



SOUTH DAKOTA  
DEPT. OF **LABOR**  
& **REGULATION**

[dlr.sd.gov](http://dlr.sd.gov)



2017 ANNUAL REPORT

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# 2017 IN REVIEW

## A MESSAGE FROM THE DEPARTMENT OF LABOR AND REGULATION

Dear Friends,

In 2017, DLR continued the momentum towards developing a talented workforce and meeting the business needs of employers. South Dakota is not alone in the challenge of worker shortages, but is positioned to make progress.

Notable accomplishments I am proud of include:

- The enhanced SDWORKS jobs database and management information system was launched in April. The new virtual one-stop has better technology, improved resumes, and more job listings. The updated system is also built around common language and real-time data.
- Registered Apprenticeship outreach connected both individuals and employers with training and sponsorship information. Apprentices learn crucial job skills while collecting a paycheck, and sponsors build a skilled workforce meeting their specific needs.
- A methodology to determine appropriate Unemployment Insurance Trust Fund adequacy was established. This will avoid a surcharge trigger during a future recession and creates an alternative tax rate table to give employers a tax break when the fund is healthy.

In the next year, I am committed to exploring additional workforce solutions to help improve South Dakota's economy. I will continue to seek the partnerships with our community, industry, economic development, and education leaders to reach even higher levels of success.

Sincerely,



Marcia Hultman  
Cabinet Secretary



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

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



**Tom Hart**  
*Deputy Secretary*

**LABOR AND MANAGEMENT**



**James Marsh**  
*Division Director*  
*(Jan. - Nov.)*

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

- Helps settle problems between employers and workers.
- Enforces wage and hour and youth employment laws.
- Answers questions about state employment laws.
- Administers the state’s workers’ compensation system.
- Provides oversight to the Division of Human Rights.
- Holds hearings and mediations.
- Handles labor union certifications.
- Adjudicates unemployment insurance and workers’ compensation appeals.

**WORKERS’ COMPENSATION**

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

Hearing and Settlement Activities	2016	2017
Workers’ Compensation Hearings	9	7
Grievance Hearings	0	2
Unfair Labor Practice Hearings	1	2
Elections	0	3
Unit Determinations	0	1
Impasse Conciliations	4	4
Fact Findings	2	3
Mediations	40	17
Conference Calls	39	18

**Table 1 - Hearing and settlement activities for calendar years 2016 and 2017 (as of Nov. 1).**

Workers’ Compensation Activities		2016	2017
Pre-hearing Conferences Held		119	79
Agreements Approved	States Files	139	104
	Hearing Files	124	134
Permanent Partial Disabilities Approved		569	511
Permanent Partial Disabilities Reviewed		697	599
First Report of Injuries Received		20,485	19,126
Money Collected	Searches, copies, mailing	\$51,161	\$43,700
	Wage & Hour	\$33,881	\$36,800

**Table 2 - Workers’ compensation activities for calendar years 2016 and 2017 (as of Nov. 1).**

## UNEMPLOYMENT APPEALS

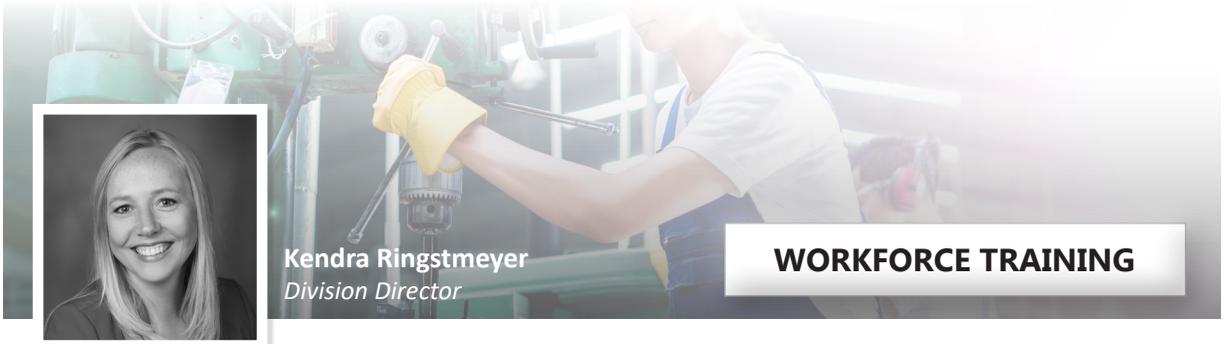
For the third time in five years, our unemployment appeals unit has received the U.S. DOL award for being the best in the U.S., based on the quality of the hearings they conduct and the timeliness of their decisions.

Unemployment Appeals	2016	2017
New Filings	895	727
Cases Ruled on or Dismissed	904	759
Percent Cases Decided Within 30 Days	93%	91%
Cases Awaiting Decision	70	51

**Table 3 - Unemployment insurance appeals for calendar years 2016 and 2017 (as of Nov. 1).**

Human Rights Activities	2016	2017
Potential Discrimination Charges	319	238
Requests for Information	130	86
Intakes of Discrimination Complaints	136	96
Investigations Opened	79	69
Investigations Closed	54	44
EEOC Transfers	24	14
Money Collected for Charging Parties	\$33,000	\$84,965

**Table 4 - Human rights activities for calendar years 2016 and 2017 (as of Nov. 1).**



**Kendra Ringstmeyer**  
*Division Director*

### WORKFORCE TRAINING

The Workforce Training Division provides workforce training and education programs including Workforce Innovation and Opportunity Act (WIOA) Title I youth, adult, and dislocated worker programs; Title II Adult Basic Education; General Educational Development (GED®); and the National Career Readiness Certificate (NCRC). It also oversees Trade Adjustment Assistance (TAA), Disability Employment Initiative (DEI), Re-employment Services, and Registered Apprenticeships.

The mission of Workforce Training is to develop and implement innovative workforce solutions. This will guide individuals to self-sufficiency while building a skilled workforce and strengthening the state's economy. This division's diverse set of programs is designed to aid South Dakota's workforce and help employers, employees, and job seekers. The information in this section is a review of Program Year 2016, July 1, 2016 through June 30, 2017.

# WORKFORCE INNOVATION AND OPPORTUNITY ACT

Program Year 2016 (July 1, 2016 through June 30, 2017) continued implementation of WIOA standards, formerly the Workforce Investment Act of 1998 (WIA). A South Dakota WIOA Policy Manual was developed to ensure each program is consistently administered in each DLR job service office.

## YOUTH

The WIOA Youth Program provides participants a systematic and coordinated approach to career services. This program serves individuals ages 14 through 24 who have barriers to employment or are disconnected youth. WIOA law requires that a minimum of 75 percent of funding be expended on out-of-school youth. Out-of-school youth must be aged 16-24, not attending any school, and meet one or more additional eligibility conditions.

