

Annual Report 2014



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Message from the Department of Labor and Regulation

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

The 2014 Annual Report of the Department of Labor and Regulation (DLR) highlights our performance indicators, program activities, and new initiatives from the past calendar year. Although our department consists of many diverse divisions and services, an emphasized focus of 2014 was on workforce.

DLR played an essential role in helping Governor Dennis Daugaard host six Workforce Summits across the state. The summits provided a forum to share information about state government's South Dakota Workforce Initiatives (SDWINS) programs, gather feedback and input through breakout sessions, and learn more about the state of South Dakota's labor market.

As a result of the Workforce Summits, DLR was given the responsibility of developing common language and real time data to help create an effective workforce system. These two elements are part of the foundation of helping those who are focused on exploring and educating (job seekers) connect effectively with those who need to recruit and retain (employers).

Other workforce strategies DLR will be pursuing over the next year include:

- Target diverse worker groups for recruitment into the labor force, such as veterans, youth, people with disabilities, and Native Americans.
- Facilitate sharing of best practices among communities and State and develop trust among sectors.
- Create a workforce plan defining the roles of government, education, and business in solving the skills gap.
- Better market the workforce resources and labor market information available.

The workforce development challenge can never be completely solved. It is a constant process involving cross-sector collaboration, and I am confident the alignment, commitment, and enthusiasm exist to help our economy grow and prosper. DLR will continue to explore opportunities to implement new tools and strategies, and I look forward to reporting on our progress.



Marcia Hultman, Secretary



Tom Hart, Deputy Secretary

Administrative Services

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



Lyle Harter,
Administrative Services
Director

Income/Expenses

Total department revenue increased approximately 3.62 percent in FY14 (Table 2) with the Regulation divisions (Appraisers, Banking, Securities, and Insurance) increasing approximately 11.2 percent and federal funds decreased approximately 9.53 percent. American Recovery and Reinvestment Act (ARRA) revenue was minimal as programs were completed during FY13.

Transfers to the state's General Fund from the Division of Securities and Division of Insurance increased by \$8,226,121 from FY13.

Unemployment Insurance (UI) Trust Fund employer contributions increased slightly in FY14. 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 slight decrease in operating expenditures.

UI Trust Fund payments decreased by approximately 12 percent in 2014.

Department of Labor and Regulation Annual Expenditures	2013	2014
Personnel	\$22,266,010	\$22,581,101
Operating Expenses	\$11,904,620	\$11,279,515
Job Training, Adult Education & Literacy Client Services	\$5,373,477	\$4,448,523
Total	\$39,544,107	\$38,309,139
Unemployment Insurance Benefits (state only)	\$29,739,548	\$26,128,304
DOL Retirement Plan, Retiree Benefits	\$4,194,470	\$4,308,547

Table 1 - Department of Labor and Regulation for fiscal years 2013 and 2014 (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 of July 1, 2013, there were 220 retired participants and beneficiaries on the plan. There are no longer any employees contributing to the plan. As members retire, 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 (COLA) to benefit levels, and the value of the investment portfolio. This year we have seen an increase in the fund balance of about 8.15 percent (Table 2), primarily due to increased value of the investment portfolio, and a COLA strategy based on the plans affordability to pay COLA.

Department of Labor and Regulation Fund Sources		2013	2014
General Funds (state general fund appropriation)		\$911,902	\$947,722
Federal Funds	Federal Grants	\$26,976,587	\$25,081,822
	ARRA Stimulus Funds	\$749,460	\$2,420
Other Funds (licensing board & workers' compensation fees)		\$3,793,996	\$3,983,057
Other Funds (Appraisers, Banking, Securities, Insurance)		\$47,682,493	\$53,000,593
Total		\$80,114,438	\$83,015,613
Transfers to General Fund (Securities & Insurance)		\$109,270,700	\$117,496,821
Unemployment Insurance Trust Fund	Employer Contributions	\$42,100,296	\$42,200,795
	Federal Grant	\$6,623,866	\$2,959,084
DOL Retirement Plan Fund Ending Balance (employee/employer contributions & investment earnings)		\$58,681,440	\$63,462,608

Table 2 - Department of Labor and Regulation funding sources for fiscal years 2013 and 2014 (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.

Summary Appraisers Certification Program

The mission of the South Dakota Appraiser Certification Program is to certify, license, and register real estate appraisers to perform real estate appraisals in South Dakota pursuant to Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA); and to register and supervise appraisal management companies doing business in South Dakota pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Appraisers by Classification	2014
State-Certified General	199
State-Certified Residential	85
State-Licensed	53
State-Registered	58
Total	395

Table 3 - Active Appraisers by Classification as of November 2014.

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

Table 3 shows the active appraisers by classification. Currently there are 12 inactive appraisers and approximately 100 appraisal management companies registered.

Communications & Research

The Communications and Research team supports the entire department through a variety of functions, including advertising and public relations, media relations, constituent services, legislative activity, and organizational development. The Labor Market Information Center collects, analyzes, and provides public information on the labor market of the state.

2014 Highlights:

Public Relations

- Materials were designed to encourage employers to use the online State Information Data Exchange System (SIDES) for unemployment insurance information requests. Elements included a news release, email blast, rack card, brochure, and social media.
- A campaign to increase awareness of employment services was executed to encourage the public to visit local offices. Materials included a poster, table tent, rack card, series of news releases, PSAs, email blasts, and social media.
- The Division of Insurance issued a spring, fall, and winter newsletter with articles of interest and important to stakeholders.
- Historical Department of Labor documents and publications were re-released in celebration of the 125th anniversary of statehood.



e-Communications

- Google Translate was installed on the DLR website to better meet user needs.
- A reorganized Intranet site was launched to better facilitate internal staff communication.

Special Events

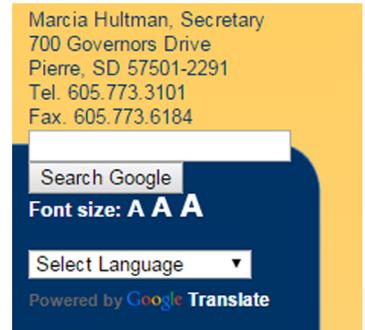
- DLR staff presented at four fall Career Building Toolbox workshops for counselors, administrators, and teachers on youth career information.
- DLR hosted a number of job fairs, promoting through news tips, calendar of event items, postcards, fliers, and table tents.



Dawn Dovre,
Director of Communications
& Research



UI SIDES rack card



Google Translate



Job Fair poster

Labor Market Information Center (LMIC)

The 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, individuals, and job placement and training program planners.

Most LMIC activities are funded by the U.S. Department of Labor (USDOL), 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:

- Local Area Unemployment Statistics (LAUS) Program
- Occupational Employment Statistics (OES) Program
- Quarterly Census of Employment and Wages (QCEW) Program
- Current Employment Statistics (CES) 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. The LMIC also utilized WIG funds during 2014 to develop career exploration and decision-making resources for the 29 targeted occupations identified by DLR. One of these resources was a four-page profile of each occupation including a career description, work values, interests, and abilities, projected employment outlook and current wage estimates, industries that employ the most workers in the occupation in South Dakota, and suggested additional resources for more information. Additionally, for each group of targeted occupations, a Web page was developed which features a South Dakota map of five sub-state areas, with each area of the map linked to current job openings (listed with DLR) within those specific occupations in that area. The Web page for each targeted occupational group also includes, for each specific occupation, a multitude of links to the following resources for additional information on the occupation: South Dakota Career InSite, Occupational Outlook Handbook, O*Net Online, and America's Career InfoNet. Each link takes the user directly to the information on the specific occupation within the respective resource.

In addition, the LMIC received a Workforce Data Quality Initiative (WDQI) grant of \$946,000 from the USDOL to build a longitudinal database. This grant covers the July 1, 2012 – June 30, 2015 time period. The DLR contracted with the Bureau of Information and Telecommunications (BIT) to develop and build this system, with work progressing during 2014. A fully functional workforce longitudinal database is expected by the end of 2015. When completed, the DLR WDQI database will match unemployment insurance wage data with postsecondary program completers to develop average 'wage outcomes,' which will be analyzed to determine the effectiveness of postsecondary workforce and educational programs.

In commemoration of South Dakota's 125th anniversary, the LMIC published an article in the monthly South Dakota Labor Bulletin reflecting, by decade, on the development of the state's workforce and industrial base, also touching on how the state agency has evolved over the years to serve workers and employers.

During 2014, the LMIC handled more than 13,600 requests for information, including the distribution of more than 9,280 publications to our users.

Success Story - Laurie lost her clerical job at Northern Truck Equipment when work slowed down for the company. She worked a couple temporary jobs through Express Employment, but they both ended after only a few weeks. Laurie was referred to REA and after completing orientation, she attended JSAP. DLR staff helped Laurie revise her resume based on what she learned in the workshop. She earned a silver NCRC and was able to include it on her resume. An opening came up at Sioux Valley Coop, and she was very disappointed when she didn't get the job. After a couple weeks, Sioux Valley Coop called her. The person they had hired didn't work out and they told her they should have hired her in the first place. She accepted a full-time position earning \$12 per hour.

Workforce Training

The Workforce Training Division provides workforce training and education programs including Workforce Investment Act youth, adult, and dislocated worker programs; Adult Basic Education; General Educational Development (GED®); and the National Career Readiness Certificate. It also oversees Trade Adjustment Assistance (TAA), Disability Employment Initiative (DEI), and National Emergency Grant (NEG). The mission of Workforce Training is to develop and implement innovative workforce solutions. This will guide individuals to self-sufficiency while building a skilled workforce and strengthening the state's economy. This division's diverse set of programs is designed to aid South Dakota's workforce and help employers, employees, and job seekers.



Bill Molseed,
Workforce Training
Director

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 4 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.

ABE Educational Functioning Level Completion	2013	2014
ABE Beginning Literacy	71%	60%
ABE Beginning Basic Education	41%	43%
ABE Intermediate Low	40%	37%
ABE Intermediate High	33%	31%
Adult Secondary Education Low	44%	47%
Adult Secondary Education High	68%	69%

Table 4 - Adult Basic Education achievements for program years 2013 and 2014 (July 1 through June 30).

