

South Dakota Department of Labor and Regulation

FY24 ANNUAL REPORT

July 1, 2023 - June 30, 2024

MESSAGE FROM THE SECRETARY



Cabinet Secretary
Marcia Hultman

Dear Readers,

I am pleased to present the Department of Labor and Regulation's (DLR) Annual Report for fiscal year 2024. This report highlights our initiatives, programs, and performance. We remained focused on addressing South Dakota's workforce needs, and I'm proud of the innovative solutions we implemented.

A huge success has been collaborating with the Department of Corrections (DOC), technical colleges, and training providers to create training opportunities for incarcerated individuals who will soon be released. The stability of a job and support from DOC and DLR through the transition from prison to community has proven to be successful. Over 80% of students complete their program of study and secure employment upon release.

A partnership between the Department of Education, Board of Regents, South Dakota school districts, Dakota State University, Northern State University, and DLR has led to the establishment of a teacher registered apprenticeship program in the state. This creative training approach offered 88 paraprofessionals a career pathway, allowing them to continue working while earning their teaching degrees, certificates, and industry-recognized credentials.

Governor Kristi Noem launched the Freedom Works Here national ad campaign. It emphasized the 25,000+ job openings available, high wages, and no personal income tax, along with highlighting registered apprenticeship opportunities and professional licensing reciprocity. A total of 8,834 inquiries were received, making this the most successful recruitment effort in South Dakota history.

These are just a few powerful examples of what can be achieved when people work together to solve problems and pursue shared goals. I hope you take the time to explore the other achievements highlighted in this report reflecting our dedication and hard work.

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OUR VISION

Promote workforce enhancement, financial security, and economic opportunity.

OUR MISSION

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

GUIDING PRINCIPLES

Build Relationships

Make an exceptional effort to engage in time together to build relationships, trust, and mutual understanding. Involve yourself to evolve as a team.

Communicate Courageously

Communicate with respect, thoughtfulness, and intention to inspire shared goals. Actively listen for understanding to build trust.

Give Grace

Hold each other and yourself accountable to expectations while showing empathy and humility. Perfection is not the goal; there is freedom to fail.

Be Part of the Solution

When problem-solving together, it's about the process and not the person. Be part of the solution and give feedback to improve, not defeat.

Exercise Extreme Ownership (YOU)

Recognize problems to solve and remain self-aware of your biases, needs, and intentions. Consider how you can improve every situation.

