

DLR

A NNUAL

REPORT

July 1, 2021 - June 30, 2022





Marcia Hultman
Secretary

SECRETARY

Dear Readers,

In FY22, several divisions of the Department together reassessed our approach to team building and effective communication with each other. To deliver the best services to our external customers, we first needed a strong internal team built from trust and respect. This was an opportunity to identify improvements.

So, we invested time and energy in ourselves to take a sometimes hard, but honest, journey resulting in the following Guiding Principles that create a supportive workplace of civility. These will be rolled out agency-wide, and I felt were such a well-done accomplishment, I wanted to share them with you.

- **Build Relationships** – Make 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 intention. Consider how you can improve every situation.

Throughout the process, it was apparent our team has the willingness to learn and grow. We are passionate about our work and serving the people of South Dakota. I’m proud of the work we have done and confident these Guiding Principles will have a meaningful and positive impact now and well into the future.

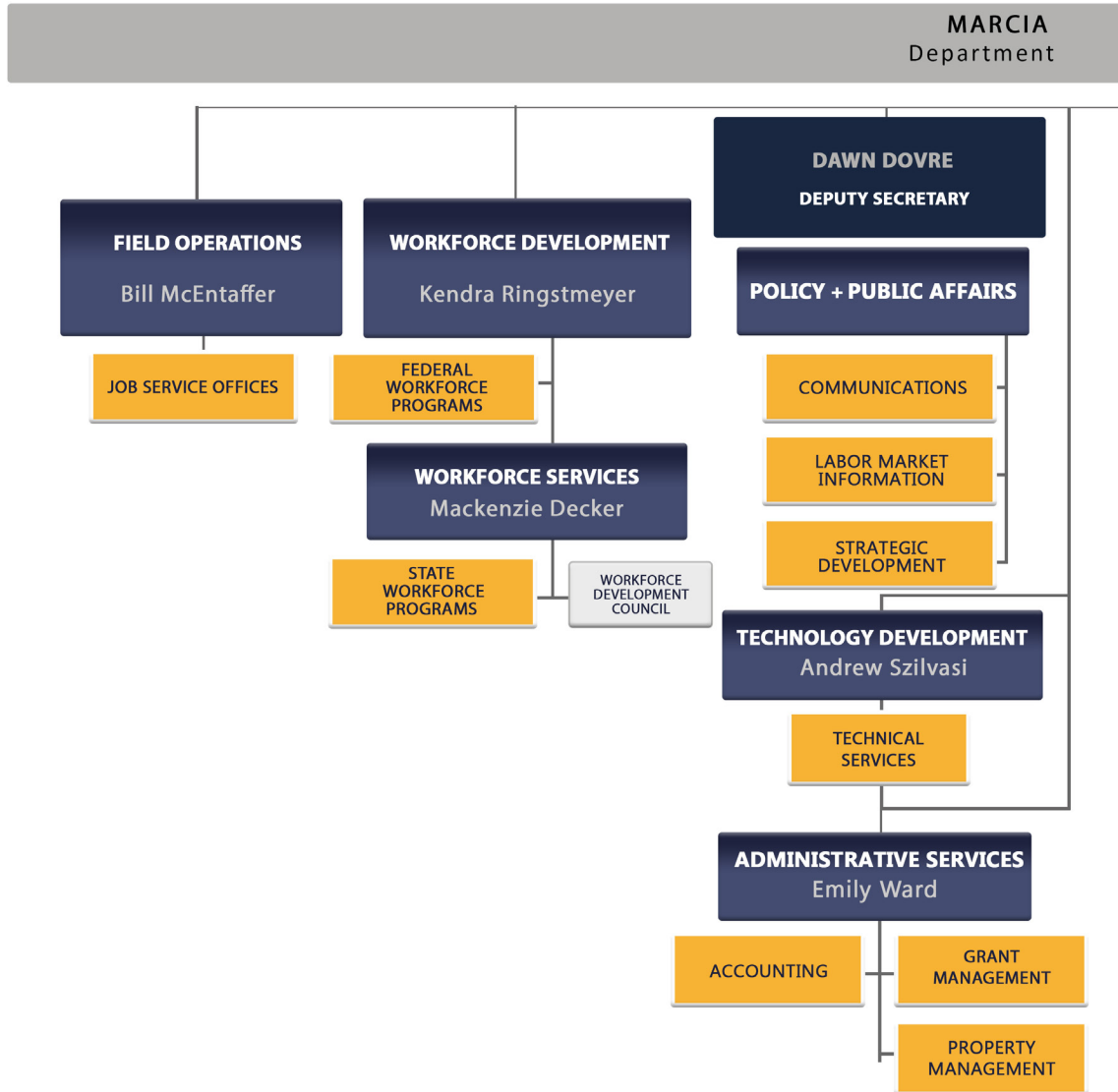
Marcia Hultman
Cabinet Secretary

MESSAGE FROM THE SECRETARY

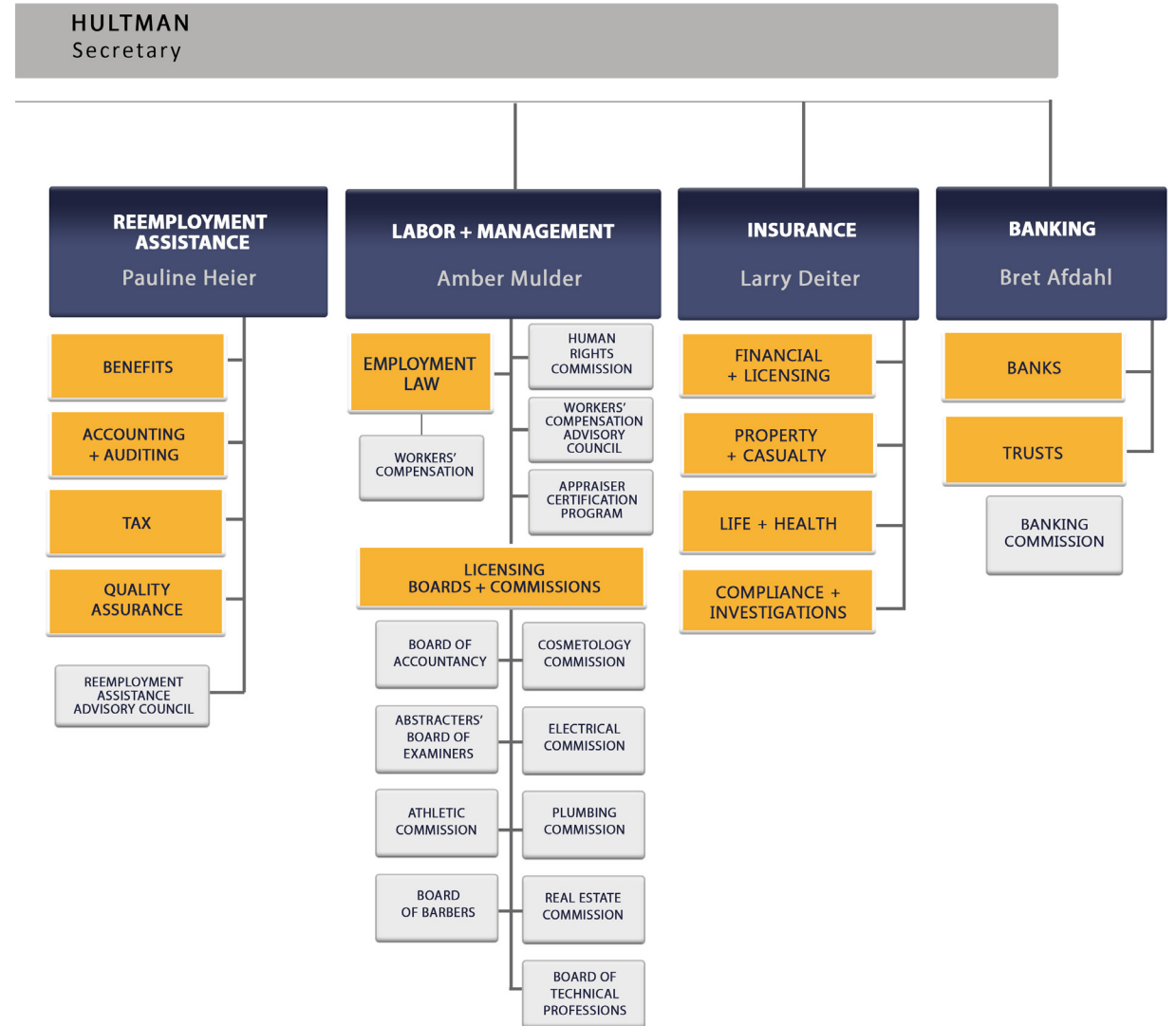
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VISION	Promote workforce enhancement, financial security, and economic opportunity.
MISSION	To promote economic opportunity and financial security for individuals and businesses through quality, responsive, and expert services; fair and equitable employment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

SOUTH DAKOTA DEPARTMENT



OF LABOR AND REGULATION





*Dawn Dovre
Deputy Secretary
Director*

Policy and Public Affairs supports the entire department through a variety of functions, including:

- 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.

COMMUNICATIONS

OUTREACH

Outreach efforts covered many programs and events including: Dakota Roots, SDWORKS, SD UpSkill, Adult Education and Literacy Week, Workforce Development Month, National Apprenticeship Week, Future Workforce Finder, SD Week of Work, Career Launch SD, General Educational Development (GED®), job services, adult education and training, and Summer Passport.

Strategies involved employer newsletter articles, news releases, social posts, digital search and display, out-of-home, radio, testimonials, homepage web sliders, print materials, and internal staff communications.