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 6). During the 2013-14 program year, 91 percent of Adult Education and Literacy (AEL) program participants pursuing a GED® certificate who finished the test battery earned a GED® test credential.

Language instruction methodologies (including workplace literacy) and action research projects were priorities for the English Literacy/Civics Program (Table 5). These programs support our non-native speakers, immigrants, and former refugees in achieving linguistic, economic, and civic integration.

Disability Employment Initiative (DEI)

The Disability Employment Initiative (DEI) was scheduled to end in October 2014, but has been extended through March 2015. The Disability Employment Initiative continues to focus on partnerships, integrated resource teams, and utilizing Youth Guideposts for Success. A DEI partnership committee continues to meet quarterly to discuss opportunities to partner and assist youth with disabilities. The integrated resource team approach has been encouraged for all staff to utilize as they work with WIA participants who could benefit from several services

ESL Educational Functioning Level Completion	2013	2014
ESL Beginning Literacy	31%	34%
ESL Beginning Low	52%	53%
ESL Beginning High	53%	48%
ESL Intermediate Low	51%	41%
ESL Intermediate High	41%	41%
ESL Advanced	31%	51%

Table 5 - English as a Second Language achievements for program years 2013 and 2014 (July 1 through June 30).

Core Indicators of Performance	2013	2013
Entered Employment	57%	55%
Retained Employment	71%	75%
GED® Credential Obtained	96%	91%
Furthered Education	13%	17%

Table 6 - Core Follow-up Outcome Measure performance for program years 2013 and 2014 (July 1 through June 30).

Watertown. Although certified early in the year, layoffs did not occur until after July 2014. Employees who took advantage of last year's certification at Verifications in Mitchell and Watertown saw individuals taking training in the medical area, information technology, and business (accounting, marketing) fields. Some have already completed training and are working at medical establishments (medical assistants and medical office professions), in banking, and in customer service.

National Emergency Grant (NEG)

South Dakota received a \$418,000 Dislocated Worker Training (DWT) National Emergency Grant (NEG) with a priority to serve long-term unemployed dislocated works for high-demand occupations. The goal is to serve 60 participants with 56 already being served. Most of the training includes truck driving, manufacturing, customer service, and occupations within the healthcare field. The DWT NEG runs through June 30, 2015.

Workforce Investment Act (WIA) Adult, Youth, & Dislocated Worker

Adult

The number of adult participants decreased over the last year due to the stronger economy and people not looking to change occupations. The Entered Employment Rate and Average Earnings basically maintained levels compared to last year. With the economy being stronger, the lower numbers of adults being served by WIA are also in need of more attention. These participants tend to have employment barriers that need to be addressed to be good employees.

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), or a low literacy or numeracy rate.

Throughout the 2013 program year, employment specialists in South Dakota provided assistance to 451 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 program year 2014, the youth program has plans to continue to grow in order to serve the youth who need our services the most. A youth council will be formed to provide guidance and assistance to the Youth Program Specialist.

in the community. As staff meet with youth, they utilize the guideposts to find areas of need otherwise missed. Frequent training regarding disability topics have been provided to DLR, AEL, and Vocational Rehabilitation staff across the state through Dakota Digital Network.

Trade Adjustment Assistance (TAA)

This program is designed to assist workers who have lost their jobs as a result of foreign trade. There was one new certification this year for Minnesota Rubber and Plastics (190 employees) located in

Through this council, DLR looks to continue to build our partnership with:

- The Department of Education and schools across the state.
- Vocational Rehabilitation, as together with DLR, we develop methods to best assist youth with disabilities in their training and employment endeavors.
- Department of Corrections as WIA supports those youth who have made poor choices get back on track with their future.
- Adult Education and Literacy. Together we assist youth who are lacking basic reading and math skills improve upon these essential workplace skills.
- Department of Social Services as WIA provides intense training services to youth on public assistance or in foster care.
- Employers and training providers from in-demand sectors.
- Youth and their parents.

Dislocated Worker

The number of dislocated workers continues to decrease as the strong state economy has seen fewer layoffs. Performance measures were down slightly, with having fewer numbers of people affects the measures. Also, the state is finding those not working have more barriers to employment and at greater risk of not being successful.

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.

WIA Performance Measures		2013	2014
Adults	Participants	8,432	6,687
	Entered Employment Rate	82.4%	76.5%
	Retention Rate	85.9%	84.7%
	Average Earnings	\$10,996	\$11,137
Youth	Participants	413	451
	Placement in Employment or Education	73.1%	69.7%
	Attainment or Degree or Certificate	52.4%	48.9%
	Literacy or Numeracy Gains	40.3%	36.1%

Table 7 - WIA performance measures for program years 2013 and 2014 (July 1 through June 30).

Dislocated Workers	2013	2014
Participants	574	162
Entered Employment Rate	88.6%	85.2%
Retention Rate	94.6%	90.7%
Average Earnings	\$15,173	\$15,237

Table 8 - Core Follow-up Outcome Measure performance for program years 2013 and 2014 (July 1 through June 30).

Success Story - Dennis was laid off from Kurtz Construction, came through the REA program, and then transitioned into the RIS program. He worked with DLR staff through both programs and he was an extremely eager client, open to all of the help we offered him. When he initially came to the REA program, he attended the JSAP class. He mentioned how extremely surprised he was at the amount of information he took away from the class. Dennis realized he needed to work on his resume and made appropriate changes. Additionally, he met with staff in the WIA program to brush up on his computer skills. WIA staff set him up with a username and password for Teknimedia, as well as guidance on how to work through the computer skills lessons. Throughout his weeks working with DLR staff, he talked about how helpful the Teknimedia program was and how confident he was feeling with his computer skills. In late October, he came in to the office to inform us he was offered, and accepted, full-time work with Carpet Mart/Carpet One. He will be employed as a Commercial Flooring Salesperson.

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 to connect them with employers.

Employment Services

The Department of Labor and Regulation's Division of Employment Services (ES) role is to provide the support mechanisms for the department's overall mission. ES oversees several key areas:

- Management Information System (MIS) – SDWORKS
- Technical Services - Jobs for Veterans State Grant (JVSG), Senior Community Service Employment Program (SECSEP), and Work Opportunity Tax Credit (WOTC)
- Temporary Assistance for Needy Families (TANF)
- Foreign Labor Certification (FLC)



Andrew Szilvasi,
Employment Services
Director

ES also provides support to other programs, including the Workforce Investment Act, Unemployment Insurance, and Labor and Management by providing technical assistance and support to special IT projects requested by DLR divisions.

Foreign Labor Certification

Foreign labor certification programs 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 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 the occupation in the area of intended employment.

Foreign labor certification programs are designed to assure the admission of foreign workers into the United States on a permanent or temporary basis will not adversely affect the job opportunities, wages, and working conditions of U.S. workers.

Currently, the USDOL requires states to assist with the administration of H-2A, or temporary agricultural program and play a minimal role in the H-2B, or temporary non-agricultural program.

During federal FY12 (the last completed year of federal disclosure data was available), DLR saw the following activity:

H-2A Temporary Agricultural

- South Dakota agricultural employers filed 122 H-2A temporary agricultural applications.
- There were 619 H-2A openings certified.
- Central South Dakota was the region with the most requested H-2A workers.

H-2B Temporary Non-Agricultural

- The H-2B program in South Dakota had 68 applications filed.
- There were 974 H-2-B positions certified.
- The region with the most requested workers was eastern South Dakota.

Success Story - Jane came in for her REA and RIS orientation. Due to her individual case, she was referred for both REA and RIS at the same time. During our appointment we talked about everything she was doing and how she wasn't getting any calls after her interviews. Her employment representative mentioned DLR offers mock interviews and Jane was ecstatic.

Jane showed up 15 minutes prior to her interview time, dressed to impress! She was asked several interview questions, including situational/behavioral questions and questions pertaining to her previous employers. After two and a half hours passed, the interview was finished. Jane was very bitter with her previous employers and it showed in her interview. Her employment representative explained how her whole body language and facial expressions changed when she discussed her previous employers. Together, Jane and her employment representative found a neutral zone for her to speak of her previous employers without the negativity. She did not realize her whole demeanor changed when she spoke of her past work experiences.

Jane wished she had completed her mock interview months ago. She had blown a lot of interviews and wants others to know how important mock interviews are to land a job. Since the mock interview, Jane has mentioned this quote several times, "the most useful things I ever learned about myself were HARD for me to learn, because they were things I needed to change." Jane had an interview at First National Service Center. They offered her the position the very next day. Jane started working at the First National Service Center in January 2014.

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 which contain 48 percent of the eligible mandatory parent-case population.

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 South Dakota to achieve a 50 percent participation rate in order to receive full TANF block grant funding. This federal fiscal year end September 30, 2014, 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.

TANF Performance Measures		2013	2014
TANF Applicants (mandatory, from DLR counties)		3,527	3,634
Caseload	Monthly Average	294	303
	DLR’s Statewide Share	52%	48%
Employment	Job Entries	844	1,023
	Share of Statewide Job Entries	83%	83%
	Job Entries with medical benefits	29%	21%
	Share of the statewide job entries with medical benefits	97%	98%
Average Starting Wage		\$8.61/ hour	\$8.94/ hour

Table 9 - Temporary Assistance for Needy Families activities for fiscal years 2013 and 2014 (July 1 through June 30).

Technical Services

This section handles the Senior Community Service Employment Program (SCSEP), SDWORKS, veterans’ services (Table 10), the Work Opportunity Tax Credit (WOTC) program (Table 11), 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. From October 1, 2013 to September 30, 2014, the SCSEP provided services to 97 older workers age 55-75 and older. Participants worked a total of 48,825 hours in South Dakota communities. The average wage earned by participants was \$8.11 per hour.

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 PY13 (July 1, 2013-June 30, 2014), 87,211 job openings were received, and 77,966 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. On January 1, 2015, DLR will be launching the SDWORKS mobile app.

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 11) continued its stellar performance during the fiscal year, producing 4,985 certifications, an increase of 151 certifications from 2013. The program saved South Dakota employers \$13,072,800 in tax credits.

Veterans' Services Goals/Performance		2013 Goal Rate	2014 Goal Rate
Veterans'	Entered Employment Rate	57% 57%	57% 59%
	Employment Retention Rate	84% 83%	84% 82%
Disabled Veterans'	Entered Employment Rate	54% 55%	54% 57%
	Employment Retention Rate	85% 85%	85% 80%

Table 10 - Statewide veterans' service goals and achievements for fiscal years 2013 and 2014 (July 1 through June 30).