AGENCY LEADERSHIP



Marcia Hultman
Secretary



Dawn Dovre
Deputy Secretary



Emily Ward
Director of Administrative Services



Bret Afdahl
Director of Banking



Bill McEntaffer
Director of Field Operations



Larry Deiter
Director of Insurance



Jerry McCabe
Director of Labor and Management



Pauline Heier
Director of Reemployment Assistance

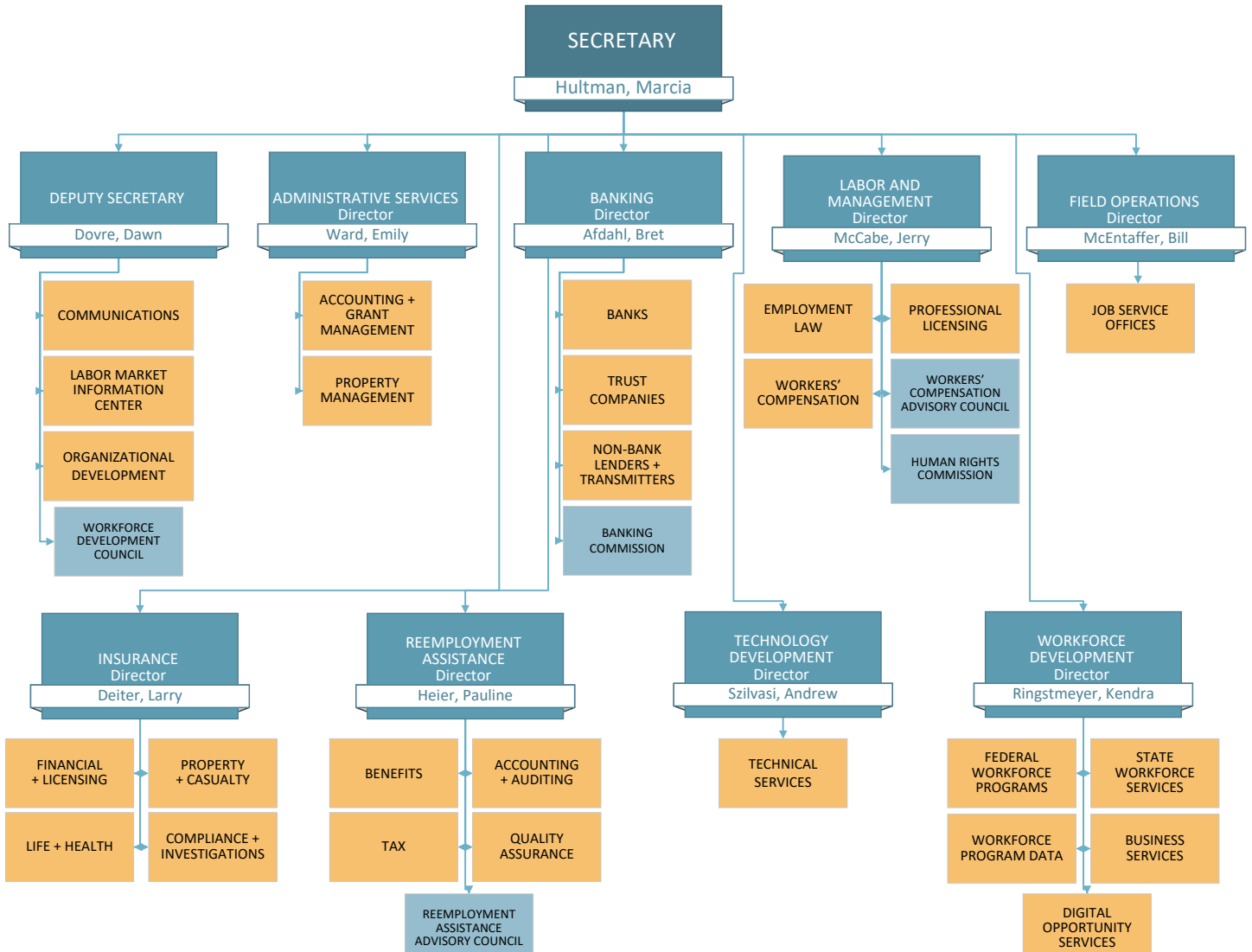


Andrew Szilvasi
Director of Technology Development



Kendra Ringstmeyer
Director of Workforce Development

ORGANIZATIONAL STRUCTURE



LEGISLATIVE ACCOMPLISHMENTS

SB 41:

An Act to modify an administrative procedure for revoking a nonresponsive insurance producer's license.

This bill provides a process to revoke an insurance producer's license when they do not respond to the Division of Insurance and would otherwise not participate in the standard, laborious hearing process. A revocation order becomes final if licensees do not request an administrative hearing within 60 days of the order. Due process is maintained by requiring multiple communications by the Division and preserving the right to a formal hearing at any time before a revocation order is final.

SB 57:

An Act to create uniform procedures for consideration of criminal histories and convictions in professional or occupational licensure.

This bill was highlighted as a workforce initiative in Governor Kristi Noem's State of the State Address for the "Freedom to Get a Second Chance." It creates fair, reasonable, and uniform standards and procedures for the consideration of criminal histories in the professional licensing process. This bill covers all licensing programs codified under SDCL Title 36. SB 57 ensures due process for license applicants and license holders with criminal histories and enhances clarity in the licensing process for the agencies, license applicants, and license holders.

SB 58:

An Act to revise provisions regarding money transmission.

This bill is part of a nationwide effort to remove inefficiencies from the process of licensing and supervising money transmitters. It implements a model law developed between the states and industry to achieve a higher degree of coordination between the states.

SB 190:

An Act to require a comparison of reemployment assistance recipients against death records for reemployment assistance eligibility integrity.

This bill requires the Department of Labor and Regulation to compare the list of reemployment assistance recipients to death records maintained as vital statistics records by the Department of Health and the Social Security Administration master death file. During the pandemic, there was an unprecedented amount of unemployment fraud, including claims filed by the deceased. SB 190 prevents this from happening in the future.

HB 1091:

An Act to enact the Interstate Insurance Product Regulation Compact.

The Compact is a longstanding agreement among states entered into with the consent of Congress. It provides a central point for electronic filing for individual and group annuities, life insurance, long-term care, and disability income policies and creates a commission of state insurance regulators to oversee the process. The commission adopts uniform standards for filing, reviewing, and approving product filings.

HB 1201:

An Act to make an appropriation for the teacher apprenticeship pathway program.

This bill makes a general fund appropriation of \$800,000 to the Department of Labor and Regulation to extend the teacher apprenticeship pathway program.

HB 1233:

An Act to amend requirements for a cosmetology apprenticeship.

This bill makes changes to the structure of cosmetology apprenticeships and simplifies the licensure process for apprentice salons. These changes will reduce the administrative burden on apprentice salons and the Cosmetology Commission by eliminating unnecessary paperwork concerning apprentice salon licensure and hours reporting. HB 1233 also provides a pathway to licensure for individuals with work and family obligations by creating a part-time apprenticeship option. Additionally, this bill allows education hours to be transferred between schools and apprentice salons, at the discretion of the respective institution.

ADMINISTRATIVE SERVICES

The **Administrative Services** team provides the fiscal management and oversight of Department funding excluding the Unemployment Insurance Trust fund. This includes federal and state grant financial management, processing expenses and cash receipts, and responding to financial audit inquiries. The Division is also tasked with purchasing and property management for the Department.

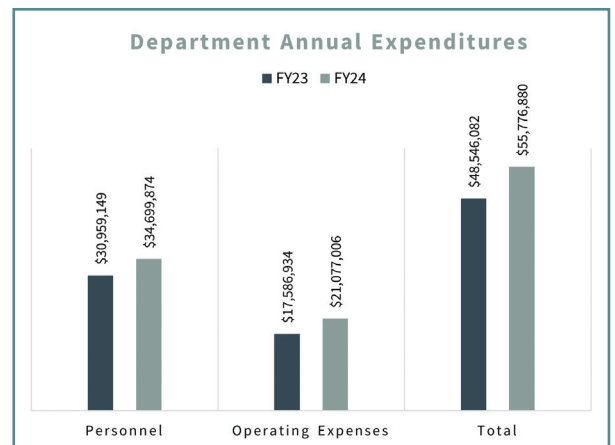
In FY24, State employees received a cost-of-living adjustment (COLA) of 7.0%. Targeted compensation increases also occurred with most positions in the Department making employees' compensation more comparable to their industries' job markets. This targeted compensation, in combination with the COLA, set the maximum increase for an employee to 20% of the employee's FY23 wage. The health insurance rate charged by the State per FTE also increased by \$970 per FTE.

FY24 also saw large fluctuations in the central service billing rates from the Bureau of Information and Telecommunications (BIT). In December 2023, the hourly development rate increased from \$85.75 to \$157.00. The employee computer monthly accounts increased from \$207.75 to \$284.75, and phone rates increased from \$20.00 to \$37.00 per line. BIT had a significant deficit in its internal service funds and was required to recover it.