PUBLICATIONS

The Communications Team worked with the Reemployment Assistance (RA) Division to help translate several RA publications into Spanish and Somali. Funding for these translations is provided through an Unemployment Insurance Equity Grant. At the same time, these items were edited for plain language and readability. Additional materials may be reviewed and translated based on the need and funding available.

DIGITAL

The State's new Digital Citizens' Portal was populated with relevant content of which a majority was reemployment assistance, and services including a Dakota Roots friends and family referral option. The Communications Team also created knowledge based articles on topics including SDWORKS and the New Reemployment Assistance Online Claims System and continues to review, revise, and create articles as needed.

Forms continue to be optimized for efficiency and customer service. To meet new technology standards, a process was developed to convert all e-forms, paper forms, and non-fillable forms to an Adobe fillable PDF or an Adobe Sign PDF. A matrix helps form owners decide which option fits their needs and will provide the best customer experience. The technological advantage of an Adobe Sign form is it creates a document workflow encompassing much more than a signature. Form data can be collected in a location for staff to easily access, share, and use as appropriate.

LEADERSHIP

Deputy Secretary Dawn Dovre served as Vice Chair-Elect of the National Association of State Workforce Agencies (NASWA) Communications Committee. It has evolved into a powerhouse of relevant resources and information-sharing opportunities. The leadership team is dedicated to making meetings meaningful and establishing strong collaboration among states. Dovre has served on the leadership team of this committee since 2016.

ORGANIZATIONAL DEVELOPMENT

DLR's plan to fully integrate a learning management system (LMS) has continued into this fiscal year with the LMS going live in early 2022. The first phase of the roll-out plan was to pilot the LMS with the Field Operations and Workforce Development divisions. Employees within these divisions designated as LMS Admin, responsible for creating training content like lessons, courses, and learning paths, were the first to be imported into the LMS and trained on how to create content.