The program can assist participants with skills training in targeted industries and occupations, completing secondary education, alternatives to secondary school services, leadership development opportunities, and summer employment opportunities. The program also provides career exploration opportunities, supportive services, mentoring, follow-up services and comprehensive guidance.

DLR is required to spend at least 20 percent of Youth funds on work experiences, such as summer and year-round employment, pre-apprenticeship, on-the-job training, internships, and job shadows.

During Program Year 2016, local offices provided youth services to 307 individuals.

## ADULT + DISLOCATED WORKER

The goal of the Adult and Dislocated Worker Programs is to ensure each person has a road map

with the steps, resources and training necessary to reach their goal.

In South Dakota, anyone over the age of 18 is enrolled into the Adult Program. Funding is reserved for those with barriers to ensure intensive services are provided and obstacles to employment are overcome, however, every person is offered career services through DLR job service. Our economy continues to be strong, with low unemployment, and searching for work can be done independently online.

During large lay-off events, DLR job service offices provide Rapid Response services including hiring events to match those losing their job with employers who are in need. The need for skilled workers in South Dakota continues, and a great number of dislocated workers are employed by other companies before searching for work.

In Program Year 2016, there have been 914 individuals assisted through the Adult and Dislocated Worker Programs.

## ADULT EDUCATION + LITERACY

DLR 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 5 and 6). Other populations served include

ABE Measurable Skills Gains	2016	2017
ABE Beginning Literacy	40%	67%
ABE Beginning Basic Education	51%	39%
ABE Intermediate Low	41%	34%
ABE Intermediate High	31%	35%
Adult Secondary Education Low	51%	58%
Adult Secondary Education High	65%	64%

**Table 5 - Adult Basic Education achievements for program years 2015 and 2016 (July 1 through June 30).**

ESL Measurable Skills Gains	2016	2017
ESL Beginning Literacy	39%	40%
ESL Beginning Low	49%	43%
ESL Beginning High	53%	53%
ESL Intermediate Low	45%	35%
ESL Intermediate High	39%	58%
ESL Advanced	47%	64%

**Table 6 - English as a Second Language achievements for program years 2015 and 2016 (July 1 through June 30).**

unemployed and underemployed persons, young adults, and offenders in correctional institutions. These individuals may perform at lower educational levels (below a 9.0 grade level) and generally demonstrate a need for reading, writing, and math skills in order to obtain employment.

Improving workforce literacy, numeracy, and oracy skills leads directly to a stronger economy. The instruction, activities, and services provided by the Adult Education and Literacy (AEL) programs promote family literacy, obtainment of a high school diploma equivalency, employment, and self-sufficiency. Title II helped 246 Adults earn their awarded GED® credential in Program Year 2016.

Language instruction methodologies, such as workplace literacy, and action research projects were again priorities for the Integrated English Literacy and Civics Education Program (Table 6). These programs support our non-native speakers, immigrants, and former refugees in achieving linguistic, economic, and civic integration.

## TRAINING + ASSESSMENTS

### REGISTERED APPRENTICESHIP

Registered Apprenticeships help mobilize America’s workforce by combining on-the-job training with related classroom instruction to

prepare highly skilled workers with industry competencies, and the skill sets employers need.

DLR was awarded \$900,000 from U.S. DOL in 2016 for the acceleration and expansion of Registered Apprenticeship opportunities in South Dakota. The focus areas for this grant are healthcare, manufacturing and skilled trades industries for youth, women, Native American, English as a Second Language (ESL) individuals, and individuals with disabilities. These efforts are being accomplished through a grant partnership with Associated General Contractors, Lake Area Technical Institute, Mitchell Technical Institute, Southeast Technical Institute, and South Dakota Association of Plumbing Heating Cooling Contractors.

### *Outreach + Education*

DLR job service office staff will continue to undergo training focused on Registered Apprenticeship awareness and processes with a goal to increase industry engagement in Registered Apprenticeship programs.

A statewide outreach campaign was developed and includes a microsite, radio, social media, television, and printed advertising. The target audiences are businesses, schools, parents, and future apprentices. The goal of this outreach is to change the conversation around post-secondary education or training to include Registered Apprenticeships as a viable option to success. The message leverages the universal disdain for waiting to a complete a degree with waiting in every day life. A Registered Apprentice gains immediate pay, training, experience, and industry credentials.

### SOFT SKILLS

Businesses often vocalize the need for more soft skills and work ethic in their employees and in Program Year 2016, DLR was presented with

the opportunity to introduce soft skills training. Bring Your 'A' Game to Work is designed to instill foundational behaviors and values in today's workforce. After completing the program, participants will understand the long-term benefits of work ethic, setting a foundation for personal and professional success. Participants are eligible to earn a Work Ethic Certificate.

The engaging curriculum of Bring Your 'A' Game to Work is designed for participants to discover soft skills through activities and group participation. There are seven soft skill behaviors and they include: Attendance, Appearance, Attitude, Ambition, Accountability, Acceptance, and Appreciation.

DLR utilized workforce partners to administer the workshop. Providers including: Black Hills Special Services, Cornerstones, Lake Area Technical Institute, Lutheran Social Services, Out Source Projects, and The Right Turn. Each partner was invited to a training workshop and provided with materials to implement the curriculum. Bring Your 'A' Game to Work classes continue to be offered independently in each coverage area.

### NATIONAL CAREER READINESS CERTIFICATE

The use of NCRC skill development and certification provides participants, case managers, and employers a framework to capitalize on skill strengths and to define potential skill training needs during any part of the employment process. Whether it is in the application, the interview, or the probationary training phase, the NCRC provides a concrete tool all parties can reference in making appropriate workforce decisions.

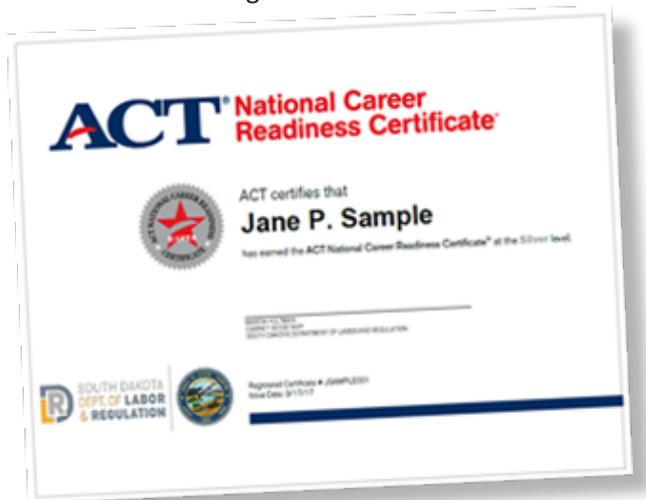
The NCRC remains a viable element for workforce training and development. Allowing

employers to match employees with the right skills to the right job, employers are enjoying decreased turnover and employee training time.

