

# Annual Report 2013





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## Message from the Department of Labor and Regulation

To the Governor, Legislature and People of South Dakota:

The 2013 Annual Report of the Department of Labor and Regulation (DLR) highlights our performance indicators, program activities and new initiatives from the past calendar year. Some of the most noteworthy accomplishments include the following:

*Workforce Training* is one of our largest programs. For the third year, our Workforce Investment Act team has met or exceeded the federal set performance goals. They are also continuing to excel with the *Disability Employment Initiative* grant awarded in October 2011. South Dakota was recognized as being a top state for performance and best practices with this grant funding. As a result, our team was asked to present a national webinar in November 2013.

*Re-employment Intensive Services* continues to help unemployment insurance claimants get back to work faster. Participants in this program obtained employment on average 2.2 weeks faster than nonparticipants because of our one-on-one assistance through DLR local offices.

*Dakota Roots* continues to be a long-standing and effective worker recruitment program. Online campaigns and disruptive marketing efforts have generated new interest. Over 5,000 out-of-state job seekers registered in 2013, the most since its inception in 2006. A total of 756 individuals and their families moved to South Dakota this year.

*The Division of Insurance was reaccredited* by the National Association of Insurance Commissioners. This reaccreditation means South Dakota has met various legal, financial and organizational standards. Reaccreditation is a crucial designation and allows other states to accept our determination of the solvency of South Dakota domestic insurers.

*Cabinet Secretary Pam Roberts* retired in October after leading DLR for the last 10 years, providing 34 years of public service and working for five different governors in Cabinet-level roles. *Deputy Secretary Marcia Hultman* was appointed to serve as the new Cabinet Secretary, bringing 16 years of experience with DLR and a strong commitment to workforce development.

Your support and interest in the success of DLR is appreciated. More information is always available on our website at [dlr.sd.gov](http://dlr.sd.gov) and published through our social media channels on Twitter and Facebook.



**Pamela S. Roberts, Secretary**  
January - October



**Marcia Hultman, Secretary**  
December

# 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.

## Major Goals

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



**Lyle Harter,**  
Administrative Services Director

## Income/Expenses

Total department revenue decreased approximately 1.64 percent in FY13 (Table 2) with the Regulation divisions (Banking, Securities, and Insurance) decreasing approximately 4.06 percent and federal funds increased approximately 7.17 percent. American Recovery and Reinvestment Act (ARRA) revenue reduced significantly as most of these programs were completed during FY13.

Transfers to the state’s General Fund from the Division of Securities and Division of Insurance increased by \$5,480,738.

Unemployment Insurance (UI) Trust Fund employer contributions, as well as federal contributions, continue to decline as they have over the past couple of years.

Department expenditures, illustrated in Table 1, were slightly less than the previous year with modest increases in personal service expenditures for cost-of-living adjustments and a minimal decrease in operating expenditures.

UI Trust Fund payment decreased by approximately eight percent in 2013.

Department of Labor and Regulation Annual Expenditures	2012	2013
Personnel	\$21,627,762	\$22,266,010
Operating Expenses	\$12,274,160	\$11,904,620
Job Training, Adult Education & Literacy Client Services	\$5,954,476	\$5,373,477
Total	\$39,856,398	\$39,544,107
Unemployment Insurance Benefits (state only)	\$32,322,866	\$29,739,548
DOL Retirement Plan, Retiree Benefits	\$3,907,904	\$4,194,470

**Table 1 - Department of Labor and Regulation for fiscal years 2012 and 2013 (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, the amount of employee contributions decreases and the amount the retirement fund disperses in retirement benefits increases (Table 1). 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 an increase in the fund balance of about 3.48 percent (Table 2), primarily due to increased value of the investment portfolio.

Department of Labor and Regulation Fund Sources		2012	2013
General Funds (state general fund appropriation)		\$1,048,400	\$911,902
Federal Funds	Federal Grants	\$25,171,909	\$26,976,587
	ARRA Stimulus Funds	\$1,730,933	\$749,460
Other Funds (licensing board & workers' compensation fees)		\$3,795,128	\$3,793,996
Other Funds (Appraisers, Banking, Securities, Insurance)		\$49,701,500	\$47,682,493
Total		\$80,447,807	\$80,114,438
Transfers to General Fund (Securities & Insurance)		\$97,127,650	\$102,608,388
Unemployment Insurance Trust Fund	Employer Contributions	\$45,375,987	\$42,100,296
	Federal Grant	\$12,739,139	\$6,623,866
DOL Retirement Plan Fund Ending Balance (employee/employer contributions & investment earnings)		\$56,707,285	\$58,681,440

Table 2 - Department of Labor and Regulation funding sources for fiscal years 2012 and 2013 (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.

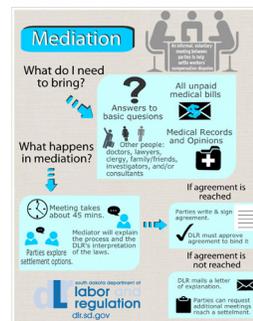
# Public Affairs

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

## 2013 Highlights:

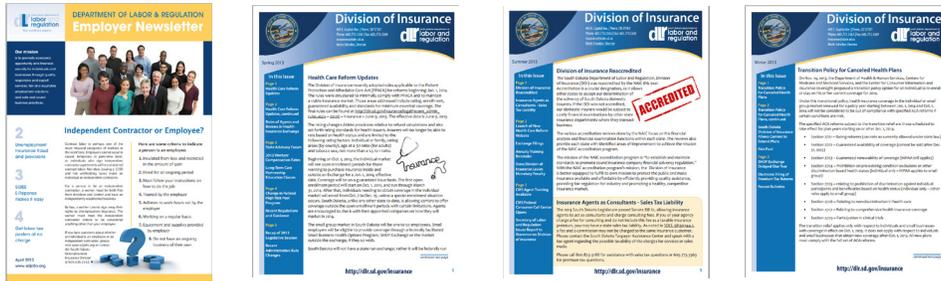
### Promotional Materials

- Infographics have become a new communications trend, and DLR has embraced this option as an effective informational tool. For example, an infographic on mediations and the appeals process was created.



**Dawn Dovre,**  
Public Affairs Director

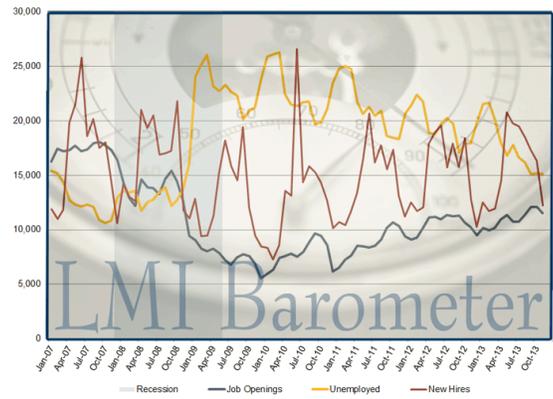
- An employer newsletter was created and sent to 26,000 businesses. The Division of Insurance issued three newsletters containing articles of interest and relevance to its stakeholders.



- Consistent Job Search Assistance Program materials were edited and designed for a youth audience.
- A Manufacturing Trends in South Dakota flyer was created to help promote “Manufacturing Week in South Dakota” in October.

*e-Communications*

- Audio recordings of public meetings began being posted on the DLR website.
- A real time labor market information Web page was developed to be included as a feature in each month’s e-Labor Bulletin, designed as an “LMI Barometer.”
- Meta tag information on the DLR website files was enhanced to improve Search Engine Optimization (SEO).
- Occupational profiles for each of DLR’s targeted careers were posted on the website. The profiles include a brief description of what workers do on the job, provide the Holland-based interest groups, work values, abilities, basic skills, education and training, National Career Readiness Certificate requirements, South Dakota’s top employing industries, and South Dakota wages and employment projections.



*Media Relations*

- The online DLR News Room was enhanced by adding “Share This” social media plug-ins and tagging all news releases with key words to enhance our SEO. News releases were also converted from Adobe .pdf format to standard Web pages in an attempt to improve SEO of news release content.



*Special Events*

- DLR hosted the National Association of State Workforce Agencies (NASWA) Unemployment Insurance Directors conference and IT/Legal Issues forum in Rapid City. Over 200 state UI directors, attorneys, and leaders from across the country attended to hear updates from the U.S. Department of Labor, attend informational workshops, network, and enjoy memorable evening events.

2013 NATIONAL  
 UI DIRECTORS’  
 CONFERENCE  
 AND IT/LEGAL ISSUES FORUM



# 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.



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

## 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.

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 5); 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 2012-13 program year, 96 percent of Adult Education and Literacy (AEL) program participants pursuing a GED® certificate who finished the test battery earned a GED® test credential.

ABE Educational Functioning Level Completion	2012	2013
ABE Beginning Literacy	58%	71%
ABE Beginning Basic Education	48%	41%
ABE Intermediate Low	39%	40%
ABE Intermediate High	34%	33%
Adult Secondary Education Low	45%	44%
Adult Secondary Education High	81%	68%

**Table 3 - Adult Basic Education achievements for program years 2012 and 2013 (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.

ESL Educational Functioning Level Completion	2012	2013
ESL Beginning Literacy	24%	31%
ESL Beginning Low	43%	52%
ESL Beginning High	42%	53%
ESL Intermediate Low	31%	51%
ESL Intermediate High	25%	41%
ESL Advanced	15%	31%

**Table 4 - English as a Second Language achievements for program years 2012 and 2013 (July 1 through June 30).**

### Dislocated Workers

The number of dislocated workers continued to decrease from 2012. The performance measures did increase over last year due to the better economy and fewer numbers of dislocated workers.

The unemployment rate continued to decrease but there is still a demand for certain occupations and a concern of being able to fill those skilled positions in the future.

