

# Annual Report 2012





# Table of Contents

Message from the Secretary .....	1
Administrative Services .....	2
Public Affairs .....	3
Workforce Services .....	4
Employment Services .....	12
South Dakota WINS .....	17
Unemployment Insurance .....	21
Labor and Management .....	23
Insurance .....	25
Banking .....	27
Securities .....	28
Licensing Boards and Commissions .....	29
Appendix: Organizational Charts .....	32



## Message from the Secretary

To the Governor, Legislature, and People of South Dakota

Workforce enhancement. Financial security. Economic opportunity. These three driving factors make up the vision of the Department of Labor and Regulation. During 2012, we worked hard at delivering excellent services in these areas to people and businesses. I'm proud to share what we've accomplished.

Here are some of the most noteworthy highlights:

Funds appropriated by the 2012 Legislature allowed us to more aggressively leverage the marketing of Dakota Roots, our worker recruitment program. Through guerrilla tactics and digital engagement, we increased the number of new registrations by 63.5 percent compared to last year. This was a huge workforce enhancement success.

The Division of Banking received a certificate of accreditation from the Conference of State Banking Supervisors (CSBS). This latest accreditation is the Division of Banking's second consecutive five-year accreditation. The CSBS Accreditation Program involves a comprehensive review of the critical elements that assure a banking department's ability to discharge its responsibilities. This demonstrates our dedication to protecting the financial security of South Dakota citizens and our banks, trust companies, and other financial institutions.

We began a new effort to help get unemployment insurance claimants back to work faster. The Re-employment Intensive Services (RIS) initiative requires all people who receive unemployment benefits for more than 10 weeks to seek one-on-one help from a DLR local office. As a result, three out of every four participants are now in a new job or pursuing other opportunities and no longer receive a benefit check. This shows extra attention can lead to economic opportunity.

Please take some time to read more about our programs and highlights of 2012. Our staff remain dedicated to helping people, and it shows. We are all better because of it.

*Pamela S. Roberts*

Pamela S. Roberts  
Secretary



**Pamela S. Roberts, Secretary**

# Administrative Services

## Mission Statement

To provide timely and expert fiscal support, information, accounting, printing, purchasing, and property management to DLR staff and partner agencies to achieve Department, State, and Federal requirements.



**Lyle Harter,**  
Administrative Services Director

## Major Goals

- Create staff development opportunities.
- Develop proactive and innovative solutions.
- Stay informed of technology advancements.
- Remain the industry experts.

## Income/Expenses

The overall total revenue increased slightly in fiscal year 2012 (FY12) (Table 2), with the Regulation Divisions (Banking, Securities, and Insurance) posting increases; while federal funds and American Recovery and Reinvestment Act (ARRA) funds showed decreases. The majority of the Regulation Division revenues are transferred to the state’s general fund as illustrated in Table 2.

The increase in general funds is a result of increased funding for Dakota Roots and the National Career Readiness Certificate program, and a moderate increase for the one-time salary payments posted in FY12.

Unemployment Insurance (UI) Trust Fund employer contributions continue to decline along with federal contributions. The UI Trust Fund payments decreased by approximately 19 percent in 2012.

Department expenditures and operations show modest gains in both personal services and operating expenditures. Employee cost-of-living adjustments in FY12 account for the personal service increases. The expenditures for client services shows a decrease, which includes ARRA grants as they come to an end.

Department of Labor and Regulation Annual Expenditures	2011	2012
Personnel	\$21,116,417	\$21,627,762
Operating Expenses	\$11,000,789	\$12,274,160
Job Training, Adult Education & Literacy Client Services	\$9,460,365	\$5,954,476
Total	\$41,577,570	\$39,856,398
Unemployment Insurance Benefits (state only)	\$39,933,738	\$32,322,866
DOL Retirement Plan, Retiree Benefits	\$3,711,929	\$3,907,904

**Table 1 - Department of Labor and Regulation for fiscal years 2011 and 2012 (July 1 through June 30).**

## Retirement Fund

Formed before the creation of the South Dakota Retirement System, the DOL retirement plan has not accepted new members since July 1, 1980. As members retire, each year the amount paid in decreases and the amount the retirement fund disperses in retirement benefits increases (Table 1). Our normal projections for the retirement fund are based on predicted retirements, cost-of-living adjustments to benefit levels, and the value of the investment portfolio. This year we have seen a decrease in the fund balance of about 5.28 percent (Table 2), primarily due to decreased value of the investment portfolio.

Department of Labor and Regulation Fund Sources		2011	2012
General Funds (state general fund appropriation)		\$876,167	\$1,048,400
Federal Funds	Federal Grants	\$28,673,612	\$25,171,909
	ARRA Stimulus Funds	\$3,140,161	\$1,730,933
Other Funds (licensing board & workers' compensation fees)		\$3,471,814	\$3,795,128
Other Funds (Appraisers, Banking, Securities, Insurance)		\$109,856,255	\$114,789,699
Total		\$146,018,009	\$146,536,069
Transfers to General Fund (Securities & Insurance)		\$94,240,616	\$97,127,650
Unemployment Insurance Trust Fund	Employer Contributions	\$54,263,141	\$45,375,987
	Federal Grant	\$20,860,442	\$12,739,139
DOL Retirement Plan Fund Ending Balance (employee/employer contributions & investment earnings)		\$59,870,229	\$56,707,285

Table 2 - Department of Labor and Regulation funding sources for fiscal years 2011 and 2012 (July 1 through June 30).

## Summary

The department's overall financial situation is stable. The continued weakness of the investment and job markets continues to show the demand for our services and for benefits from the unemployment fund. We continue to explore grant opportunities and innovative measures to increase our efficiencies.

## Public Affairs

The Public Affairs team supports the entire Department through a variety of functions, including communications, media relations, constituent services, legislative activity, and organizational development.

### 2012 Highlights:

#### Promotional Materials

- A messaging campaign to combat unemployment insurance fraud was developed. This included a news release, two informational rack cards, social media posts on Facebook and Twitter, two informational videos posted to YouTube, and an employer email blast.
- A collateral set of print materials for the youth workforce training program was created. These will assist in enhancing high school students' and young adults' knowledge of DLR services. A dynamic slide show also was developed.



**Dawn Dove,**  
Public Affairs Director

## e-Communications

- DLR's social media presence expanded to LinkedIn, YouTube, and Pinterest. Social media sites help raise awareness of programs and services through conversations, videos, and photos. We also can increase our reach and engagement.



- A microsite for the virtual employment services was developed to better serve rural areas. MyDLR.sd.gov is designed to be an online job search toolkit available on public browsers in all itinerant sites and accessible with any Internet connection.



**MyDLR.sd.gov microsite**

## Governor Daugaard's Better Government Initiative

- Search engine optimization guidelines were implemented in the DLR website as part of the e-Government project. This ensures the most efficient use of search engine functions. The layout of the homepage was also modified so it views properly in not only Internet Explorer, but Firefox, Chrome, Safari, and Opera.
- Seventy-two IT projects were completed for the e-Government project. The most noteworthy accomplishments include unemployment insurance projects, improvements to SDWORKS, uploads/downloads to US.jobs, auto-load of Board of Regents internships, and auto-load of Bureau of Human Resources job orders.
- DLR reduced regulation in accordance with the Red Tape Review project through Senate Bill 34. The review identified areas which were outdated, unclear, or unnecessary. A total of 36 code sections were repealed, resulting in the removal of over 4,000 unnecessary words from South Dakota Codified Law.

# Workforce Services

## Mission Statement

To develop and implement innovative workforce solutions, provide responsive technical assistance, and provide accurate labor market information to DLR staff, partners, individuals, and businesses. This will guide individuals to self-sufficiency, build a skilled workforce, and strengthen the State's economy.

## Major Goals

- Ensure proper staff development.
- Provide excellent customer service.
- Enhance promotion of information and services.
- Establish and strengthen relationships with partners.
- Leverage available resources.



**Marcia Hultman,**  
Deputy Secretary  
Workforce Services Director

This Division is home to a diverse set of programs designed to aid South Dakota’s workforce and help employers, employees and job seekers. The six sections are:

- Workforce Training (Adult Education & Literacy/General Educational Development (GED®), Dislocated Workers, Trade Adjustment Assistance, Workforce Investment Act (WIA) Adult & Youth)
- Labor Market Information Center (LMIC)
- Foreign Labor Certification (FLC)
- Technical Services (Senior Community Service Employment Program (SCSEP), SDWORKS, Veterans’ Services, Work Opportunity Tax Credit (WOTC))
- Temporary Assistance for Needy Families (TANF)

## Workforce Training

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

### Adult Education & Literacy/GED® Testing Program

Our department is committed to serving adults who are most in need of literacy services. These demographics include adults who are low-income or have minimal literacy skills, learners with disabilities, single parents, displaced or dislocated workers, and those with limited English proficiency (Tables 3 through 6); other populations include unemployed and underemployed persons, young adults, and offenders in correctional institutions. These individuals may perform at lower educational levels (below the 9.0 grade level equivalency) and generally demonstrate a need for reading, writing, and math skills.

Improving the literacy, numeracy, and oracy skills of our workforce leads directly to a stronger economy. The instruction, activities, and services provided by the AEL programs promote family literacy, obtainment of a high school diploma equivalency, employment, and self-sufficiency (Table 5). During the 2011-12 program year, 84 percent of Adult Education and Literacy (AEL) program participants pursuing a GED® certificate finished the test battery and earned a GED® test credential.

ABE Educational Functioning Level Completion	2011	2012
ABE Beginning Literacy	50%	58%
ABE Beginning Basic Education	43%	48%
ABE Intermediate Low	40%	39%
ABE Intermediate High	37%	34%
Adult Secondary Education Low	50%	45%
Adult Secondary Education High	59%	81%

**Table 3 - Adult Basic Education achievements for program years 2011 and 2012 (July 1 through June 30).**

Language instruction methodologies (including workplace literacy) and action research projects were priorities for the English Literacy/Civics Program (Table 4). These programs support our non-native speakers, immigrants, and refugees in achieving linguistic, economic, and civic integration.

*Amy was enrolled as an adult on June 11, 2008. She started her training that fall at Southeast Technical Institute in Cardiovascular Ultrasound Technology. After completing 18 months of school, Amy had to quit due to the pending birth of her baby. While she was out of school for a year, Amy worked with WIA to increase her time management and study skills. Amy also continued to search for employment. In 2011, Amy was ready to finish the program. Her hard work and assistance from WIA allowed her to start school again by providing tuition assistance, support services for childcare, and uniforms for her clinicals. Amy graduated with her degree in Cardiovascular Ultrasound and was hired at Sanford Health full time, starting at \$20.93 per hour.*

ESL Educational Functioning Level Completion	2011	2012
ESL Beginning Literacy	25%	24%
ESL Beginning Low	26%	43%
ESL Beginning High	38%	42%
ESL Intermediate Low	35%	31%
ESL Intermediate High	26%	25%
ESL Advanced	31%	15%

**Table 4 - English as a Second Language achievements for program years 2011 and 2012 (July 1 through June 30).**

### Dislocated Workers

The number of dislocated workers continues to decrease from 2011. Although the performance measures have dropped from last year, the challenge with some dislocated workers is finding employment in areas they have been trained.

The unemployment rate is slowly decreasing. There, once again, is a demand for certain occupations and a concern of being able to fill those skilled positions in the future.

### Trade Adjustment Assistance

This program is designed to assist workers who have lost their jobs as a result of foreign trade. There were no new certifications this year and no TAA petitions pending. We continue to provide services to those who were affected by a job loss, many completing training within the next year.