Certificate Level	Bronze	Silver	Gold	Platinum	TOTAL
DLR	52	261	159	3	<b>475</b>
DOE	540	2163	978	16	<b>3697</b>
DHS	3	10	7	1	<b>21</b>
Tech	45	157	31	0	<b>233</b>
<b>Totals</b>	<b>640</b>	<b>2591</b>	<b>1175</b>	<b>20</b>	<b>4426</b>

Table 7 - NCRC partnership results for Program Year 2016

Continued partnerships with the Department of Education, the Department of Human Services, and technical schools, has led to increasing numbers of current and potential members of the workforce earning the NCRC.



## WORKFORCE PROGRAMS

### **DISABILITY EMPLOYMENT INITIATIVE**

In Program Year 2016, the DEI grant in South Dakota served 112 individuals disclosing a disability through the WIOA Adult program in the DLR job service offices of Pierre, Rapid City, and Spearfish. Historically, the WIOA Title I Adult program in these communities served approximately 10 percent of individuals with disabilities. After implementation of the DEI grant in 2015, this percentage increased to 42.81 percent in Program Year 2016. DLR is not serving a new population, but rather built partnerships and equipped DLR staff to better serve individuals with disabilities. Of these 112 served, 59 individuals received some type of training, from computer classes to on-the-job training to post-secondary education. Financial Literacy classes have also been implemented into the job service offerings.

With knowledge through the DEI grant, DLR has implemented Integrated Resource Teams as a case management strategy for job service office customers. Many times customers need more services than those DLR offers. In these situations, DLR brings together various agencies to work together with the participant to meet their needs.

Through the DEI grant, DLR has partnered with Board of Regents, technical institutes, and the Department of Education to develop Career Pathway road maps. With hopes of launching this website in the summer of 2018, these road maps will connect the dots for South Dakotans as they seek opportunities to learn new skills or expand upon the current skills they have.

### **TRADE ADJUSTMENT ASSISTANCE**

The TAA program is designed to assist workers who have lost their jobs as a result of foreign competition. There are currently a total of seven approved TAA certifications (companies with products or business moved overseas) and one certification pending in South Dakota. Many displaced workers find employment quickly, but others attend post-secondary institutions to receive training allowing them to find new career opportunities in high demand fields. During Program Year 2016, South Dakota served 78 participants with some form of TAA assistance or training.

### **RE-EMPLOYMENT ADJUSTMENT ASSISTANCE**

The Re-employment Trade Adjustment Assistance program helped a number of individuals over the age of 50 receive a temporary extension of Unemployment Insurance (UI) wage subsidy after obtaining employment.

### **RE-EMPLOYMENT SERVICES**

South Dakota has been participating in Re-employment Services and Re-employment Intensive Services (RIS) for the past five years. The purpose of the program is to help unemployment claimants re-enter the workforce quickly. DLR has found providing resources, training, and guidance to the claimants ensures a shorter turn around for obtaining employment.

Claimants are encouraged to participate in RES and WIOA services with the understanding a lack of participation could negatively affect their benefits. 3,704 UI recipients were referred to RES in Program Year 2016.



**Andrew Szilvasi**  
*Division Director*

## **EMPLOYMENT SERVICES**

The role of the Division of Employment Services is to provide the support mechanisms for the Department’s workforce services mission. Employment Services oversees several key areas:

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

The division also provides support to other programs, including the Workforce Innovation and Opportunity Act (WIOA), Unemployment Insurance, and Labor and Management by providing technical assistance and support to special Information Technology (IT) projects requests.

## EMPLOYMENT + ASSISTANCE PROGRAMS

### **VETERANS’ SERVICES**

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

The new WIOA standards and “hold-harmless” reporting did not require DLR to provide performance measurements to the Veterans’ Employment and Training Service (VETS) for Federal Fiscal Year 2017. Detailed and accurate reporting was not available due to the conversion and unfinished mapping of services. DLR continues to provide required services to our military veterans and eligible spouses. Performance measures and goals will be required during Federal Fiscal Year 2018.

## THE WORK OPPORTUNITY TAX CREDIT

WOTC is a federal income tax credit encouraging employers to hire those with employment barriers. The program produced 5,016 certifications, a decrease of 132 certifications from 2016 (Table 9). The program has saved South Dakota employers nearly \$13.4 million in tax credits.

Workforce Opportunity Tax Credit	2016	2017
Certifications	5,148	5,016
Denied Applications	4,444	4,895
Pending Applications	402	201
Conditional Applications	580	687
Total Applications	10,574	10,799
Acceptance	53.7%	50.60%
Tax Dollar Savings	\$13,483,800	\$13,349,800

**Table 9 - Workforce Opportunity Tax Credit activities for Federal Fiscal Years 2016 and 2017 (October 1 through Sept. 30).**

## FOREIGN LABOR CERTIFICATION

The FLC 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 when there are insufficient qualified U.S. workers available and willing to perform the work. Wages must meet or exceed the prevailing wage paid for the occupation in the area of intended employment. FLC programs are designed to ensure the admission of foreign workers into the U.S. does not adversely affect the job opportunities, wages, and working conditions of U.S. workers.

DLR assists with the administration of H-2A, or temporary agricultural program, and the H-2B, or temporary non-agricultural program. During Program Year 2016, DLR saw the following activity in South Dakota:

### *H-2A Temporary Agricultural*

- South Dakota agricultural employers filed 168 H-2A temporary agricultural applications with 154 certified.
- 820 H-2A positions certified.
- Central South Dakota had the highest request for H-2A workers.
- The top occupation for H2-A positions was Farm Machine Operator.
- H-2B Temporary Non-Agricultural
- The H-2B program in South Dakota had 115 applications filed with 101 certified.
- There were 1,414 H2-B positions certified.
- The region with the most requested H2B workers was eastern South Dakota, due to large, longer-term commercial construction projects.
- The top occupation for H2-B positions was construction laborers.

## ECONOMIC ASSISTANCE

DLR is a long-term partner with the Department of Social Services (DSS) in co-administering welfare-to-work programs in South Dakota for the purpose of promoting personal responsibility and self-sufficiency. DLR delivers the TANF work activities in 54 counties, which contain approximately 48 percent of the eligible mandatory parent-case population.