The department seeks to train people for occupations where there is a high demand for workers. Those include specialty trades, mechanics, sales representatives, truck drivers, first line supervisors, welders, accountants, teachers, information technology workers, and engineers.

Eligible dislocated workers may be placed in on-the-job training, classroom training programs, or other approaches that connect them with employers.

### Trade Adjustment Assistance (TAA)

This program is designed to assist workers who have lost their jobs as a result of foreign trade. There were new certifications this year for Verifications, Inc. affecting a total of 140 people in Mitchell and Aberdeen. Approximately 38% took advantage of receiving additional training to increase their skill level.

### Disability Employment Initiative (DEI)

South Dakota received a \$418,000 grant with a priority to serve long-term unemployed dislocated workers for high-demand occupations. The DEI grant runs through September 30, 2014.

Core Indicators of Performance	2012	2013
Entered Employment	59%	57%
Retained Employment	88%	71%
GED® Credential Obtained	84%	96%
Furthered Education	88%	13%

**Table 5 - Core Follow-up Outcome Measure performance for program years 2012 and 2013 (July 1 through June 30).**

Dislocated Workers	2012	2013
Participants	771	574
Entered Employment Rate	84.2%	88.6%
Retention Rate	92.7%	94.6%
Average Earnings	\$15,259	\$15,173

**Table 6 - Core Follow-up Outcome Measure performance for program years 2012 and 2013 (July 1 through June 30).**

## Workforce Investment Act (WIA) Adult & Youth

### Adult

The number of adult participants slightly decreased 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 who are 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 a disability(s), a low literacy, or numeracy rate.

Throughout the 2013 program year, employment specialists in South Dakota provided assistance to 413 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 2014, the youth program is incorporating many elements from the Disability Employment Initiative. The hope is to enhance the sustainability of this initiative and improve employment outcomes for youth with disabilities. Those who are not planning to continue education can be assisted through On-the-Job Training or paid work experiences. DLR can offer assistance with job search techniques, career guidance, and the National Career Readiness Certificate.

Looking ahead to 2014, the youth program is incorporating many elements from the Disability Employment Initiative. The hope is to enhance the sustainability of this initiative and improve employment outcomes for youth with disabilities. Those who are not planning to continue education can be assisted through On-the-Job Training or paid work experiences. DLR can offer assistance with job search techniques, career guidance, and the National Career Readiness Certificate.

WIA Performance Measures		2012	2013
Adults	Participants	8,962	8,432
	Entered Employment Rate	79.6%	82.4%
	Retention Rate	87.5%	85.9%
	Average Earnings	\$10,917	\$10,996
Youth	Participants	438	413
	Placement in Employment or Education	68.3%	73.1%
	Attainment or Degree or Certificate	64.4%	52.4%
	Literacy or Numeracy Gains	19.5%	40.3%

**Table 7 - WIA performance measures for program years 2011 and 2012 (July 1 through June 30).**

### 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 project entered the third and final year of the grant. The past two years have been an experiment with methods that work for youth with disabilities. This included the use of effective partnerships, integrated resource teams, and utilizing the Youth Guideposts. Now we are setting a process for sustainability in the project region and to move the effective practices to other DLR offices.

**Tennille** is a dislocated worker from Wells Fargo Auto Finance who was laid off in April 2012. Tennille is a single mother to three children and holds a Bachelor’s Degree in Accounting but has never used her degree. She met with a WIA representative and outlined her goal of obtaining full-time employment utilizing her Accounting degree as an Accountant or in an office setting. She wanted to increase her computer skills and took Teknimedia and was interested in QuickBooks as she did not have working knowledge in that program. Tennille received intensive services such as in-depth job seeking and attended QuickBooks class at New Tec. Tennille attended JSAP, and she worked with the REA program as well. In October, Tennille obtained employment at Presentation College as the Executive Assistant to the President earning \$24,000/year with benefits.

### **Energy Grant Activities 2012-2013**

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. The grant officially ended June 30, 2013.

Ending performance within the SESP grant was 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.
- 401 individuals 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) including certain approved one-year, energy-related diplomas, and two-year, associate degree programs.
- Of those who completed training (401), approximately 394, or 98 percent have received a credential, whether a certification, diploma, or degree attainment.
- 380 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.

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
- Occupational Employment Statistics (OES) Program
- Quarterly Census of Employment and Wages (QCEW) Program

The core workforce activities funded through the ETA Workforce Information Grant (WIG) include populating the Workforce Information Database (WID) and producing industry and occupational employment projections.

In addition, the LMIC received a Workforce Data Quality Initiative (WDQI) grant from the USDOL to build a longitudinal database used to conduct research regarding the effectiveness of workforce and postsecondary educational programs. This grant covers the July 1, 2012 – June 30, 2015 time period.

During calendar year 2013, the LMIC handled over 17,000 requests for information, including the distribution of over 15,000 publications to our users.

## Foreign Labor Certification

The Foreign Labor Certification programs (FLC) permit U.S. employers to hire foreign workers on a temporary or permanent basis to fill jobs essential to the U.S. economy. Certification may be obtained in cases where it can be demonstrated that there are insufficient qualified U.S. workers available and willing to perform the work at wages that meet or exceed the prevailing wage paid for that occupation in South Dakota and other states. Foreign labor certification programs are designed to assure that the admission of foreign workers into the United States on a permanent or temporary basis will not adversely affect the job-seeker portion and the employer portion of the website.

FLC Programs:

Permanent Labor Certification (PERM)

H-1 B Specialty Workers (Professional)

H-2A Temporary Labor Certification (Agricultural)

H-2B Temporary Labor Certification (Non-Agricultural)

DLR is responsible for reviewing, approving, and posting H-2A job orders as well as conducting annual housing inspections (housing is a required to be provided for workers) in accordance with federal regulations, and must comply with OSHA and ETA housing standards.

From October 2012 to August 2013, South Dakota had 122 employers file job orders for the H-2A program certifying 566 foreign workers.

Employers who file for H-2B workers in South Dakota must place job orders in DLR’s job clearance system, SDWORKS. Employers are able to place job orders on DLR’s self-service website.

From December 2012 to July 2013, South Dakota had 57 H-2B job orders resulting in certification of 926 foreign workers.

The PERM and H-1B programs are administered through the US Department of Labor. The state’s FLC program specialist is available to answer basic questions.

## 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 USDOL program administered by DLR and services delivered by 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 93 participants.

### 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. In Program Year 2012 (July 1, 2012-June 30, 2013), 78,678 job listings were posted, and 90,774 job seekers utilized SDWORKS. To make the system more user-friendly, a number of enhancements have been made to the the job-seeker portion and the employer portion of the website.

### 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.

### WOTC

The WOTC program (Table 9) continued its stellar performance during the fiscal year, producing 4,834 certifications, up 612 certifications from 2012. The program saved South Dakota employers \$12,531,600 in tax credits.

Veterans’ Services Goals/Performance		2012 Goal   Rate	2013 Goal   Rate
Veterans’	Entered Employment Rate	58%   55%	57%   57%
	Employment Retention Rate	81%   82%	84%   83%
Disabled Veterans’	Entered Employment Rate	58%   53%	54%   55%
	Employment Retention Rate	81%   83%	85%   85%

**Table 8 - Statewide veterans’ service goals and achievements for fiscal years 2012 and 2013 (July 1 through June 30).**

Workforce Opportunity Tax Credit	2012	2013
Certifications	4,222	4,834
Denied Applications	4,852	4,590
Pending Applications	209	181
Total Applications	10,156	10,303
Acceptance	42%	47%
Tax Dollar Savings	\$10,868,200	\$12,531,600

**Table 9 - Workforce Opportunity Tax Credit activities for federal fiscal years 2012 and 2013 (October 1 through September 30).**

**Travis** came to the WIA program as a high school dropout and employed full time. However, he was working in an environment that was creating physical ailments. He hoped WIA could assist him in earning his GED® and completing a job search, while continuing to work full time. Travis completed several assessments including an interest inventory, Reality Check budget, labor market analysis, and basic skills assessment. It was determined that Travis was Basic Skills Deficient and his employment search would benefit if his reading and math skills improved. Travis was enrolled in GED® classes with our WIA Title II Adult Education and Literacy partner, Cornerstones Career Learning Center. Travis not only improved his basic skills enough that he received a Literacy and Numeracy Gain, but he also earned his GED® and a NCRC. Through assessments and reviewing job openings with his WIA representative Krista, Travis decided welding would be a good fit for him. Krista assisted Travis in completing job applications for a couple of openings in town. Krista followed-up with these employers to market the WIA On-the-Job Training (OJT). Travis successfully completed a 640 hour training as a Loader/Unloader in the paint department at Twin City Fan in Aberdeen. His ultimate goal was to become a welder within that company. From the time he started the OJT until the most recent follow-up, Travis had successfully completed his training, began a welding class offered by Twin City Fan and had tested as a Master Level welder. Travis has increased three pay scales from the time he started with Twin City Fan. Once Travis works as a welder for six months, he is expected to receive another raise.

## 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 52 percent of the eligible mandatory parent-case population.

TANF Performance Measures		2012	2013
TANF Applicants (mandatory, from DLR counties)		3,622	3,527
Caseload	Monthly Average	570	480
	DLR's Statewide Share	54%	52%
Employment	Job Entries	917	844
	Share of Statewide Job Entries	84%	83%
	Job Entries with medical benefits	30%	29%
	Share of the statewide job entries with medical benefits	99%	97%
Average Starting Wage		\$8.50/ hour	\$8.61/ hour

**Table 10 - Temporary Assistance for Needy Families activities for fiscal years 2012 and 2013 (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 federal fiscal year end Sept. 20, 2013, 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 in Rapid City
- 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 in Sioux Falls

DLR also makes every attempt to assist potential TANF participants with "financial diversion" opportunities prior to obtaining 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.