### National Emergency Grant for On-the-Job Training

South Dakota received a \$617,040 grant for On-the-Job Training (NEG OJT). These funds were used for eligible dislocated workers to get them back into the workforce. The funds were used as incentive for businesses to train in new skill areas and potentially hire the participant permanently once the agreement was completed. There were 81 participants enrolled; 62 of those were retained and 13 found other employment for a 92.5 percent employment rate.

### Disability Employment Initiative

The South Dakota DLR received funding for a three-year Disability Employment Initiative (DEI). This funding began in October 2011 with the plan to improve coordination and collaboration among employment and training programs. The goal of the DEI is to improve the education, training and employment opportunities, and outcomes of young adults. These adults are ages 18 to 24, with disabilities who are unemployed, underemployed, and/or receiving Social Security Disability benefits. This initiative is covering a seven county area in the Black Hills.

Core Indicators of Performance	2011	2012
Entered Employment	63%	59%
Retained Employment	53%	88%
GED Credential Obtained	85%	84%
Furthered Education	84%	88%

**Table 5 - Core Follow-up Outcome Measure performance for program years 2011 and 2012 (July 1 through June 30).**

Dislocated Workers	2011	2012
Participants	908	771
Entered Employment Rate	89.9%	84.2%
Retention Rate	95.2%	92.7%
Average Earnings	\$15,782	\$15,259

**Table 6 - Core Follow-up Outcome Measure performance for program years 2011 and 2012 (July 1 through June 30).**

## Social Policy Research (SPR)

South Dakota was selected to be part of the Gold Evaluation Study conducted by SPR and Mathematica, starting in late November 2011. It includes only WIA Adult and Dislocated Workers participants.

The study is to show the results of participants that receive one of the three levels of services: core, core/intensive, or full services. Core services include the basic assistance for job search, referrals to jobs, and assessments. Core/intensive services includes additional services in case management, support services, and paid work experiences. Full services include additional skill training for the participant with On-the-Job Training or tuition assistance, which must be completed within two years.

The study was completed in December 2012 and a follow-up will be conducted after 15 months. SPR hopes to see if the results indicate those with more services have fared better than those with fewer.

## Workforce Investment Act (WIA) Adult & Youth

### Adult

The number of adults increased slightly over the last year, along with the other performance measures. The rate of adult participants entering and retaining employment increased due to the improving economy.

### Youth

The WIA Youth Program provides participants a systematic and coordinated approach to career services. This program serves youth ages 14 through 21 with low income and have barriers to employment. These barriers may include being homeless, in foster care, pregnant or parenting, an offender, at risk for dropping out of school or have dropped out, have disabilities, a low literacy rate, or need additional assistance in completing an educational program to secure or hold employment.

Throughout the 2011 program year, employment specialists in South Dakota provided assistance to 438 youth through the WIA program. The program offers assistance in completion of secondary education, alternatives to secondary school services, summer employment opportunities, work experiences, occupational skill training, leadership development opportunities, supportive services, mentoring, follow-up services, and comprehensive guidance.

The WIA Youth Program partners with Adult Education Literacy providers, Vocational Rehabilitation, Department of Corrections, Department of Social Services, and other service providers throughout the state. Looking ahead to 2013,

the youth program hopes to partner with South Dakota schools. WIA funds may assist low income seniors interested in attending post-secondary training. Those who are not planning to continue education can be assisted through On-the-Job Training or paid work experiences. DLR can offer general assistance with job search techniques and the National Career Readiness Certificate.

WIA Performance Measures		2011	2012
Adults	Participants	1057	8,962*
	Entered Employment Rate	75.3%	79.6%
	Retention Rate	83%	87.5%
	Average Earnings	\$10,797	\$10,917
Youth	Participants	362	438
	Placement in Employment or Education	74.7%	68.3%
	Attainment or Degree or Certificate	69.1%	64.4%
	Literacy or Numeracy Gains	20%	19.5%

**Table 7 - WIA performance measures for program years 2011 and 2012 (July 1 through June 30). \*Participants increased due to a revised reporting format required by USDOL.**

**Darla** was laid off from her position as a marketing and art director. She was a veteran receiving unemployment insurance. She qualified for Energy Grant funding assistance and went through a Senior Certified Sustainability Professional program at Southeast Technical Institute. After completion, Darla and the National Emergency Grant for On-the-Job Training (NEG OJT) were recommended to Rock Garden Nursery by DLR. Her Sustainability Certificate played a large role, because the owner wanted someone with this training. However, even with the course knowledge, she did not meet all of the Rock Garden Nursery requirements. WIA staff explained the NEG OJT program and the benefits. As a result, a NEG OJT was written and completed. Darla was hired as a Director and Project Manager with a \$70,000 annual salary.

### Other Programs Highlights Include:

- DLR supported a program in partnership with Molded Fiberglass, Aberdeen, to provide Karen refugees services, skill development, and education necessary to join the workforce. This has been a successful partnership with the company, WIA, and AEL. This project offers English as a Second Language, GED® preparation and testing, ACT's WorkKeys for Teamwork and Observation, and On-the-Job Training.
- DLR coordinated WIA and AEL program services to increase the work readiness of program participants.
- We continue to work with Department of Corrections providing materials and resources to assist incarcerated individuals with attainment of the GED® certificate.
- The DEI has concluded the first year of a three-year grant. The project is based on an effective partnership and a coordination of services among a variety of agencies and programs. During this first year, we have hosted two national teams to review and learn about this project. Comments include:
  - “I can honestly say that in my 12 years of being part of the national training and TA team, that I have not been as impressed as I was of the work that the SD DEI is doing and will do over the course of this grant.”
  - “The work that is being done by the South Dakota DEI Project to promote and secure employment for youth with disabilities is in one word, *impressive*.”

### Energy Grant Activities 2011

The South Dakota State Energy Sector Partnership (SDSESP) Grant was awarded to the South Dakota DLR by a Notification of Award/Obligation letter received February 26, 2010. The grant was in the amount of \$2.5 million.

Progress on the performance within the SESP grant has been exceptional based on the records maintained by DLR pertaining to SESP training. A categorization of data in some the most critical performance indicators required by USDOL include:

- Nearly 700 individuals received some service related to green-energy. ‘Some service’ refers to an individual who has, minimally, began an energy-related training identified by the grant. The original goal was to serve 400 individuals;
- Nearly 400 individuals have completed training. Training, as identified by the parameters of the grant, may involve green-energy training ranging from short term [a few hours to a few weeks] to long-term [several weeks/months up to and including certain approved energy-related diploma

(one year) and associate degree programs (two years);

- Of those who have completed training (400), approximately 360, or 90 percent have received a credential, whether a certification, diploma, or degree attainment;
- Approximately 325 completers were in, or have entered, unsubsidized employment. Those who were already employed at the time training started, are considered ‘incumbent workers.’ Many incumbent workers were employed in energy-related jobs, such as ethanol, Heating-Cooling-and Ventilation (HVAC), or construction-type occupations. The training received through the various programs offer by SESP sub-recipients enhanced the skills of trainees to help them better understand and function in the area of “green-energy,” construction, and energy auditing.

## Labor Market Information Center

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

LMIC also provides special workforce studies when requested. These studies include economic impact reports of new or expanding businesses and workforce availability reports for the DLR local offices. These reports provide detailed data regarding the availability of workers for new businesses and proposed business expansions.

Most LMIC activities are funded by the U.S. Department of Labor, including grants from the Bureau of Labor Statistics (BLS) and the Employment and Training Administration (ETA). Special workforce projects are also conducted on a contract basis with other state agencies as needed. Statistical programs conducted in cooperation with the BLS include:

- Current Employment Statistics (CES) Program
- Local Area Unemployment Statistics (LAUS) Program
- Mass Layoff Statistics (MLS) Program
- Occupational Employment Statistics (OES) Program
- Quarterly Census of Employment and Wages (QCEW) Program
- Workforce Information Database (WIB)

During calendar year 2012, the LMIC handled over 18,000 requests for information, including the distribution of over 19,000 publications to our users.

### *Program Highlights*

- In June 2012, the USDOL announced a new round of Workforce Data Quality Initiative grant awards. The USDOL invested \$11.9 million to 12 states, \$946,900 of which was awarded to the LMIC here in South Dakota. The grant is used to build a database that will be utilized to conduct research and analysis of workforce and education programs.

## Foreign Labor Certification

Foreign Labor Certification (FLC) is the process by which employers can request workers from outside the United States, i.e. foreign nationals. These workers occupy positions employers have been unable to fill with a sufficient number of available and able U.S. domestic workers. Currently, the federal Department of Labor requires states to administer the H2A, or temporary agricultural program. The other FLC programs of H2B (temporary non-agricultural) and Permanent visa programs are currently administered solely by the U.S. Department of Labor. States are involved minimally with the latter two programs.

During fiscal year 2011 (FY11), the last year complete federal disclosure data was available, the DLR saw the following activity;

- 104 agricultural applications were filed by South Dakota agriculture employers. This was an increase of 10 applications filed from FY10.
- 556 openings were requested to be filled by H2A foreign workers. This was a significant increase from FY10 of 273 filed requests.
- Central South Dakota received the most H2A requests of all the state regions.
- The H2B program in South Dakota had 74 applications filed in FY11. This was a increase of six from the previous year.
- 1,783 H2B foreign workers were requested through the application process.

Most H2A activity in South Dakota is distributed mainly east of the Missouri River on farms and ranches around the eastern portion of the state. Most H2B activity is localized to the Black Hills area where seasonal tourism-related jobs are prevalent. However, the second most requested H2B occupation is for construction workers.

## Technical Services

This section handles the Senior Community Service Employment Program (SCSEP), a program for older workers; SDWORKS, the largest statewide online job database; veterans’ services (Table 8); the Work Opportunity Tax Credit (WOTC) program (Table 9); and department project management of Information Technology (IT) projects.

### SCSEP

SCSEP is a joint program handled by DLR and the Experience Works non-profit organization. Through this program, low-income seniors (age 55 and older) benefit from training, counseling, and community service assignments at faith-based and other local organizations, prior to transitioning into the workforce. This program year we had 99 participants.

### Veterans’ Services

Every DLR local office is staffed with a trained veterans’ representative who can provide job-seeking veterans with intensive services and employment assistance. They can also perform eligibility determinations for special programs and services that employ and train veterans.

Veterans’ Services		2011	2012
Veteran	Entered Employment Rate	59%	58%
	Employment Retention Rate	79%	81%
Disabled Veteran	Entered Employment Rate	53%	54%
	Employment Retention Rate	77%	83%

**Table 8 - Veterans’ services for program years 2011 and 2012 (as of December 1).**

### SDWORKS

SDWORKS is the state’s largest job database. Job seekers can create a professional profile and perform customized job searches. Employers can post job openings and search for the right employee. This year, 82,232 job listings were posted, and 90,689 job seekers utilized SDWORKS. To make the system more user-friendly, a number of enhancements have been made to the job-seeker portion and the employer portion of the website.

## WOTC

The WOTC program (Table 8) continued its stellar performance during the fiscal year, producing 4,222 certifications, up 579 certifications from 2011. The program saved South Dakota employers \$10,868,200 in tax credits.

Workforce Opportunity Tax Credit	2011	2012
Certifications	3,643	4,222
Denied Applications	3,134	4,852
Pending Applications	1,025	209
Total Applications	7,802	10,156
Acceptance	47%	42%
Tax Dollar Savings	\$9,027,600	\$10,868,200

**Table 9 - Workforce Opportunity Tax Credit activities for federal fiscal years 2011 and 2012 (October 1 through September 30).**

**Randall** was laid off 4 months ago from his former employer, due to a shortage of work. In the time since, he has been actively participating in re-employment services. Randall completed his UI requirements with an open mind, and found the JSAP class particularly helpful. Within two weeks of attending the class, Randall locked up several interviews. He did exceptionally well in them, as he felt extremely prepared from all the classes. He obtained employment, and within a week, was offered an ever better job, which he accepted.