DLR implemented cost saving measures in FY24:

- Converted regular fax services to an electronic fax service, allowing the Department to reduce the number of fax lines.
- Thoroughly reviewed Teams phone numbers, allowing several dozen numbers to be canceled.
- Canceled the Winner Job Service office lease.
- Reduced space in the Brookings and Sisseton Job Service locations.
- Changed the processing of timesheets from weekly to bi-weekly for federal programs offering Work Experiences.

Full-time equivalents (FTE) utilized in DLR decreased from 419.6 in FY23 to 413.1 in FY24. This is primarily due to reductions in Job Service positions as one-time federal funding is no longer available. Also, payroll inflation without growth in federal funding did not allow for as many positions as in previous years.



Over the last five years, the cost of doing business has increased 19.9% while federal grants have only increased 4.5%

TECHNOLOGY DEVELOPMENT

The **Technology Development** team is responsible for driving system enhancement projects and providing expert technical assistance to the Department. Most notably in FY24, SDWORKS completed its seventh full program year as DLR's Management Information System. SDWORKS continues to serve as the state's premier and most complete job listing board, employer posting site, and case management system.

Enhancements are ongoing to improve data entry, reporting integrity, and program data. New features incorporated include:

- Additions of interfaces to the *Work Opportunity Tax Credit module* that allows SDWORKS to share data with other agency systems to verify eligibility for services with partner agencies and for the system to auto-determine if the individual meets target group eligibility guidelines. This relieves the burden on staff to manually access and review eligibility data, greatly improving staff productivity.
- Addition of automated *Adobe Sign Forms* processes to allow staff to send documents for electronic signature to an employer and/or participant, and the signed form will automatically upload into the SDWORKS Document Management System. This feature saves staff time and effort from manually uploading documents.
- Addition of automated processes for the *Reemployment Services and Eligibility Assessment (RESEA)* program. This will monitor scheduled RESEA program activities and interface with the Reemployment Assistance (RA) system to automatically insert and/or remove a hold on payment of a claim for non-compliance. Additionally, it will automate the communication process of potential compliance issues between the workforce and RA staff by using case note templates in SDWORKS. When entered by staff, the specified contents will automatically be sent to the RA claimant fact-finding system.

ORGANIZATIONAL DEVELOPMENT

Optimize DLR

DLR continues to thrive, driven by its culture of continuous improvement. Through its *Optimize DLR* initiative, the agency provides tools to streamline and modernize workflows, eliminate inefficiencies and redundancies, and document previously unwritten processes to ensure consistency and clarity.

A standout achievement for FY24 was the Division of Banking's Examination Process and Workpapers Improvement Project, which earned the prestigious Annual Excellence Award. This project aimed to eliminate unnecessary steps and reduce the size of examination documents by removing redundancies and irrelevant information. The results were transformative: staff workloads and stress were significantly reduced, response times to trust companies improved, and overall efficiency increased. This success highlights DLR's commitment to fostering innovation and delivering impactful results across its operations.

DLR Learn

The Department's learning management system (LMS), *DLR Learn*, has achieved significant milestones, now providing access to all Divisions and delivering impactful staff development opportunities to every DLR employee. To further support its workforce, the Department has developed comprehensive onboarding training specifically tailored for the Field Operations and Workforce Development divisions, equipping new employees with the tools and knowledge to excel in their roles.

In addition to these advancements, DLR Learn has expanded its offerings with an extensive library of pre-developed content across critical areas such as Leadership and Management, Employee Development, Equal Opportunity, and Lean methodologies. These resources are thoughtfully designed to foster professional growth, promote inclusivity, and drive operational excellence. By empowering employees at all levels, DLR Learn is enhancing skill development and enabling meaningful contributions to the Department's ongoing success.

COMMUNICATIONS

The **Communications** team serves the entire Department by managing a wide array of functions designed to enhance engagement, promote initiatives, and ensure cohesive messaging. Responsibilities include public relations and advertising, graphic design, digital presence, media relations, internal communications, event promotion, and content strategy and management.

Projects of significance in FY24 include:

- **Reemployment Assistance Claimant Handbook** – A new handbook was released incorporating “plain language” to make the messaging more user-friendly to help claimants navigate the most important information needed for filing a claim. This model draws upon behavioral insights and best practices from other states proven to be easy for claimants to read and understand.
- **Hiring Event Promotions** – The Business Services team coordinated many recruitment efforts with businesses and communities to address the workforce shortage in South Dakota. A variety of hiring events were hosted by Job Service offices, ranging from in-person to virtual to drive-thru. A comprehensive and consistent package of promotional materials was created targeting both the employer and job seeker audiences. Items included news releases, radio ads, social media posts, web content, posters, and emails.
- **Forms Conversion** – The process of converting HTML forms to Adobe Forms continued. This is important because it allows for greater control over form layout, data collection, and security features, especially when forms need to be distributed for signature, have offline accessibility, or look consistent across different devices.

Leadership Spotlight

Deputy Secretary Dawn Dovre served as Chair of the National Association of State Workforce Agencies (NASWA) Communications Committee. This committee serves as a forum for the communications directors and staff from all 50 states, three territories, and District of Columbia workforce agencies to increase and enhance communication between NASWA and member states, bring attention and advocate for the work being undertaken on important workforce and unemployment insurance activities and policies nationally and in the states, and leverage messaging at the state and national levels. Dovre has served on the leadership team of this committee since 2016.

WORKFORCE SERVICES

JOB SERVICE

In FY24, a new team structure organized by the customers served and statewide service delivery model were introduced. This resulted in reducing the number of **Job Service** offices to 10. These changes allowed DLR to improve the structure of workforce programs to work within the budgets provided, improve staff expertise and agility, and pair policy development with implementation.