### 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 Table 11. On average statewide, 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



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

to reach 119.2 percent of our job listing goal. During PY13, employment services had 90,774 participants, compared to the PY12 total of 90,968 participants. There were 78,678 jobs received in 2013, which was down from 82,232 jobs received in 2012. 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.

During the first year of the RIS program, we found it to be successful based on the following results. From May 2012 through April 2013, RIS referred 2,317 people. Of those referred, 881 obtained employment. Those participating in the RIS program obtained employment on average 2.2 weeks faster than those not participating in the program. Because of its success, the RIS program saved South Dakota \$1.3 million.

## 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 18) continue to expand and provide valuable services to the people of South Dakota.

Looking ahead to 2014, 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.

Statewide Employment Service Goals/Performance	2012 Goal   Rate	2013 Goal   Rate
Entered Employment Rate	58%   55%	57%   57%
Employment Retention Rate	81%   82%	84%   83%
Entered Employment Rate	58%   53%	54%   55%
Employment Retention Rate	81%   83%	85%   85%
6 Month Average Earnings	\$11,200   \$11,513	\$11,850   \$11,861

**Table 11 - Statewide employment goals and achievements for fiscal years 2012 and 2013 (July 1 through June 30).**

**Michael** was laid off from Mark's Welding in Elk Point in January 2013 due to lack of work. He was selected for REA services while collecting unemployment benefits. Michael expressed an interest in becoming an AWS Certified welder. We enrolled him in WIA in April 2013. Michael met with the Regional Technical Education Center (RTEC) in Yankton to see if his welding skills were at an appropriate level for him to be successful in the AWS Certified Welding course. He successfully completed interest and aptitude assessments which showed welding was an appropriate occupation for him. He obtained a silver level NCRC. He successfully completed RTEC's AWS Certified Welding Course in June and accepted a full time welding position with MASABA Mining Equipment in July making \$14/hr. Michael said MASABA was impressed that he had obtained his AWS Certification.

**Gerald** - I first met Gerald on August 27, 2009. He was 40 years old, unemployed, no driver's license, no high school diploma, and was a single dad raising three kids on his own. His determination to get his diploma and go on to more training was apparent when he found a way to be in class five days a week and not give up his goal of being a certified diesel mechanic. His first milestone was when he finally received his GED®. Less than one year from when he started, Gerald was the proud recipient of a diploma. The next day he was at Southeast Technical Institute talking to financial aid to see about enrolling that semester. He scheduled the entrance exam that day and was told he could take his generals that fall.

After starting classes, Gerald struggled with all the reading, but found a way to make it work. Even his own children started to do better in school when they saw how much it meant to their father to achieve this goal. In January 2011, Gerald took a part-time job at Salem Tractor after school to help pay the bills and cover the traveling costs back and forth. Gerald has overhauled over 400 engines for the employer since he started working two years ago.

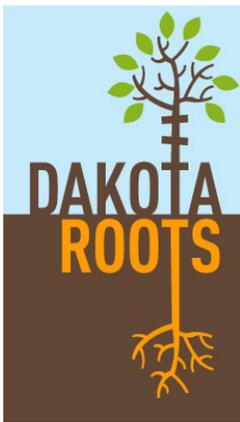
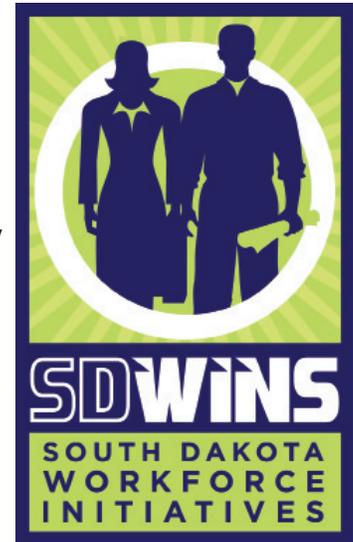
Gerald's determination to succeed was shown this last semester when he approached one of his classmates who was struggling with the English language and the curriculum. He gave him some pointers of how to study and what has worked for him. Gerald's first semester GPA was 2.92. The next three semesters, he was on the President's List and finished his final semester with a 4.0!

Gerald received his Associate's Degree for Diesel Engineering on Friday, December 7, 2012. "Stay positive to who YOU are. Don't ever give up. It is all worth it. Give 100 percent. It's yours." Said Gerald. His future plans are to work for Butler Cat. Starting pay is \$19 - \$21/hour and increases to \$25+ an hour after attending six weeks of training in their Fargo facility for specialized training on their equipment.

# 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 20,000 people have registered for these one-on-one job search services. As a result of our help, 3,382 people have entered employment.

### Promotional Efforts

Dakota Roots has more aggressively leveraged its marketing through ongoing general funds. Special projects and highlights included:

#### Featured Community Webpage

A new Featured Community Web page was added to the Dakota Roots website at <http://www.dakotaroots.com/community/> in January. Every month, the Featured Community page highlights interesting facts, news, and popular jobs of the state's cities and towns.

#### Print Ads

Print ads were published in local Chamber of Commerce and Convention and Visitors Bureau magazines and publications across the state, in addition to alumni association magazines and newsletters.

#### Inside Keloland Segment

The featured topic on the February 17 Inside Keloland segment was Jobs. Director of Public Affairs Dawn Dove had the opportunity to talk about how Dakota Roots works, and job seeker Charlie Moore shared his positive experience with Dakota Roots. Watch this segment at <http://www.keloland.com/newsdetail.cfm/inside-keloland-jobs/?id=143925>.

#### Online Ads on Job Search Web Channel

Online ads ran on the Job Search web channels February 25 thru May 25. Examples of these job search sites include: Indeed, Monster, and Career Builder. These cities were selected for the highest probability of considering relocation based on ease of transition and familiarity with South Dakota and the Upper

Midwest: Minneapolis, MN; St. Cloud, MN; Iowa City, IA; Lincoln, NE; Fargo, ND; and Grand Forks, ND.

**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

### **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.

### **Facebook Ads**

Facebook advertising for Dakota Roots targeted two audiences with distinct ads: 1) Adults age 21+ living in South Dakota with a message to refer a friend for a job in South Dakota, and 2) Adults age 21+ in the states of Minnesota, Iowa, and Nebraska.

### **Quarterly Email to Inactive Seekers**

Quarterly emails were sent to inactive Dakota Roots job seekers focusing on jobs and quality of life elements. This digital engagement strategy has proven effective in seekers reactivating their job search.

### **Collegiate Advertising**

An insert ran in these collegiate newspapers in March: Saint Cloud State University, University of Minnesota, University of Iowa, and University of Lincoln. This audience of career starters received the message of South Dakota career opportunities and great lifestyle.

### **Mall of America Kiosk**

Dakota Roots had a kiosk at the Mall of America in Bloomington, MN during March/April/May. The objectives of this promotion were:

- Create awareness of, and provide education on, the benefits of employment in South Dakota.
- Provide a venue for Governor Daugaard to interact with the public during his visit to the Mall of America on May 13.
- Generate earned media, traditional and digital, in the Twin Cities as well as South Dakota.



**Gov. Dennis Daugaard at Dakota Roots Kiosk, Mall of America**

- o The story count was over 100 with a publicity value of \$45,716.
- o Traffic to the website during the two weeks of announcements and stories compared to the same timeframe one month prior increased 70.15 percent, and page views increased 91.82 percent. Minneapolis (+286.21 percent) and Saint Paul (+92.31 percent) were in the top five cities.
- o The number of new registrations for May totaled 604 compared to 326 in April.
- o KARE TV from Minneapolis did an interview and story on Dakota Roots in June.

The Governor's Office of Economic Development (GOED) also had business representatives visiting the area at the same time as the governor's visit, so we were able to provide a shared message and show our partnership.

### **GOED Campaign – Online Ads and Bulletin Board Poster**

GOED also launched a campaign tied back to Dakota Roots targeting 18 community and technical colleges in Minnesota. It ran March 10 thru the end of June. This message focused on great jobs, great low cost of living, and great lifestyle.



**Coffee Sleeves and Free Coffee Day**

In an effort to reach both career starters and career steppers, a guerilla marketing strategy of distributing coffee sleeves in the Twin Cities area ran March 18 thru May 20. This was coordinated in coffee shops and bistros in targeted traffic locations.

Dakota Roots also offered a Free Coffee Day event on April 24 to visit with students and young professionals about South Dakota jobs.



**Dakota Roots coffee day in Minneapolis on April 24, 2013**

**Economic Development Exposure**

Dakota Roots was featured on a panel at the GOED conference and the MidAmerican Economic Development Council best practices conference in Sioux Falls.

**Holiday Greetings**



**Dakota Roots alumni holiday greeting card.**

- A holiday greeting card from Governor and First Lady Daugaard was sent to all active seekers in December, encouraging them to “give a gift to yourself” by finding success in South Dakota.
- A holiday greeting card was sent to out-of-state alumni living in Minnesota and Iowa in December. This was made possible through our partnerships with South Dakota alumni associations. This job-focused message included the tagline, “All seasons can be bright when you return to your Dakota Roots.”