## Temporary Assistance for Needy Families (TANF)

DLR is a long-term partner of the Department of Social Services in co-administering welfare-to-work programs in South Dakota for the purpose of promoting personal responsibility and self-sufficiency. DLR delivers the TANF work activities in 54 counties that contain 56 percent of the eligible mandatory parent-case population.

TANF Performance Measures		2011	2012
TANF Applicants (mandatory, from DLR counties)		3,910	3,622
Caseload	Monthly Average	617	570
	DLR's Statewide Share	56%	54%
Employment	Job Entries	939	917
	Share of Statewide Job Entries	83%	84%
	Job Entries with medical benefits	25%	30%
	Share of the statewide job entries with medical benefits	90%	99%
Average Starting Wage		\$8.40/ hour	\$8.50/ hour

**Table 10 - Temporary Assistance for Needy Families activities for fiscal years 2011 and 2012 (July 1 through June 30).**

DLR strives to improve the TANF participation rate because it is the principal performance outcome mandated by the U.S. Department of Health and Human Services. The federal government requires every state to achieve a 50 percent participation rate in order to receive full TANF block grant funding. This year, DLR reached the required 50 percent participation rate for the TANF clients living in DLR counties (non-reservation counties) in South Dakota.

DLR continues to provide individualized intensive case management to all TANF households. We place a high priority on strengthening partnerships with community organizations. In cooperation with WIA programs, TANF has taken full advantage of opportunities to leverage program dollars so we can help as many eligible South Dakota families as possible. We aggressively promote education and job training.

Some of DLR's innovative TANF projects include:

- A comprehensively managed work site/skill development center
- A TANF disability advocate
- A designated life skills coach to work with individuals and small groups of TANF clients
- A workplace English project for Limited English Proficient (LEP) participants

DLR also makes every attempt to assist potential TANF participants with “financial diversion” opportunities prior to going on full TANF benefits. The diversion program is designed to assist potential TANF participants with a one-time cash payment. For example, this one-time payment could be used to purchase work and interview appropriate clothing. The diversion would assist the individual to get a good start in their employment without needing to apply for regular TANF benefits.

## Employment Services

### Mission Statement

To achieve a skilled workforce contributing to economic development by effectively and respectfully serving businesses, job seekers, and community partners through innovative workforce development solutions and serving as an information resource.

### Major Goals

- Ensure services are demand-driven and aligned with economic development.
- Build and encourage collaborative partnerships.
- Sustain development programs to increase knowledge and foster leadership of Division staff.
- Promote branding and expand awareness of programs and services.
- Increase effectiveness of available resources.



**Michael L. Ryan,**  
Employment Services  
Director

### Summary

Every year the trained professionals of the DLR Local Offices assist close to 31,000 job seekers and employers with their employment needs. Each office has resources for both job seekers and employers. We help job seekers identify opportunities, prepare for interviews, and obtain productive employment. We also help employers locate and hire the workers they need to grow their organizations.

The DLR Local Offices also administer workforce training, veterans' services, TANF, SNAP Employment and Training, and WOTC. To measure our success, we set rigorous performance goals in each of the areas listed in Tables 11 through 13. On average state-wide, we met or exceeded goals for the number of job seekers, the average wage of successful job seekers, and the number of disabled veterans retaining employment.

We were able to reach 119.2 percent of our job listing goal. Several DLR Local Offices met their annual objectives, but were unable to bring the statewide average to the desired level.

## Re-employment Intensive Services

Re-employment Intensive Services (RIS) was initiated on May 1, 2012, in an effort for the DLR to help put unemployment claimants back to work more quickly. A number of studies have found claim durations are shorter if more attention is given to the claimant's efforts to find work. It also ensures claimants comply with the federal and state requirements to actively seek work as a condition of receiving benefits.

Any person receiving unemployment benefits for more than 10 weeks is required to seek one-on-one assistance from a DLR local office. Trained staff help the claimant identify in-demand careers, evaluate their current skills, identify training options, and direct them to appropriate job referrals.

Currently, all claimants must actively search for work. More participation in re-employment activities and job contacts will be required through this new program. Failure to participate will result in loss of unemployment benefits.

DLR Local Office	Participants Served				Job Openings Received			
	2011	2012 Goal	2012	% of Goal	2011	2012 Goal	2012	% of Goal
Aberdeen	5,927	6,000	5,746	95.8%	9,063	9,400	11,986	127.5%
Brookings	6,181	6,400	5,726	89.5%	4,732	4,400	4,918	111.8%
Hot Springs	1,487	1,600	1,397	87.3%	1,907	2,100	1,699	80.9%
Huron	3,086	3,100	3,414	110.1%	2,910	2,800	3,712	132.6%
Madison	2,593	2,800	2,468	88.1%	1,788	1,800	1,844	102.4%
Mitchell	3,773	3,800	3,263	85.9%	3,251	3,100	2,730	88.1%
Mobridge	1,178	1,300	1,096	84.3%	1,266	1,250	*0	*00.0%
Pierre	3,331	3,400	3,165	93.1%	3,296	3,400	5,680	167.1%
Pine Ridge	2,488	2,450	2,524	103.0%	1,193	1,175	1,219	103.7%
Rapid City	15,903	16,600	14,729	88.7%	9,388	9,100	10,432	114.6%
Sioux Falls	22,055	23,000	19,304	83.9%	14,580	1,500	17,646	117.6%
Spearfish	7,424	7,400	6,956	94.0%	3,394	3,100	4,296	138.6%
Vermillion	3,818	4,000	4,353	108.8%	3,851	3,500	5,007	143.1%
Watertown	7,633	7,800	7,486	96.0%	4,707	4,600	6,079	132.2%
Winner	1,281	1,300	1,171	90.1%	1,143	1,200	1,130	94.2%
Yankton	6,611	6,200	7,711	124.4%	2,910	3,050	3,827	125.5%
Statewide	95,172	97,150	90,698	93.3%	70,245	68,975	82,232	119.2%

Table 11 - Employment Services performance measures for fiscal years 2011 to 2012 (July 1 through June 30) \* Mobridge office closed in June 2012.

## Challenges and Accomplishments

Goals of the REA (Re-employment Eligibility Act) Initiative were to enhance the rapid re-employment of unemployed workers, eliminate potential overpayments, and realize cost savings for the Unemployed Insurance (UI) Trust Fund.

The Re-Employment Services (RES) is a case-management program for workers likely to use up their unemployment insurance benefits before they re-enter the workforce. This program, along with REA, RIS, and the National Career Readiness Certificate (page 20) continue to expand and provide valuable services to the people of South Dakota.

Looking ahead to 2013, we will focus on training Employment Services Division staff to better recognize individuals at risk of becoming long-term unemployed and to identify strategies to help these workers reconnect with the labor market. Success in these areas will be vital to returning our state economy to its previous productivity and growth.

DLR Local Office	All Veterans				Disabled Veterans			
	Entered Employment		Employment Retention		Entered Employment		Employment Retention	
	Goal	2012	Goal	2012	Goal	2012	Goal	2012
Aberdeen	64%	71%	85%	84%	61%	57%	84%	89%
Brookings	64%	63%	82%	81%	61%	46%	83%	91%
Hot Springs	57%	46%	78%	76%	55%	30%	80%	80%
Huron	64%	67%	85%	82%	61%	33%	80%	67%
Madison	72%	51%	85%	87%	68%	50%	85%	91%
Mitchell	70%	61%	86%	92%	58%	40%	85%	91%
Mobridge	50%	92%	82%	92%	55%	100%	75%	0%
Pierre	65%	62%	84%	83%	61%	75%	81%	83%
Pine Ridge	50%	46%	66%	72%	50%	0%	75%	0%
Rapid City	63%	57%	82%	80%	57%	54%	81%	82%
Sioux Falls	65%	64%	84%	80%	62%	66%	84%	80%
Spearfish	57%	50%	79%	83%	59%	58%	75%	90%
Vermillion	61%	44%	84%	80%	50%	39%	80%	70%
Watertown	55%	65%	82%	83%	50%	63%	82%	88%
Winner	50%	37%	75%	92%	58%	25%	70%	100%
Yankton	64%	40%	82%	79%	60%	28%	81%	85%
Statewide	61%	58%	81%	81%	58%	54%	81%	83%

Table 12 - DLR Local Office veterans' service goals and achievements for fiscal years 2011 to 2012 (July 1 through June 30)

**Michael** was a job seeker looking for a position to utilize his creativity. He talked with staff at one of the DLR local offices and explained his education in graphic design. Our staff suggested he apply to the UPS Store. They do all sorts of custom ordered graphics, and it sounded like a perfect fit. We set up a job shadow with the UPS manager and within a couple days, Michael was offered the position. Michael is very happy working at UPS and the manager was thankful our office encouraged him to apply.

DLR Local Office	Entered Employment		Employment Retention		6 Month Average Earnings	
	Goal	2012	Goal	2012	Goal	2012
Aberdeen	67%	65%	84%	85%	\$11,500	\$11,900
Brookings	64%	63%	84%	77%	\$13,700	\$11,241
Hot Springs	62%	59%	78%	75%	\$10,500	\$11,198
Huron	61%	62%	83%	84%	\$11,400	\$12,024
Madison	63%	63%	85%	86%	\$10,800	\$11,353
Mitchell	69%	70%	84%	86%	\$10,800	\$11,780
Mobridge	57%	57%	77%	79%	\$11,500	\$11,797
Pierre	67%	64%	82%	81%	\$10,800	\$11,574
Pine Ridge	50%	36%	60%	60%	\$9,300	\$9,822
Rapid City	62%	59%	78%	78%	\$11,600	\$10,958
Sioux Falls	65%	65%	81%	82%	\$11,800	\$11,794
Spearfish	66%	61%	83%	83%	\$11,200	\$11,316
Vermillion	67%	51%	80%	80%	\$11,600	\$11,452
Watertown	61%	60%	82%	82%	\$11,100	\$11,788
Winner	55%	53%	78%	78%	\$10,300	\$10,727
Yankton	66%	46%	83%	79%	\$11,800	\$11,510
Statewide	64%	60%	82%	81%	\$11,200	\$11,513

**Table 13 - Local Office employment goals and achievements for fiscal years 2011 to 2012 (July 1 through June 30)**

**Steve** - For the past 14 years Steve has worked for a local construction company. He came into the office during his lunch hour and requested an application for a Construction Technician position with the City of Huron. Steve was not registered in SDWORKS and was concerned about having adequate time to get registered with us, eat his lunch, and get back to work in time. Robin brought him back to her desk and registered him directly into SDWORKS and gave him an application for the position. A few months later Robin received a thank you from Steve, he got the job! He was very happy about his new position with the City of Huron and appreciated everything the DLR did for him.