As the principal performance outcome mandated by the U.S. Department of Health and Human Services, DLR strives to improve the TANF participation rate. The federal government requires South Dakota to achieve a 50 percent participation rate in order to receive full TANF block- grant funding. The most recently

completed Federal Fiscal Year ended September 30, 2017. DLR reached 48.22 percent of the required participation rate for the TANF clients living in DLR counties (non-reservation counties) in South Dakota. However, combining efforts with DSS offices, the statewide participation rate reached 51.16 percent, achieving the required goal mandated by the federal government. This was a 1 percent increase in statewide participation over the previous year.

TANF Performance Measures		2016	2017
TANF Applicants (mandatory, from DLR counties)		3,404	3,331
Caseload	Monthly Average	283	278
	Job Entries	571	640
Employment	Job Entries with medical benefits	22%	21%
	Average Starting Wage (per hour)	\$10.88	\$10.39

**Table 10 - Temporary Assistance for Needy Families activities for Federal Fiscal Years 2016 and 2017.**

In cooperation with WIOA programs, TANF has taken full advantage of opportunities to help as many eligible South Dakota families as possible. We aggressively promote education and job training to help improve a person’s objectives. TANF projects include:

- A comprehensively managed work-site and 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. This diversion program is designed to assist potential TANF participants with a one-time cash payment. One-time payments could be used to purchase items to help obtain employment, such as work and interview appropriate clothing. The funds assist the individual with a good start in their job search or employment without the need to apply for regular TANF benefits.

## OLDER WORKERS

SCSEP is a community service and work-based job training program for older Americans. Authorized by the Older Americans Act, the program provides training for low-income, unemployed seniors. DLR develops partnerships with non-profits and government agencies to provide individuals, age 55 or older, the opportunity for a valuable part-time work experience and other training activities to become competitive in today’s workforce. DLR is currently in its third full year of administering the state portion of the SCSEP grant.

In Program Year 2016, the SCSEP state grant provided services to 62 older workers age 55 and older. Participants worked a total of 41,296 hours in South Dakota communities. Almost 50 percent of participants entered unsubsidized employment with assistance and services from the state SCSEP program, while 73 percent retained employment for at least one year.

**SDWORKS**

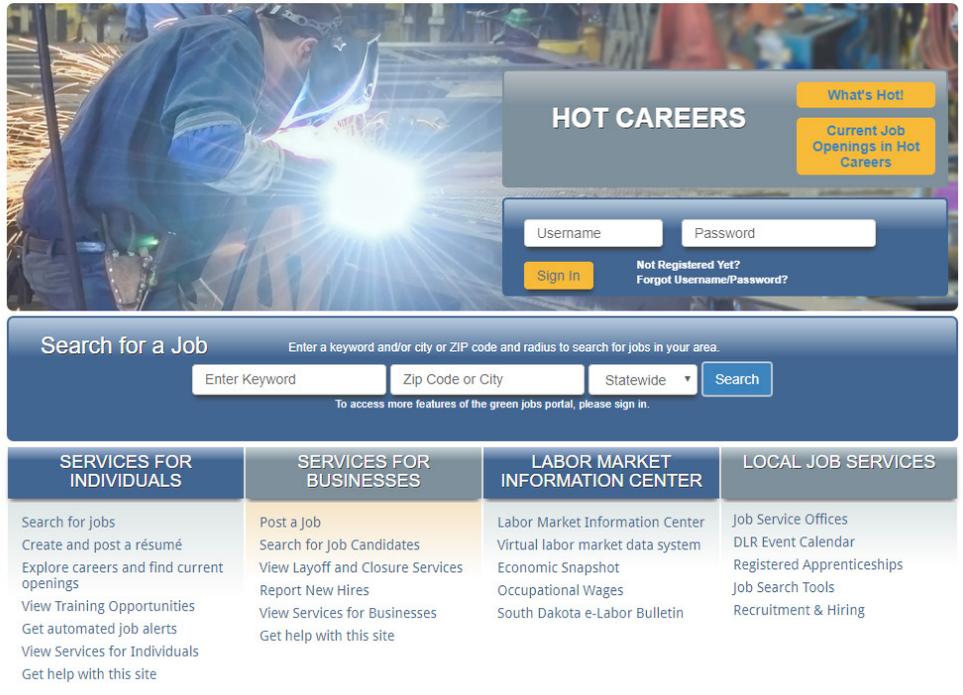
SDWORKS is the state’s largest online job database. Job seekers can create a professional profile and resumes, and perform customized job searches.

On April 3, 2017, DLR launched the new SDWORKS system with numerous improvements for job seekers, employers, and DLR staff. The user interface took on a radically different look, feel, and level of user-friendly enhancements and job seeking resources.

The project completely overhauled and modernized SDWORKS. The new system has a state-of-the-art job search, case management, program management, and reporting system.

In Program Year 2016, an average of nearly 16,700 job openings per month were listed with DLR and 13,954 new registrants in SDWORKS. 45,959 distinct individuals received Wegner-Peyser employment services.

Another new addition to this system is the ability for job postings to be “spidered” from external websites. External job postings from a wide variety of industries, not posted in SDWORKS, are scraped from the internet and posted to SDWORKS to be provided to seekers. Spidering significantly increases the number of jobs being shown to the general public and raises awareness of positions needing to be filled. The average number of openings during the first three months of the 2017 Calendar year was 11,519. The average number of openings during the last three months of 2017 was 16,400, a 42% increase in job openings available.



**Figure 1: SDWORKS Main Frame splash page**



**Bill McEntaffer**  
*Division Director*

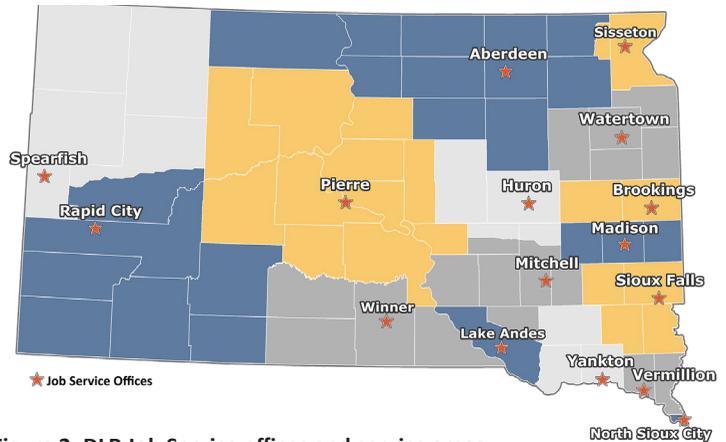
## FIELD OPERATIONS

The Division of Field Operations is responsible for the DLR job service 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.

Every year, the trained professionals of the DLR job service offices assist job seekers and employers with their employment needs by providing dedicated career services. Each office has resources for both job seekers and employers. Job seekers can identify opportunities, prepare for interviews, and obtain productive employment. Employers locate and hire the workforce they need to grow their organizations and businesses.