Workforce Opportunity Tax Credit	2013	2014
Certifications	4,834	4,985
Denied Applications	4,590	4,192
Pending Applications	181	269
Total Applications	10,303	10,236
Acceptance	47%	48.7%
Tax Dollar Savings	\$12,531,600	\$13,072,800

Table 11 - Workforce Opportunity Tax Credit activities for federal fiscal years 2013 and 2014 (October 1 through September 30).

Success Story - Dala was a RIS claimant and had over 26 years of law enforcement and security experience. Dala was given resume assistance, attended JSAP, and referred to NCRC Key Train, job referrals, and job search assistance. Dala was given a direct referral to a Loss Prevention Position at Shopko in January 2014, which matched her work experience. In February, Dala was offered full-time employment with benefits making \$15 per hour. Dala thanked the DLR staff for all their help with her resume and for telling her about the position.

Field Operations

The Division of Field Operations is responsible for the local South Dakota Department of Labor and Regulation offices in communities across the state. Its mission is to achieve a skilled workforce contributing to economic development by efficiently and respectfully serving businesses, job seekers, and community partners through innovative workforce development solutions and serving as an information resource.

Summary

Every year the trained professionals of the DLR local offices assist close to



Michael L. Ryan,
Field Operations Director

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 and businesses.

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 12. 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. During PY14, employment services had 77,966 participants, compared to the PY13 total of 90,774 participants.

Statewide Employment Service Goals/Performance	2013 Goal Rate	2014 Goal Rate
Entered Employment Rate	57% 57%	61% 60%
Employment Retention Rate	84% 83%	84% 83%
6 Month Average Earnings	\$11,850 \$11,861	\$12,000 \$12,103

Table 12 - Statewide employment goals and achievements for fiscal years 2013 and 2014 for Wagner Peyser. (July 1 through June 30).

There were 87,211 jobs received in 2014, which was up from 78,211 jobs received in 2013. 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.

Re-employment Intensive Services (RIS)	July 2014	May - April 2014-2015*	May - April 2013-2014	May - April 2012-2013	To Date
People referred to RIS	88	594	1,796	2,316	4,706
Exempted from RIS	17	72	144	269	485
Not Exempted from RIS	71	522	1,652	2,047	4,221
People participating in RIS	279	683	1,726	2,009	n/a
Currently compliant	156	n/a	n/a	n/a	n/a
Non-compliant	123	n/a	n/a	n/a	n/a
People completed RIS	63	404	1,464	1,689	3,557
Obtained employment	43	250	923	881	2,054
Exhausted benefits	4	49	120	48	217
Stopped filing for unemployment insurance	16	105	421	760	1,286

Table 13 - Re-employment Intensive Services achievements for fiscal years 2013 and 2014 (July 1 through June 30). * Current program year underway.

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 has 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 Unemployment Insurance (UI) Trust Fund.

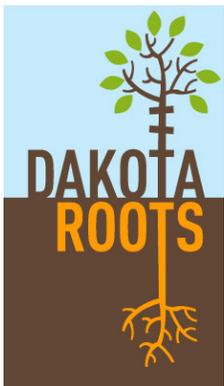
Re-Employment Services (RES) is a case-management program for workers likely to use up their unemployment insurance benefits before they re-enter the workforce. This program, along with REA, RIS, and the National Career Readiness Certificate (page 17) continue to expand and provide valuable services to the people of South Dakota.

Looking ahead to 2015, we will focus on training Field Operations 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.

South Dakota Workforce Initiatives (SDWINS)



Gov. Dennis Daugaard's South Dakota Workforce Initiatives (SDWINS) consists of over 20 programs to address short-term and long-term workforce needs. SDWINS 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.



DLR is responsible for Dakota Roots and the National Career Readiness Certificate.

Dakota Roots

Dakota Roots is 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. Field Operations staff provides essential one-on-one assistance, such as providing job leads, filling out applications, writing resumes and cover letters, and sharing labor market information. The Department also provides intensive services to employers with hard-to-fill positions.

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 24,000 people have registered for these one-on-one job search services. As a result of our help, 3,590 people have entered employment.

Promotional Efforts

Dakota Roots has more aggressively leveraged its marketing through ongoing general funds. The following activities took place during FY14.

Print Ads

Fourteen print ads were published in local Convention and Visitors Bureau magazines across the state, South Dakota Magazine, and Black Hills Parent magazine, in addition to SDSU and USD alumni association magazines and newsletters.

Digital Advertising 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.

A variety of text ads ran on both the Google Search and the MSN/Bing Search Networks from September 1, 2013, to May 31, 2014. This campaign targeted South Dakota, as well as the following cities and their surrounding areas:

- Fargo, ND
- Bismarck, ND
- Grand Forks, ND
- Omaha, NE
- Kansas City, MO
- Minneapolis, MN
- Des Moines, IA
- Sioux City, IA
- Kansas City, KS
- Casper, WY
- Wichita, KS
- Laramie, WY
- Lincoln, NE
- Chicago, IL

Facebook sponsored posts were created to increase our exposure on social media and create interaction with the Dakota Roots target audience.



Emails to Inactive Seekers

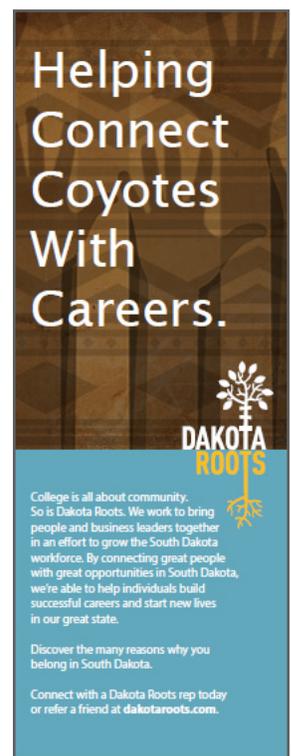
Quarterly emails were sent to inactive Dakota Roots job seekers focusing on jobs and quality of life elements. This digital engagement strategy has proven effective in seekers reactivating their job search. Starting in September, this email concept transitioned to monthly tidbits.

Interstate Visitor Center brochure

A tri-fold brochure describing Dakota Roots job services and the high-demand/high-wage targeted occupational groups was designed and distributed to South Dakota's 14 Interstate Information Centers along I-90 and I-29.

Star Tribune Digital Ad Campaign

Banner ads ran on startribune.com and vita.mn for 30 days in February 2014. This included section ads (150,000 impressions) on the jobs channel geo-targeted to Twin Cities Metro Area and a run of site ads (100,000 impressions) with behavioral targeting to 25-49 year olds.



Dakota Roots print ad in USD Alumni magazine



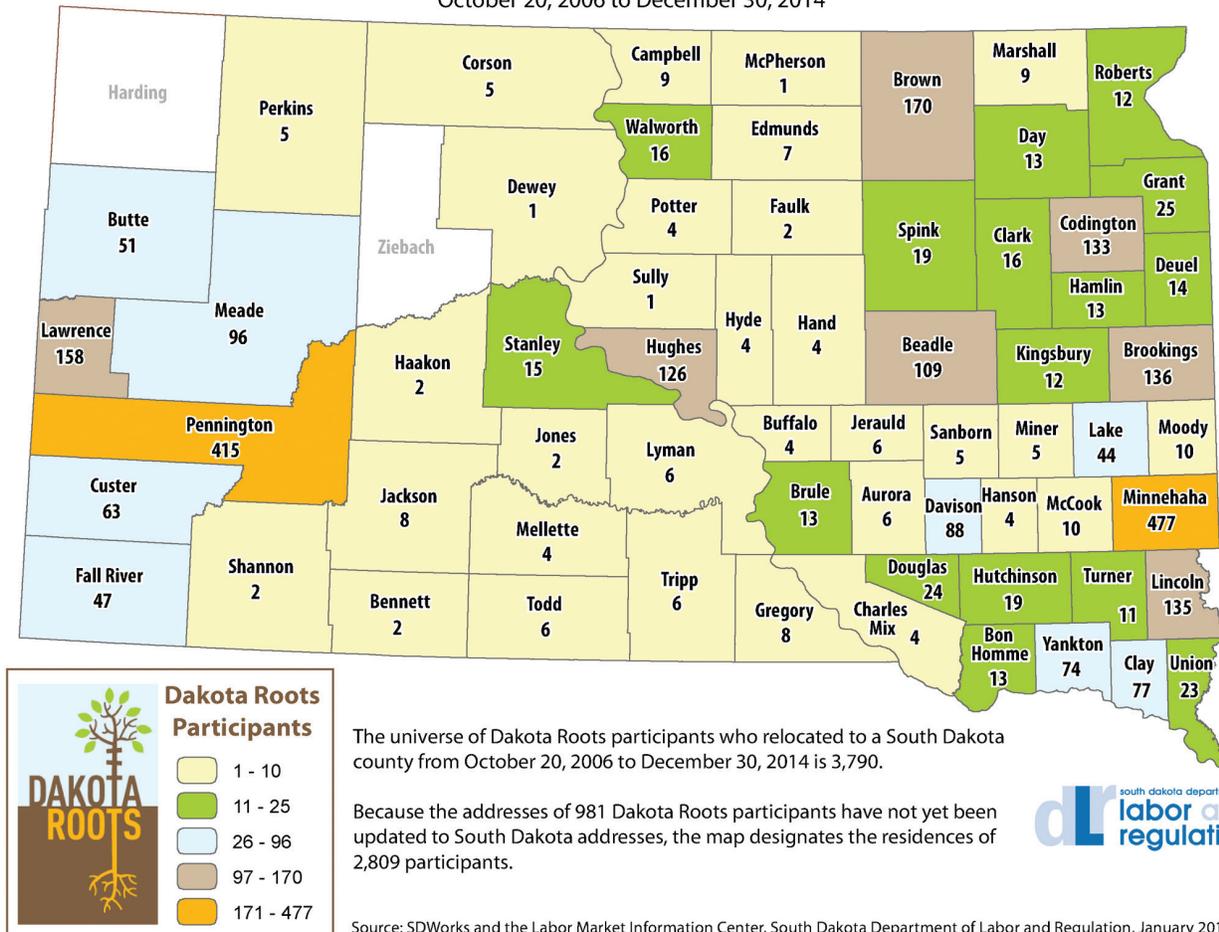
Dakota Roots Facebook ad

Annual Data	2006*	2007	2008	2009	2010	2011	2012	2013	2014**	Total
New Registrations	250	1,428	2,079	2,128	2,128	2,664	4,905	5,027	4,146	24,755
Entered Employments	19	278	581	409	391	455	529	677	421	3,760

Table 14 *Dakota Roots was launched on October 20, 2006.