**Statistics**

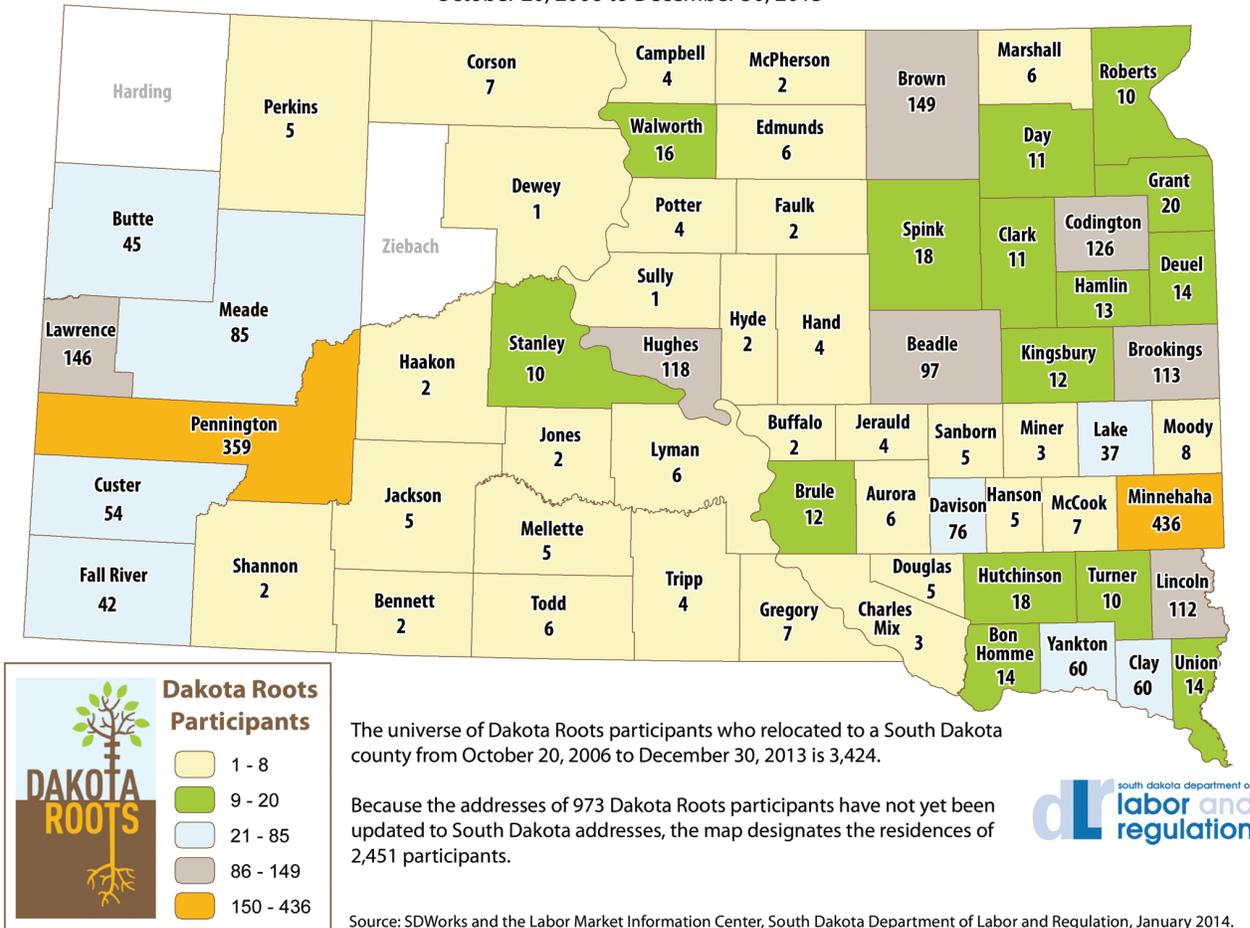
Annual Data	2006*	2007	2008	2009	2010	2011	2012	2013	Total
New Registrations	250	1,428	2,079	2,128	2,128	2,664	4,905	5,027	20,617
Entered Employments	19	278	581	409	391	455	529	756	3,424

Table 12 \*Dakota Roots was launched on October 20, 2006. \*\*Total through December 2013.

1. Minnesota	621	6. California	113
2. North Dakota	252	7. Wyoming	107
3. Nebraska	244	8. Texas	106
4. Iowa	230	9. Wisconsin	104
5. Colorado	172	10. Montana	80

## Dakota Roots Participants' Relocation by South Dakota County

October 20, 2006 to December 30, 2013



## 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 Department of Labor and Regulation completed its project in helping employers, state government, the Board of Regents, and the State's technical institutes in posting internships on the State's largest job search database, SDWORKS. Through one contact, all of an organization's positions are now listed.

## National Career Readiness Certificate

This portable, national credential allows a job seeker to show an employer he or she has the foundational skills to succeed in a particular occupation. Developed by ACT, Inc., the company has profiled more than 20,000 occupations to learn the level of foundational skills necessary for each job. From an assessment in three areas (applied mathematics, reading for information, and locating information), individuals can earn one of four levels of certification: bronze, silver, gold, and platinum.

Employers can gain from preferring or requiring the certification for job seekers and/or employees. Hiring and promotion can be focused on those individuals who have demonstrated foundational 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 and Literacy (AEL) and Vocational Rehabilitation (VR) Services clients. DLR program specialists and local office staff continue to promote the NCRC as a workforce tool, which can add depth to the application and hiring practices of human resource personnel.

For the second year, DLR and the South Dakota Department of Education (DOE) have worked in partnership to offer the WorkKeys Assessments and NCRC to high school juniors and seniors across the state. The DLR NCRC program specialists work directly with high school contacts to schedule these dates throughout the year. In the 2013-2014 school year, approximately 4,000 students from over 60 high schools will participate in this voluntary effort.

While NCRC school effort gives high school students the opportunity to earn a real-world credential, it also gives school counselors and administrators the opportunity to attain career readiness data which can be used at the individual and aggregate level. As a potential component of school accountability, DOE and DLR administration teams are monitoring this project and will likely continue this offering as a long-term effort to obtain data about the readiness of South Dakota's emerging workforce.

## 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 13) reflect the improvement in economic conditions. This year saw a decrease of 2,100 in the number of "additional" applications for benefits received for processing. Individuals receiving benefits decreased dramatically from 2012 to 2013. Because individuals are having more success finding new jobs, the total number of weekly payments decreased significantly. Total dollars paid out decreased by nearly \$9 million.

### **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 14, 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.

Benefits		2012	2013
Applications for Benefits		21,442	19,342
Total Number of Weekly Payments		128,478	113,668
Number of Individuals Who Received Benefits		8,806	7,560
Dollars Paid Out	State Benefits	\$32,322,866	\$29,739,548
	Federal Claims	\$12,793,139	\$6,623,866
	Total	\$45,116,005	\$36,363,414
Average Number of Weekly Payments per Claimant		14.4	15.0
Maximum Weekly Payment		\$333	\$345
Average Weekly Payment		\$259	\$273

**Table 13 – Unemployment Insurance benefits for fiscal years 2012 and 2013 (July 1 through June 30).**

Integrity Systems	2012	2013
Amount of Benefit Overpayment Debt	\$1,697,195	\$1,274,198
New Overpayment Cases	3,066	2,588
Percent of Cases Involving Fraud	40%	38.3%
Dollar Amount of Overpayment Fraud	\$679,209	\$487,767
Cases Investigated	21,915	20,820
Dollar Amount Collected Back	\$1,143,217	\$1,522,122
Number of Collection-Related Correspondence Items	11,730	11,055
Number of Civil Actions	2,552	2,613
Convictions Obtained	21	23
Cases Pending	52	45

**Table 14 – Unemployment Insurance integrity systems performance measures for fiscal years 2012 and 2013 (July 1 through June 30).**

Tax Administration/ New-Hire Reporting	2012	2013
Delinquent Notices	6,875	6,333
Subpoenas to Non-Compliant Employers	396	322
% Status Determinations Made Within 90 Days	85.7%	84.4%
New-Hire Reports	183,615	181,973

**Table 15 – Unemployment Insurance tax administration and new hire reporting for fiscal years 2012 and 2013 (July 1 through June 30).**

### Challenges of 2013

Our primary challenge of 2013 was to maintain successful operations in an environment of federal sequestration, shutdowns, and budgetary constraints. 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.

The Trust Fund balance (Table 16) continued to increase from \$41.7 million on June 30, 2012 to \$55.8 million on June 30, 2013.

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 \$55.8 million, a distinct improvement.

### Accomplishments

- South Dakota received two awards from the US Department of Labor. South Dakota was awarded top performing small state in the categories of UI Benefit Payments Excellence and UI Appeal Decisions Excellence. The awards were based on performance of speed and accuracy of decisions on claim eligibility and appeals.

Unemployment Insurance Trust Fund	2012	2013
Taxes Received for Regular State Benefits	\$45,375,987	\$42,100,296
Interest on Trust Fund	\$1,051,785	\$1,294,054
Trust Fund Balance (end of year)	\$41,730,700	\$55,816,473
Number of Employers (end of year)	25,767	26,049

**Table 16 – Unemployment Insurance trust fund for fiscal years 2012 and 2013 (July 1 through June 30).**

# 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	2012	2013
Workers' Compensation Hearings	20	13
Grievance Hearings	7	1
Unfair Labor Practice Hearings	4	0
Elections	2	2
Unit Determinations	2	1
Impasse Conciliations	4	10
Fact Findings	2	2
Mediations	66	52
Conference Calls	140	118

**Table 17 - Hearing and settlement activities for calendar years 2012 and 2013 (as of December 1).**

## Workers' Compensation

Workers' compensation (Table 18) injuries trended to slight decreases in 2012 and 2013. The Division's dispute resolution, regulatory enforcement, and investigation activities remained similar to previous years.

The National Association of State Workforce Agencies recognized the appeals unit as the best performing office in the United States based on hearing quality and promptness.