By May 2022, Job Service office managers from the Field Operations division were added to the LMS and trained on the role of being a team lead. This role involves overseeing subordinates, assigning courses and learning paths, and finding relevant out-of-the-box content for their staff. At the same time, LMS admin had started and completed several in-house courses on internal processes like writing case notes, business services, and the Senior Community Services Employment Program (SCSEP).

All Field Operation staff, approximately 145 employees, were imported into the LMS in June 2022. During the month of June, 240 courses and 854 lessons were completed by employees active in the LMS.

DLR has enjoyed the content creation tools offered by the LMS that allow admins to create interactive content to keep employees engaged in their learning experience. Goals for the next fiscal year include continuing to create internal content, including onboarding learning paths for employees, training more staff in the administrative roles of creating content, and importing additional divisions into the LMS.

LABOR MARKET INFORMATION CENTER

More than 530 requests for information were handled, including the distribution of approximately 18,000 printed publications to our users, including employers, K-12 schools, colleges and universities, Job Service staff, and economic development groups.

Funding available in PY20 through a partnership with the Division of Workforce Development and the South Dakota Department of Education made it possible for LMIC to print career materials for distribution to schools in PY21. Several resources (Career Aware for grades 3-5, Career Wonders for grades 6-8, Career Destinations, and the set of 16 Career Clusters posters) were also translated into two additional languages, Spanish and Karen.

In response to employer need, occupational wage estimates were updated on a quarterly basis and published for statewide South Dakota, three metro areas (including the cross-state Sioux City area) as well as East and West balance of state areas.

The South Dakota Workforce Report was published in September 2021, a comprehensive overview of South Dakota's labor market for calendar year 2020 with to-date updates when data was available.

Occupational demand, wage, and current job openings data were provided for consideration of programs eligible for the Build Dakota scholarships and the Eligible Training Provider List.

The Pandemic Picture web pages were updated each month, focusing on the state's workforce recovery from COVID-19 using key indicators including labor force and employment levels by industry. The main page includes bullet statements of latest highlights, data tables, and graphs illustrating trends. A secondary page provides more in-depth narrative about performance during the pandemic.

As another indicator of the state's continued economic recovery from and growth since the pandemic, data on job openings advertised online was downloaded from the virtual system one day a week for statewide South Dakota, the two metro areas and the balance of state areas.

Employment and wage outcomes data was provided on South Dakota's public postsecondary graduates, including the publication of an annual report.

OPTIMIZE DLR / CONTINUOUS IMPROVEMENT

FY22 was a productive year for making improvements within DLR. Each division, led by its appointed Division Champion, was active in supporting a culture of continuous improvement. This is evident in the submission of each division's annual Optimize report, which highlights a key project and a summary of all improvement efforts completed for each division.

There was a focus on improving partner relationships, like Workforce Development's TANF Enrollment project which focused on improving DLR's collaboration with the Department of Social Services. Division of Administrative Services continued the focus on partnership relationships with their Lease and Janitor project focused on improving the recurring rent and janitor payments DLR shares with other state agencies.

Improving DLR internal experiences for employees was the focus for many divisions including Policy and Public Affairs which focused on deploying a department-wide learning management system to create a centralized location for onboarding, internal process training, and staff development opportunities. Employee collaboration was the focus point for Workforce and Field Operation's Guiding Principles project. To ensure decades of knowledge from long-time employees is not lost, the Division of Insurance focused on cross-training and creating procedural manuals with the goal of ensuring processes do not stop when employees are temporarily away or retire.

Another focus was on improving the services to the public including Reemployment Assistance's focus on improving the efficiency of issuing Benefit Payment Checks. A process was created to have the checks issued by the system in batches instead of every payment having to be manually written. Labor and Management focused on making it easier for the public to file a discrimination complaint with Human Rights by improving the intake form and making it an electronic form you can submit online versus having to print and mail it in.

The Division of Labor and Management focused on improving the Hearing File Retention process by focusing on the backlog of closed files waiting to be scanned. The goal of the project was to scan all closed files, improve the scanning process, and update the retention policy. This project empowered staff to identify the frustrations and develop solutions. The new process will save staff time (four hours per case file), eliminate hard copy printing, and ease the process to search through closed case files.

Overall, each division worked on completing unique improvement projects using a variety of Lean tools and concepts. To further strengthen DLR's continuous improvement culture, the Optimize Coordinator planned a field trip for DLR Executive Team and Optimize Champions to visit South Dakota State University and Bel Brands, located in Brookings, South Dakota. The goal of the field trip was to collaborate and learn about different organizations' Lean journeys and the impact it has on the organization.





Kendra Ringstmeyer
Director

The mission of **Workforce Development** 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. The 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 PY21: July 1, 2021, through June 30, 2022.

TITLE III WAGNER-PEYSER

BUSINESS SERVICES AND ENGAGEMENT

With more job openings than job seekers and one of the lowest unemployment rates in the nation, South Dakota businesses are seeking a reliable and skilled workforce. We have encouraged businesses and our DLR team to help businesses engage populations who generally have higher unemployment rates than others. To do this, we have provided resources to our team that pair services of the One Stop System to support employers and these populations. The Business Engagement and Services Team (BEST) is comprised of business specialists from each of DLR's Job Service offices.

JOBS FOR VETERANS STATE GRANT

The Jobs for Veterans State Grant (JVSG) program provides career readiness services to eligible JVSG veterans and eligible non-veterans in preparing, seeking, obtaining, and retaining employment. These services are provided by a Disabled Veterans' Outreach Program (DVOP) specialist.