Access to virtual workforce services was also increased. This includes services accessible to the public from DLR's website or one-on-one assistance from an employment specialist who may be in a different community than the customer.

FEDERAL WORKFORCE PROGRAMS

DLR delivers programs under the **Workforce Innovation and Opportunity Act (WIOA)** which is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy.

WIOA Title I: Adults, Dislocated Workers, and Youth

The Title I Adult Program supports eligible adults facing barriers to employment. Its core mission is to equip participants with the skills and resources needed to secure meaningful, sustainable employment. Each participant completes a comprehensive assessment of their strengths, barriers, and goals, leading to the development of a personalized employment plan. This plan may include specialized training, financial support, and direct connections to partner agencies or community organizations. By leveraging multiple resources, the program helps participants overcome obstacles and achieve their employment goals.

A huge success has been collaborating with the Department of Corrections (DOC), technical colleges, and training providers to create training opportunities for incarcerated individuals who will soon be released from DOC's care. This program has offered a foundation of information for welding, precision machining, and plumbing fields. Over 80% of students complete their program of study and secure employment upon release. The stability of a job and support from DOC and DLR through the transition from prison to community has proven to be successful.

The Title I Dislocated Worker Program helps individuals who have lost their jobs re-enter the workforce as quickly as possible. Participants in the program receive individual career counseling, job search assistance, training, and related support services. The program is intended to provide dislocated workers with the tools and support needed to prepare for re-entry into the workforce. Often, this includes expanding their skill set through training allowing them to gain employment in high-growth industries and high-demand occupations. The program enhances the quality, productivity, and competitiveness of South Dakota's workforce while meeting the needs of South Dakota's employers.

Customers served through the Title I Dislocated Worker Program often receive services through the National Dislocated Workers Grant, Trade Adjustment Assistance, and Reemployment Services and Eligibility.

In FY24, South Dakota provided services to 772 Dislocated Workers

The Title I Youth Program, Career Launch, supports eligible individuals aged 14 to 24, both in and out of school, who face barriers to employment. DLR employment specialists enroll eligible youth, assess their skills and needs, and create employment plans to provide or coordinate services to assist youth in accomplishing employment goals.

In FY24, DLR's efforts centered on providing youth Participants Reaching Employment Potential (PREP) opportunities and partnering with Boxelder Job Corps. DLR also focused on serving in-school youth already enrolled and engaged in WIOA.

Participants working towards their GED® benefit from the PREP model, which includes case management from a DLR team member, incentives, and support services alongside GED® coursework and the support of an Adult Education and Literacy (AEL) provider. Incentives are earned by meeting monthly expectations set by the AEL provider. Support services for necessities like housing, transportation, and testing allow students to focus on their educational goals.

During FY24, 41.4% of individuals participating in PREP earned their GED®

WIOA Title II: Adult Education and Literacy (AEL) Programs

The *Adult Education and Literacy (AEL)* programs serve adults who are low-income or have minimal literacy skills, learners with disabilities, single parents, displaced or dislocated workers, adults with limited English proficiency, unemployed and underemployed persons, young adults, and justice-involved both in and out of correctional institutions.

In FY24, AEL prioritized student recruitment and retention via a statewide initiative informed by the Office of Career, Technical, and Adult Education's National Reporting System Regional Training. This journey to recruitment and retention effort supported tandem case management of WIOA co-enrollments and adult education students alike.

Another primary emphasis during the year featured an iteration of adult numeracy instruction. This year's cohort met once face-to-face for two days, then convened four subsequent virtual trainings across three months. Because numeracy is foundational and integral to student needs and goals, the AEL program invests in high-quality professional development designed upon rigorous, scientifically valid research.

Leadership Spotlight

Labor Program Specialist John Anderson serves on the National Reporting System's Technical Working Group. In FY24, members reviewed federal Adult Education forthcoming proposals and reporting requirements with the assistance of the American Institutes for Research. Anderson also serves on an advisory committee for the federal Office of Career, Technical, and Adult Education to provide insight, feedback, and representation for the planning and delivery of WIOA Title II State Directors' meetings.

WIOA Title III: Wagner-Peyser

Wagner-Peyser functions as the labor exchange between South Dakota's businesses and job seekers authorized to work in the U.S. The Employment Services team assists customers with basic and non-financial career services. This includes on-demand job search or personal development options, virtual meetings, workshops, and hiring events.

DLR created a focused effort to learn from businesses this year by establishing a team of employment specialists who connect with employers to learn about their workforce challenges. These conversations allow DLR to identify trends within industries, identify solutions, and connect workforce program participants to opportunities.

Two major successes include:

- DLR hosted eight *Workforce Knowledge virtual workshops* on topics of interest to employers. These events provide an efficient way to meet the needs of multiple employers. Topics included youth employment laws, women's business entrepreneurship, virtual hiring events, Freedom Works Here and Dakota Roots out-of-state recruitment, hiring people with disabilities, and labor market information.
- The *Business Services team* offered 21 virtual hiring events this year. These events have been organized with communities, untapped labor pools, and industry. One event had 107 job seekers and 42 businesses in attendance, an indication of the value these offerings are providing.

Registered Apprenticeships

South Dakota continues to innovate workforce opportunities through the *Registered Apprenticeship Program (RAP)* model. In FY24, a \$7.9 million investment of state funds by Governor Kristi Noem was made to create a foundation for the Start Today SD program.