Workers' Compensation Activities		2012	2013
Pre-hearing Conferences Held		105	97
Agreements Approved	States Files	142	115
	Hearing Files	123	141
Permanent Partial Disabilities Approved		590	489
First Report of Injuries Received		22,835	20,520
Money Collected	Searches, copies, mailing	\$93,345	\$78,106
	Wage & Hour	\$67,619	\$71,316

**Table 18 - Workers' compensation activities for calendar years 2012 and 2013 (as of December 1).**

Unemployment Appeals	2012	2013
New Filings	1,509	1,164
Cases Ruled on or Dismissed	1,470	1,205
Percent Cases Decided Within 30 Days	88%	92%
Cases Awaiting Decision	97	58

**Table 19 - Unemployment insurance appeals for calendar years 2012 and 2013 (as of November 1).**

Human Rights Activities	2012	2013
Potential Discrimination Charges	305	345
Requests for Information	206	125
Intakes of Discrimination Complaints	188	170
Investigations Opened	101	74
Investigations Closed	84	69
EEOC Transfers	18	16
Money Collected for Charging Parties	\$65,084	\$54,334

**Table 20 - Human rights activities for calendar years 2012 and 2013 (as of December 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		2012	2013
Total Licensed/Domestic Companies		1,436/43	1,416/41
Domestic Companies Financial Exams		6	5
Company Market Conduct Exams		2	5
Companies Licensed/Approved Mergers		9	18
Agent Licenses Issued		10,265	13,213
Agent Appointments Issued		51,152	50,278
Agent Licenses Renewed		21,420	20,595
Renewed Appointments		182,048	222,587
Agent Appointment Cancellations		43,276	59,447
Property/Casualty Filings Reviewed		6,277	6,968
Life/Health Filings Reviewed		3,247	3,673
Consumer Complaints Closed		650	682
Enforcement/Closed Files		1,166	985
Continuing Education	Agents Paying License Renewal	1,250	3,406
	Agents Exempt	391	326
	Courses Reviewed	791	659
Subsequent Injury Fund	New Claims	6	3
	Claims Paid	74	77
	Dollars Paid	\$3,046,067	\$1,703,788

**Table 21 - Insurance Division Performance Indicators**

## Year in Review

2013 continues to lay the foundation set in 2012 for the future of state based regulation in South Dakota. Many changes occurred in marketed products with health insurance changes leading the way. Federal issues surrounding health insurance challenged division staff to respond rapidly to changes in the state landscape of health insurance to protect South Dakota consumers as the playing field changed several times. Education and training remain a focus for all division staff members as we tackle new regulatory issues. This education and training will be extremely valuable as we continue to fulfill the Division's mission statement with responsive regulation for the protection of South Dakota consumers.

## Accomplishments

- South Dakota for a second consecutive year saw favorable safety trends and effective DOI review of the NCCI rate filings, the approved rates decreased by 3.2 percent on average in a voluntary market and only increased .3 percent on average for those in the risk pool.
- The DOI was reaccredited by the National Association of Insurance Commissioners (NAIC) this year. This reaccreditation means the NAIC has certified the Division as having met various legal, financial, and organizational standards. Reaccreditation is a crucial designation and allows other states to accept our determination of the solvency of South Dakota domestic insurers.
- The Division continued its prominent role at the NAIC ensuring that South Dakota has a strong voice in matters of insurance regulation on the state and national level.

Revenues		2012	2013
Total General Funds Collected		\$64,804,577	\$70,018,275
Fees (Insurance Operating Fund)	Admissions	66,195	41,510
	Company Renewal	88,440	89,010
	Agent Licensing/Renewal	7,384,752	7,148,762
	Exam Fees	15,650	15,610
	Miscellaneous and Legal	7,417	6,366
	Retaliatory/Filing	1,066,195	1,116,667
	Administrative Penalties	654,992	343,825
	Lists and Labels	1,520	2,290
	Certification Letters	3,890	3,860
	Investment Council Interest	35,911	35,162
	Course Approval	19,225	15,825
Subsequent Injury Fund	Sub-Injury Fund Assessment	3,171,540	77,916
	Investment Council Interest	38,833	48,052
Continuing Education Fund	Agent Renewal Fees	31,428	73,550
Workers' Compensation	Policy Fee (Transferred to USDOL)	272,615	262,878
Special Collections	Examination Fund (effective 7/1/97)	1,638,331	1,510,333
	Investment Council Interest	3,729	583
Federal Grants		181,984	181,984
<b>Total</b>		<b>\$79,305,240</b>	<b>\$80,992,458</b>

Table 22 - Insurance Division Performance Revenues

# 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.

## 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.



**Bret Afdahl,**  
Banking Division Director

In May 2013, the Division conducted town hall meetings across South Dakota to gather input from community banks about their opportunities and challenges. The information gathered was then fed into a nationwide effort by the Conference of State Bank Supervisors and Federal Reserve System for further analysis. Bankers, regulators, and researchers from across the United States attended the inaugural Community Banking in the 21st Century research conference in St. Louis in October. Federal Reserve Chairman Ben Bernanke kicked off this two day research conference that explored research conducted on various aspects of community banking and its impact on the US economy.

Discussions are underway for next year's conference and ideas for additional research are always welcome.

To read a summary of the South Dakota town hall meetings or to view any of the presentations from the research conference, please go to [www.stlouisfed.org/banking/community-banking-conference](http://www.stlouisfed.org/banking/community-banking-conference).

Revenues	2012	2013
Bank Examination	\$1,331,896	\$1,398,176
Trust Company Examination Fee	156,248	170,520
License Fees	536,113	640,665
Trust Company Supervision Fee	377,814	565,848
Investment Council Interest	21,146	26,554
Miscellaneous	90,534	35,517
Trust Company Charter Fees*	50,000	20,000
Mortgage Servicer Settlement		1,000,000
<b>Totals</b>	<b>\$2,563,751</b>	<b>\$3,857,280</b>

**Table 23 - Comparison of revenues by category for fiscal years 2012 through 2013. \*Deposited in general funds.**

Performance Indicators	2012	2013
Banks Examined	21	21
Trust Companies Examined	15	17
Licenses Issued or Renewed	1,197	1,664
State-chartered Banks	58	57
State-chartered Trust Companies	65	71
Bank Assets	\$19,670,575,000	\$20,676,000,000
Trust Assets	<b>\$104,099,349,000</b>	<b>\$120,981,000,000</b>

**Table 24 - Performance Indicators for fiscal years 2012 through 2013.**

# 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

- Efficiently register investments and license investment adviser and securities firms and agents.
- Investigate complaints, conduct firm examinations, and review offerings in order to protect investors.
- Monitor and update the DLR Securities Division's Operating plan.
- Monitor federal securities law, changes to federal securities laws, and the impact on the South Dakota Uniform Securities Act.
- Enhance investor education.

## Year in Review

The Division of Securities continued to move forward and carry out its regulatory responsibilities in fiscal year 2013.

In addition to meeting our regulation responsibilities, we continued to monitor federal law changes, which impact state securities laws and rules. This last year the Securities and Exchange Commission continued implementing administrative rules from the Dodd-Frank Wall Street Reform and Consumer Protection Act and the American JOBS Act. The Division continued monitoring the potential impact on state securities laws and rules.

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.

Revenues	2012	2013
Securities Registration Fees	\$67,088.00	\$70,050.00
Franchise Registration Fees	\$138,300.00	\$144,650.00
Business Opportunity Fees	\$250.00	\$300.00
Securities Opinion Fees	\$50.00	\$100.00
Investment Company Notice Fees	\$19,304,150.00	\$20,366,300.00
Agent Licensing Fees	\$11,820,375.00	\$11,817,500.00
Broker-Dealer Licensing Fees	\$196,800.00	\$193,050.00
Investment Advisor Fees	\$4,400.00	\$5,600.00
Investment Advisor Agent Fees	\$79,950.00	\$86,350.00
IA Notice Filing Fees	\$150,600.00	\$153,600.00
Miscellaneous	\$11,910.00	\$1,210.18
Investment Council Interest	\$160,725.00	\$78,897.42
Private Placement/Reg. D	\$170,150.00	\$104,700.00
Fines Collected	\$466,622.00	\$33,116.19
Total Revenues	\$32,767,585.00	\$33,055,423.79

**Table 25 - Revenues for fiscal years 2012 through 2013**

Performance Indicators	2012	2013
New Securities Applications	44	38
Extensions and Amendments	73	68
Private Placement	12	4
Other Exemptions	271	352
Investment Company Notice Filings – New	3,364	3,451
Investment Company Notice Filings – Total	21,900	23,035
New Franchise Applications	198	213
Franchise Registrations Total	735	807
Franchise Exemptions	0	0
Franchise Applications Withdrawn	175	172
Franchise Extensions	575	594
Business Opportunities - New	1	2
Business Opportunities - Total	1	3
Broker-Dealers Licensed	1,258	1,242
Broker-Dealer Agents Licensed	78,496	80,088
Investment Advisers Licensed	46	47
Investment Adviser Agents Licensed	1,390	1,479
Investment Advisers Notice Filing	727	747
Investigations	152	140
Compliance Examinations	13	16
Administrative Orders Issued	73	58
Opinions Requested	1	2

**Table 26 - Performance Indicators for fiscal years 2012 through 2013**

# 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.

## **Athletic Commission**

The South Dakota Athletic Commission was initiated by SB84 during the 2013 legislative session. The Commission's mission is to regulate boxing, kickboxing, and mixed martial arts competitions through the enforcement of statutes and rules.

## **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.

Board/ Commission Performance Indicators	Licenses Renewed		New Licenses		Total Practitioners		Examinations		Complaints		Inquiries	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Abstracters' Examiners	76	77	3	0	183	185	3	3	2	3	96	125
Accountancy	1,836	1,877	105	87	1,772	1,807	103	103	23	10	7,450	7,440
Barber Examiners	311	361	8	9	194	205	1	0	N/A	N/A	510	510
Cosmetology	7,228	7,385	983	979	5,444	5,616	375	369	11	7	17,000	1,820
Electrical	3,848	698	743	664	4,453	5,569	365	368	6	0	N/A	N/A
Plumbing	2,288	2,311	338	367	2,626	2,678	97	112	24	7	2,872	3,638
Technical Professions	2,421	3,834	543	636	6,804	7,204	431	409	13	14	1,123	1,258
Real Estate	1,967	1,510	202	354	3,575	3,543	433	792	46	39	62,180	61,425

Table 27 - Licensing board and commission performance measure for fiscal years 2012 and 2013 (July 1 through June 30)

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.