During Fiscal Year 2017, employment services had 56,053 participants, up 2.8 percent compared to the SFY16 total of 54,543 participants. There were 87,928 job orders received in SFY17, down 7.2 percent from 94,713 jobs received in SFY16.

The South Dakota WIOA Policy Manual was implemented in June 2017. The policies and procedures outlined in the manual have been a work in progress in 2017. The Field Operations, Workforce Training, and Employment Services staff continue to work together to ensure consistent administration.



**Figure 2: DLR Job Service offices and service areas**



**Dawn Dovre**  
*Division Director*

## **POLICY + PUBLIC AFFAIRS**

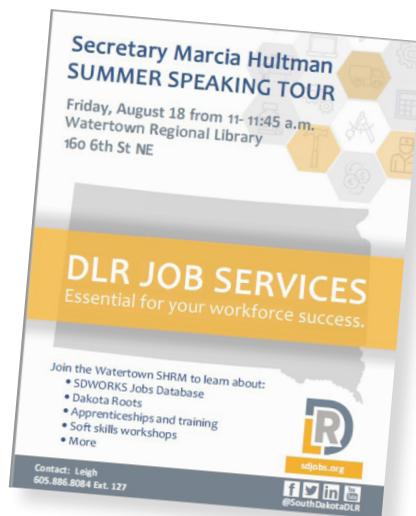
This Division supports the entire department through a variety of functions, including:

- Leading workforce development efforts with DLR program directors, other state agencies, the Governor’s Office, and community leaders.
- Managing communication matters such as advertising, public relations, media relations, constituent services, and legislative task force.
- Leading organizational development and strategic planning efforts.
- Providing labor market information and economics data to make policy recommendations.

## HIGHLIGHTS

### **WORKFORCE DEVELOPMENT**

- The Dakota Roots worker recruitment program continued its 11th year of connecting out-of-state job seekers with in-state career opportunities. A digital marketing campaign supported its efforts.
- Secretary Marcia Hultman toured the state in Summer 2017 to present “DLR Job Services: Essential to Your Workforce Success.” Over 30 meetings were held with economic development, chamber, HR, and other community groups to promote the new SDWORKS jobs database and other workforce services available.
- The Build Dakota Scholarship roadshows held across the state provided opportunities for job service staff to share information on other workforce training programs and services available.



**Figure 3: Flier for Secretary Hultman’s Summer Tour**

- Monthly meetings were led for the South Dakota Workforce Initiatives (SDWINS) Sub-cabinet group to communicate workforce-related projects, create consistent messaging, identify best practices, and identify collaborative opportunities for common goals.

## COMMUNICATIONS

- A digital marketing campaign for the new SDWORKS jobs database promoted “Let’s Work Together.” Display ads, Facebook news feed ads, site retargeting, and LinkedIn display ads drove job seekers and employers to the site.



**Figure 4: SDWORKS Facebook post alerting users of coming changes.**

- The Start Today SD campaign launched to increase the number of Registered Apprentices in South Dakota. It included both traditional and digital media channels, activities during National Apprenticeship Week, four roadshows held at the technical institutes, and a microsite.

- Webinars were hosted in partnership with the South Dakota Retailers Association. Topics included: Tapping Into the Power of Labor Market Data and DLR Job Services: Essential for Your Workforce Success.
- The communications team actively contributed and participated in the National Association of State Workforce Agencies (NASWA) communications workgroup and was appointed to the leadership steering committee.

## ORGANIZATIONAL DEVELOPMENT

- Strategic planning sessions were facilitated for Workforce Services teams to create relevant mission statements, prioritize projects, and guide leadership and staff moving forward.
- All staff training was provided via webinars and covered Building Resiliency and Coping with Change and Business Etiquette and Professionalism.
- Effective Meetings training was delivered to Division directors to improve time management and internal communications skills.

## LABOR MARKET INFORMATION CENTER

The Labor Market Information Center (LMIC) collects, analyzes, and provides information on the labor market of the state to the public. This includes information such as employment levels, unemployment rates, wage data, estimates of available labor, commuting patterns, employment projections, business staffing patterns, and career and educational program planning information.

Among those who use our information are employers, career decision makers,

and education, economic development, job placement, and training program planners. During calendar year 2017, the LMIC handled approximately 12,200 requests for information, including the distribution of over 5,900 publications to our users.

### *Grants and Funding*

Most LMIC activities are funded by the U.S. DOL, 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. Other key

activities include keeping all labor market data sets updated and easily accessible in the virtual labor market data system, providing information regarding projected workforce demand and current worker levels and commuting patterns of the South Dakota workforce, completing economic impact analyses upon request, and the monthly publication of the e-Labor Bulletin.

### *Highlights*

- The U.S. DOL conducted a review of the Workforce Information Grant. Positive practices identified included the updated LMI e-Learning initiative, career exploration publications, and data support to the Build Dakota Scholarship.
- The 2016 South Dakota Labor Market Report was created and published. This bi-annual document highlights topics such as labor force, nonfarm workers, employment and wages, and projections.
- LMI materials for promoting Manufacturing Week were created and used by job service offices and on social media, including infographics, fast facts, and local community profiles.



Figure 5: LMI e-learning



**Pauline Heier**  
Division Director

## UNEMPLOYMENT INSURANCE

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

### PERFORMANCE

The Division's performance measures (Table 11) reflects the improvement in economic conditions. This year DLR saw an approximate increase of 496 applications for benefits received for processing. Individuals receiving benefits increased from 2016 to 2017. Total dollars paid out increased to just over \$4.341 million.

Benefits		2016	2017
Applications for Benefits		14,122	14,618
Total Number of Weekly Payments		80,809	89,698
Number of Individuals Who Received Benefits		5,881	6,519
Dollars Paid Out	State Benefits	\$24,007,476	\$28,245,468
	Federal Claims	\$1,606,125	\$1,709,616
	Total	\$25,613,601	\$29,955,084
Average Weekly Payments per Claimant		13.7	13.7
Maximum Weekly Payment		\$380	\$390
Average Weekly Payment		\$312	\$324

**Table 11 – Unemployment Insurance benefits for Fiscal Years 2016 and 2017 (July 1 through June 30).**

### INTEGRITY SYSTEMS

Our overpayment and fraud section is responsible for reducing instances of overpayment, fraudulent or otherwise, and collecting these monies from claimants. As evident in Table 12, during the past fiscal year, the amounts in nearly every measured category increased.