Dakota Roots Participants' Relocation by South Dakota County

October 20, 2006 to December 30, 2014



Top 10 States of Entered Employments

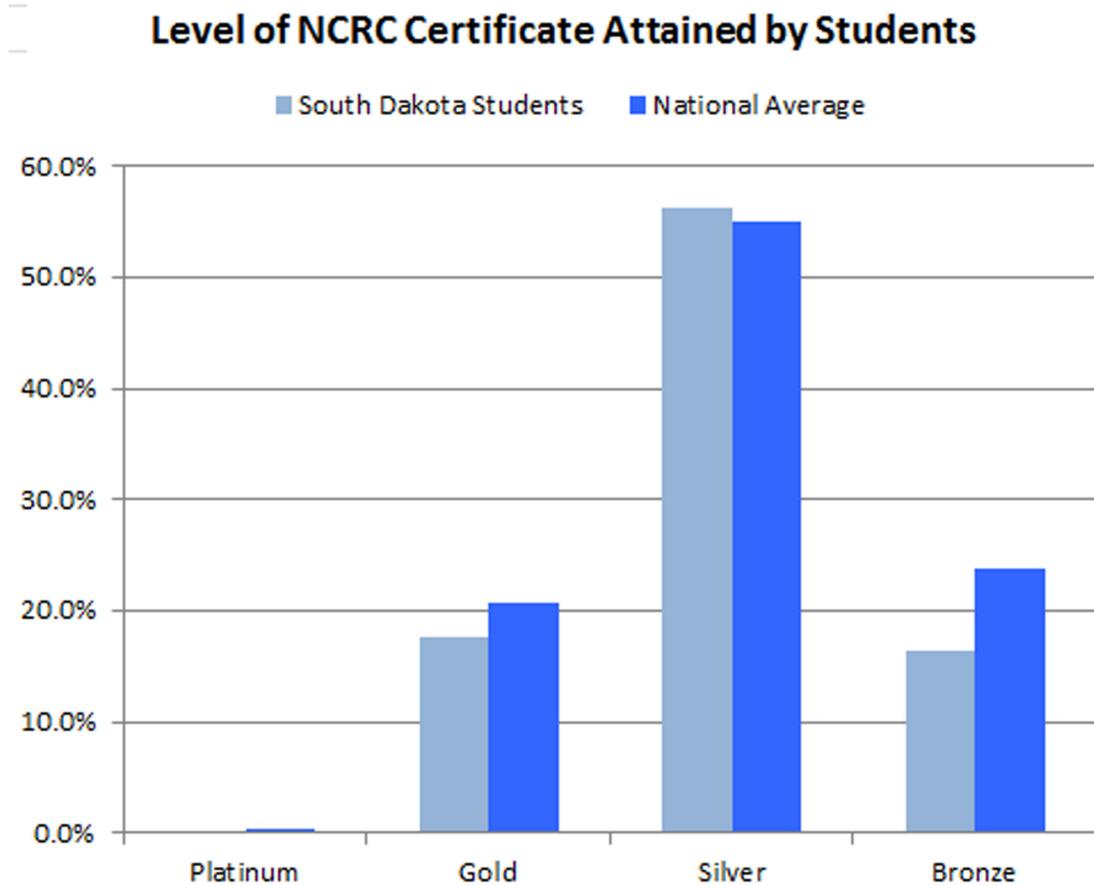
1. Minnesota	675	6. California	125
2. Nebraska	278	7. Wyoming	116
3. North Dakota	278	8. Wisconsin	115
4. Iowa	253	9. Texas	115
5. Colorado	189	10. Florida	90

National Career Readiness Certificate

The National Career Readiness Certificate (NCRC™) is an industry-recognized, portable, evidence-based credential issued by ACT which certifies essential skills needed for workplace success. The NCRC can be used as a staffing tool for screening, hiring and promotion, and targeting employee training and development.



In the 2013-2014 school year, 6,212 assessments were completed, with a total of 2,085 students participating from 53 schools.



Workforce Summits

Governor Dugaard hosted six Workforce Summits across the state in the spring. The Summits engaged further dialog between state, community, business, and education leaders about South Dakota’s workforce challenges and opportunities. Over 1,000 people provided input about workforce needs.

Secretary Marcia Hultman joined the SDWINS Cabinet in presenting on available workforce development programs from DLR.

In the fall, the Governor then revisited each community and shared the results, outlined the opportunity for cross-sector collaboration, and provided an update of new state government strategies.



Governor Dugaard speaking at a Workforce Summit

DLR was tasked with the goals to:

1. Use common language for job seekers and employers.
 - a. Connecting jobs and job seekers using skills and competencies versus job titles and descriptions.
 - i. Help job seekers make career decisions based on market demand.
 - ii. Align educational programs with employer needs and skill gaps.
 - iii. Allow employers to access the full pool of available skills and competencies.
2. Make real time labor supply and demand data available.
 - a. Aggregate data from disparate sources.
 - i. Tell job seekers where the most in-demand jobs are.
 - ii. Enable businesses to collaborate with the education and training providers that develop skills and competencies.

Unemployment Insurance

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



Pauline Heier,
Unemployment Insurance
Division Director

Performance

The division's performance measures (Table 15) reflects the improvement in economic conditions. This year saw an approximate decrease of 2,300 in the number of "additional" applications for benefits received for processing. Individuals receiving benefits decreased dramatically from 2013 to 2014. Because individuals are having more success finding new jobs, the total number of weekly payments decreased significantly. Total dollars paid out decreased by nearly \$7 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 16, during the past fiscal year, the amounts in nearly every measured category decreased. We continued in our efforts to minimize overpayments and fraud.

Challenges of 2014

Our primary challenge of 2014 was to maintain successful operations in an environment of budgetary constraints and changing technology. The division staff continues to be challenged to simultaneously make high-quality decisions, issue timely payments, respond to telephone inquiries, and provide good customer service. In addition, ensuring program integrity remains a top priority by addressing the root causes of UI improper payments.

The trust fund balance (Table 18) continued to increase from \$55.8 million on June 30, 2013 to \$72.6 million on June 30, 2014.

The income from the fund's investment portfolio increased dramatically from the previous year and the number of employers paying into the system has increased slightly. The ending balance for the year was \$72.6 million, a distinct improvement.

Benefits		2013	2014
Applications for Benefits		19,342	16,995
Total Number of Weekly Payments		113,668	96,325
Number of Individuals Who Received Benefits		7,560	6,693
Dollars Paid Out	State Benefits	\$29,739,548	\$26,128,304
	Federal Claims	\$6,623,866	\$2,959,084
	Total	\$36,363,414	\$29,087,388
Average Number of Weekly Payments per Claimant		15.0	14.4
Maximum Weekly Payment		\$345	\$352
Average Weekly Payment		\$273	\$284

Table 15 – Unemployment Insurance benefits for fiscal years 2013 and 2014 (July 1 through June 30).

Integrity Systems	2013	2014
Amount of Benefit Overpayment Debt	\$1,274,198	\$955,299
New Overpayment Cases	2,588	1,855
Percent of Cases Involving Fraud	38.3%	33.4%
Dollar Amount of Overpayment Fraud	\$487,767	\$319,459
Cases Investigated	20,820	8,291
Dollar Amount Collected Back	\$1,522,122	\$1,017,931
Number of Collection-Related Correspondence Items	11,055	8,433
Number of Civil Actions	2,613	2,488
Convictions Obtained	23	6
Cases Pending	45	42

Table 16 – Unemployment Insurance integrity systems performance measures for fiscal years 2013 and 2014 (July 1 through June 30).

Tax Administration/ New-Hire Reporting	2013	2014
Delinquent Notices	6,333	6,279
Subpoenas to Non-Compliant Employers	322	352
% Status Determinations Made Within 90 Days	84.4%	85.0%
New-Hire Reports	181,973	186,631

Table 17 – Unemployment Insurance tax administration and new hire reporting for fiscal years 2013 and 2014 (July 1 through June 30).

Unemployment Insurance Trust Fund	2013	2014
Taxes Received for Regular State Benefits	\$42,100,296	\$42,200,795
Interest on Trust Fund	\$1,294,054	\$1,564,735
Trust Fund Balance (end of year)	\$55,816,473	\$72,560,715
Number of Employers (end of year)	26,049	26,275

Table 18 – Unemployment Insurance trust fund for fiscal years 2013 and 2014 (July 1 through June 30).

Labor and Management

The Division of Labor and Management is responsible for administering the state’s labor laws. Its mission is to responsively provide dispute resolution and help people through investigations, enforcement, compliance, and education of workforce and discrimination laws. Staff in the division help settle problems between employers and workers; enforce wage and hour and child labor laws; administer the Human Rights Division in South Dakota; answer questions about state and federal employment laws; and administer the state’s workers’ compensation system.

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



James Marsh,
Labor and Management
Division Director

Hearing and Settlement Activities	2013	2014
Workers’ Compensation Hearings	13	22
Grievance Hearings	1	1
Unfair Labor Practice Hearings	0	3
Elections	2	0
Unit Determinations	0	0
Impasse Conciliations	10	4
Fact Findings	2	2
Mediations	54	44
Conference Calls	124	80

Table 19 - Hearing and settlement activities for calendar years 2013 and 2014 (as of December 1).

Workers' Compensation

Workers' compensation (Table 12) shows the frequency of workers' compensation injuries continued to decrease in 2014. The division's dispute resolution, regulatory enforcement, and investigation activities remained similar to previous years.