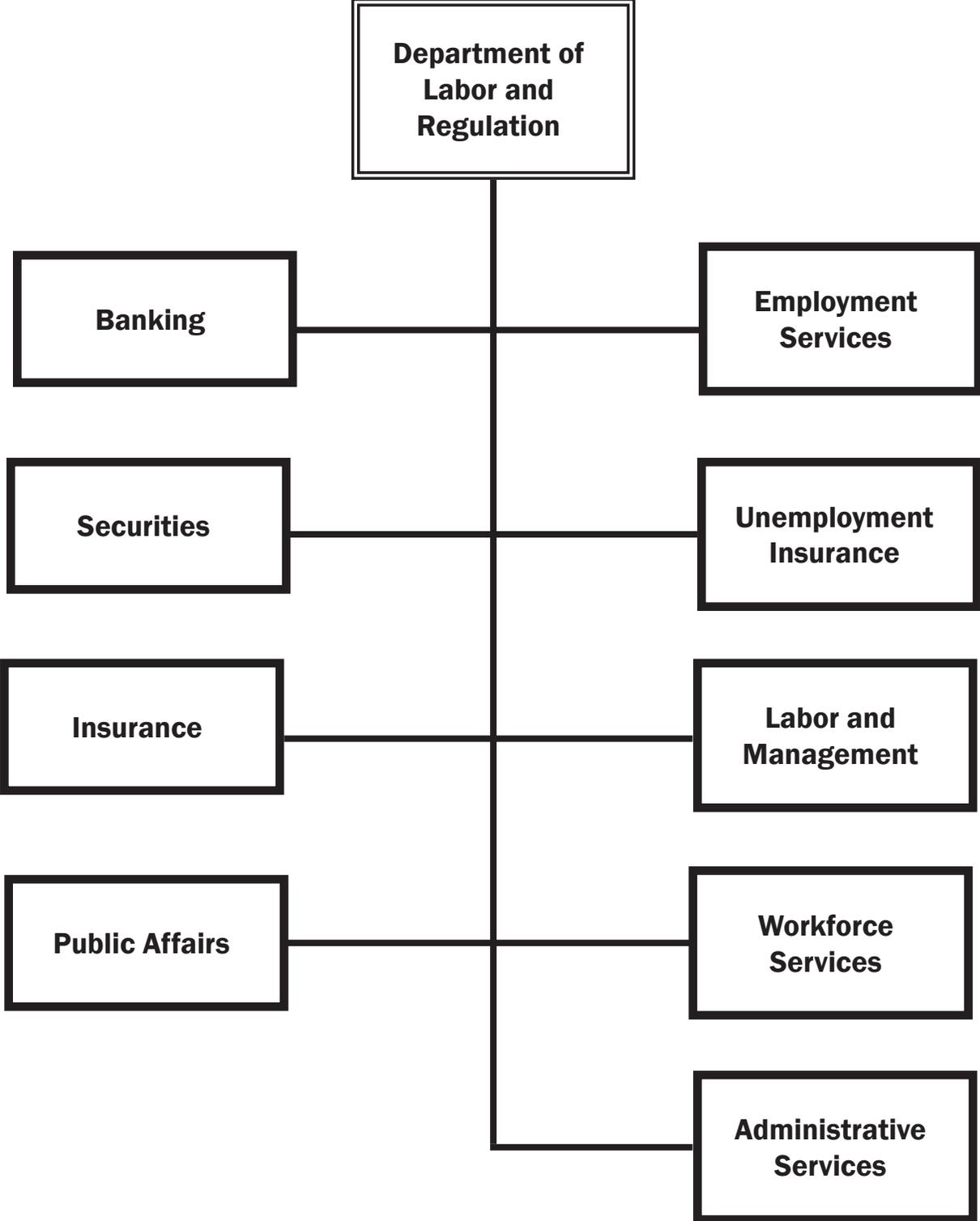
The Commission administers and enforces the state laws and regulations concerning plumbing; inspects plumbing installations; investigates complaints related to plumbing; licenses all qualified plumbers within the state; ensures updating and distribution of the state plumbing code; informs plumbers, inspection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