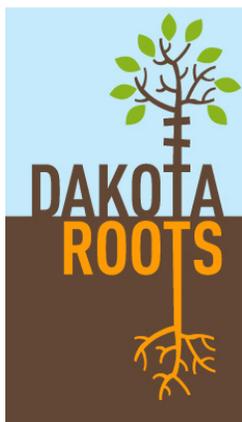
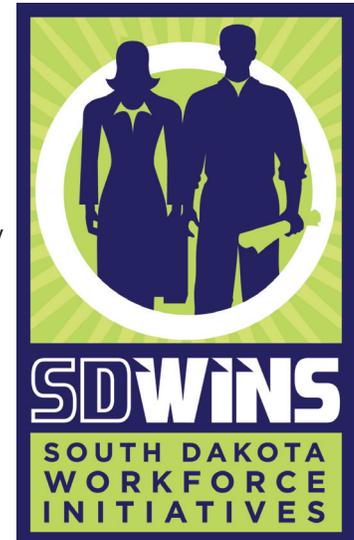
**Melissa**, a 20-year-old youth, came into our office to get information regarding educational and employment assistance. Melissa was making minimum wage while working part-time as a housekeeper. She met with WIA staff who quickly found that she would be a great candidate for the WIA program. Melissa was low income, a high school drop-out, lacked basic skills, and needed additional assistance to determine a career path. She had taken the basic skills assessment, but needed assistance in paying for her General Educational Development (GED®) Test. Coordination with the local Adult Education & Literacy (AEL) provider and Melissa's employment specialist, Lori, paid off. Within four months, Melissa received her GED® certificate. She worked with Lori to take an interest assessment to identify an occupational direction and an aptitude assessment to improve her career skills. She continued with the aptitude assessment to obtain her National Career Readiness Certificate. Melissa worked independently on Mavis Beacon, as she had never had a typing class during her schooling, as well as, Teknimedia program offered at the local office to improve her computers skills. Melissa completed an online Reality Check to gain knowledge of her spending habits and occupations that will support her lifestyle. From the Reality Check, Lori assisted Melissa in creating a budget. She attended the Job Search Assistance Program (JSAP) to learn additional career skills to aid her in obtaining and maintaining employment. Lori has worked with Melissa to develop her resume and complete mock interviews in preparation for her job search. While lacking appropriate attire for an interview or office setting, WIA supportive service funds assisted her in purchasing a few basic pieces. Melissa completed a work experience as an office assistant, where she gained employability, social, and office skills. She is currently working for a private employer 30 hours a week making \$10.00 an hour. She is continuing to work with Lori to seek out full-time employment opportunities and post-secondary options.

**Jesse** was enrolled in the WIA Adult program on April 25, 2012, and received full services-core, intensive, and training under SPR. He is still an active participant. Jesse is a 21 year old, single parent of a one year old daughter and was underemployed making \$9.75 an hour. His main employment goal is to obtain full-time gainful employment as a welder to support himself and his daughter. Jesse was interested in welding as he did some welding in high school and really liked it. He completed Key Train and Career InSite and it seemed like welding would be a good fit for him. Jesse was then enrolled in the Welding Basics course at Regional Technical Education Center in Yankton, SD, where he was one of the top welders. While attending the basics course Jesse applied at Kolberg Pioneer as they were looking for welders, and he knew they would be a good company to work for and also knew while working for them he could fulfill his goal of supporting himself and his daughter. After completion of the Welding Basics course, we decided to enroll Jesse in the AWS Certified Welding Course which would allow him to become a certified welder and earn an American Welding Society Certification. Jesse currently just finished the AWS course. He gained employment on August 20, 2012, with Kolberg Pioneer as a welder; working full time hours making \$15.36 an hour.

# South Dakota Workforce Initiatives (SD WINS)

South Dakota Workforce Initiatives (SD WINS) is Gov. Dugaard's 20-point plan to address short- and long-term workforce needs. SD WINS is a collaborative effort of business, education, health, and labor leaders to create a well-trained and well-educated workforce for the job market of today and tomorrow.

The DLR is responsible for three projects: Dakota Roots, Internship Opportunities, and the National Career Readiness Certificate.



## Dakota Roots

Dakota Roots is the DLR's effort to enhance the workforce by recruiting more people into our labor force. Dakota Roots connects out-of-state individuals to in-state employment opportunities. By bringing individuals, employers, and state government resources together, the Dakota Roots program provides all the connections needed to turn dreams of living in South Dakota into reality.

Since Dakota Roots launched in October 2006, over 15,000 people have registered for these one-on-one job search services. As a result of our help, 2,637 people have entered employment.

## Promotional Efforts

Dakota Roots received one-time general funds from the 2012 Legislature to more aggressively leverage its marketing. New strategies were successful in increasing total new registrations by 63.5 percent compared to 2011.

Special projects and highlights included:

### Social Media Engagement

To further engage our audience in conversation, Facebook and Twitter accounts were created for Dakota Roots in March. Dakota Roots is also featured as a service on the State of South Dakota LinkedIn company account.

### Letter from Home

In June, we sent a "letter from home" in the form of a greeting card and wildflower seed packet to 104,000 out-of-state alumni. The message included, "The place your dreams took root... Is the same place your future can bloom."

Results were impressive:

- Viral exposure on Facebook
- Web traffic quadrupled: 77 percent new users, 35 percent bounce rate
- Average of 23 new registrations daily

## Alumni Association Partnerships

In July, an informational article was sent to all South Dakota alumni associations for their consideration to place in newsletters, magazines, email blasts, etc. An ad complementing the article was also provided. All alumni associations were contacted to consider placing a Dakota Roots button, ad, or message on their home page.



Out-of-state alumni mailing

## Pay-Per-Click Campaign

The pay-per-click campaign targeted potential visitors to the Dakota Roots website and people with interests in relocating to South Dakota and finding employment. Keywords were researched to determine those most relevant to people searching for jobs in and around South Dakota.

In July, we bid on those keywords to achieve top placement among Google's search pages. This campaign targeted the State of South Dakota as well as Fargo, Bismarck, Grand Forks, Omaha, Lincoln, Kansas City, Wichita, Minneapolis, Des Moines, Sioux City, Casper, and Laramie. In December, the same parameters were added for the Yahoo!/Bing search engine.

We averaged 369,418 impressions and 2,774 clicks per month

**Job Openings South Dakota**  
Find your new career in SD.  
Over 11,000 skilled jobs available.  
[www.DakotaRoots.com](http://www.DakotaRoots.com)

Google ad

## Email to Inactive Job Seekers

This one-year quarterly email campaign targeted those who have registered with Dakota Roots, but have not been actively looking for work. The messaging strategy was to keep employment in South Dakota top of mind. Content included new job opportunities, recreational opportunities, snippets on how South Dakota stacks up in economic performance and workforce, and the South Dakota lifestyle.

The first introduction email was sent to an existing database of approximately 7,000 recipients in September. This was effective in engaging people in an active job search again. An average of 15 seekers per day changed their status from inactive to active during that week, compared to a previous average of one to two seekers per day. The number of visitors to the website increased 84 percent compared to the previous week. A second email was sent during the holiday season; two more emails will be sent in 2013.

## Referral Messaging

The Family and Friend Referral webpage at [www.DakotaRoots.com](http://www.DakotaRoots.com) was transformed into a custom landing page in October. It now allows visitors to create a personalized email and/or voice message from Governor Daugaard to send to their friends and family living out-of-state. The options for content include messages on jobs, taxes/cost of living, and quality of life.



## Radio Advertising

A 9-week radio campaign aired in the Aberdeen, Rapid City, and Sioux Falls markets starting in October. The message was a reminder of business services and the Dakota Roots labor pool, which can help with hard-to-fill positions.

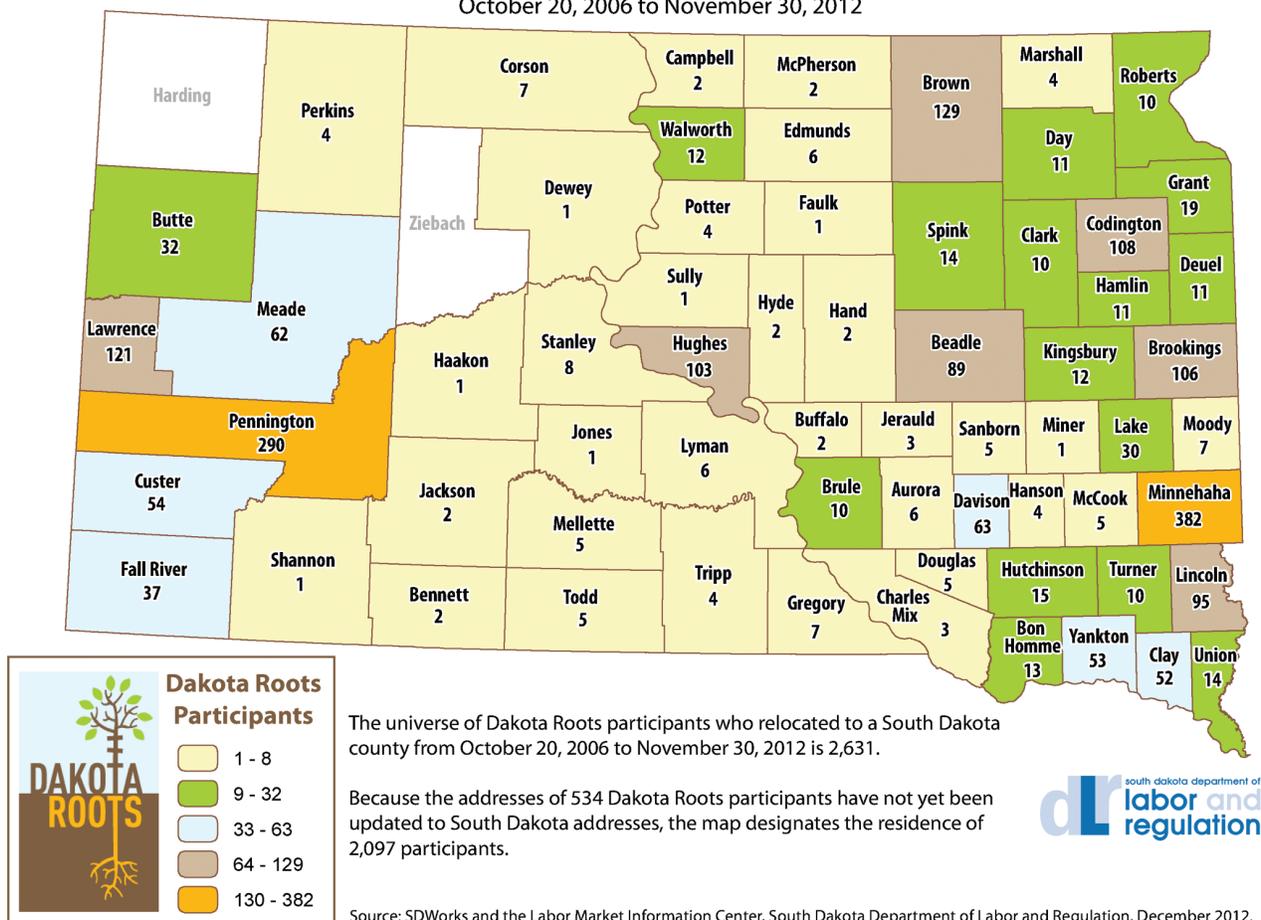
## Statistics

Annual Data	2006*	2007	2008	2009	2010	2011	2012	Total
New Registrations	250	1,428	2,079	2,128	2,128	2,664	4,355	15,032
Entered Employments	19	278	581	409	391	455	498	2,637

Table 14 \*Dakota Roots was launched on October 20, 2006. \*\*Total through November 30, 2012.

## Dakota Roots Participants' Relocation by South Dakota County

October 20, 2006 to November 30, 2012



## Internship Opportunities

Providing internships which include meaningful work experiences is an excellent opportunity to assist with South Dakota's workforce development initiatives. Such internships allow our young people to live and work in our state while pursuing a higher education and find ways to connect with South Dakota employers.

The DLR helps employers, state government, the Board of Regents and the State's technical institutes post internships on the State's largest job search database, SDWORKS. Through one contact, all of an organization's positions are listed.

This one-stop shop website is promoted to all students at post-secondary institutions throughout the State, giving access to a quality pool of applicants looking for a meaningful work environment in which to apply what they have learned in the classroom.