Workers' Compensation Activities		2013	2014
Pre-hearing Conferences Held		104	100
Agreements Approved	States Files	127	110
	Hearing Files	156	110
Permanent Partial Disabilities Approved		525	504
Permanent Partial Disabilities Reviewed		591	635
First Report of Injuries Received		22,176	20,475
Money Collected	Searches, copies, mailing	\$83,006	\$59,795
	Wage & Hour	\$72,991	\$97,414

Table 20 - Workers' compensation activities for calendar years 2013 and 2014 (as of December 1).

Unemployment Appeals	2013	2014
New Filings	1,350	864
Cases Ruled on or Dismissed	1,375	947
Percent Cases Decided Within 30 Days	93%	92%
Cases Awaiting Decision	79	59

Table 21 - Unemployment insurance appeals for calendar years 2013 and 2014 (as of November 1).

Human Rights Activities	2013	2014
Potential Discrimination Charges	361	292
Requests for Information	178	91
Intakes of Discrimination Complaints	131	134
Investigations Opened	77	76
Investigations Closed	72	58
EEOC Transfers	17	16
Money Collected for Charging Parties	\$54,334	\$61,449

Table 22 - Human rights activities for calendar years 2013 and 2014 (as of December 1).

Insurance

The Division of Insurance regulates and licenses the insurance industry in South Dakota to serve and protect consumers, companies, and producers. Its mission is 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.

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.
- Review and resolve consumer complaints.
- Investigate and take appropriate enforcement action with respect to licensees, registrants, and companies.
- Review and approve continuing education programs for agents and companies.



Merle Scheiber,
Insurance Division
Director
January - November



Larry Deiter,
Insurance Division
Interm Director
December

Year in Review

2014 was a year of progress for consumer rights in the Division of Insurance. The division was successful in passing a series of consumer protection bills recommended by the Governor. This package will provide additional tools to protect citizens against unfair claims practices and bring South Dakota in line with the standards currently applied in most states. The division staff increased by two full-time employees in 2014 in response to the ever changing insurance market; insuring effective and responsive regulation. The division continues to be a lead state in the use of technology creating efficiencies

Performance Indicators		2013	2014
Total Licensed/Domestic Companies		1,416/41	1,415/50
Domestic Companies Financial Exams		5	4
Company Market Conduct Exams		5	3
Companies Licensed/Approved Mergers		18	9
Agent Licenses Issued		13,213	13,396
Agent Appointments Issued		50,278	64,922
Agent Licenses Renewed		20,595	24,836
Renewed Appointments		222,587	191,250
Agent Appointment Cancellations		59,447	53,298
Property/Casualty Filings Reviewed		6,968	7,687
Life/Health Filings Reviewed		3,673	3,341
Consumer Complaints Closed		682	723
Enforcement/Closed Files		985	1,020
Continuing Education	Agents Paying License Renewal	3,406	1,661
	Agents Exempt	326	351
	Courses Reviewed	659	736
Subsequent Injury Fund	New Claims	3	2
	Claims Paid	77	71
	Dollars Paid	\$1,703,788	\$1,278,089

Table 23 - Insurance Division Performance Indicators

for all users. The use of new software has enabled the financial solvency section to work in a paperless environment increasing their effectiveness in regulating the financial stability of companies operating in South Dakota. Education and training remain a focus for all division staff members as we tackle new regulatory issues for the protection of South Dakota insurance consumers.

Accomplishments

Consumer protection standards were the highlight of the division's efforts during the 2014 legislative session. The division was successful in passing four important statutes which will enhance consumer protection. In recent years the division has and continues to amend its captive insurance statutes for the purpose of creating an environment in which entities have a favorable regulatory climate for alternatives to traditional insurance. 2014 saw an increase in the application of captive insurance entities.

The division continued its prominent role at the NAIC (National Association of Insurance Commissioners) ensuring South Dakota has a strong voice in matters of insurance regulation on the state and national level.

Challenges

HealthCare Reform continues to be an ongoing challenge for the Division of Insurance along with the Insurance Industry. The constant state of change to federal regulation requires continuous monitoring and communication to stay abreast and ahead of the issues created by Obamacare.

Revenues		2013	2014
Total General Funds Collected		\$70,018,275	\$74,792,824
Fees (Insurance Operating Fund)	Admissions	41,510	78,570
	Company Renewal	89,010	81,645
	Agent Licensing/Renewal	7,148,762	7,767,822
	Exam Fees	15,610	15,020
	Miscellaneous and Legal	6,366	13,198
	Retaliatory/Filing	1,116,667	1,356,076
	Administrative Penalties	343,825	685,000
	Lists and Labels	2,290	1,500
	Certification Letters	3,860	5,910
	Investment Council Interest	35,162	17,926
	Course Approval	15,825	18,925
Subsequent Injury Fund	Sub-Injury Fund Assessment	77,916	2,783,474
	Investment Council Interest	48,052	36,634
Continuing Education Fund	Agent Renewal Fees	73,550	35,595
Workers' Compensation	Policy Fee (Transferred to USDOL)	262,878	263,998
Special Collections	Examination Fund (effective 7/1/97)	1,510,333	1,583,433
	Investment Council Interest	583	0
Federal Grants		181,984	181,984
Total		\$80,992,458	\$89,562,550

Table 24 - Insurance Division Performance Revenues.

Banking

The 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.

Year in Review

In May 2014, the division conducted its second round of town hall meetings across South Dakota to gather input from community bankers 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 second annual Community Banking in the 21st Century research conference in St. Louis in September. Based on this, other research, and policy efforts, various legislative items are working their way through Congress in an effort to bring regulatory reform to community banks across the country.

To read a summary of the South Dakota town hall meetings or to learn more about the research conference, please go to www.stlouisfed.org/banking/community-banking-conference.

As has been the case for several years, interest in forming new trust companies in South Dakota remains high. The division has chartered five to 10 new trust companies each year since 2007. The formation of state chartered trust companies in South Dakota dates back to 1997. There are currently over 75 trust companies chartered in South Dakota and regulated by DLR.



Bret Afdahl,
Banking Division
Director

Revenues	2013	2014
Bank Examination	\$1,398,176	\$1,441,914
Trust Company Examination Fee	170,520	215,110
Trust Company Supervision Fee	565,848	615,169
Trust Company Charter Fees*	20,000	35,000
License Fees	640,665	774,270
Licensing Examination Fee	n/a	20,379
Investment Council Interest	26,554	38,388
Miscellaneous	35,517	8,606
Mortgage Servicer Settlement	1,000,000	n/a
Totals	\$3,857,280	\$3,148,836

Table 25 - Comparison of revenues by category for fiscal years 2013 through 2014. *Deposited in general funds.

Performance Indicators	2013	2014
License Exams (onsite)	6	9
Banks Examined	21	18
Trust Companies Examined	17	26
Licenses Issued or Renewed	1,664	2,247
State-chartered Banks	57	56
State-chartered Trust Companies	71	73
Bank Assets	\$20,676,000,000	\$21,216,962,000
Trust Assets	\$120,981,000,000	\$153,949,179,000

Table 26 - Performance Indicators for fiscal years 2013 through 2014.

Securities

The Division of Securities sets rules and procedures to ensure investments sold in South Dakota meet standards of full disclosure, including securities products, franchises, and business opportunities. Its mission 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

Year in Review

The Division of Securities continued to move forward and carry out its regulatory responsibilities in FY14.

In addition to meeting our regulatory 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.

Revenues	2013	2014
Securities Registration Fees	\$70,050.00	\$75,925.25
Franchise Registration Fees	\$144,650.00	\$147,050.00
Franchise Exemption Fees	\$ 0	\$ 0
Business Opportunity Fees	\$300.00	\$100.00
Registration Fees	\$ 0	\$ 0
Securities Opinion Fees	\$100.00	\$125.00
Investment Company Notification Fees	\$20,366,300.00	\$21,479,275.00
Agent Licensing Fees	\$11,817,500.00	\$12,646,000.00
Broker-Dealer Licensing Fees	\$193,050.00	\$193,950.00
Investment Advisor Fees	\$5,600.00	\$5,600.00
Investment Advisor Agent Fees	\$86,350.00	\$100,400.00
I/A Notice Filings	\$153,600.00	\$158,600.00
Miscellaneous	\$1,210.18	\$670.00
Investment Council Interest	\$78,897.42	\$77,650.35
Private Placement/Reg D 506 & Other	\$104,700.00	\$341,950.00
Fines	\$33,116.19	\$121,168.10
Total Revenues	\$33,055,423.79	\$35,348,463.70

Table 27 - Revenues for fiscal years 2013 through 2014.

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.

Performance Indicators	2013	2014
New Securities Applications	38	44
Extension and Amendments	68	63
Private Placement	4	1
Other Exemptions	352	370
Investment Company NFs - New	3,451	3,621
Investment Company NFs - Total	23,035	24,437
New Franchise Applications	213	217
New Franchise Registrations	779	744
Franchise Extensions	594	594
Exemptions	-	-
Business Opportunities - New	2	-
Business Opportunities - Total	3	2
Broker - Dealers Licensed	1,242	1,240
Broker - Dealers Agents Licensed	80,088	84,473
Investment Advisors Licensed	47	47
Investment Advisors Agents Licensed	1,479	1,658
Investment Advisors Notice Filings	747	768
Franchise Applications Withdrawn	175	182
Investigations	140	128
Compliance Examinations	16	21
Administrative Orders Issues	58	20
Opinions Requested	2	3

Table 28 - Performance Indicators for fiscal years 2013 through 2014.

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. The commission does this by examining and licensing qualified practitioners; conducting inspections of cosmetology, esthetics, and nail

Board/ Commission Performance Indicators	Licenses Renewed		New Licenses		Total Practitioners		Examinations		Complaints		Inquiries	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Abstracters' Examiners	77	79	0	3	185	209	3	3	2	2	125	125
Accountancy	1,877	1,863	87	71	1,807	1,781	103	95	27	27	7,440	7,440
Athletic	N/A	N/A	N/A	128	N/A	N/A	N/A	N/A	0	0	N/A	100
Barber Examiners	361	271	9	14	205	176	0	0	N/A	N/A	510	510
Cosmetology	7,385	7,617	979	818	5,616	5,760	369	330	7	11	17,000	17,000
Electrical	698	3,086	664	851	5,569	3,766	368	373	0	0	N/A	N/A
Plumbing	2,311	2,397	367	331	2,678	2,728	112	102	7	11	3,638	3,577
Technical Professions	3,834	3,335	636	559	7,204	7,771	409	319	14	12	1,258	1,996
Real Estate	1,510	1,767	354	351	3,543	3,284	792	558	39	56	61,425	60,696

Table 29 - Licensing board and commission performance measure for fiscal years 2013 and 2014 (July 1 through June 30)

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.