This funding, paired with federal competitive grants, aims to boost the number of apprentices in the state by eliminating obstacles, such as the complexities of program establishment and initial/ongoing costs. This funding allowed the team to assist in supporting developed Registered Apprenticeship Programs with financial resources, including wage reimbursement for both apprentices and mentors during on-the-job learning, mentoring activities, and apprentice incentives. The funding also allowed reimbursement for related instruction impacting 172 apprentices.

*43 additional sponsors were registered in FY24;
new apprentices grew from 622 to 966 compared to FY23*

A partnership between the Department of Education, Board of Regents, South Dakota school districts, Dakota State University, Northern State University, and DLR has led to the establishment of a teacher registered apprenticeship program in the state. This creative training approach offered 88 paraprofessionals a career pathway, allowing them to continue working while earning their teaching degrees, certificates, and industry-recognized credentials.

Other Federal Programs

DLR also administers:

- Federal Bonding
- Foreign Labor Certification
- Jobs for Veterans State Grant
- National Dislocated Worker Grants
- Reemployment Services and Eligibility Assessment
- Senior Community Service Employment Program
- Trade Adjustment Assistance
- Work Opportunity Tax Credit

More about these programs' goals, participants served, and achievements can be found at https://dlr.sd.gov/workforce_services/wioa/default.aspx.

STATEWIDE WORKFORCE INITIATIVES

Career Ready SD

In partnership with the Department of Education, *Career Ready SD* serves as a liaison between secondary school districts and industry partners. The goal of Career Ready is to increase student awareness about career opportunities in their communities and help meet South Dakota's demand for a skilled workforce by providing work-based learning (WBL) opportunities. There are six Career Ready Advisors (CRA) broken up by region across South Dakota to provide support to educators.

CRAs served 119 school districts and 124 schools within those districts during the 2023-2024 school year. The CRAs provided 411 different WBL opportunities for 9,240 students in grades 7-12. The opportunities included:

- Week of Work Celebrations
- Bring Your 'A' Game Anywhere
- Internships
- Job Shadows
- Mock Interviews
- Career Fairs (virtual and in-person)
- Postsecondary/Industry Tours

To extend career exploration opportunities during the summer, the Career Ready team organized nine Summer Passport events. These events introduced 47 students to various college and career opportunities through tours and hands-on simulations.

315 various industry partners collaborated in Career Ready efforts

Dakota Roots

Dakota Roots connects out-of-state job seekers to South Dakota careers by providing local job market insight and personalized job search assistance. Individuals who register at DakotaRoots.com are matched with a job advisor who helps answer questions about communities, housing, and employment. The job advisor also learns the person's skills, experiences, wants, and needs to match them with the right opportunity.

In June 2023, Governor Kristi Noem launched the Freedom Works Here national ad campaign. It emphasized the 25,000+ job openings available, high wages, and no personal income tax, along with highlighting registered apprenticeship opportunities and professional licensing reciprocity.

It has been the most successful workforce recruitment effort in South Dakota history and grew out-of-state job seeker interest substantially. The top states ranking in inquiries included California, Florida, Texas, Minnesota, and New York.

8,834 inquiries were received through Freedom Works Here in FY24

Digital Opportunity

In FY24, South Dakota completed its first-ever *Digital Opportunity Plan*. In partnership with the Governor's Office of Economic Development, DLR conducted a year-long stakeholder engagement process to identify shortcomings, draft a vision, and create strategies for implementation.

This engagement included 61 one-on-one entities representing covered populations, six group meetings, presentations/sessions in front of a combined 261 attendees, and tribal consultation with the Rosebud Sioux Tribe. This Plan will guide the state through the three rounds of State Digital Equity Capacity Grants.

DLR received funding through the Affordable Connectivity Outreach Grant Program and participated in grant activities from August 17, 2023, through February 8, 2024. The Department selected digital navigators across

the state to inform communities of the federal internet subsidy program and assist eligible households with the enrollment process. During the brief period, DLR held 99 outreach activities/events, reached 45,163 individuals, and enrolled 80 households.

National Career Readiness Certificate

DLR offers both employers and job seekers the ACT *National Career Readiness Certificate (NCRC®)*, a key employment tool for WIOA program participants, high school students, justice-involved individuals, and others. As of June 2024, more than 62,000 South Dakotans have earned an NCRC.

Through WIOA Title I statewide funding, any job seeker registered in SDWORKS can prepare for and complete the three ACT WorkKeys® Curriculum assessments required for certification: Applied Math, Graphic Literacy, and Workplace Documents. South Dakota's NCRC scores consistently rank above the national average.

DLR also offers WorkKeys® for skill development at no cost to all program participants and job seekers interested in earning an NCRC. The use of this curriculum provides a framework to capitalize on skill strengths and to define potential skill training needs during the employment process.

LABOR MARKET INFORMATION CENTER

The **Labor Market Information Center** collects, analyzes, and provides public information on the state's labor market. This includes information such as employment levels, unemployment rates, wage and earnings data, estimates of available labor, employment projections, business staffing patterns, and career planning information.

This includes the distribution of approximately 2,000 printed publications to users, including employers, K-12 schools, colleges and universities, Job Service staff, and economic development groups. In response to employer needs, occupational wage estimates were updated quarterly (using the Employer Cost Index) and published for statewide South Dakota, three metro areas (including the cross-state Sioux City area), and East and West balance of state areas. Industry and occupational employment projections to 2032 were published during FY24, and new Hot Careers and Top 30 Careers (high-demand high-wage occupations) were identified.

In FY24, LMIC handled more than 420 requests for information

REEMPLOYMENT ASSISTANCE

The **Reemployment Assistance (RA) Division** administers the Unemployment Insurance (UI) program, whereby covered employers pay taxes into the UI Trust Fund, and individuals who have lost their jobs, through no fault of their own, make claims upon the funds.