## National Career Readiness Certificate

Program Year 2012 was DLR's second year promoting and operating the National Career Readiness Certificate (NCRC) program. This portable, national credential allows a job seeker to show an employer he or she has the foundation skills to



NATIONAL  
CAREER READINESS  
CERTIFICATE®

succeed in a particular occupation. Developed by ACT, Inc., the college entrance exam company profiled more than 18,000 occupations to learn the level of foundation skills necessary for each job. From an assessment in three areas (applied mathematics, reading for information, and locating information), an individual can earn one of four levels of certification; bronze, silver, gold, and platinum. The higher the level, the greater percentage of occupations in which the individual is likely to succeed. Employers gain from preferring or requiring the certification from job seekers and/or employees. Hiring and promotion are focused only on those individuals who have demonstrated foundation skills necessary for the position.

The NCRC continues to be available to all registered DLR job seekers, WIA/TANF/SNAP program participants as well as Adult Education & Literacy (AEL) and Vocational Rehabilitation (VR) Services clients. NCRC pilot projects were started with Department of Corrections including the State Women's prison in Pierre, and Mike Durfee prison in Springfield. The Department of Education's Technical Institutes continue their efforts to use the NCRC for specific programs and students. These institutions have two goals in utilizing the NCRC; helping students attain an additional workplace credential for use in obtaining employment in their respective fields, and looking for skill improvement during their educational tract by assessing student entering and exiting their programs.

### Highlights

- An event commemorating more than 2,000 South Dakotans who have earned National Career Readiness Certificates was held in April. Gov. Daugaard honored John Backhaus of Vermillion and Lonnie Pinkelman of Tyndall for obtaining this valuable workplace credential.
- Four informational articles were written as part of a series to provide to business partner groups to include in their newsletters. Topics included:
  - o What is the NCRC?
  - o What results has South Dakota seen with the NCRC?
  - o How can employers use the NCRC as a staffing tool?
  - o How does the NCRC support SD WINS?

# Unemployment Insurance

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



**Pauline Heier,**  
Unemployment Insurance  
Division Director

## Mission Statement

To provide economic support to workers and protect the interests of workers and businesses by determining UI eligibility and liability, collecting taxes, making payments, and ensuring compliance all through exceptional service.

## Major Goals

- Provide exceptional customer service.
- Meet and exceed performance standards.
- Promote staff development.
- Increase awareness.
- Leverage technology.

## Performance

The Division’s Performance measures (Table 15) the past two years and reflect the impact of the economic recession on South Dakota’s workforce. This year saw an approximate decrease of 5,300 in the number of “additional” applications for benefits received for processing. Individuals receiving benefits decreased dramatically from 2011 to 2012. Because individuals are having more success finding new jobs, the total number of weekly payments decreased significantly. Total dollars paid out decreased by nearly \$16 million.

Benefits		2011	2012
Applications for Benefits		26,725	21,442
Total Number of Weekly Payments		163,205	128,478
Number of Individuals Who Received Benefits		11,509	8,806
Dollars Paid Out	State Benefits	\$39,933,738	\$32,322,866
	Federal Claims	\$20,860,442	\$12,793,139
	Total	\$60,794,180	\$45,116,005
Average Number of Weekly Payments per Claimant		14.2	14.4
Maximum Weekly Payment		\$323	\$333
Average Weekly Payment		\$250	\$259

**Table 15 – Unemployment Insurance benefits for fiscal years 2011 and 2012 (July 1 through June 30).**

## Integrity Systems

Our overpayment and fraud section is responsible for reducing instances of overpayment, fraudulent or otherwise, and collecting these monies from claimants. As evident in Table 16, during the past fiscal year, the amounts in nearly every measured category increased. We continued in our efforts to minimize overpayments and fraud, investigating a larger number of cases and increasing the dollar amount recovered.

Integrity Systems	2011	2012
Amount of Benefit Overpayment Debt	\$2,031,716	\$1,697,195
New Overpayment Cases	3,250	3,066
Percent of Cases Involving Fraud	36%	40%
Dollar Amount of Overpayment Fraud	\$731,557	\$679,209
Cases Investigated	26,958	21,915
Dollar Amount Collected Back	\$1,000,200	\$1,143,217
Number of Collection-Related Correspondence Items	9,394	11,730
Number of Civil Actions	1,641	2,552
Convictions Obtained	3	21
Cases Pending	13	52

**Table 16 – Unemployment Insurance integrity systems performance measures for fiscal years 2011 and 2012 (July 1 through June 30).**

Tax Administration/ New-Hire Reporting	2011	2012
Delinquent Notices	7,199	6,875
Subpoenas to Non-Compliant Employers	333	396
% Status Determinations Made Within 90 Days	83.0%	85.7%
New-Hire Reports	166,587	183,615

**Table 17 – Unemployment Insurance tax administration and new hire reporting for fiscal years 2011 and 2012 (July 1 through June 30).**

Unemployment Insurance Trust Fund	2011	2012
Taxes Received for Regular State Benefits	\$54,263,141	\$45,375,987
Interest on Trust Fund	\$1,001,304	\$1,051,785
Trust Fund Balance (end of year)	\$28,212,514	\$41,730,700
Number of Employers (end of year)	25,526	25,767

**Table 18 – Unemployment Insurance trust fund for fiscal years 2011 and 2012 (July 1 through June 30).**

## Challenges of 2012

Our primary challenge of 2012 was to maintain successful operations in an environment of sustained unemployment. Although we were prepared with systems in place to handle higher workloads, the division staff continued to be challenged to simultaneously make high-quality decisions, issue timely payments, respond to telephone inquiries and provide good customer service as the large number of UI claims was sustained throughout the year.

The UI Trust Fund experienced a highly unusual year (Table 18). The Trust Fund balance continued to increase from \$28.2 million on June 30, 2011 to \$41.7 million on June 30, 2012.

The income from the fund's investment portfolio increased dramatically from that in the previous year and the number of employers paying into the system has increased slightly. The ending balance for the year was \$41.7 million, a distinct improvement.

## Accomplishments

- South Dakota was selected to host the 2013 National UI Directors Conference and IT/Legal Issues Forum. South Dakota will be responsible for the 2013 conference in conjunction with the National Association of State Workforce Agencies (NASWA). It will be held October 7-10 with 300 attendees from across the nation expected to convene in Rapid City.

- South Dakota ranked second nationwide in making timely first payments to UI claimants. 95.7 percent of the time, we made the first weekly benefit payment within 14 to 21 days of the day the claimant filed the initial claim.

# Labor and Management

## Mission Statement

To responsively provide dispute resolution and help people through investigations, enforcement, compliance, and education of workforce and discrimination laws.

## Major Goals

- Provide informational outreach.
- Provide effective service.
- Provide for staff development.
- Use technology efficiently.



**James Marsh**  
Labor and Management  
Division Director

The Labor and Management Division carries out both the letter and spirit of the laws we enforce, and provides expert information in the areas of our responsibility.

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

- Helps settle problems between employers and workers
- Enforces wage and hour, and child-labor laws
- Answers questions about state 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

Hearing and Settlement Activities	2011	2012
Workers’ Compensation Hearings	25	17
Grievance Hearings	9	7
Unfair Labor Practice Hearings	0	4
Elections	0	2
Unit Determinations	1	2
Impasse Conciliations	10	3
Fact Findings	3	2
Mediations	65	63
Conference Calls	154	129

**Table 19 - Hearing and settlement activities for calendar years 2011 and 2012 (as of December 1).**

## Workers' Compensation

Workers' compensation (Table 20) injuries are expected to increase compared to 2011. The reason for this increase has not been identified. The Division's dispute resolution, regulatory enforcement, and investigation activities remained similar to previous years.

Workers' Compensation Activities		2011	2012
Pre-hearing Conferences Held		117	129
Agreements Approved	States Files	119	139
	Hearing Files	139	111
Permanent Partial Disabilities Approved		603	556
First Report of Injuries Received		23,185	21,338
Money Collected	Searches, copies, mailing	\$87,786	\$93,718
	Wage & Hour	\$57,807	\$65,018

Table 20 - Workers' compensation activities for calendar years 2011 and 2012 (as of December 1).

Human Rights Activities	2011	2012
Potential Discrimination Charges	326	282
Requests for Information	209	188
Intakes of Discrimination Complaints	155	175
Investigations Opened	84	94
Investigations Closed	78	76
EEOC Transfers	18	15
Money Collected for Charging Parties	\$37,000	\$65,995

Table 21 - Human rights activities for calendar years 2011 and 2012 (as of December 1).

Unemployment Appeals	2011	2012
New Filings	1,499	1,379
Cases Ruled on or Dismissed	1,575	1,365
Percent Cases Decided Within 30 Days	84%	95%
Cases Awaiting Decision	119	113

Table 22 - Unemployment insurance appeals for calendar years 2011 and 2012 (as of November 1).

# Insurance

## Mission Statement

To protect the public and make insurance available and affordable by efficiently providing quality assistance, providing fair regulation for industry, and promoting a healthy, competitive insurance market.

## Major Goals

- Identify staff training opportunities.
- Maintain and enhance public outreach.
- Optimize technology.
- Leverage available resources.
- Maintain state-based insurance regulation.



**Merle Scheiber,**  
Insurance Division Director

## Summary

The Division of Insurance regulates and licenses the insurance industry in South Dakota and is comprised of two main programs: Financial and Licensing, and Regulation.

Duties of the Division include:

- Provide regulatory oversight to protect South Dakota policyholders against financial loss due to inappropriate business practices and/or insolvency of insurance companies.
- License resident and non-resident agents and insurance companies.
- License and register other insurance entities.
- Audit licensees and registrants for compliance with existing statutes and regulations.
- Review property/casualty/life/health company rates, rules and form filings for compliance.
- Investigate and act on consumer complaints.
- Take appropriate enforcement actions with respect to licensees and registrants.
- Review and approve of continuing education programs for agents and companies.

Performance Indicators		2011	2012
Total Licensed/Domestic Companies		1,435/44	1,436/43
Domestic Companies Financial Exams		7	6
Company Market Conduct Exams		5	2
Companies Licensed/Approved Mergers		21	9
Agent Licenses Issued		12,425	10,245
Agent Appointments Issued		55,240	51,152
Agent Licenses Renewed		19,446	21,420
Renewed Appointments		195,225	182,048
Agent Appointment Cancellations		43,202	43,276
Property/Casualty Filings Reviewed		6,751	6,277
Life/Health Filings Reviewed		3,550	3,247
Consumer Complaints Closed		854	650
Enforcement/New Open Files		971	1,141
Enforcement/Closed Files		981	1,166
Continuing Education	Agents Paying License Renewal	0	1,250
	Agents Exempt	278	391
	Courses Reviewed	759	791
Subsequent Injury Fund	New Claims	3	6
	Claims Paid	87	74
	Dollars Paid	\$1,274,688	\$3,046,067

**Table 23 - Insurance Division Performance Indicators**

## Year in Review

2012 laid the foundation for future South Dakota State-based regulation, due to continued changes in federal issues, along with state specific cases. This has been an interesting year, which has provided DOI with a platform to enhance the education of our staff in preparation for many future challenges. Challenges in 2012 ranged from surplus lines uniformity, health care, domestic insolvency, and constant review of the ever changing insurance market. Education and training are a main focus for all division staff members as we tackle new regulatory policies. This education and training will be extremely valuable as we continue the South Dakota DLR, Division of Insurance position on effective and responsive regulation for the protection of South Dakota consumers.