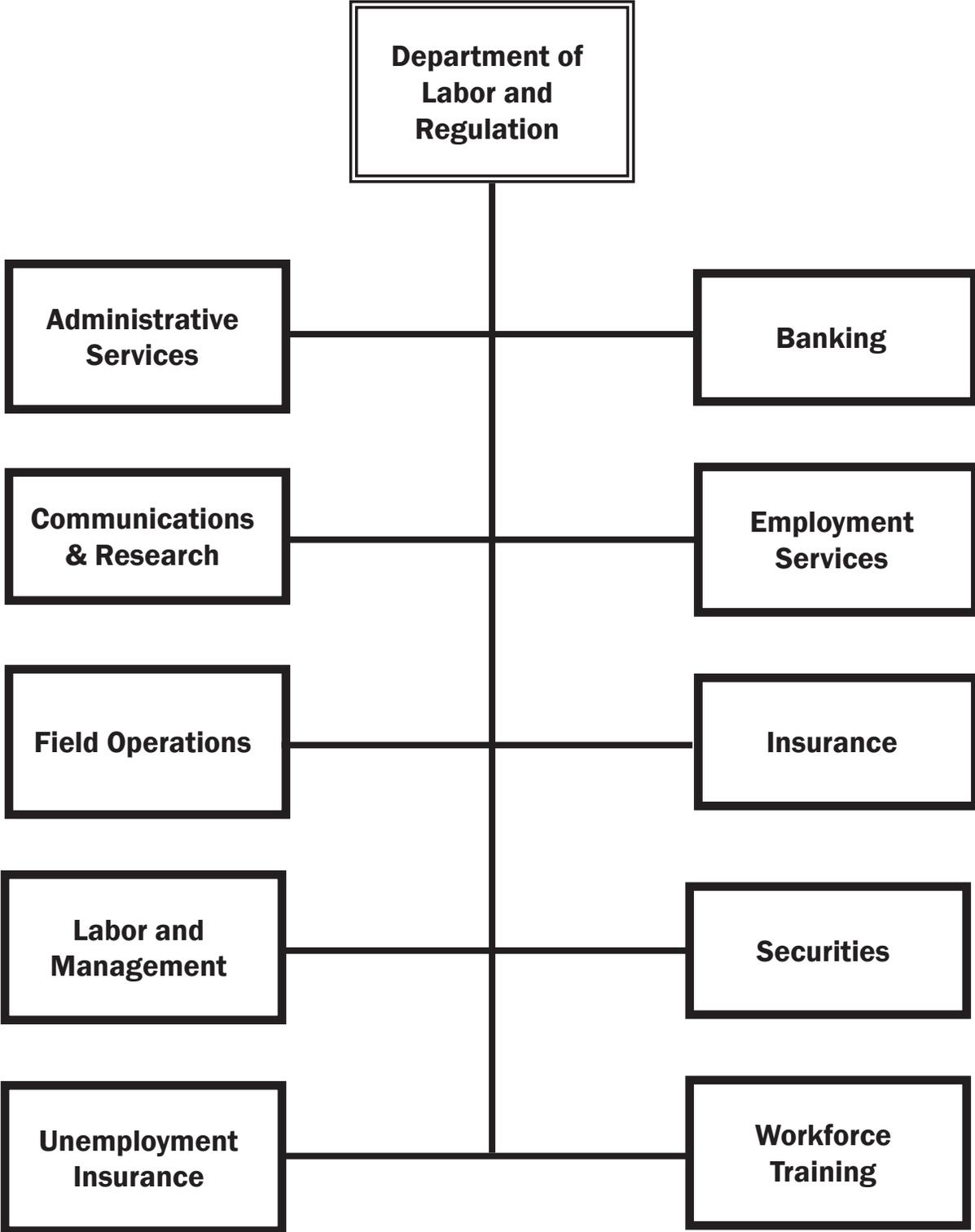
The commission administers and enforces the state laws and regulations concerning plumbing; inspects plumbing installations; investigates complaints related to plumbing; licenses all qualified plumbers within the state; ensures updating and distribution of the state plumbing code; informs plumbers, inspection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

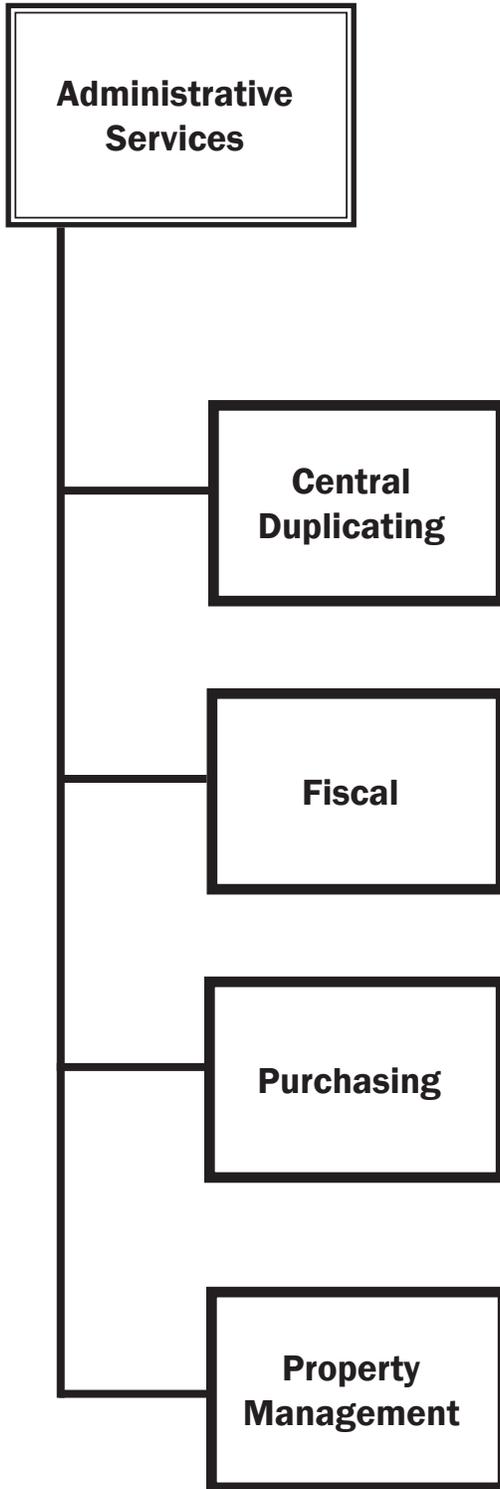
Real Estate Commission

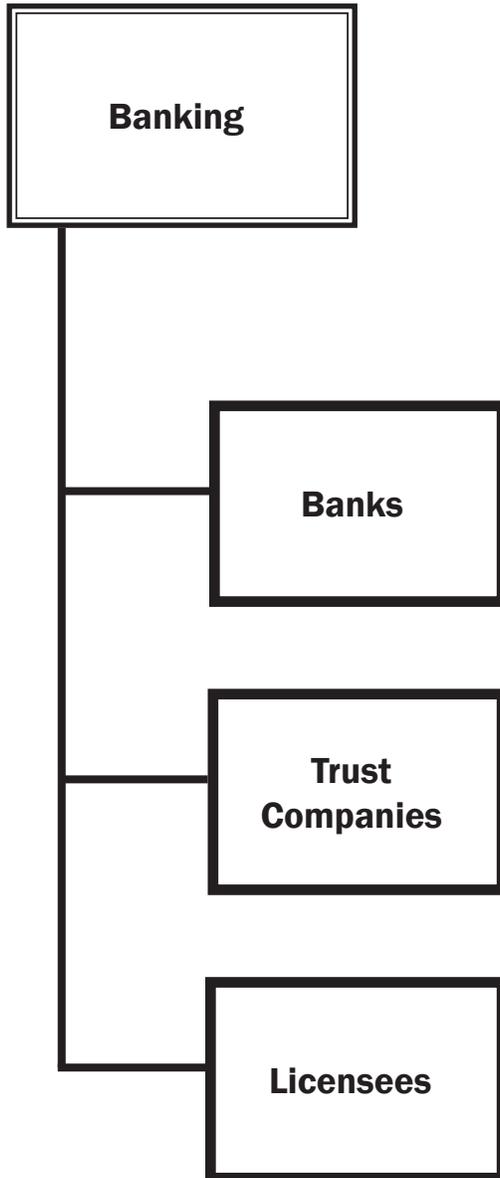
The Real Estate Commission is a regulatory body charged with administering the Real Estate Licensing Act, the Timeshare Act, the Condominium Act, and the Subdivision Act.