Benefits

In FY24, the Division received 11,175 applications for unemployment benefits, an increase of 54 applicants from FY23. The amount of benefits paid increased from \$23.5 million in FY23 to \$27.3 million in FY24. Claimants on average received payments for 14.0 weeks during FY24. The national average for FY24 was 15.2 weeks.

Benefits		FY23	FY24
Applications for Benefits		11,121	11,175
Total Number of Weekly Payments		56,505	66,157
Number of Individuals Who Received Benefits		4,217	4,712
Dollars Paid Out	State Benefits	\$22,561,553	\$26,395,276
	Federal Claims	\$907,614	\$863,072
	Total	\$23,469,167	\$27,258,348
Average Weekly Payments per Claimant		13.4	14.0
Maximum Weekly Payment		\$487	\$514
Average Weekly Payment		\$425	\$447

The UI Trust Fund continued to grow from FY23 to FY24 ending with a balance of \$212.5 million at the end of the fiscal year. Employers contributed over \$29.9 million and interest credits totaled \$5.7 million for FY24. Legislation passed during the 2023 legislative session created a new tax table, Schedule C, saving employers \$18 million. Schedule C will remain in effect for calendar year 2025.

UI Trust Fund	FY23	FY24
Taxes Received for Regular State Benefits	\$43,590,845	\$29,988,511
Interest on Trust Fund	\$3,433,913	\$5,716,283
Trust Fund Balance	\$205,400,418	\$212,500,447
Number of Employers	34,040	34,749

Integrity Systems

The fraud and collection section is responsible for reducing instances of overpayment, fraudulent or otherwise, and collecting these monies from claimants. Efforts to minimize overpayments and fraud continue to be successful.

In FY24, the Division established \$1.1 million in overpayments, \$424,955 was the result of fraud. The percentage of cases involving fraud increased from 10.0% in FY23 to 15.2% in FY24. Recovery efforts in FY24 returned just over \$1.1 million back to the UI Trust Fund.

Integrity Systems	FY23	FY24
Amount of Benefit Overpayment Debt	\$909,125	\$1,123,831
New Overpayment Cases	1,373	1,585
Percent of Cases Involving Fraud	10%	15.2%
Dollar Amount of Overpayment Fraud	\$235,349	\$424,955
Dollar Amount Collected Back	\$1,457,986	\$1,102,891

LABOR AND MANAGEMENT

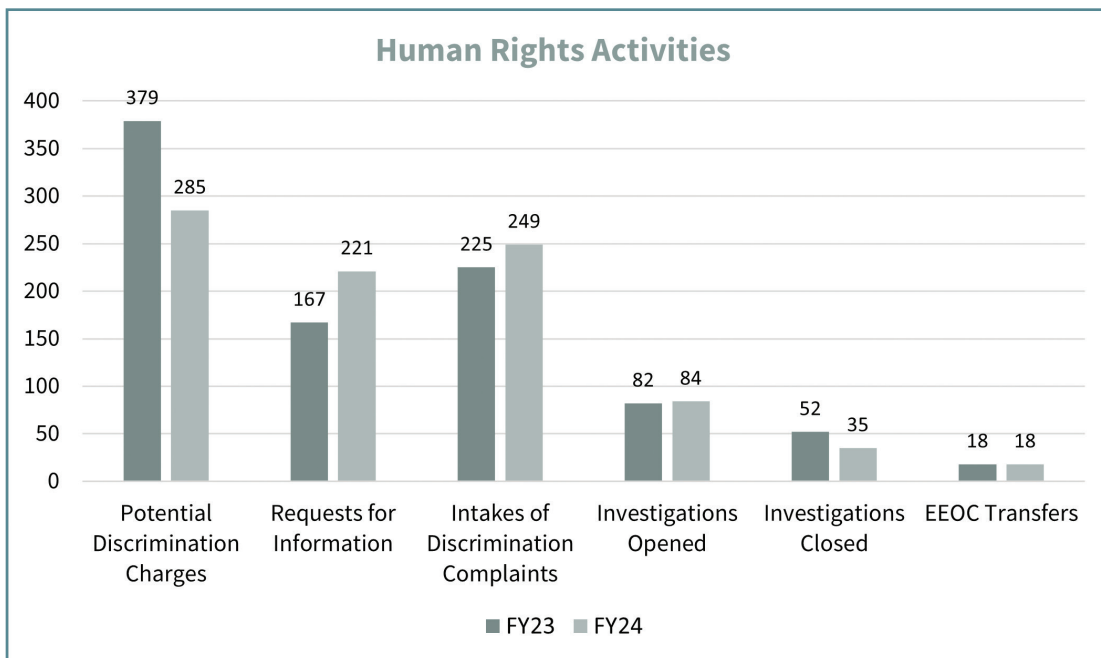
The **Division of Labor and Management** administers the state’s labor laws. It is responsible for settling problems between employers and workers, enforcing wage and hour and youth employment laws, administering the workers’ compensation program, overseeing human rights, conducting hearings and mediations, handling labor certifications, and adjudicating reemployment assistance appeals.

Human Rights

The **Human Rights Division** promotes equal opportunity by administering the South Dakota Human Relations Act of 1972. It investigates formal complaints, holds public hearings, offers technical assistance, and provides public information.

Of all the different reasons for protection (e.g., race, color, national origin, etc.), most filings are based on disability and race discrimination. The most common charge is disability discrimination regarding reasonable accommodations and employment termination.

Sex discrimination, retaliation (being treated adversely because of opposition to discriminatory practices or filing a charge), disability discrimination, and race discrimination comprise about 90% of the Division’s work. Similarly, approximately 90% of all charges filed are employment related.