Revenues		2011	2012
Total General Funds Collected		\$63,327,650	\$64,804,577
Fees (Insurance Operating Fund)	Admissions	48,243	66,195
	Company Renewal	82,780	88,440
	Agent Licensing/Renewal	6,646,610	7,384,752
	Exam Fees	28,026	15,650
	Miscellaneous and Legal	14,608	7,417
	Retaliatory/Filing	1,167,672	1,066,195
	Administrative Penalties	137,969	654,992
	Lists and Labels	1,390	1,520
	Certification Letters	4,970	3,890
	Investment Council Interest	47,832	35,911
	Course Approval	39,866	19,225
Subsequent Injury Fund	Sub-Injury Fund Assessment	3,317,644	3,171,540
	Investment Council Interest	95,529	38,833
Continuing Education Fund	Agent Renewal Fees	325	31,428
Workers' Compensation	Policy Fee (Transferred to USDOL)	276,425	272,615
Special Collections	Examination Fund (effective 7/1/97)	835,068	1,638,331
	Investment Council Interest	7,214	3,729
Federal Grants		84,012	181,984
<b>Total</b>		<b>\$76,163,833</b>	<b>\$79,305,240</b>

Table 24 - Insurance Division Performance Revenues

## Accomplishments

- Due to favorable safety trends and effective DOI review of the NCCI rate filings, the approved rates decreased by .3 percent on average and only increased 1.8 percent on average for those in the risk pool.
- The DOI became the first state to become operational for use of a national clearinghouse for single state surplus lines. The Division was also instrumental in joining other states in developing the clearinghouse for multi-state insurance risks.
- The Division continued it's prominent role at the National Association of Insurance Commissioners ensuring that SD has a strong voice in matters of insurance regulation on the state and national level.

# Banking

## Mission Statement

The primary mission of the Division of Banking is to charter, license, regulate, supervise, and provide guidance to South Dakota financial entities in order to instill consumer confidence, protect consumer interests, and promote economic stability through a common sense, efficient, and risk-focused approach.



**Bret Afdahl,**  
Banking Division Director

## Major Goals

- Create, sustain, and enhance a stable and experienced staff.
- Provide better coverage of non-banks.
- Enhance state regulation and supervision.
- Improve efficiencies.
- Evaluate Community Banking Model.

This year the Division of Banking received a certificate of accreditation from the Conference of State Banking Supervisors (CSBS). This latest accreditation is the Division's second consecutive five-year accreditation. The process involves a comprehensive review of critical elements that assure a banking departments ability to fulfill its responsibilities. This review is done through an investigation of all department operations, including administration and finance, personnel, training, examination, supervision, and legislative powers. The rigorous CSBS review process has proven the division's commitment to quality supervision.

The Division of Banking continues to experience growth in the number of trust companies chartered in South Dakota.

Our staff strives for the highest standards and practices in order to provide SD citizens with sound state-chartered and licensed financial institutions.

Revenues	2011	2012
Bank Examination	\$1,318,015	\$1,331,896
Trust Company Examination Fee	149,375	156,248
License Fees	505,430	536,113
Trust Company Supervision Fee	330,932	377,814
Investment Council Interest	14,348	21,146
Miscellaneous	24,244	90,534
Trust Company Charter Fees*	45,000	50,000
<b>Totals</b>	<b>\$2,387,344</b>	<b>\$2,563,751</b>

**Table 25 - Comparison of revenues by category for fiscal years 2011 through 2012. \*Deposited in general funds.**

Performance Indicators	2011	2012
Applications	19	39
Banks Examined	20	21
Trust Companies Examined	13	15
Licenses Issued or Renewed	1,090	1,197
State-chartered Banks	61	58
State-chartered Trust Companies	57	65
Bank Assets	\$18,591,419,000	\$19,670,575,000
Trust Assets	<b>\$75,526,500,000</b>	<b>\$104,099,349,000</b>

**Table 26 - Performance Indicators for fiscal years 2011 through 2012.**

# Securities

## Mission Statement

The mission of the Division of Securities is to protect investors of securities products, franchises, and business opportunities by investigating complaints, conducting examinations, enforcing anti-fraud provisions, ensuring investments sold meet standards of full disclosure, and providing investor education.



**Michael J. Youngberg,**  
Securities Division Director

## Major Goals

- Investigate complaints and conduct examination at maximum efficiency.
- Develop an organization development plan.
- Comply with federal law.
- Enhance investor education.

## Year in Review

The Division of Securities continued to move forward and carry out its regulatory responsibilities in fiscal year 2012. Our staff has continued to investigate complaints; conduct examinations related to business opportunities, franchises, and securities products; and to promote investor education in the state.

In addition to meeting our regulation responsibilities, we have been following federal law changes, which impact state securities laws and rules. This year saw investment advisers (those with \$25 to \$100 million in assets under management) switched from being regulated by the Securities and Exchange Commission to being regulated by the State Securities Regulators. Since the JOBS Act was passed at the federal level, we have been monitoring the potential impact this will have on state securities laws and rules.

Revenues	2011	2012
Securities Registration Fees	\$60,250.00	\$67,088.00
Franchise Registration Fees	\$128,900.00	\$138,300.00
Business Opportunity Fees	\$50.00	\$250.00
Securities Opinion Fees	\$400.00	\$50.00
Investment Company Notice Fees	\$18,724,925.00	\$19,304,150.00
Agent Licensing Fees	\$11,595,600.00	\$11,820,375.00
Broker-Dealer Licensing Fees	\$207,750.00	\$196,800.00
Investment Advisor Fees	\$3,900.00	\$4,400.00
Investment Advisor Agent Fees	\$90,950.00	\$79,950.00
IA Notice Filing Fees	\$150,300.00	\$150,600.00
Miscellaneous	\$10,220.00	\$11,910.00
Investment Council Interest	\$140,549.19	\$160,725.00
Private Placement/Reg. D	\$129,925.00	\$170,150.00
Fines Collected	\$23,700.00	\$466,622.00
<b>Total Revenues</b>	<b>\$31,267,419.19</b>	<b>\$32,767,585.00</b>

**Table 27 - Revenues for fiscal years 2011 through 2012**

Our goal to improve and become more efficient will continue. We look to move forward on future challenges through available training. We also look to improve our systems by making our communication, application, registration, and renewal processes available online.

Performance Indicators	2011	2012
New Securities Applications	52	44
Extensions and Amendments	65	73
Private Placement	5	12
Other Exemptions	311	271
Investment Company Notice Filings – New	3,264	3,364
Investment Company Notice Filings – Total	21,000	21,900
New Franchise Applications	183	198
Franchise Registrations Total	730	735
Franchise Exemptions	0	0
Franchise Applications Withdrawn	204	175
Franchise Extensions	567	575
Business Opportunities - New	1	1
Business Opportunities - Total	3	1
Broker-Dealers Licensed	1,305	1,258
Broker-Dealer Agents Licensed	75,621	78,496
Investment Advisers Licensed	33	46
Investment Adviser Agents Licensed	1,417	1,390
Investment Advisers Notice Filing	773	727
Investigations	169	152
Compliance Examinations	14	13
Administrative Orders Issued	69	73
Opinions Requested	8	1

**Table 28 - Performance Indicators for fiscal years 2011 through 2012**

## Licensing Boards and Commissions

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 professions with 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 abstracter's 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 mission of the South Dakota Board of Accountancy 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 enforcement of updated statutes and rules promulgated by the Board to regulate the practice of public accountancy.

## **Board of Barber Examiners**

The mission of the South Dakota Board of Barber Examiners is to protect the public consumers of barbershop facilities from unsafe and unsanitary conditions by regulating the licensing of barbers, enforcing sanitary operating procedures, and updating governing statutes, rules, and regulations.

## **Board of Technical Professions**

The South Dakota Board of Technical Professions is charged with protecting the life, health, safety, property, and promoting the public welfare of the people of South Dakota by licensing and regulating architects, professional engineers, land surveyors, landscape architects and petroleum release assessors, and remediators.

Primary responsibilities of the Board include the review of applications; administration of state and national examinations; licensing of qualified professionals; communicating with licensees and the public regarding the laws, rules, and professional standards of practice of these professions; investigating complaints and disciplinary actions with hearings; restrict or revoke licenses when generally accepted standards of practice or conduct are not met; and continuing professional development to assure that those who practice the professions regulated by this Board attain and maintain competence in these professions.

## **Cosmetology Commission**

The mission of the South Dakota Cosmetology Commission 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.

Board/ Commission Performance Indicators	Licenses Renewed		New Licenses		Total Practitioners		Examinations		Complaints		Inquiries	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Abstracters' Examiners	76	76	2	3	185	183	9	12	3	2	85	96
Accountancy	1,923	1,836	80	105	1,852	1,772	105	103	9	23	7,440	7,450
Barber Examiners	378	311	14	8	230	194	1	1	N/A	N/A	510	510
Cosmetology	7,116	7,228	1,001	983	5,399	5,444	319	375	14	11	16,900	17,000
Electrical	907	3,848	663	743	5,627	4,453	409	365	5	6	N/A	N/A
Plumbing	2,304	2,288	322	338	2,626	2,626	113	97	23	24	2,717	2,872
Technical Professions	3,094	2,421	499	543	6,620	6,804	371	431	15	13	987	1,123
Real Estate	1,430	1,967	219	202	3,772	3,575	330	311	33	46	64,280	62,180

Table 29 - Licensing board and commission performance measure for fiscal years 2011 and 2012 (July 1 through June 30)

## 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.

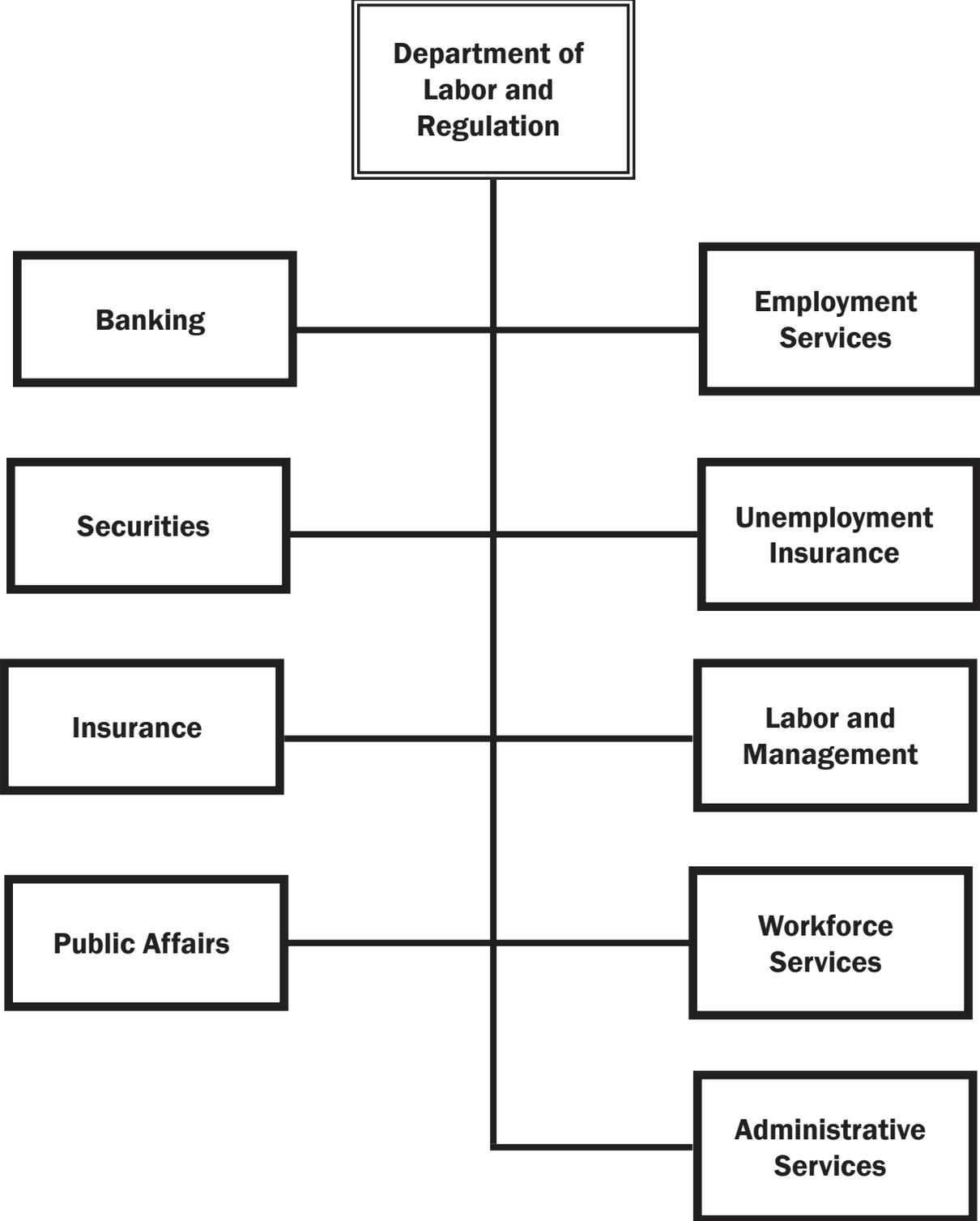
The Commission administers and enforces the state laws and regulations concerning plumbing; inspects plumbing installations; investigates complaints related to plumbing; licenses all qualified plumbers within the state; ensures updating and distribution of the state plumbing code; informs plumbers, inspection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

