensed/Domestic Companies	1385/62	1392/63
New Companies Licensed/Approved Mergers	9/4	16/7
Total Licensed Agents	81,114	85,554
Agent Licenses Issued	21,286	21,435
Agent Licenses Renewed	41,785	41,397
Property/Casualty Filings Reviewed	5,363	5,573
Life/Health Filings Reviewed	3,255	3,195
Consumer Complaints Closed	541	459
Enforcement Files Closed	1,388	1,182
SECURITIES REGULATION		
Broker-Dealer Agents Registered	102,291	105,787
Broker-Dealer Firms Registered	1,228	1,203
Investment Advisor Agents Registered	1,897	1,977
Investment Advisor Firms Registered	51	50
Investment Company Notice Filings – New/Total	3,084/24,714	1,793/23,878
Investment Advisors Notice Filings	879	901
New Franchise Applications/Renewals	273/616	226/482
Investigations	161	184
Compliance Exams	69	64

Table 15 - Insurance Division Performance Indicators for Fiscal Year 2019 to 2020

applicable producer license examination after vendors resumed testing operations and then apply with the Division for approval in order to obtain a formal producer license. A total of 115 temporary insurance producer licenses were issued and 57 of these became fully licensed.

The Division's participation at the National Association of Insurance Commissioners (NAIC) and the North American Securities Administrators Association (NASAA) ensures South Dakota maintains uniform national knowledge of the insurance and investment market landscape along with a strong voice in maintaining state-based regulatory authority. Director Larry Deiter serves on the Executive Committee of the NAIC, as Chair of the NAIC Producer Licensing Task Force and as Board President for the National Insurance Producer Registry (NIPR). The Division serves on 29 committees or task force/working groups through the NAIC and NASAA.

LEGISLATIVE ACCOMPLISHMENTS

The Division introduced legislation during the 2020 Legislative Session to implement certain insurer corporate governance disclosure requirements based on an NAIC model law as well as model law changes allowing the Division to act as a group-wide supervisor for internationally active insurance groups and to participate with other states in group-wide supervisory colleges. In addition, the Division presented legislation to expand the assessment base for Long Term Care company insolvencies under the guaranty association and added consumer protections in the event of the failure of a health maintenance organization. Division legislation created a licensing process to allow for third-party administrators (TPA) with less than two year of operating experience and clarified the TPA registration process of certain self-funded plans.

CHALLENGES

- Protecting consumers in an ever-changing investment and insurance market against those that seek to take advantage of the complexity of these products.
- Maintaining and improving the availability and affordability of major medical coverage as the cost of care continues to rise.
- Balancing the need for affordable insurance of all types while providing oversight of the financial solvency of the industry.

CONTINUOUS IMPROVEMENT

The Division of Insurance approached continuous improvement by involving all staff in the division, giving project ownership to every team member. Project groups were formed and each Project group had a Project chair responsible for leading their teams, creating solutions, and implementation. This team approach yielded a high level of engagement and quality results for the Division and shareholders.

The company self-reports electronic transfer project was initiated to eliminate unnecessary printing and reduce the number of steps and staff in the process, saving time, money, and resources. By better

understanding existing software and exchanging some staff responsibilities, the completed project:

- Eliminated unnecessary printing of over 22,000 pages of paper a year
- Implemented electronic signatures creating a 50% reduction in the number of steps to complete company inquires
- Creation and implementation of Quick Reference Guide
- Established an electronic retention policy for Administrative Rules, additionally moving 10 years of rules to electronic retention
- Reduced company self-reporting process from eight steps to three.