During PY21, DLR and Volunteers of America-Dakotas (VOAD) began working together to improve the relationship of co-enrolling homeless individuals served through the Homeless Veterans Reintegration Program (HVRP) in the Wagner-Peyser program. By having staff from both DLR and VOAD collaborating on resources and ideas, the start of a new partnership was formed and staff from both agencies were actively involved in working with and assisting the HVRP veteran participants. On July 27, 2021, DLR and VOAD completed a Memorandum of Understanding (MOU); since this time co-enrollment and

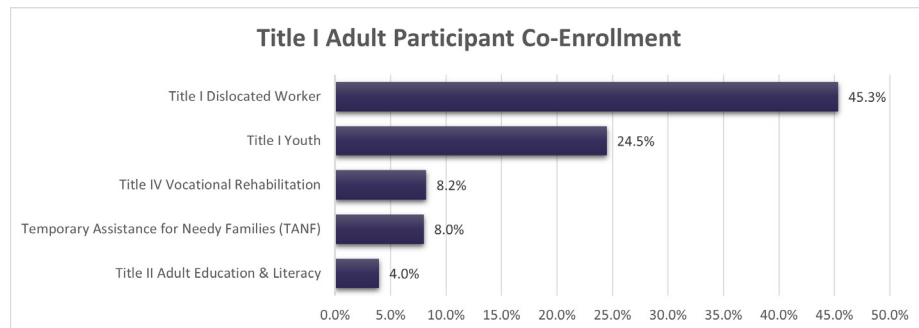


Table 1: Title I - Adult Participant Co-Enrollment

SUCCESS STORY : TITLE I ADULT

"I love to share my story. I was part of the very first cohort pursuing the Precision Machining certificate from Lake Area Technical College at the South Dakota Women's Prison. As much as I would like to erase that part of my story, it has given me so much strength, courage, and a skill I never thought I would have. We learned from one of the best instructors and had so much support from many, including DLR. I was so worried when I left [prison in] Pierre I would have a hard time finding a career again and providing for my family. But I was hired before I was released as a service administrator for an electrical and power transmission manufacturer. I may not physically work on a mill or a lathe, but this certification gave me confidence, wisdom, and the industrial language and context to be successful in this role.

I will forever be grateful for the Precision Machining program and the support I received throughout. It came at a really dark time in my life, and opened more doors than I could have imagined!"

From Molly

services to HVRP veteran participants greatly increased. In PY21, 45 HVRP veterans were co-enrolled in the Wagner-Peyser program.

TITLE I ADULT

DLR worked in partnership with the Department of Social Services to implement a policy of co-enrolling individuals receiving Temporary Assistance for Needy Families (TANF) into the Title I Adult program. The application of this policy will not only increase access to services and opportunities for families receiving TANF, but it will bolster the Title I Adult Priority of Service rates. The implementation of this policy has assisted DLR in more than doubling its TANF co-enrolled participants from previous program years. In PY21, 188 TANF participants were enrolled in Title I, and 327 TANF participants were enrolled in Wagner-Peyser.

The Title I Youth and Adult programs worked in partnership with the adult education and literacy program to develop a service delivery model called Participants Reaching Employment Potential or what is called PREP in South Dakota. With over 40,000 South Dakotan's lacking a high school diploma, we saw an opportunity to improve the partnership between the Title I and Title II programs by creating a supportive bubble around GED® seekers. For the Adult program, this includes an employment plan that identifies action steps for both programs, coordinated case management, frequent communication, supportive services, and flexible work opportunities. By alleviating their immediate financial needs, adult GED® seekers can work toward their secondary education and look ahead to their long-term career goals. In addition, PREP includes additional support for priority populations seeking a post-secondary credential.

UpSkill, the partnership between DLR and the Board of Technical Education developed in response to COVID-19, continued to evolve. This program year, there were 20 UpSkill programs offered, and 20 individuals earned a certificate in a high-demand field at no cost.

In addition to the 20 UpSkill programs available at three South Dakota technical colleges, there was a new program added in the Spring 2022 semester. In partnership with Lake Area Technical College and the Department of Corrections, ten incarcerated women began the precision machining certificate program in January of 2022. Offered on the campus of the South Dakota Women’s Prison at the Women’s Center for Opportunity, the program provided the students classroom and practical instruction five days per week. Nine women completed the program and attended the graduation ceremony where First Gentleman Bryon Noem gave the commencement address. The graduates enjoyed a celebration luncheon with their families prior to donning their caps and gowns. DLR provided ongoing case management as a component of their re-entry planning, assisting all nine women in securing housing, supportive resources, and job offers before their release from prison. The established relationship with DLR will provide a stable connection to help these women reintegrate into the South Dakota workforce.

SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

The Senior Community Services Employment Program (SCSEP) is a federal program authorized by the Older Americans Act and administered through DLR. The program offers services to older adults by providing community service and work-based training opportunities to low-income, unemployed adults over the age of 55 years. The program is designed to place participants in meaningful part-time subsidized employment at a nonprofit or government agency in their county of residence, allowing them to build relevant skills related to their career goals.

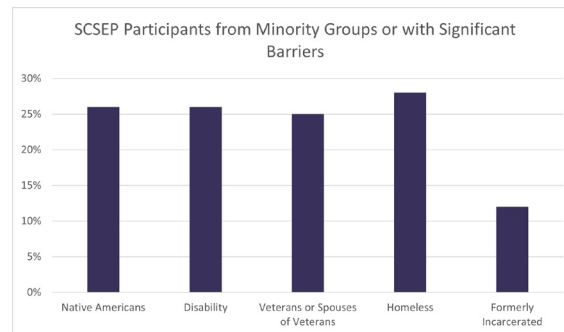


Table 2: SCSEP Participants from Minority Groups or with Significant Barriers

SCSEP operates in three different regions of South Dakota (West River, Central and East River) with six Employment Specialists overseeing these regions. SCSEP is committed to helping minority groups and people with significant barriers to employment.