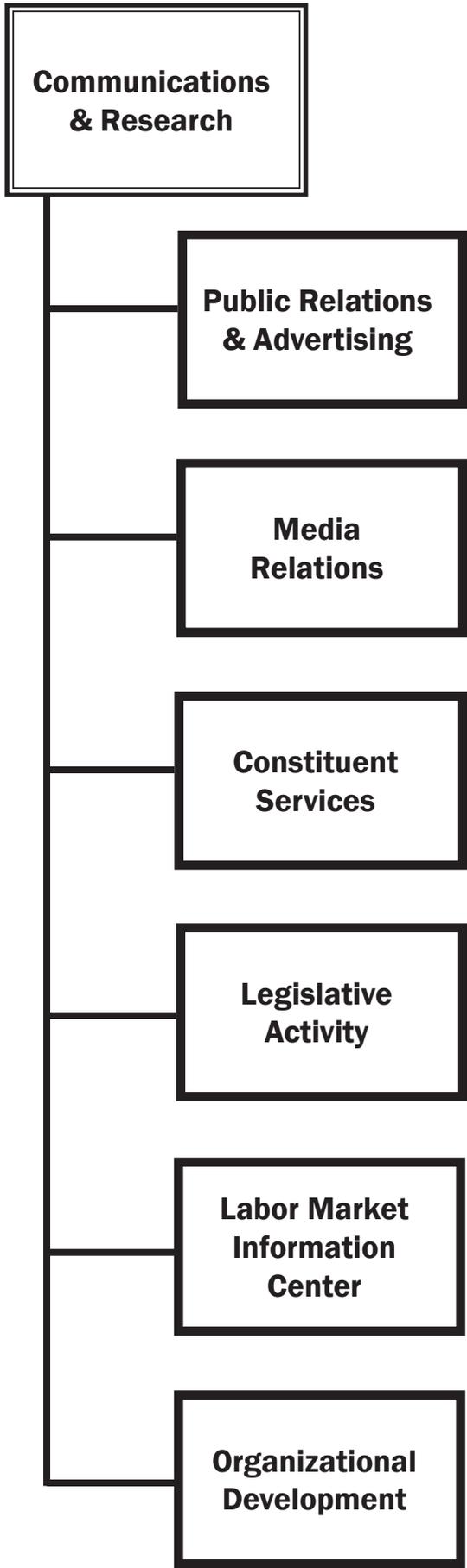
The mission of the Real Estate Commission is to protect the interest of the public when engaged in a real estate transaction. It is the commission's responsibility to enforce standards for education, licensing, and practice of real estate brokers, salespersons, auctioneers, property managers, residential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