On average the last three years, the Division took in 100 charges annually

Reemployment Assistance Appeals

The administrative law judges handling *Reemployment Assistance appeals* adjudicate appeals of reemployment assistance benefits and tax determinations. The Department experienced a significant increase in reemployment assistance benefits appeals during the COVID-19 pandemic, resulting in longer case turnaround times. Case turnaround times have now returned to traditional lengths.

Reemployment Assistance Appeals	FY23	FY24
New Filings	552	583
Cases Ruled on or Dismissed	947	542
Percentage of Cases Decided within 30 Days	34.6%	98.0%

Wage and Hour

The *Wage and Hour* unit investigates complaints and attempts to resolve wage disputes between employees and employers. For example, non-payment of wages earned, unauthorized paycheck deductions, or minimum wage violations. The Department has the authority to investigate claims of unpaid wages and determine if they are valid but has limited legal authority to force the employer to comply with findings.

Wage and Hour Activities	FY23	FY24
Wage Claims	169	182
Money Collected	\$32,809	\$75,607

Workers' Compensation

Workers' Compensation is an optional insurance program for employers that provides medical and disability benefits to employees who suffer work-related injuries or illnesses. The program receives first reports of injury and provides for administrative resolution of disputes between insurers/employers and employees regarding coverage.

Workers' Compensation Activities		FY23	FY24
Pre-hearing Conferences Held		74	57
Hearings		15	6
Mediations		11	16
Agreements Approved	States Files w/o Petition	182	168
	Hearing Files w/Petition	74	71
First Report of Injuries Received		19,992	19,599

INSURANCE

The **Division of Insurance** provides regulatory oversight to protect insurance policyholders and investors from financial loss due to inappropriate business practices.

The Division is responsible for licensing and registering insurance companies, insurance producers, other insurance entities, securities agents, financial advisers, brokers, franchises, and investment products. It actively monitors these licensees and registrants to ensure compliance with state statutes and regulations, reviews required filings, and assists in resolving consumer complaints. In cases of non-compliance, the Division conducts investigations and takes appropriate action against licensees, registrants, and companies.

Additionally, the Division reviews and approves continuing education programs for insurance producers, offers investor education, and closely monitors federal law changes that may impact state laws and rules.

Performance Indicators

The number of licensed producers and registered agents regulated by the Division continued its upward trend in FY24. The insurance and securities industries are evolving due to progressive changes in the marketplace, such as advancing technology, adapting business environment, and sophisticated consumer wants/needs.

Insurance Performance Indicators	FY23	FY24
Total Licensed/Domestic Companies	1415/53	1418/53
New Companies Licensed/Approved Mergers	23/8	15/8
Total Licensed Producers	110,993	113,963
Insurance Producer Licenses Issued	30,029	30,319
Insurance Producer Licenses Renewed	44,668	51,831
Property/Casualty Filings Reviewed	5,229	4,968
Life/Health Filings Reviewed	2,430	2,273
Consumer Complaints Closed	455	502
Enforcement Files Closed	1,706	1,822

Securities Regulation Performance Indicators	FY23	FY24
Broker-Dealer Agents Registered	135,156	139,254
Broker-Dealer Firms Registered	1,291	1,241
Investment Advisor Agents Registered	1,995	2,074
Investment Advisor Firms Registered	53	56
Investment Company Notice Filings – New/Total	611/22,164	477/21,269
Investment Advisors Notice Filings	1,014	1,023
New Franchise Applications/Renewals	289/753	336/869
Compliance Exams	61	59

Leadership Spotlight

The Division's participation in the National Association of Insurance Commissioners (NAIC) and the North American Securities Administrators Association (NASAA) ensures South Dakota maintains current knowledge of the insurance and the investment market landscape nationally and a strong voice in maintaining state-based regulatory authority. **Insurance Director Larry Deiter** serves as Chair of the NAIC Producer Licensing Task Force, Chair of the Surplus Lines Task Force, and Board President for the National Insurance Producer Registry. The Division served on 33 committees or task force/working groups through the NAIC and NASAA during FY24.

Revenues

Insurance premium tax, a tax imposed on insurance companies licensed and operating in South Dakota, is one of the top five contributors to the State's general fund. In addition to premium tax, the Division transferred an additional \$61 million of the revenues to the State General Fund in FY24.

Revenues		FY23	FY24
Premium tax		\$111,747,249	\$127,688,388
Fees (Insurance Operating Fund)	Insurance Producer Licensing/Renewal	\$14,022,495	\$13,985,402
	Insurance Miscellaneous and Legal	\$9,099	\$9,025
	Insurance Retaliatory and Filing Fees	\$1,075,284	\$1,196,566
	Insurance Administrative Penalties	\$550,000	\$328,607
	Insurance Investment Council Interest	\$19,528	\$51,014
	Insurance Company Admission, Renewal, & Supervision Fees	\$243,936	\$266,696
	Insurance Producer Exam & Course Fees	\$44,535	\$55,815
	Investment Companies Notification Fees	\$28,325,700	\$27,263,400
	Securities Registration Fees	\$16,600	\$34,750
	Broker-Dealer Registration Fees	\$200,400	\$196,800
	Securities Agent Registration Fees	\$20,904,500	\$20,998,525
	Name Change Filing Fees	\$44,350	\$49,250
	Initial Public Offering Extension Fees	\$4,600	\$1,750
	Investment Adviser Agent Fees	\$118,900	\$123,700
	Investment Adviser Fees	\$221,400	\$219,200
	Securities Fines	\$627,028	\$330,591
	Securities Investment Council Interest	\$61,480	\$187,592
	Franchise Fees	\$208,600	\$215,350
	Other Filing Exemptions	\$349,875	\$315,225
	Miscellaneous	\$100	\$25
Continuing Education Fund	Insurance Producer Renewal Fees (Biennial renewal)	\$64,600	\$44,560
Workers' Compensation	Policy Fee (Transferred to U.S. DOL)	\$349,818	\$368,900
Total		\$179,159,599	\$193,908,134

BANKING

The **Division of Banking** is charged with the regulation and supervision of state-chartered and licensed financial institutions, to maintain stability and public confidence in state-chartered institutions, and to protect public interests.