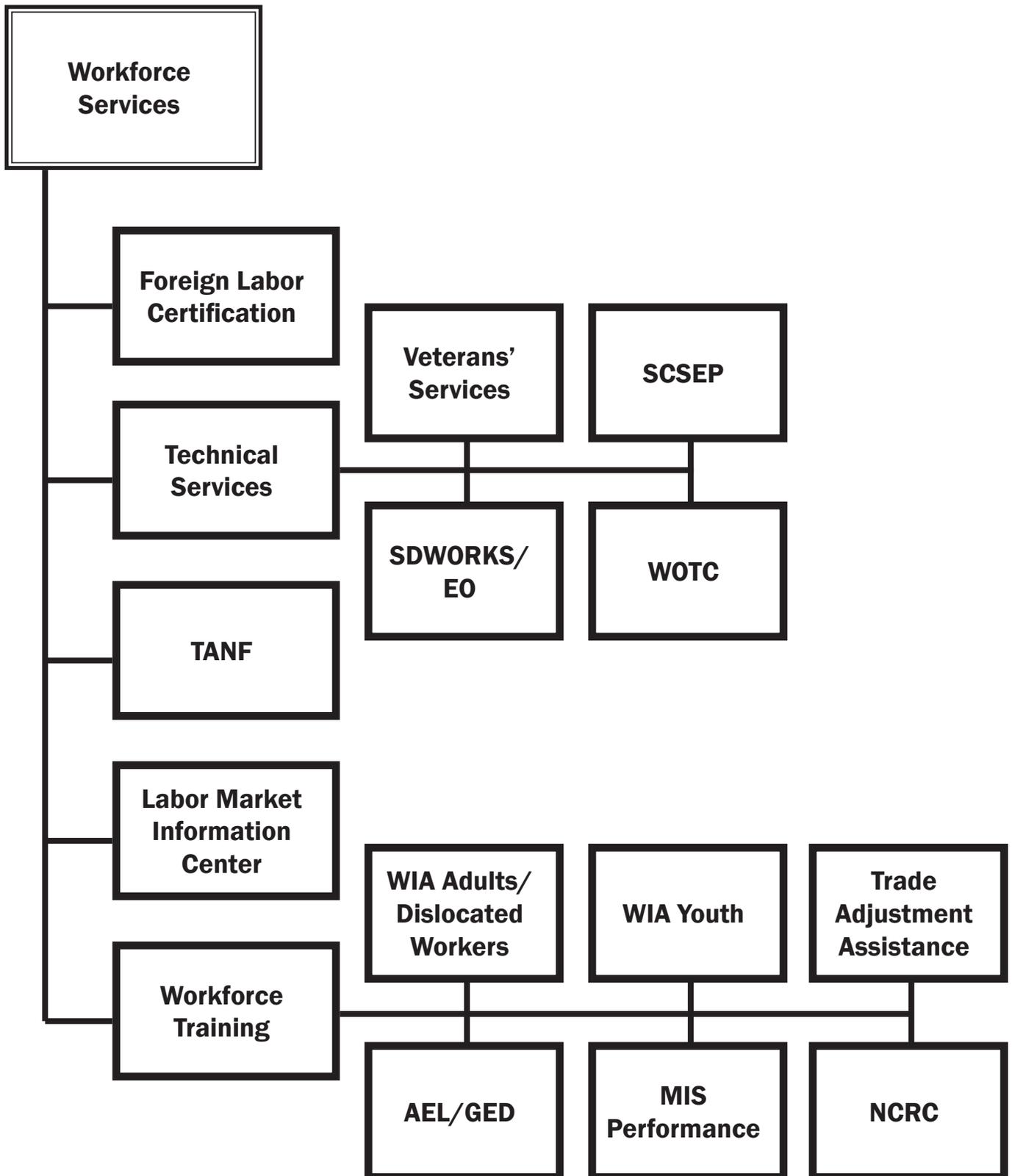
## Real Estate Commission

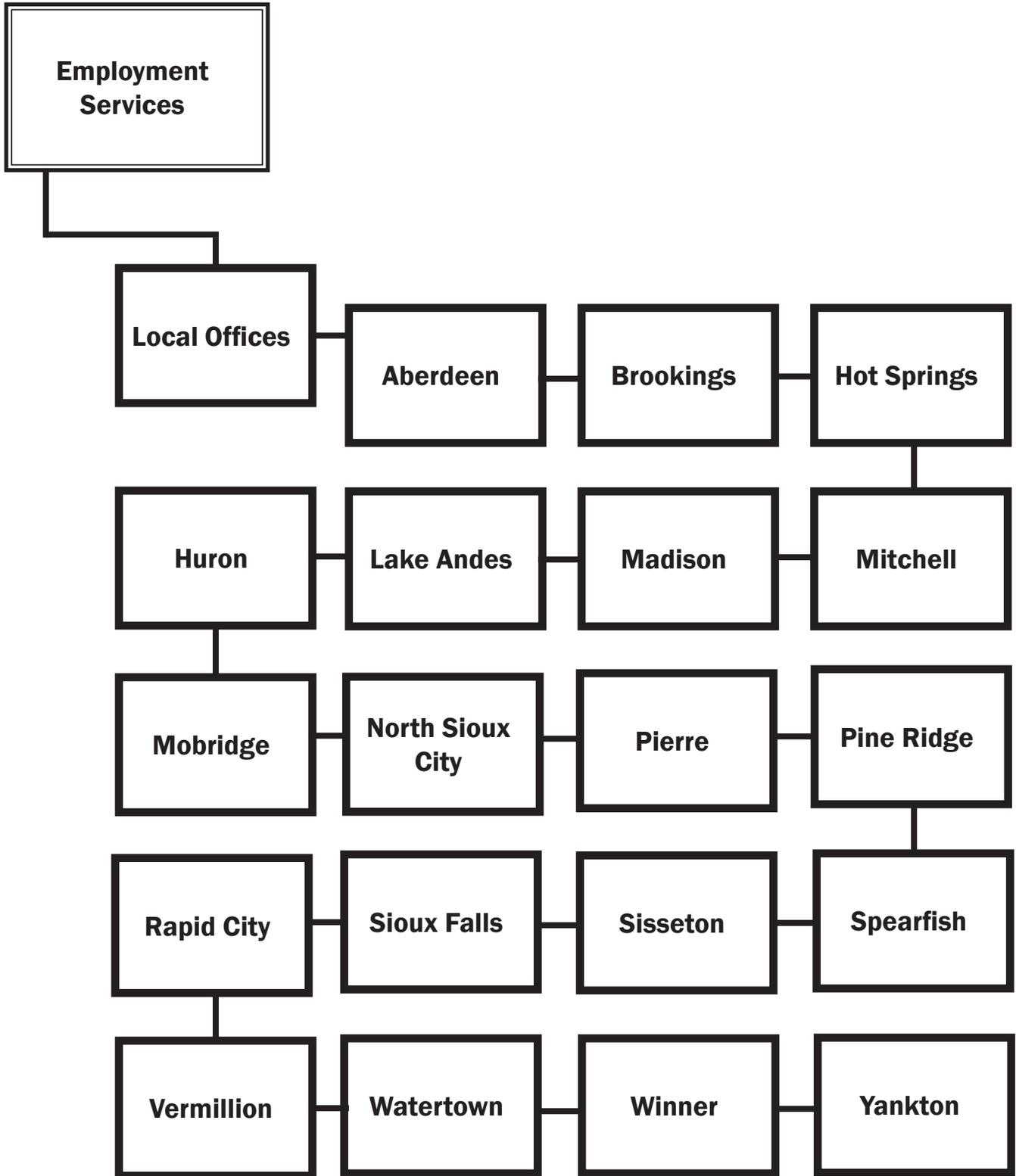
The Real Estate Commission is a regulatory body charged with administering the Real Estate Licensing Act, the Timeshare Act, the Condominium Act, and the Subdivision Act.

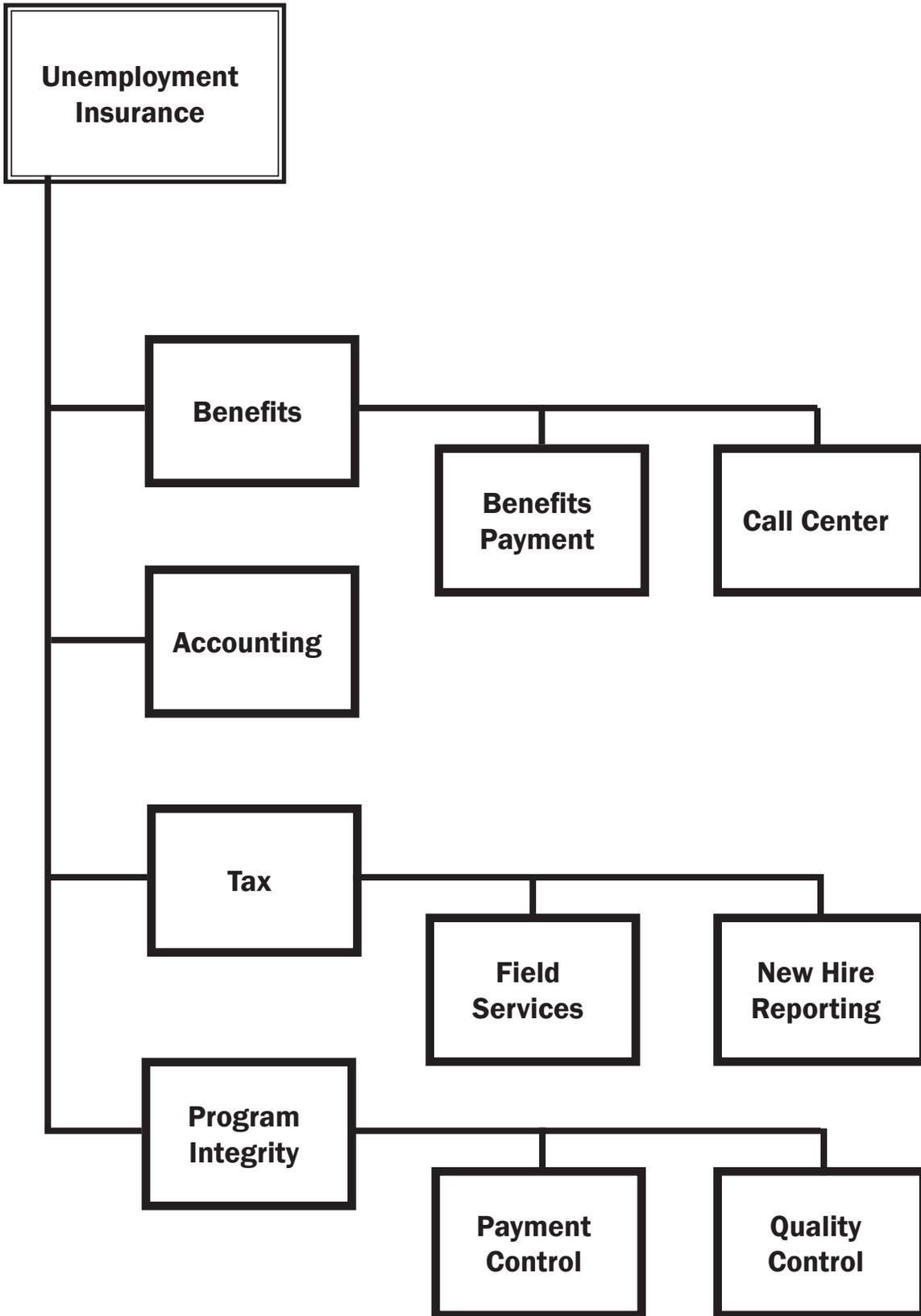
The mission of the Real Estate Commission is to protect the interest of the public when engaged in a real estate transaction. It is the Commission's responsibility to enforce standards for education, licensing, and practice of real estate brokers, salespersons, auctioneers, property managers, residential rental agents, timeshare agents, and home inspectors, and for registration of condominium, timeshare, and subdivision projects.