Revenues		2019	2020
Premium tax		\$89,940,647	\$92,726,681
Fees (Insurance Operating Fund)	Insurance Agent Licensing/Renewal	10,468,804	11,366,902
	Insurance Miscellaneous and Legal	14,325	11,550
	Insurance Retaliatory and Filing Fees	1,301,155	1,320,370
	Insurance Administrative Penalties	319,392	383,883
	Insurance Investment Council Interest	14,897	36,678
	Insurance Company Admission, Renewal, & Supervision Fees	241,348	225,196
	Insurance Producer Exam & Course Fees	37,980	51,565
	Investment Companies Notification Fees	30,759,350	29,991,450
	Securities Registration Fees	8,352	17,000
	Broker-Dealer Registration Fees	190,050	191,750
	Securities Agent Registration Fees	15,330,125	15,635,625
	Name Change Filing Fees	105,550	47,200
	Initial Public Offering Extension Fees	3,300	2,300
	Investment Adviser Agent Fees	115,500	114,800
	Investment Adviser Fees	190,600	192,000
	Securities Fines	549,000	47,200
	Securities Investment Council Interest	53,200	145,993
	Franchise Fees	170,850	157,300
	Other Filing Exemptions	175,875	180,650
	Miscellaneous	8,150	225
Continuing Education Fund	Agent Renewal Fees (Biennial renewal)	66,620	42,650
Workers' Compensation	Policy Fee (Transferred to U.S. DOL)	290,626	302,596
Total		\$150,357,408	\$153,191,564

Table 16 – Insurance Division Revenues for Fiscal Year 2019 to 2020.

ADMINISTRATIVE SERVICES



Emily Ward | *Division Director*

Administrative Services is responsible for the internal fiscal and administrative functions of the Department. Its mission is to provide timely and expert fiscal support, information, accounting, purchasing, and property management to DLR staff and partner agencies to fulfill department, state, and federal missions.

INCOME, EXPENSES

Total department revenue increased approximately 1.2% in Fiscal Year 2020 (Table 17) with the most significant changes occurring from a 16.4% increase in general funds and a 15.4% increase in federal fund revenue. The general funds increase is from the addition of the Families First Initiative program. The federal fund revenue increase is due to COVID-19 funding received from the Families First Act and CARES Act.

Transfers to the state’s General Fund from the Division of Insurance increased by \$2,484,680 from Fiscal Year 2019. The Unemployment Insurance Trust Fund employer contributions increased slightly in Fiscal Year 2020. This was due to tax rates remaining the same between fiscal years.

Department of Labor and Regulation Fund Sources		2019	2020
General Funds (state general fund appropriation)		\$1,965,303	\$2,287,565
Federal Funds		\$25,521,778	\$29,463,587
Other Funds (licensing board & workers’ compensation fees)		\$4,104,516	\$4,283,023
Other Funds (Appraisers, Banking, Insurance)		\$69,286,132	\$66,012,190
Total		\$100,877,728	\$102,046,365
Transfers to General Fund (Insurance)		\$147,236,222	\$149,720,903
UI Trust Fund	Employer Contributions	\$29,387,787	\$30,545,031
	Federal Reimbursements	\$1,611,323	\$8,020,046

Table 17 - Department of Labor and Regulation funding sources for fiscal years 2019 and 2020 (July 1 through June 30).

Department Annual Expenditures	2019	2020
Personnel	\$24,171,092	\$26,487,059
Operating Expenses	\$11,845,843	\$13,115,795
Job Training and Subrecipient Grants	\$3,993,496	\$3,846,846
Total	\$40,010,431	\$43,449,700
RA Benefits (state only)	\$23,765,930	\$76,328,441

Table 18 - Data for Fiscal Years 2019 and 2020 (July 1 through June 30).

Department expenditures, illustrated in Table 18, were more than the previous year. The COVID-19 pandemic starting in March 2020 significantly increased workloads in the Reemployment Assistance division. This resulted in increased costs for additional personnel, equipment, supplies, and computer development to process this work. RA benefits payments increased approximately 221% in fiscal year 2020, due to the increase in initial claims as a result of the COVID-19 pandemic.

RETIREMENT FUND

Senate Bill 9, passed during the 2020 Legislative Session, repealed the Labor and Regulation retirement plan. The plan members and assets were merged with the South Dakota Retirement System on July 1, 2020. The final value of the retirement plan assets transferred was \$56,253,658.

CONTINUOUS IMPROVEMENT

Even with the challenges of the Covid-19 Pandemic, the Fiscal Division continued to work on process improvement projects with some success. A couple of additional bigger projects completed include Receivables folder clean-up, where a SharePoint site was created so multiple users can have access to at the same time. A procurement card usage process for client services at Local Offices was also created. Permission was sought and granted from BOA to use procurement cards for client services in instances where credit is not available to DLR. Procedures and policies were developed and documented. Training was held with local office managers on card security, allowable expenses and reporting. This program was 18 months in development and is just now starting.