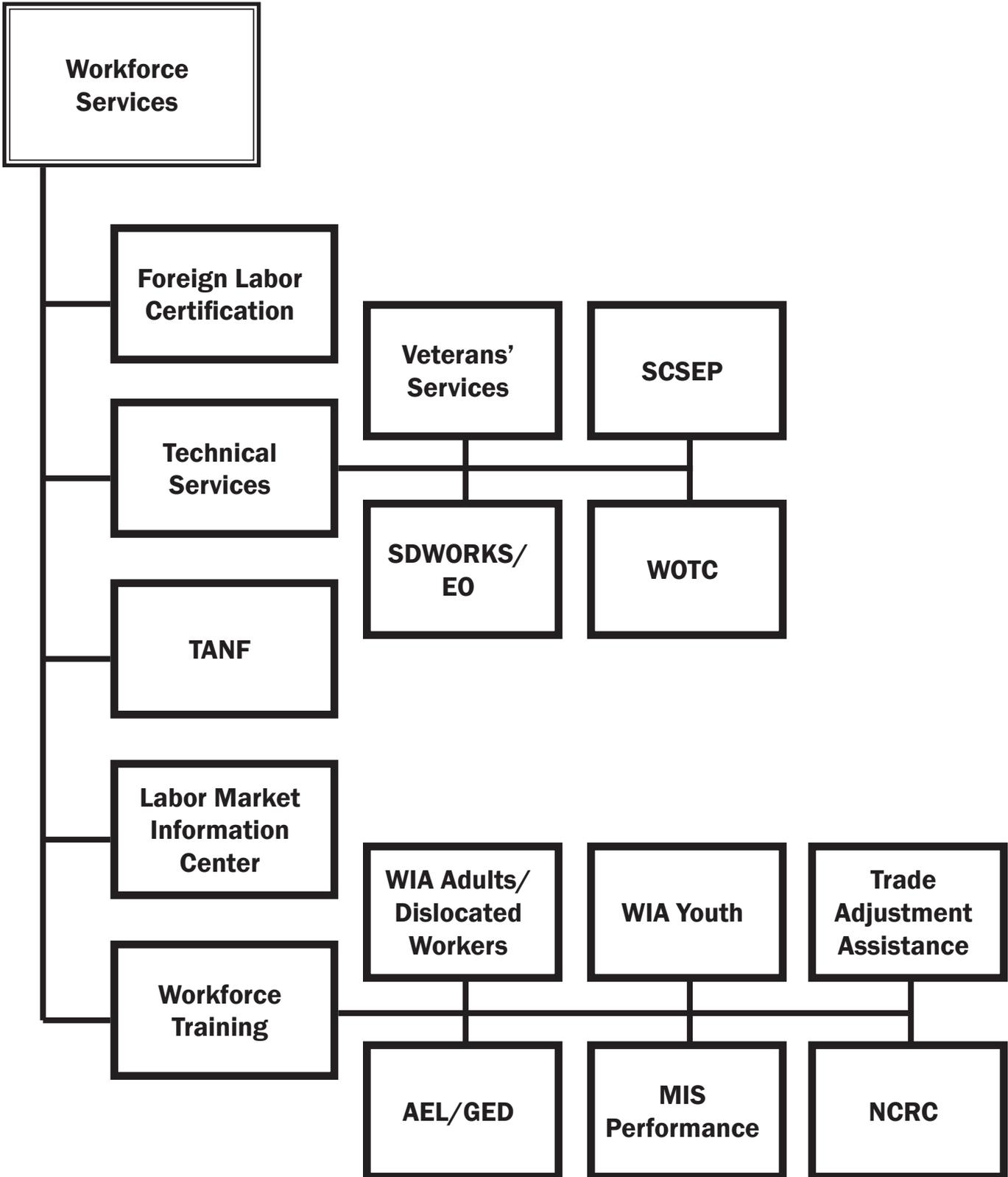
### Real Estate Commission

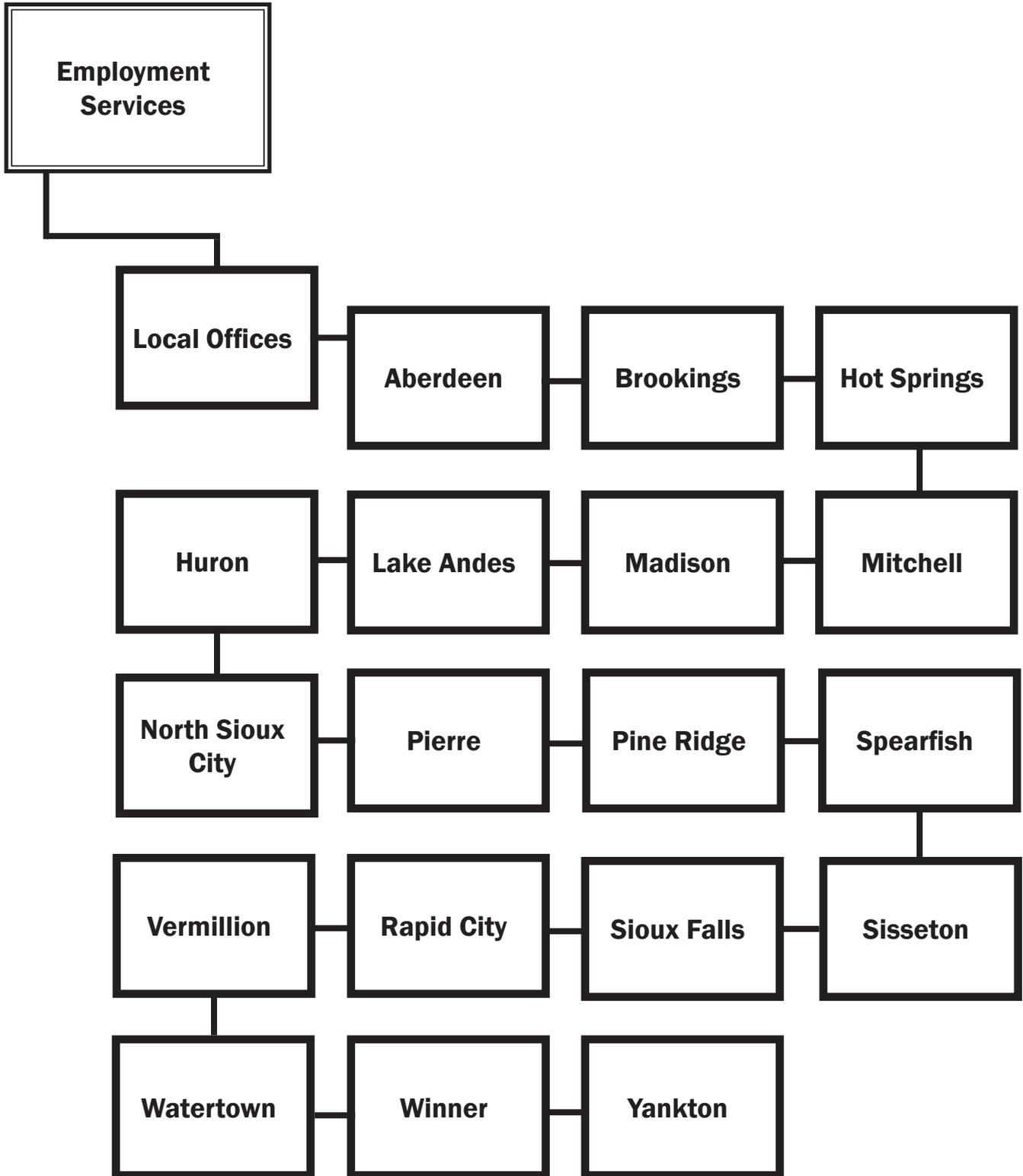
The Real Estate Commission is a regulatory body charged with administering the Real Estate Licensing Act, the Timeshare Act, the Condominium Act, and the Subdivision Act.

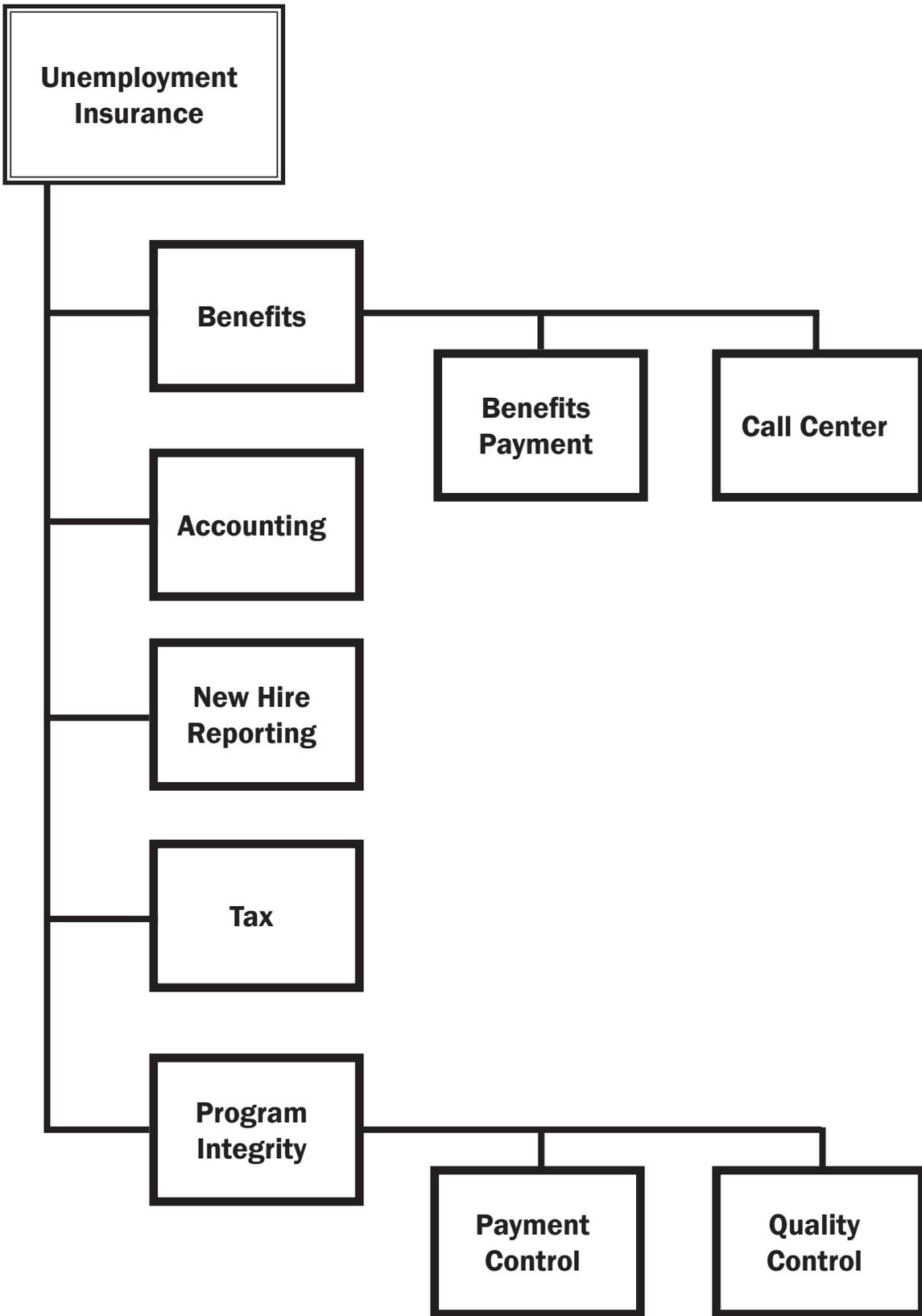
The mission of the Real Estate Commission is to protect the interest of the public when engaged in a real estate transaction. It is the Commission's responsibility to enforce standards for education, licensing, and practice of real estate brokers, salespersons, auctioneers, property managers, residential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