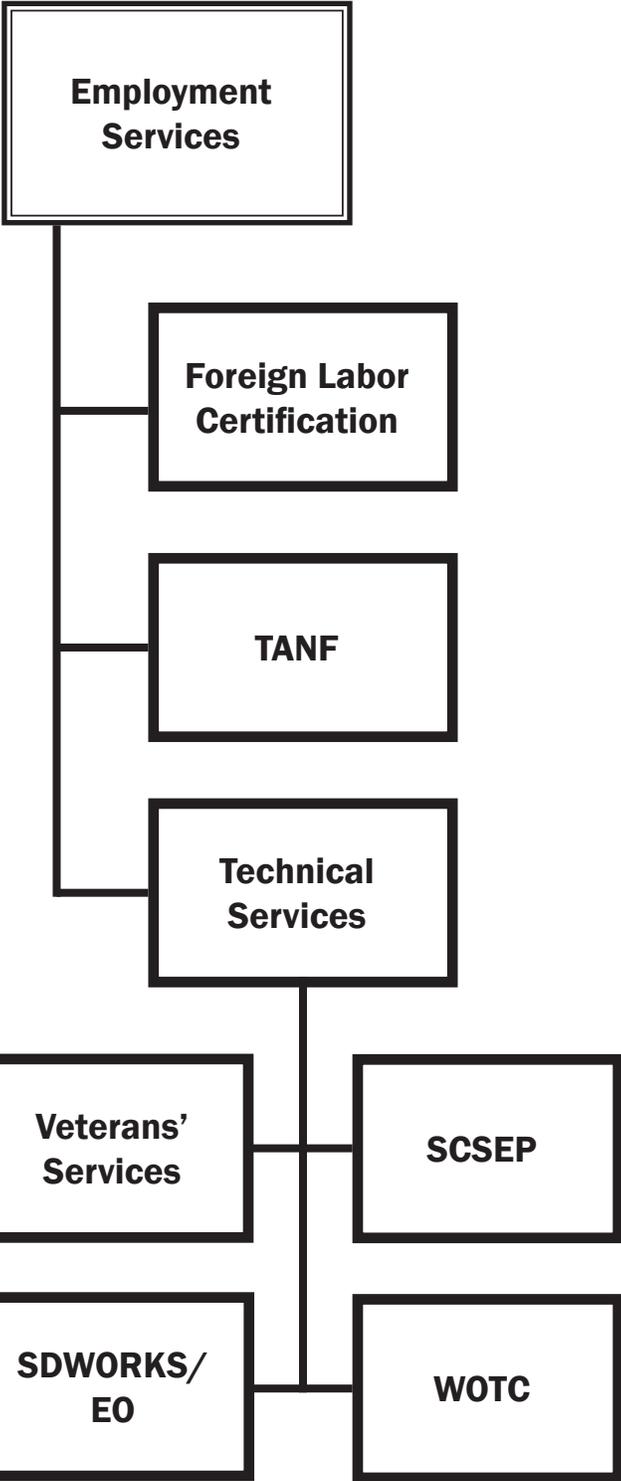
Appendix: Organizational Charts

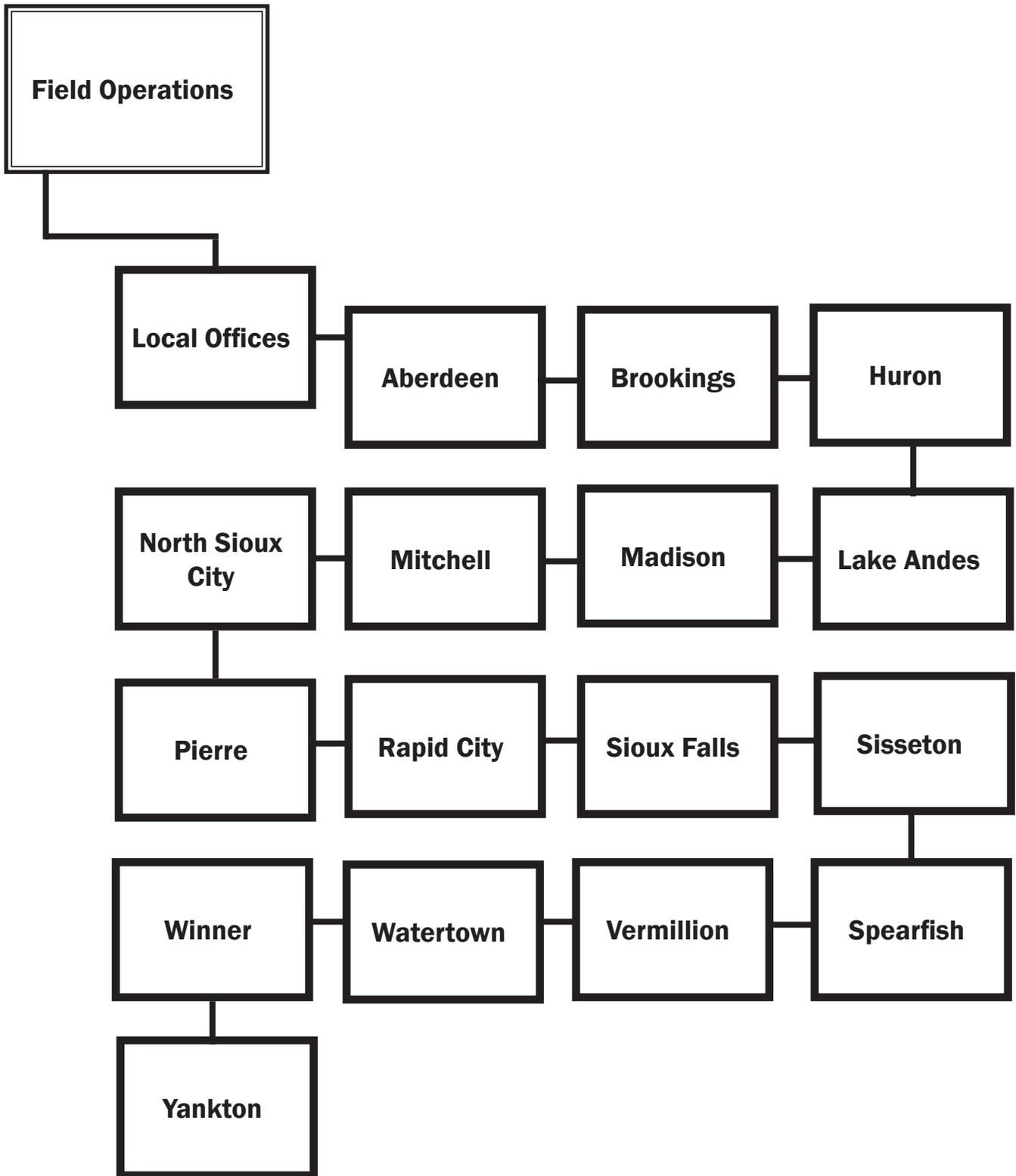


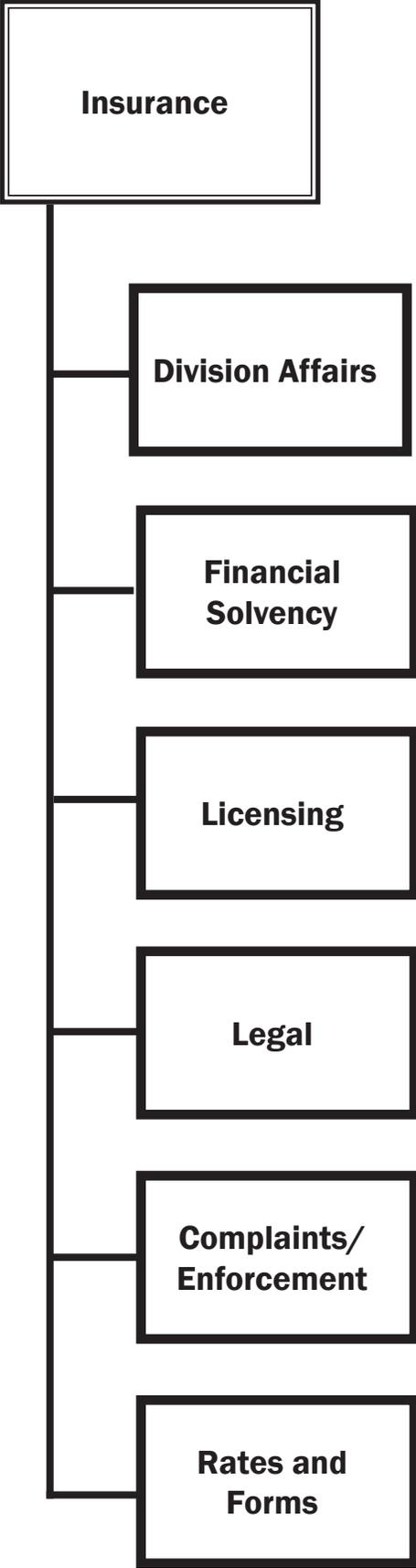


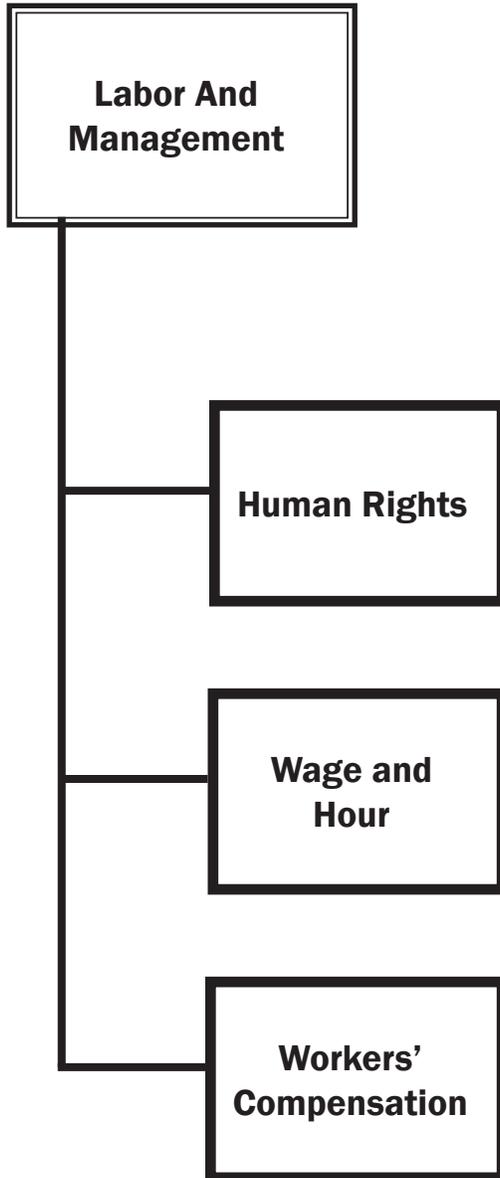


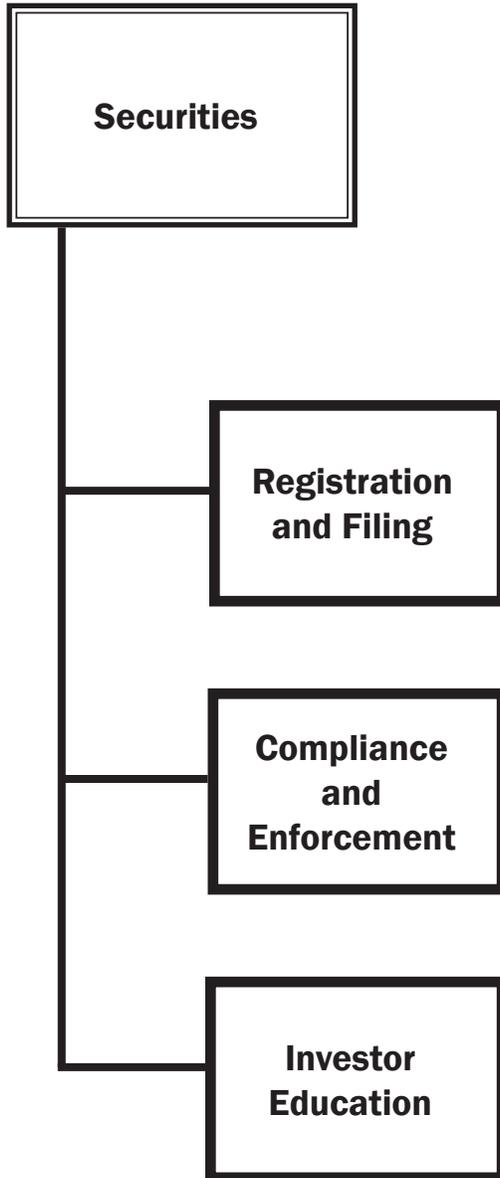


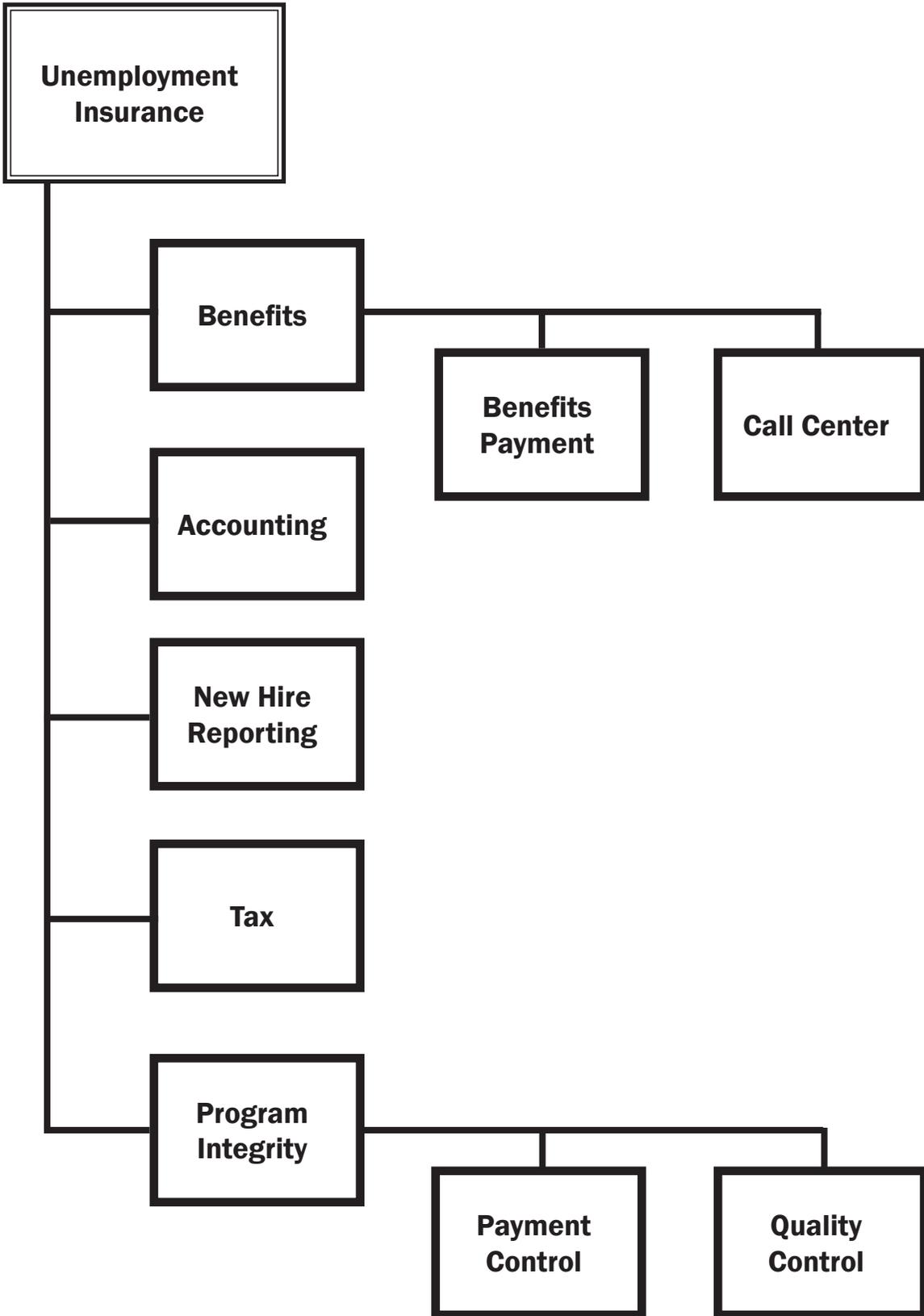


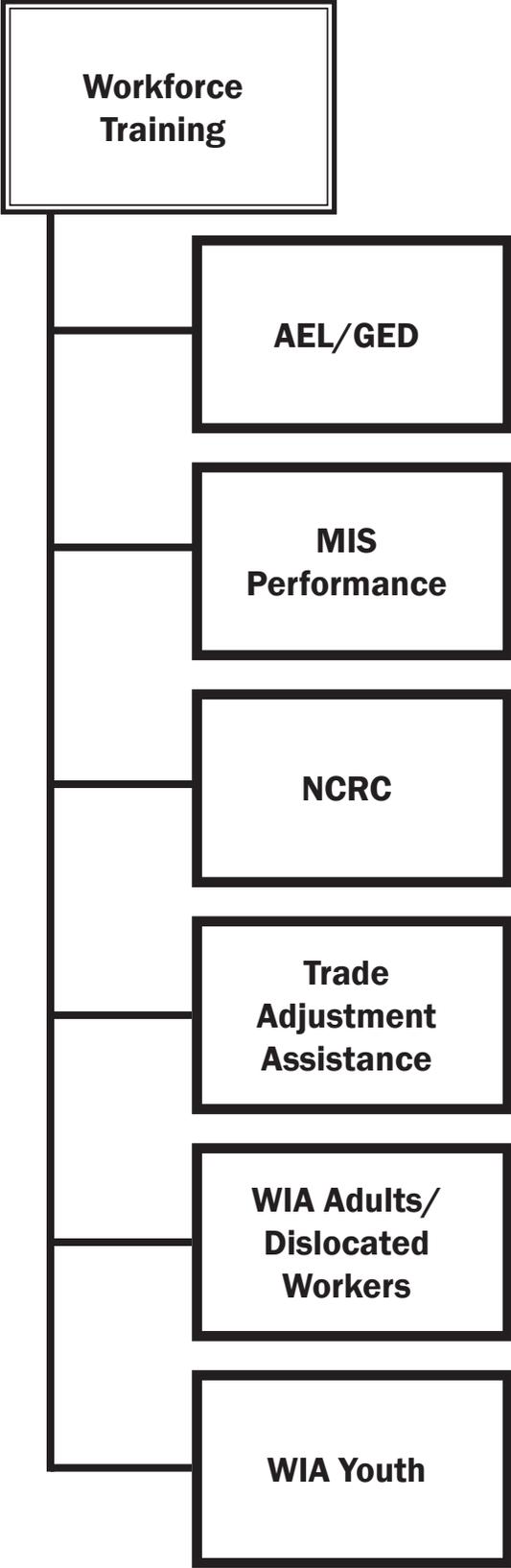












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