Integrity Systems	2016	2017
Amount of Benefit Overpayment Debt	\$744,643	\$810,169
New Overpayment Cases	1,819	1,700
Percent of Cases Involving Fraud	31.1%	34.4%
Dollar Amount of Overpayment Fraud	\$231,874	\$279,064
Dollar Amount Collected Back	\$757,782	\$696,421
Number of Collection-Related Correspondence Items	7,048	4,907
Number of Civil Actions	1,889	1,118
Convictions Obtained	3	5
Cases Pending	37	34

**Table 12 – Unemployment Insurance integrity systems performance measures for Fiscal Years 2016 and 2017 (July 1 through June 30).**

We continued in our efforts to minimize overpayments and fraud.

## CHALLENGES OF 2017

Our primary challenge of 2017 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 (see Table 14) continued to increase from \$102.8 million on June 30, 2016, to \$113.6 million on June 30, 2017. 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 \$113.6 million.

Tax Administration/ New-Hire Reporting	2016	2017
Delinquent Notices	6,665	6,396
Subpoenas to Non-Compliant Employers	427	435
% Status Determinations Made Within 90 Days	86.6%	87.5%
New-Hire Reports	236,936	222,766

**Table 13 – Unemployment Insurance tax administration and new hire reporting for Fiscal Years 2016 and 2017 (July 1 through June 30).**

Unemployment Insurance Trust Fund	2016	2017
Taxes Received for Regular State Benefits	\$36,668,614	\$38,153,514
Interest on Trust Fund	\$2,206,098	\$2,463,014
Trust Fund Balance (end of year)	\$102,764,413	\$113,566,320
Number of Employers (end of year)	27,248	27,517

**Table 14 – Unemployment Insurance trust fund for Fiscal Years 2016 and 2017 (July 1 through June 30).**

**Bret Afdahl**  
Division Director

**BANKING**

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

The Division of Banking was accredited by the Conference of State Bank Supervisors (CSBS) for another five-year term. The CSBS Accreditation Program involves a comprehensive review of the critical elements necessary for state banking departments across the country to serve their vital role in our complex economy. The Division was first accredited in 2007, and was re-accredited in 2012.

For the fifth year in a row South Dakota banks participated in a research effort that culminated in findings presented at the *5th Annual Community Banking in the 21st Century Research and Policy Conference* at the Federal Reserve Bank of St. Louis. This research conference is co-sponsored by CSBS and the Federal Reserve System. South Dakota community banks participated in a national survey and in one on one conversations with the Director of Banking to provide insights into banking conditions in South Dakota. The research coming out of this conference is vital to ensuring our country has good regulatory policy for the banking system and the states play a leading role in engaging our banks in this effort. Over 75 percent of the community banks in our country are chartered by the states. Northern State University had a team entered in the 2017 Community Bank Case Study Competition and South Dakota will again be represented in the 2018 competition. More information about this research conference can be found at: [communitybanking.org/conferences/2017](http://communitybanking.org/conferences/2017).

Revenues	2016	2017
Bank Examination Fees	\$847,321	\$1,644,971
Trust Company Examination Fees	290,536	306,742
Trust Company Supervision Fees	812,284	840,381
Trust Company Charter Fees*	20,000	35,000
License Fees	989,395	968,715
Licensing Examination Fees	28,471	15,686
Investment Council Interest	70,462	79,785
Miscellaneous	9,055	8,645
<b>Totals</b>	<b>\$3,067,524</b>	<b>\$3,899,925</b>

**Table 15 - Comparison of revenues by category for Fiscal Years 2016 through 2017. \*Deposited in general funds.**

Performance Indicators	2016	2017
License Exams (on-site)	19	3
Banks Examined	16	17
Trust Companies Examined	34	27
Licenses Issued or Renewed	3,334	3,780
State-chartered Banks	52	51
State-chartered Trust Companies	86	92
Bank Assets	\$25.294 billion	\$25.489 billion
Trust Assets	\$226.054 billion	\$234.372 billion

**Table 16 - Performance Indicators for Fiscal Years 2016 through 2017.**



Larry Deiter  
*Division Director*

## INSURANCE

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

- Provide regulatory oversight to protect South Dakota insurance policyholders and investors against financial loss due to inappropriate business practices and/or insolvency of insurance companies.
- License and/or register insurance companies, resident and non-resident agents, and other insurance entities.
- Register securities agents, advisors and brokers, franchises, and investment products.
- Monitor licensees and registrants for compliance with existing statutes and regulations.
- Review property/casualty and life/health insurance company rates, rules, and form filings for compliance.
- Review and resolve consumer complaints.
- Investigate and take appropriate action with respect to licensees, registrants, and companies.
- Review and approve continuing education programs for insurance agents and companies.
- Provide investor education.
- Monitor federal law changes which could potentially impact state laws and rules.

Executive Reorganization Order 2017-02 issued by Governor Dennis Daugaard on Jan. 13, 2017, transferred the functions of securities regulation and oversight in South Dakota to the Division of Insurance. The reorganization was effective on April 13, 2017.

Insurance and investment products continue to evolve and develop at a rapid pace as the availability of information expands through advanced technology. As new products and services are introduced to the market and existing offerings are updated, an effective and responsive approach to regulatory policies must be maintained by the Division to ensure compliance with state laws and rules while providing protection and opportunity for consumers.

The Division’s participation at the National Association of Insurance Commissioners (NAIC) and the North American Securities Administrators Association (NASAA) ensures South Dakota maintains a uniform national overview of the insurance and investment market landscape along with a strong voice while retaining reasonable state-based regulatory authority, where applicable. The Division serves on 16 committees through the NAIC and one committee through NASAA.

Topics debated during the year included cybersecurity regulation, use of big data, autonomous vehicles and the continued burden

that healthcare reform has placed on consumers and companies in the health insurance market.

## ACCOMPLISHMENTS

The Division introduced four bills during the 2017 Legislative Session. The enacted legislation corrected statute cross-references, updated standards regarding credit for reinsurance, and updated notice filing requirements for securities.