TITLE I YOUTH

In today’s economy, securing a survival job seems more accessible than GED® obtainment. A high school credential leads to increased earnings and more significant opportunities for employment and post-secondary training. DLR has leaned into creating meaningful service delivery models to support our participants with these efforts. One strategy worth highlighting is the Youth Participants Reaching Employment Potential (PREP) service delivery model. The PREP model coordinates efforts between adult education service providers and Job Service offices into one joint education and employment plan. Structured housing

assistance and monthly financial incentive payments help support overall sustainability for individuals seeking to earn a GED® credential. The coordinated case management paired with financial incentives has proven to be a successful model for increasing GED® attainment. This service strategy received statewide recognition from the South Dakota Association for Lifelong Learning (SDALL) Community Partner of the Year award after receiving a nomination from the Career Learning Center of the Black Hills for their work offering PREP with the Rapid City Job Service office.

One hundred and twenty-nine new Title I Youth participants utilized the PREP service, delivery model. Most of these participants came to DLR as new referrals from Title II Adult Education and Literacy (AEL) partners. Thirty-two participants graduated with their GED® credential in PY21, and 67 participants are still actively working towards earning their GED® credential in PY22.

The Youth program improved our collaboration with the Department of Social Services Temporary Assistance for Needy Families (TANF) program. Knowing those receiving TANF are impacting future generations and typically have short participation periods, we identified a youth incentive to help them see possibilities beyond entry-level employment and help encourage robust engagement with their DLR case managers. The new Starter Kit incentivizes creating a high-quality resume and cover letter, completing career interest assessments, selecting their top three occupations, discussing with their DLR Employment Specialist, and researching their top three occupations. These activities help these young adults identify a future career pathway and prepare for a related job search improving the transition to employment or post-secondary education.

A successful outreach event launched in the summer of 2022 called Summer Passport. Summer Passport provided virtual and in-person opportunities for career exploration, job readiness and work-based learning to youth ages 14-24. In PY21, 12 Job Service offices across South Dakota offered a combined 55 in-person and virtual events to 673 youth participants. These events covered essential topics such as maintaining a professional online identity, self-advocacy, interviewing skills, financial literacy, and renting an apartment. DLR partnered with 22 local businesses, four technical colleges and two universities to offer campus tours, industry tours, job shadows, and educational presentations.

DLR is proud to highlight its partnership efforts with the South Dakota Department of Education (DOE) to increase Title I Youth program enrollments, youth engagement in the workforce, and work-based learning experiences. DLR has 11 staff engaging with 87 schools serving hundreds of students throughout the state.

To assist in the connection between school personnel and the business community, DLR launched a web tool called Future Workforce Finder. This resource allows businesses to express their interest in hosting work-based learning opportunities and teachers to match their students with opportunities.

The South Dakota Week of Work was held April 11–15, 2022. It served as a vehicle to introduce middle and high school students to career opportunities in their communities across the state through job shadows, industry tours, and other business-classroom connections. Opportunities were offered both in-person and virtually.

In addition, DLR has a staff member who serves on the Job for American’s Graduates (JAG) board and works closely with JAG specialists in all seven school districts served by JAG. Connecting these students, who are often eligible for the Title I Youth program, to DLR services helps increase a successful transition from high school to achieving their post-secondary goals.

These concerted efforts have led to high levels of In-School-Youth (ISY) enrollments compared to previous years, as shown in *Table 3: Title I Youth - In-School Youth Participants*. One hundred seventy-three of these enrollments are high school students in the greatest need with the remaining 16 students being enrolled while seeking a post-secondary credential. The majority of our ISY population is low-income (92%), racially diverse (53% identify as belonging to one or more racial minority groups) and identify as having a disability (60.8%).

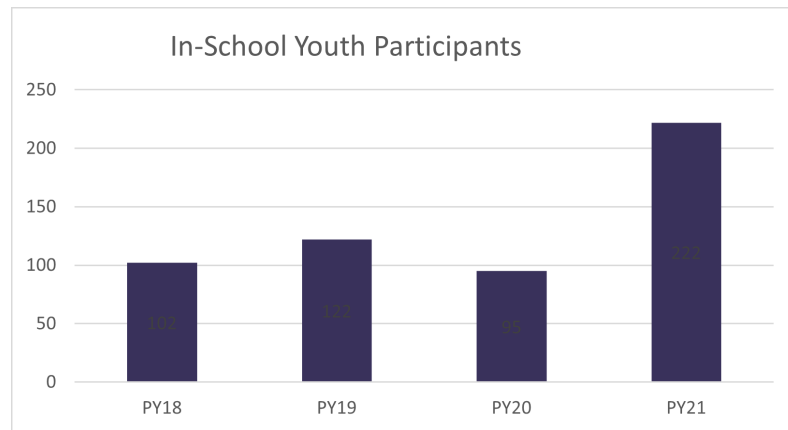


Table 3: Title I Youth - In-School Youth Participants

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM EMPLOYMENT & TRAINING

DLR and DSS continue to cultivate a meaningful partnership with Regional Technical Education Center (RTEC). RTEC provides training in high-demand occupations, which include welding, Computer Numeric Controlled (CNC) machining, and commercial driver’s license courses in the Yankton community. Enrollment into SNAP E&T and Title I offers RTEC students intensive case management, support services, tuition assistance, and opportunities for work experiences in relation to their program.