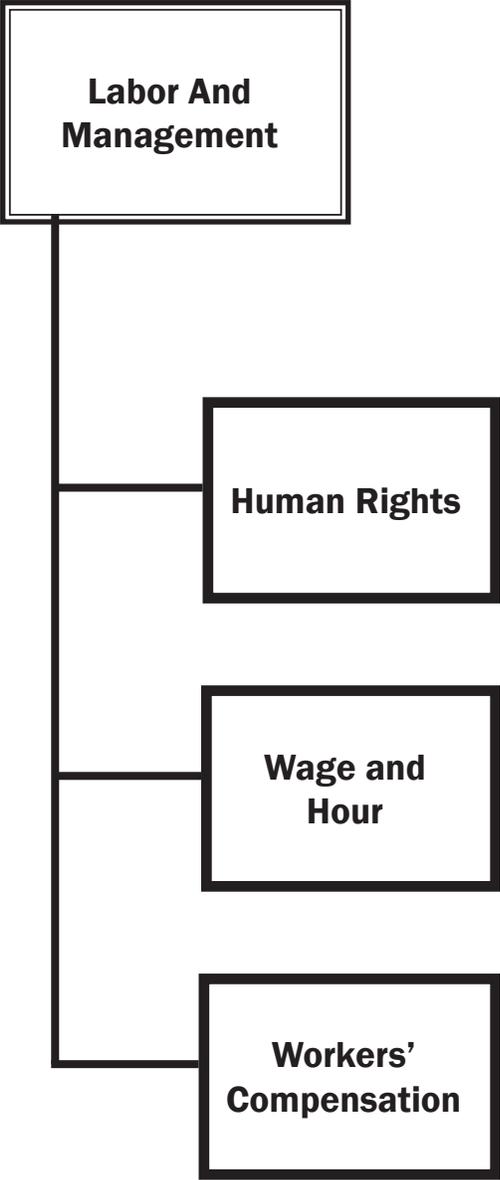
# Appendix: Organizational Charts

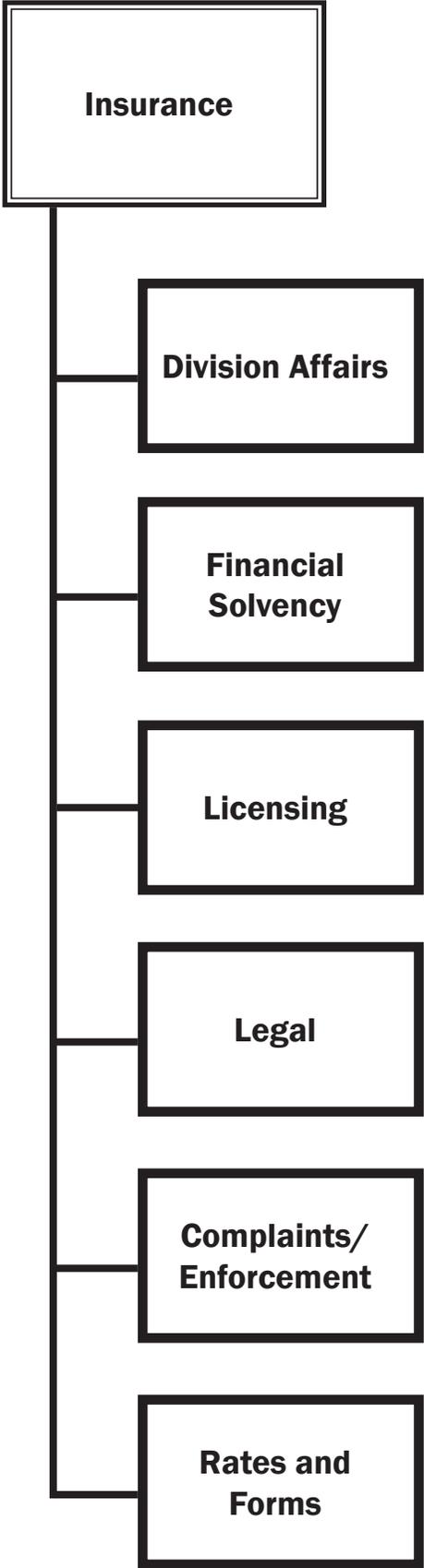


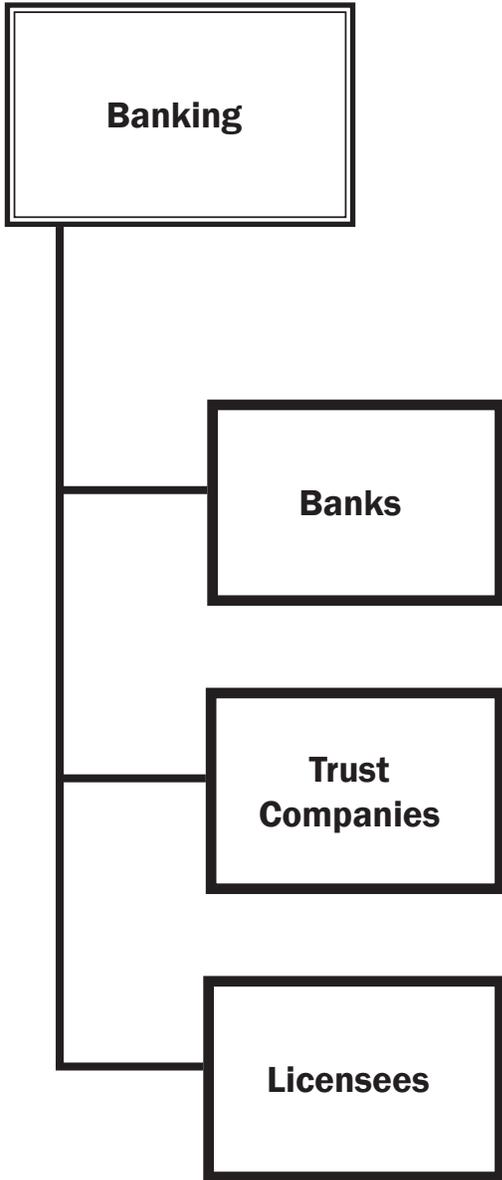


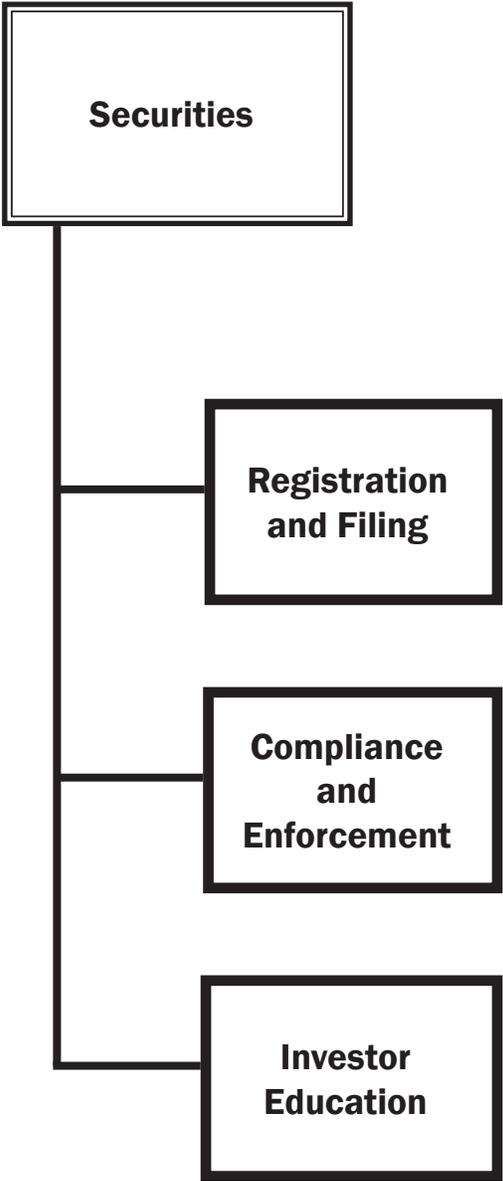


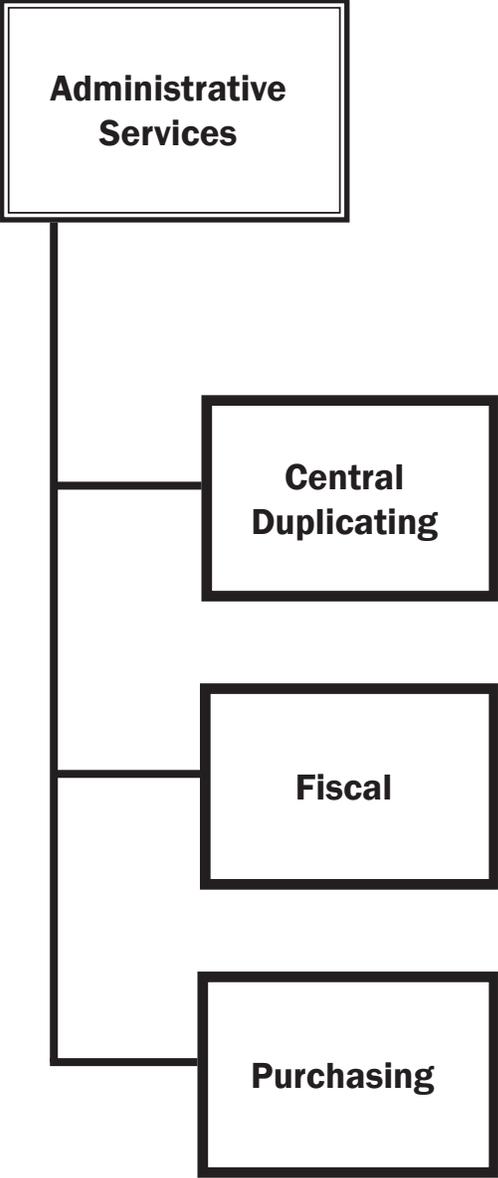












***Fifty copies of this publication were produced by the South Dakota Department of Labor and Regulation at a cost of \$0.30 per copy.***

***Auxiliary aids and services are available upon request to individuals with disabilities. State and federal laws require the Department of Labor and Regulation to provide services to all qualified persons without regard to race, color, creed, religion, age, sex, ancestry, political affiliation or belief, national origin or disability.***



Printed on Recycled Paper