## CHALLENGES

Federal health care reform remains an ongoing challenge for the Division of Insurance and the

Performance Indicators							
Insurance Regulation		2016	2017	Securities Regulation		2016	2017
Total Licensed/Domestic Companies		1,385/73	1,390/71	New Securities Applications		32	18
Domestic Companies Financial Exams		5	1	Extension and Amendments		57	55
Company Market Conduct Exams		5	1	Private Placement		1	3
Companies Licensed/Approved Mergers		17/11	29/12	Reg. D – 506 Notice Filing		373	363
Agent Licenses Issued		16,614	17,668	Reg. A Tier II Notice Filing*		13	23
Agent Appointments Issued		81,665	80,419	Investment Company NFs - New		3,495	3,800
Agent Licenses Renewed		28,827	28,100	Investment Company NFs - Total		24,440	27,050
Resident Agent Renewals		1,699	3,621	New Franchise Applications		184	196
Renewed Appointments		197,247	228,783	Total Franchise Registrations		774	766
Agent Appointment Cancellations		70,482	62,113	Franchise Extensions		566	616
Property/Casualty Filings Reviewed		6,046	6,293	Business Opportunities - New		-	-
Life/Health Filings Reviewed		2,828	2,964	Business Opportunities - Total		2	2
Consumer Complaints Closed		742	545	Broker - Dealers Licensed		1,235	1,234
Enforcement/Closed Files		1,195	1,318	Broker - Dealers Agents Licensed		94,432	94,994
Continuing Education Courses Reviewed		670	691	Investment Advisors Licensed		45	52
Subsequent Injury Fund	New Claims	3	1	Investment Advisors Agents Licensed		1,819	1,948
	Claims Paid	65	57	Investment Advisors Notice Filings		806	844
				Franchise Applications Withdrawn		195	235
				Investigations		129	84
				Compliance Examinations		17	19
				Administrative Orders Issues		54	19
				Opinions Requested		5	2

**Table 17 - Insurance Division Performance Indicators for fiscal year 2016 to 2017**

insurance industry. The Division continues to monitor the efforts at the federal level to help stabilize insurance markets across the country.

The Division will continue to review and update all existing processes to ensure all operations are completed as effectively and efficiently as possible.

Revenues		2016	2017
<b>Total General Funds Collected / Premium tax</b>		<b>\$84,541,512</b>	<b>\$83,020,726</b>
Fees (Insurance Operating Fund)	Admissions	76,488	97,936
	Company Renewal	81,480	79,880
	Agent Licensing/Renewal	8,559,141	9,217,424
	Exam Fees	15,160	16,700
	Miscellaneous and Legal	7,949	10,699
	Retaliatory/Filing	1,172,200	1,192,953
	Administrative Penalties	554,577	581,257
	Lists and Labels	270	440
	Certification Letters	3,860	3,160
	Course Approval	16,475	17,100
	Supervision Fee	94,500	95,500
Fees (Securities Regulation)	Securities Registration Fees	49,340	29,525
	Franchise Registration Fees	154,500	152,150
	Business Opportunity Fees	100	100
	Securities Opinion Fees	850	100
	Investment Company Notification	23,930,025	30,742,050
	Agent Licensing Fees	14,065,775	14,100,150
	Broker-Dealer Licensing Fees	192,600	196,200
	Investment Advisor Fees (State)	4,700	5,500
	Investment Advisor Agent Fees	105,650	112,900
	I/A Notice Filing Fees	168,800	177,400
	Miscellaneous Fees	8,020	1,806
	Private Placement/Reg D 506 and Other	122,275	122,100
Fines	70,001	13,250	
Subsequent Injury Fund	Sub-Injury Fund Assessment	3,492,914	500
	Investment Council Interest	21,208	24,086
Continuing Education Fund	Agent Renewal Fees	37,270	69,820
Workers' Compensation Policy	Fee (Transferred to U.S. DOL)	277,871	270,214
Special Collections	Examination Fund (Effective 7/1/97)	1,342,000	1,341,000
Other	Investment Council Interest	62,817	62,538
Federal Grants		146,702	160,560
<b>Total</b>		<b>\$139,377,029</b>	<b>\$141,915,723</b>

Table 18 – Insurance Division Revenues for fiscal year 2016 to 2017.



**Emily Ward**  
*Division Director*

**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 fulfill department, state, and federal missions.

**INCOME, EXPENSES**

Total department revenue increased approximately 6.43 percent in Fiscal Year 2017 (Table 19) with the Regulation programs and divisions (Appraisers, Banking, Securities, and Insurance) increasing approximately 8.51 percent and federal funds increasing approximately .32 percent.

Transfers to the state’s General Fund from the Division of Securities and Division of Insurance increased by \$6,145,319 from Fiscal Year 2016.

The UI Trust Fund employer contributions increased slightly in Fiscal Year 2017. This was due to increased economic activity in South Dakota, resulting in more employer contributions.

Department expenditures, illustrated in Table 20 (Page 23), were slightly more than the previous year with an increase in personal service expenditures related to the employee compensation package and growth in the Banking division and a decrease in operating expenditures which is attributed to Division

Department of Labor and Regulation Fund Sources		2016	2017
General Funds (state general fund appropriation)		\$1,587,727	\$2,039,124
Federal Funds		\$25,006,495	\$25,085,896
Other Funds (licensing board & workers’ compensation fees)		\$4,080,773	\$4,318,579
Other Funds (Appraisers, Banking, Securities, Insurance)		\$57,618,383	\$62,523,938
<b>Total</b>		<b>\$88,293,378</b>	<b>\$93,967,537</b>
Transfers to General Fund (Securities & Insurance)		\$131,097,801	\$137,243,120
Unemployment Insurance Trust Fund	Employer Contributions	\$36,668,614	\$38,153,514
	Federal Reimbursements	\$1,606,125	\$1,709,616
DOL Retirement Plan Fund Ending Balance (employee/employer contributions & investment earnings)		\$55,961,173	\$57,686,227

**Table 19 - Department of Labor and Regulation funding sources for fiscal years 2016 and 2017 (July 1 through June 30).**

of Insurance examinations and subsequent injury fund activities.

Department Annual Expenditures		2016	2017
Personnel		\$22,077,500	\$23,854,572
Operating Expenses		\$14,116,988	\$12,135,585
Job Training, Adult Education & Literacy Client Services		\$3,974,316	\$4,037,899
	<b>Total</b>	<b>\$40,168,804</b>	<b>\$40,208,056</b>
Unemployment Insurance Benefits (state only)		\$24,007,476	\$28,245,468
DOL Retirement Plan, Retiree Benefits		\$4,473,239	\$4,374,931

Table 20 - Data for Fiscal Years 2016 and 2017 (July 1 through June 30).

UI Trust Fund payments increased approximately 18 percent in 2017.

## RETIREMENT FUND

Formed before the creation of the South Dakota Retirement System, the Department of Labor Employee Retirement Plan has not accepted new members since July 1, 1980. As of July 1, 2017, there were 202 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 disburses in retirement benefits increases (Table 19). 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 the fund balance increased 3.08 percent (Table 19), primarily due to a positive rate of return (+11.54 percent) as the stock market has rebounded from 2015 and the global economy has expanded.

## SUMMARY

For the first time in several years, the Department has seen increases in revenue in every category. This is partially a result of 2016 legislation which changed the fee structure on open-ended management companies and increased the penalty for late reporting of Unemployment Insurance report of wages. However, the Department remains fiscally prudent, only increasing expenses by 0.1 percent. Fiscal scrutiny will continue in the Department as federal funds and general funds

are anticipated to remain flat or decline in the coming year.