SNAP E&T LAPTOP LENDING PROGRAM

The South Dakota SNAP E&T program received one-time funding to assist in building a laptop lending program. DLR spearheaded this program to ensure the best computers, security programs, and Smart Spots were obtained. Fourteen computers, Smart Spots, and computer bags were purchased and are available to any SNAP E&T participant in Minnehaha, Pennington, and Yankton counties who would benefit from their use in obtaining training or reaching employment goals. A SNAP E&T Laptop Lending Program policy, Rights and Responsibilities form,

and tracking system were developed with this effort. Thus far, all laptops checked out to participants have been returned in good working order.

TITLE II ADULT EDUCATION AND LITERACY

This past year, AEL made concerted efforts to more deliberately communicate, coordinate, and collaborate with WIOA Core Programs—especially WIOA Title I Adult and Youth Programs. Through the Division of Workforce Development’s service-delivery model branded as Participants Reaching Employment Potential (PREP), Titles I and II developed explicit guidance and delivered technical assistance to help AEL and One-Stop staff better make direct linkages and appropriate referrals, track co-enrollments, share common-measures, and deliver tandem case management.

With the PREP model, program staff across the Agency collaborated to develop secure means on behalf of both AEL providers and DLR Job Service offices for data-sharing on common clients. Permission-controlled folders also provided a safer means to share time-sensitive or confidential information between partners (e.g., assessments, contact hours, Measurable Skills Gains, secondary credentials, and program-of-study updates).

During this past year, it became evident to Agency staff that a new Memoranda of Understanding seemed necessary to articulate and formalize protocol related to referrals, services, and case management.

These MOUs are planned for early PY22-23. In PY20, Title II reported 5.57% Co-Enrollment for WIOA Participants on the Statewide Performance Report; however, in PY21, Title II reported 11.64% Co-Enrollments, as shown in *Table 4: Title II – Adult Education & Literacy Participants Co-Enrollment*. The improved tracking and reporting certainly seem noteworthy, but not nearly as rewarding as the revitalized sense of partnership, joint control, trust, and shared commitment toward serving South Dakotans most in need of WIOA services.

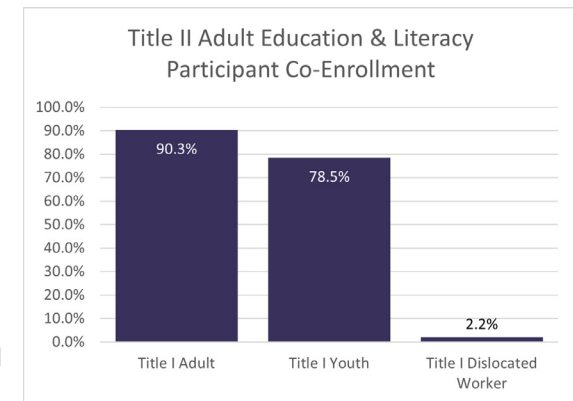


Table 4: Title II – Adult Education & Literacy Participants Co-Enrollment

TITLE I DISLOCATED WORKER

DLR served 1,069 Dislocated Workers during this program year. This demographic often comes to DLR with varying work and educational backgrounds. To match the current needs of the labor market, DLR partners with training providers to offer Registered Apprenticeships and Occupational Skills Training through the Eligible Training Provider List (ETPL). These opportunities allow individuals to re-train and gain sustainable employment.

NATIONAL DISLOCATED WORKER PARTICIPANT GRANT

The National Dislocated Worker Grant provides additional funding to serve individuals who have been terminated or laid off from their job, as well as those who have been

unemployed for six months or longer. DLR received this funding in response to the COVID-19 pandemic. At the beginning of the program year, DLR utilized the National Dislocated Worker Grant only for dislocated workers attending an UpSkill program. Because of South Dakota's swift economic recovery from COVID-19, this pool of people was relatively small by August 2021. In response, a policy change and training took place in October of 2021 to 'open' this funding stream to staff across the state as they assisted dislocated workers, whether that individual was attending an UpSkill training or not.

A modification was submitted In January of 2022 to request a no-cost 12-month extension for the National Dislocated Worker Grant. The modification was approved in March, securing these funds until March 2023. Blending funding streams allows our resources to go further and better serve our participants. In that spirit, DLR recognized an opportunity for increased awareness about the National Dislocated Worker Grant for two customer groups – participants who come to DLR via the TANF program and those who come through the Re-employment Services Eligibility Assessment.

TRADE ADJUSTMENT ASSISTANCE

The Trade Adjustment Assistance (TAA) program is a federal program that assists workers who have lost their jobs as a result of increased imports or production shifts in the United States.

On July 1, 2021, TAA entered Reversion 2021 (TEGL 24-20), which is more closely aligned with the 2002 TAA program rather than the 2015 program. In PY21, South Dakota had one TAA petition approved by U.S. DOL, Tops Products, LLC. The effective dates of this petition are from February 2021 through April 2024. With 11 in-state petitions still in effect in South Dakota, DLR served 194 customers in PY21.

RE-EMPLOYMENT SERVICES

The Re-employment Services and Eligibility Assessment or Re-employment Services (RES) program assists unemployed workers to return to work faster, reskilling if warranted, and works in tandem with the Reemployment Assistance division to maintain program integrity. A total of 995 participants completed the RES intake in PY21.

DLR continues to work with Government Research Bureau (GRB) at the University of South Dakota to evaluate the effectiveness of the RESEA program. The group has wrapped up phase I of the evaluation which included determining whom we serve through the RESEA program, what types of services and the outcomes of those services. We have begun phase II, which includes utilizing analytics to predict outcomes to assist with directing individuals to services that can best assist them based on their current situation and employment goals.