Revenues

The Division is funded by fees assessed to the institutions it regulates. Some funding sources have been impacted as federal stimulus works its way through the financial system after several years of higher-than-normal bank assets and elevated mortgage loan originator license numbers leading to higher-than-expected revenue in license fees. Trust examination fees tend to be lower in years when bank trust departments are examined as they are not billed separately from the bank's supervision fees.

Revenues	FY23	FY24
Bank Examination Fees	\$2,018,006	\$1,839,034
Trust Company Examination Fees	\$627,071	\$552,959
Trust Company Supervision Fees	\$1,375,638	\$1,435,274
Trust Company Charter Fees*	\$45,000	\$15,000
License Fees	\$1,364,190	\$1,319,930
Licensing Examination Fees	\$81,459	\$59,474
Investment Council Interest	\$45,676	\$152,475
Miscellaneous	\$14,000	\$15,500
Mortgage Servicer Settlements	-0-	\$216,136
Totals	\$5,571,040	\$5,605,782

*Deposited in general funds

Leadership Spotlight

Banking Director Bret Afdahl serves on the board of directors for the Conference of State Bank Supervisors and chairs its Non-Depository Supervisory Committee (NDSC). The NDSC is charged with implementing a networked system of supervision that ensures appropriate regulatory risk management processes for non-bank mortgage lenders, money transmitters, and consumer lenders.

Performance Indicators

The Division performs safety and soundness examinations on all banks and trust companies chartered in South Dakota every 12-36 months depending on the size, complexity, and condition of each company.

The Division alternates examinations of banks with the Federal Deposit Insurance Corporation or the Federal Reserve. Entities licensed by the Division are examined as necessary based on risk factors reviewed on an ongoing basis. The Division participates in and leads multi-state examinations of licensed companies in coordination with other states through the Conference of State Bank Supervisors.

Performance Indicators	FY23	FY24
License Exams	19	15
Banks Examined	15	13
Trust Companies Examined	41	44
Licenses Issued or Renewed	5,439	4,720
State-chartered Banks	41	39
State-chartered Trust Companies	117	117
Bank Assets	\$22.766 billion	\$24.781 billion
Trust Assets	\$590.161 billion	\$666.416 billion

Banks

Community banks in South Dakota are a vital source of credit for businesses and consumers and a source of income for savers by providing competitive yields on certificates of deposits. Community banks are bedrocks in their communities, acting as the primary source of lending for the state's agricultural sector and small businesses.

Trust Companies

South Dakota has a modern set of trust laws and a robust but welcoming environment for the establishment of trust companies. With over 100 trust companies chartered in South Dakota, the state is home to more regulated, independent trust companies than any other state

Non-Bank Lenders and Transmitters

Non-bank mortgage licensees originate and service the majority of residential mortgage loans in the U.S. with many operating in over 40 states through a coordinated licensing system owned and operated by the states. Through this system, the Nationwide Mortgage Licensing System and Registry, the states collectively license over 200,000 individual mortgage loan originators and over 30,000 companies in a variety of industries.

PROFESSIONAL LICENSING

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

Abstracters

The Abstracters' Board of Examiners is the regulatory body charged with administering and enforcing the South Dakota Codified Laws and Administrative Rules of South Dakota on Abstracters of Title.

Its mission is to issue abstracter 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.

Accountancy

The Board of Accountancy is the regulatory body charged with administering and enforcing the South Dakota Codified Laws and Administrative Rules of South Dakota on Certified Public Accountants.

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

Appraisers

The Appraiser Certification Program certifies, licenses, and registers real estate appraisers to perform real estate appraisals in South Dakota pursuant to Title XI of the Financial Institutions, Reform, Recovery, and Enforcement Act. It also registers and supervises appraisal management companies doing business in South Dakota pursuant to Title XI as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Athletic

All mixed martial arts, boxing, and kickboxing competitions are subject to the approval of the Athletic Commission. Competitions must be approved by the Commission before being promoted. All competitors, promoters, managers, and other participants must be properly registered or licensed with the Commission prior to participation in a competition. The Commission issued 226 new licenses in FY24 and monitored four events.

Barber Examiners

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

Cosmetology

The Cosmetology Commission's mission is to ensure the health and safety of 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

The Electrical Commission works to keep citizens and their property safe from the hazards associated with using electricity. The Commission administers 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

The Plumbing Commission works to keep citizens 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

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 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 the 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.

Technical Professions

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

Performance Indicators

	New Licenses		Total Practitioners		Examinations		Reciprocity		Complaints	
	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
Abstracters	7	7	134	144	4	3	0	0	0	0
Accountancy	64	59	1,921	1941	108	113	16	18	16	32
Appraisers	12	45	475	520	n/a ¹	n/a ¹	22	28	2	3
Barber	n/a	23	186	219	10	2	22	28	0	0
Cosmetology	1,694	760	8,954	9,625	326	400	148	326	2	7
Electrical	1,497	1,555	6,376	6,333	365	405	175	216	1	13
Plumbing	582	786	2,957	3,413	209	148	45	58	3	11
Real Estate	477	367	4,278	3,975	562	507	65	60	52	33
Technical Professions	997	869	9,811	8,153	293	479	673	570	4	8

¹ The Appraiser Certification Program does not administer an exam as part of the licensure process.



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