## APPRAISER 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.

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.

Data outlined in Table 21 shows the active appraisers by classification. Currently, there are 11 inactive appraisers and approximately 101 appraisal management companies registered.

Appraisers by Classification	2016
State-Certified General	212
State-Certified Residential	92
State-Licensed	43
State-Registered	56
<b>Total</b>	<b>403</b>

Table 21 - Active Appraisers by Classification as of December 2017.



## LICENSING BOARDS + COMMISSIONS

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

### **ABSTRACTERS' BOARD OF EXAMINERS**

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

### **BOARD OF ACCOUNTANCY**

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

### **ATHLETIC COMMISSION**

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

### **BOARD OF BARBER EXAMINERS**

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

### **COSMETOLOGY COMMISSION**

The South Dakota Cosmetology Commission's mission is to ensure the health and safety of our citizens as they use cosmetology, esthetics, and nail technology services. The commission does this by examining and licensing qualified practitioners; conducting inspections of cosmetology, esthetics, and nail salons,

booths, and schools; enforcing statutes, rules, and regulations governing the practice of cosmetology, esthetics, and nail technology, including consumer complaints; resolving complaints; and overseeing the educational process of cosmetology schools and licensees.

## ELECTRICAL COMMISSION

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

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

## PLUMBING COMMISSION

The South Dakota Plumbing Commission works to keep the citizens of our state and their property safe from the hazards associated with unsafe

drinking water and unsafe waste disposal facilities.

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

## REAL ESTATE COMMISSION

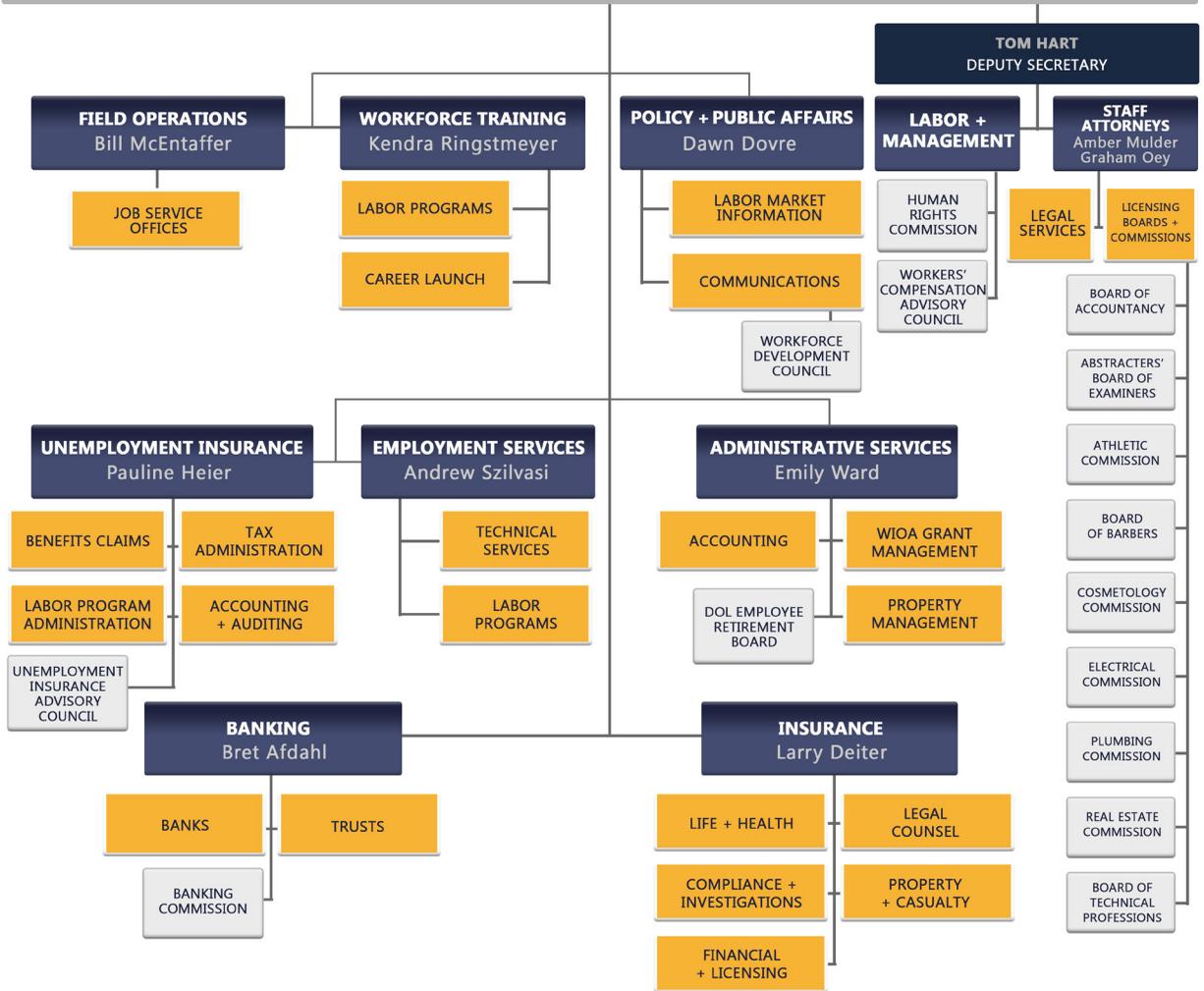
The Real Estate Commission is a regulatory body charged with administering the Real Estate Licensing Act, the Timeshare Act, the Condominium Act and the Subdivision Act.

Board/ Commission Performance Indicators	Licenses Renewed		New Licenses		Total Practitioners		Examinations		Complaints		Inquiries	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Abstracters' Examiners	81	82	2	2	83	250	3	3	0	2	60	125
Accountancy	1,1925	1,995	70	81	1,818	1,890	102	100	11	18	7,440	7,440
Athletic	N/A	N/A	232	344	N/A	N/A	N/A	N/A	0	0	250	300
Barber Examiners	254	301	9	6	172	170	0	0	0	1	515	510
Cosmetology	7,906	8,843	842	886	6,113	6,890	334	340	22	43	17,000	17,500
Electrical	3,480	1,185	825	976	4,603	6,424	299	272	N/A	N/A	N/A	N/A
Plumbing	2,390	2,394	350	418	2,740	2,792	107	151	10	18	3,577	3,708
Technical Professions	481	4,828	579	560	8,289	8,426	325	382	2	2	2,752	3,283
Real Estate	1,824	1,546	400	400	3,853	4,116	649	575	99	90	58,982	51,263

Table 22 - Boards and Commissions indicators.

SOUTH DAKOTA DEPARTMENT OF LABOR AND REGULATION

**MARCIA HULTMAN**  
Department Secretary



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