REGISTERED APPRENTICESHIP PROGRAM

The value of Registered Apprenticeship Programs as a component of the effort to build a stronger workforce in South Dakota continues to grow. Businesses and educators are finding success and seeking DLR's assistance in building programs. In addition, structured on-the-job training combined with a related instruction model is increasingly regarded as a viable post-secondary option by educators, parents, and young adults. This effort can be seen in the numbers. In the U.S. DOL Office of Apprenticeship Registered Apprenticeship Sponsor Information Database (RAPIDS), South Dakota increased the number of apprentices taking advantage of Registered Apprenticeship Programs by 58% from PY20 to PY21.

DLR launched a Workplace Mentor Training Program offering four comprehensive online training modules and a toolkit to assist businesses in developing their own mentoring program. This resource can be found on the Start Today SD website. Mentor programs in the workplace lead to improved career outcomes, engagement, retention, and job satisfaction for the mentee and mentor. Since launching in May 2021, 56 business representatives, DLR staff, and sponsors have downloaded resources or used the online training modules.

Through a partnership with the Board of Technical Education (BoTE) and the South Dakota Department of Education (DOE), DLR awarded \$95,000 of Governor's Emergency Education Relief (GEER) funding for the development of two bridge programs to assist individuals in preparing for and succeeding in entry-level health care and truck driving occupations. The goal of these programs is to offer a basic foundation of skills to engage individuals with a lower skill set and less likely to be part of the workforce. While still in their infancy, we look forward to making these programs available to businesses and workforce systems as avenues for skills development. In addition, GEER funding was paired with State Apprenticeship Expansion funding to engage industry associations in Science, Technology, Engineering, and Math (STEM) fields. With this funding, LATC developed three health care Registered Apprenticeship programs offering a career pathway for students that include Certified Nursing Assistance (CNA), Licensed Practical Nurse (LPN), and Registered Nurse (RN).

Following a previously successful model for employer engagement, DLR released a competitive application process in May 2022 seeking new Registered Apprenticeship Program development. Through this process, 14 programs were selected and have begun the program development process. These programs will be developed and begin registering apprentices before the end of the next program year.



Mackenzie Decker
Director

The **Workforce Services** team oversees state initiatives, programs, and supportive workforce services, while providing creative and technical solutions and communication strategies as a bridge between DLR Field Operations, Technical Development, Administrative Services, Policy and Public Affairs, and Workforce Development. Current programs include the National Career Readiness Certificate, Dakota Roots, Family-First Initiative, Bring Your 'A' Game, High School Equivalency, Strategic Service Delivery, National Career Readiness, and the South Dakota Week of Work.

The information in this section is a review of PY21: July 1, 2021, through June 30, 2022.

NATIONAL DISLOCATED WORKER CAREERS GRANT

South Dakota was awarded the National Dislocated Worker CAREERS grant in September of 2021 with a goal to increase access to the rural areas of our state where traveling to job service offices limits access to workforce services for those in need.

As a result, the grant will focus on increasing digital service delivery allowing our customers the power of choice in the timing and manner services are provided and requested. It will also decrease language barriers, allowing more South Dakotans to take advantage of DLR's workforce services.

DAKOTA ROOTS

Dakota Roots assists in recruiting out-of-state job seekers by providing local job market insight and personalized job search assistance through DakotaRoots.com and SDWORKS. (see *Table 6: Out-of-State Recruitment*)

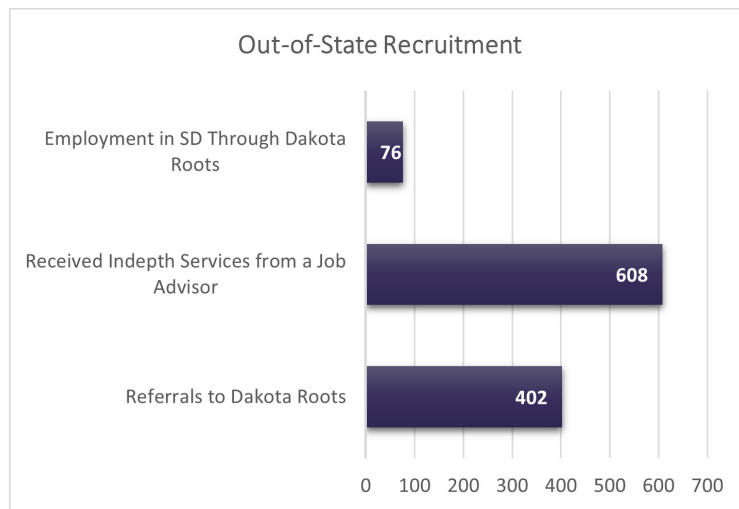


Table 5: Out of State Recruitment

During calendar year 2021, job search assistance was offered to 516 out-of-state job seekers through direct contact from DLR Job Advisors. South Dakota saw a seven percent increase in inbound workforce migration over the previous year's numbers. The most significant number of individuals came from bordering states, with Minnesota, Iowa, and Nebraska being the top three. Large concentrations from Sioux City, Iowa, Rock Rapids, Iowa, Luverne, Minnesota, and the small bordering towns scattered across the river from Yankton and Vermillion may indicate daily commuters. Other large migration concentrations came from Minneapolis/Saint Paul, Denver, Omaha, Los Angeles, and Phoenix metro areas.

Comparing calendar year 2020 to 2021, South Dakota saw the following changes:

- The manufacturing industry surpassed health care as the number one industry for hiring out-of-state individuals.
- The educational services industry saw a 28% increase in hiring an inbound workforce.
- The professional, scientific and technical services industry overtook the retail trade industry as a top five industry in the top five relocation cities.

FAMILY FIRST INITIATIVE + BRING YOUR 'A' GAME

The Family-First Initiative helps individuals gain meaningful and sustainable employment, retain employment and further develop a work and life balance. DLR partnered with five providers to deliver virtual and in-person family-oriented courses to individuals with diverse economic and educational backgrounds to build positive relationships and receive guidance in a neutral learning environment. In PY21, providers facilitated 91 courses to 486 individuals who reside or are employed in South Dakota.