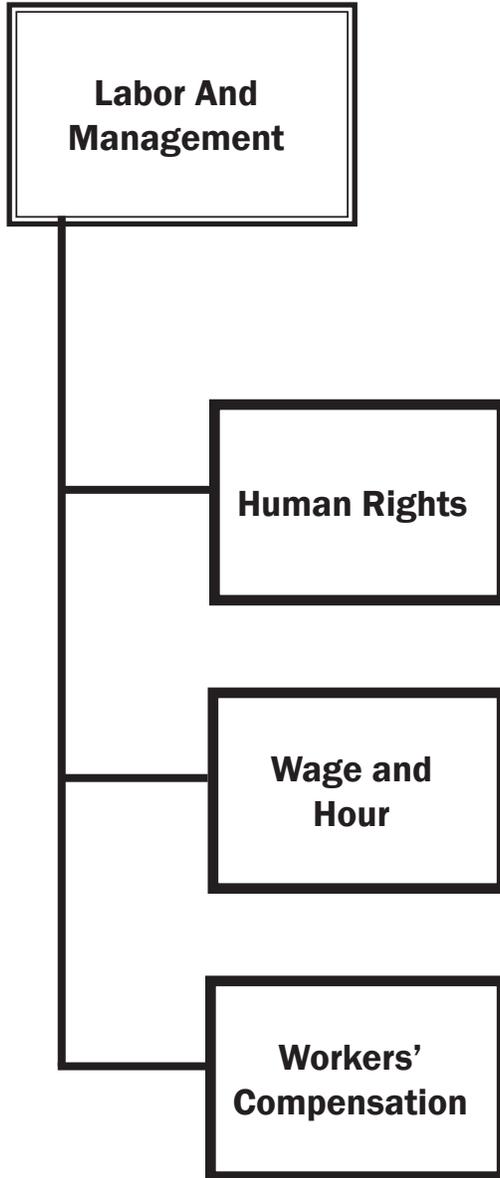
# Appendix: Organizational Charts

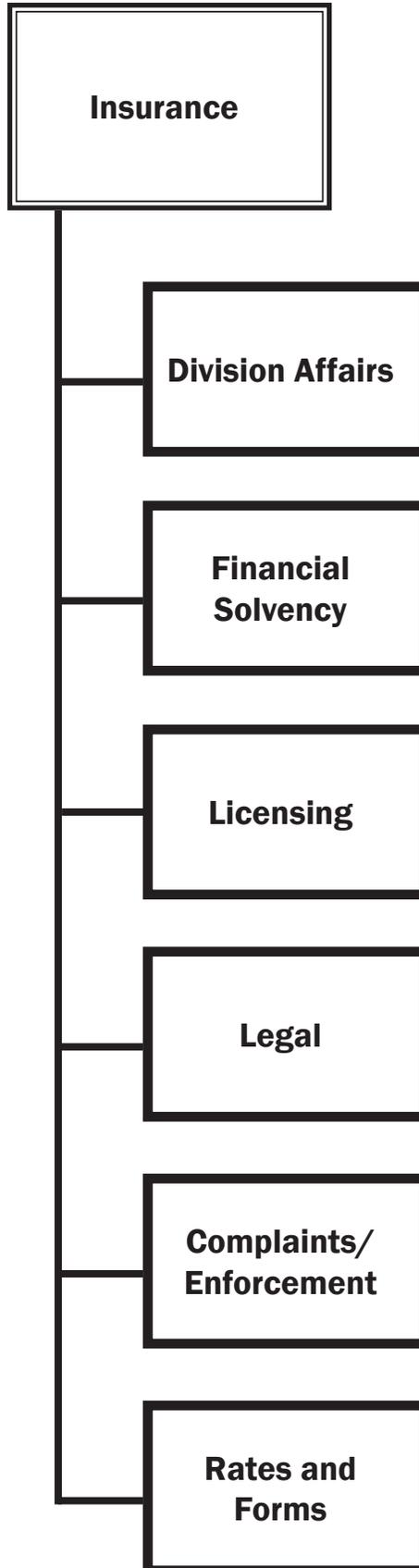


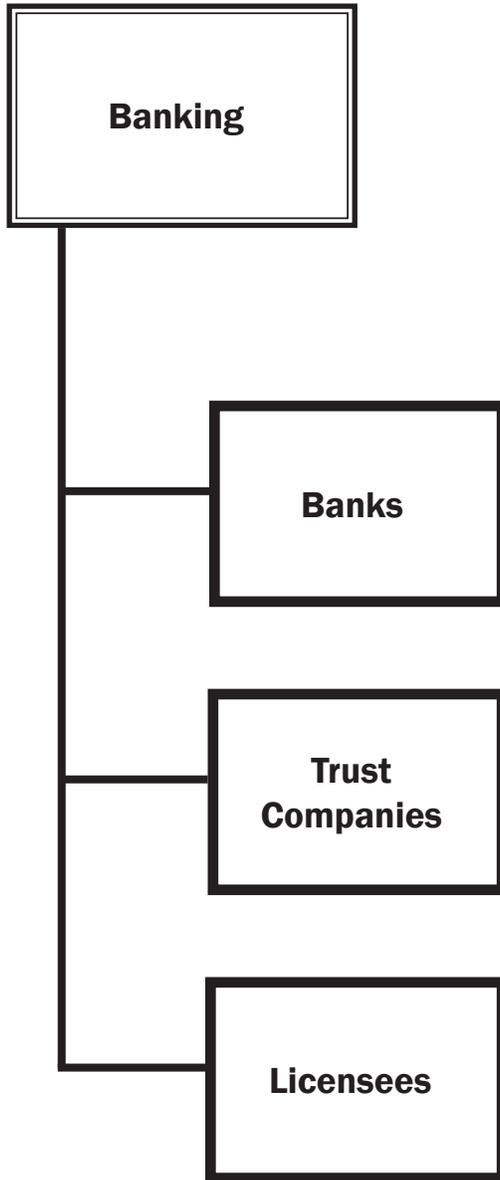


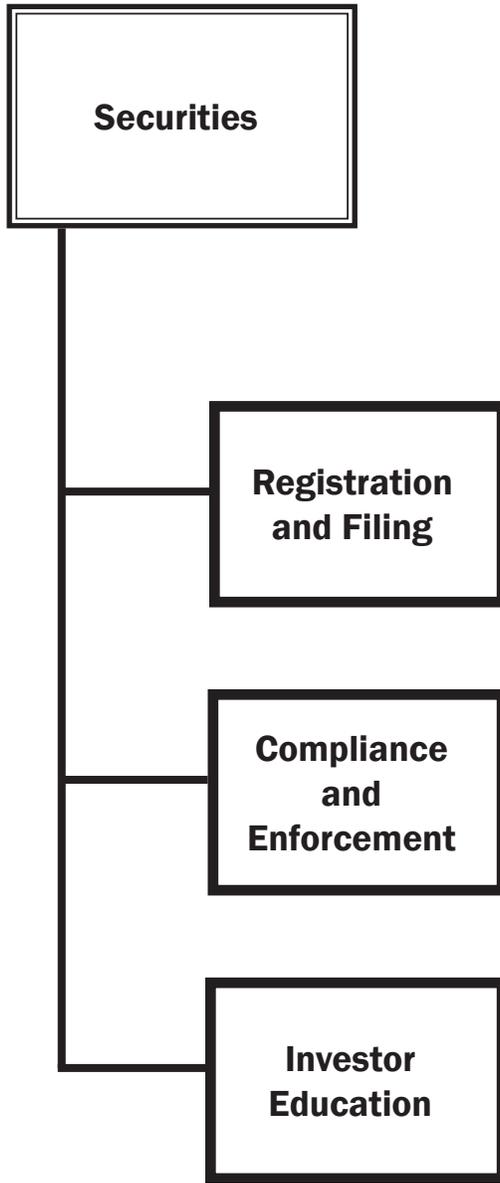


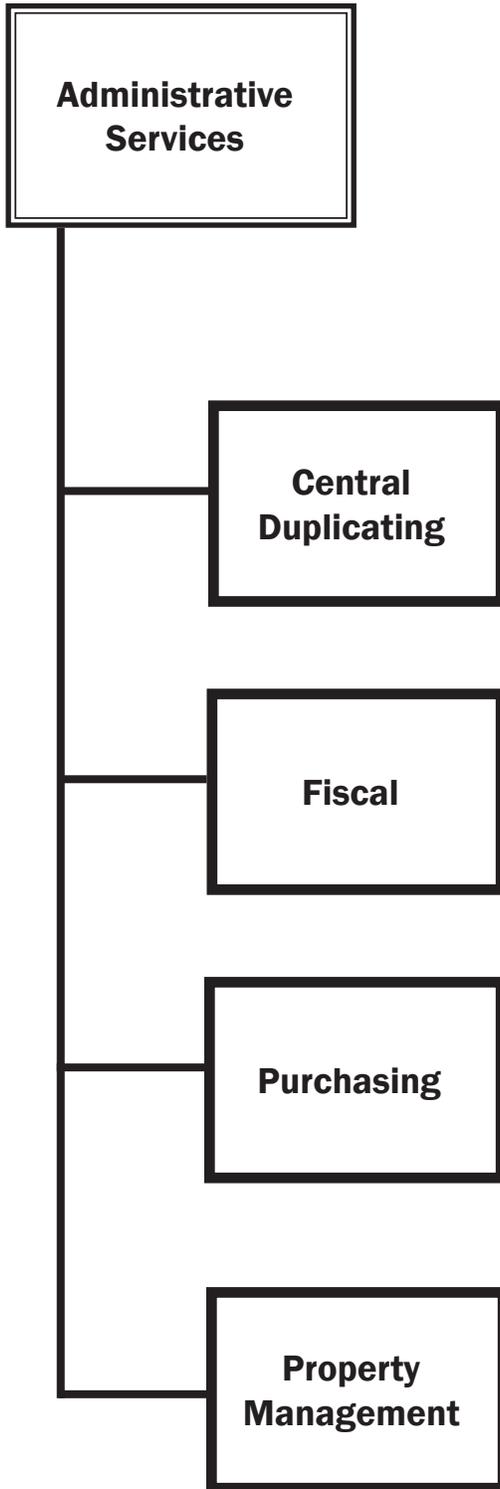


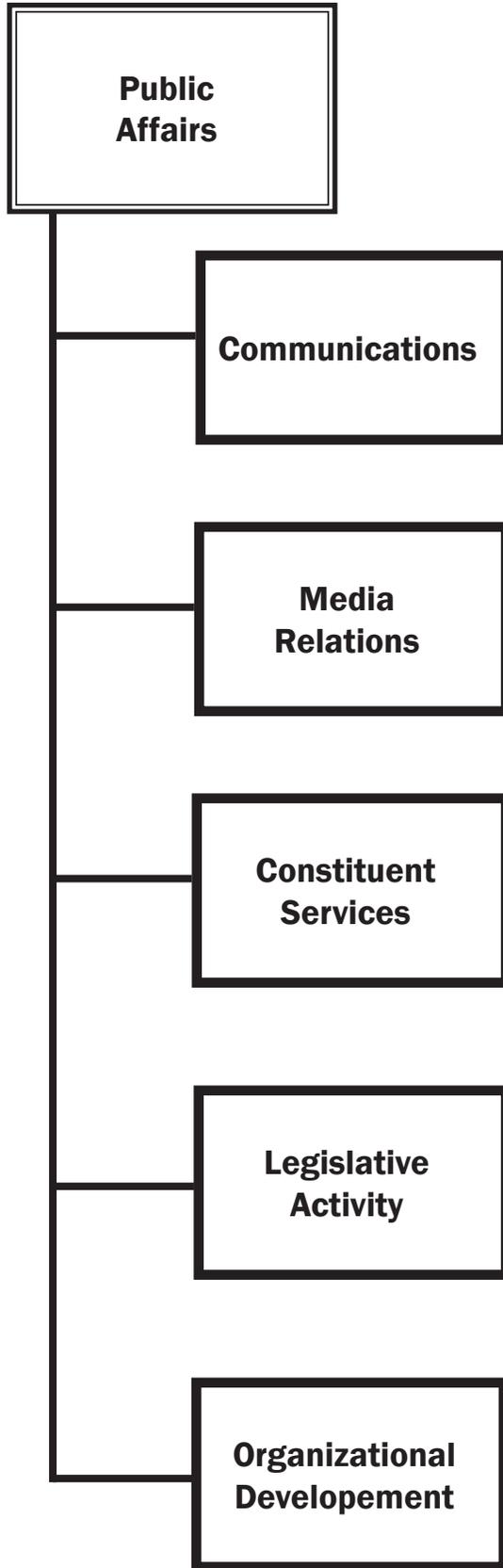














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