GENERAL EDUCATION DEVELOPMENT

In PY21, 598 South Dakotans earned a General Educational Development (GED®) credential. While the national pass rate during the program year was 76%, South Dakotans had a pass rate of 85%. *Table 7: GED Credentials Earned Rate* provides a summary of testers and outcomes in South Dakota, including those who might not have yet earned a credential.

According to the U.S. Bureau of Labor Statistics 2021 Current Population Survey, possessing a GED® credential remains a viable path to advancing education, expanding job opportunities and increasing earning potential by over \$180 a week compared to those without high school education. In addition, the 2020 Current Population Survey identifies a 2.7% decrease in unemployment for those with a high school education compared to those lacking a high school education. Knowing this, DLR enhanced outreach to South Dakotans lacking their high school education. One area of focus was on those who have passed three of the four GED® tests. This outreach has resulted in 56 testers taking their last test and earning a credential, one of whom had not tested since 2015. Outreach has also included those who have passed their first test, those who have created an account and have not yet tested, and those who have started testing but have not tested for more than three months.

**GENERAL EDUCATIONAL DEVELOPMENT (GED®)
CREDENTIAL EARNED RATE**

	MATH	RLA	SCIENCE	SOCIAL STUDIES
State pass rate	85%	90%	93%	87%
National pass rate	75%	84%	90%	85%
College ready*	7%	10%	13%	14%
College ready + credit**	2%	1%	2%	4%

Table 6: GED® Credentials Earned Rate

*Scores reflect tester has demonstrated skills to start college-level classes and may be exempt from placement tests or remedial (non-credit) courses in college.

**Scores reflect tester has demonstrated skills being taught in college-level courses and could earn credit/bypass certain required classes.

As shown in *Table 7: GED® Testers Age 16-17*, South Dakota has experienced an increase of 16- and 17-year-old testers over the past three program years. In fact, currently, South Dakota’s largest testing group is white males ages 16-17 who have completed their sophomore year.

GED® Testers Age 16-17

	PY19	PY20	PY21
Testers ages 16-17	132	193	307
Pass rate	88%	88%	93%

Table 7: GED® Testers Age 16-17

VIRTUAL JOB SERVICE

The interest and engagement in virtual services continue to increase as our customers' access to and comfort with virtual resources has improved since the pandemic. Much of PY21 focused on customer choice and ensuring DLR customers have the flexibility to choose between in-person or virtual services to meet their needs. Our virtual services have increased access to services for those living in rural areas of our state or customers who are not able to make an in-person meeting work with their schedule.

VIRTUAL WORKSHOPS

The Virtual Job Service allows anyone enrolled in Title III Wagner-Peyser to register and attend workshops offered throughout the year. DLR has three rotating workshops offered each month allowing customers to choose what topics most fit their needs:

- Resume, Cover Letter, and Application
- Assessments and Job Search
- Interview and Job Retention

Another virtual expansion was the creation of two modules for Post-Secondary Success. This virtual training offered a panel that covered the South Dakota Labor Market Information and Financial Information to prepare participants for post-secondary education.

ENROLLMENT TEAM

The Virtual Enrollment Team is available to customers allowing a virtual space to engage with DLR services. The Enrollment Team roster is comprised of twelve rotating staff from across the state. The team handles enrollments into Title III and Title I, as well as all workforce programs offered by DLR and is led by two statewide Lead Employment Specialists. The duration of time spent on the team varies based on the need of the staff member. Each Enrollment Team member receives training, repetition of the enrollment process, support, and timely feedback on enrollment files. While this model has improved services to our customers, it has also formed a statewide training model and built camaraderie among DLR staff working in various offices throughout the state.

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, incarcerated individuals, and others. As of June 2022, over 48,000 South Dakotans have earned an NCRC, as shown in *Table 8: NCRC Total Tests & Scores*.

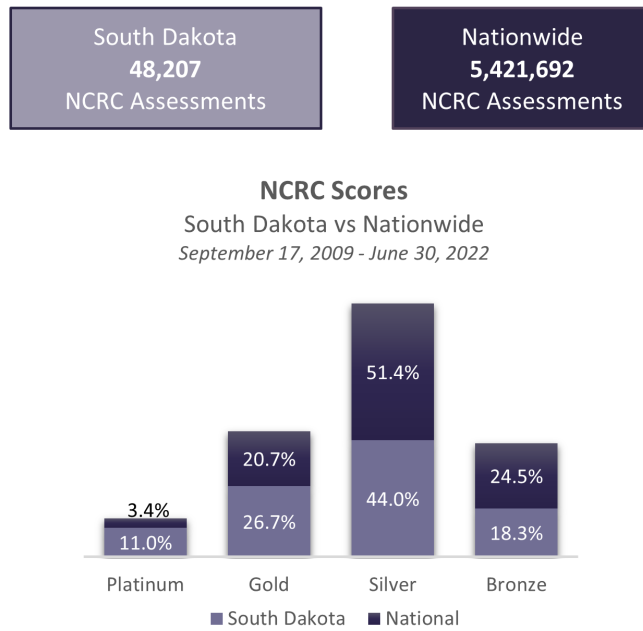


Table 8: NCRC Total Tests & Scores

DLR also offers ACT WorkKeys® Curriculum (a skill development curriculum) 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.

The NCRC program has grown significantly since its 2009 inception. In addition to serving job seekers across the state through the DLR job service offices, developing partnerships has been a key component in expanding the program.

- Nearly 6,000 high school students earned an NCRC using a streamlined application process that saves staff time. Earning a certificate helps students demonstrate current workplace skills. Additionally, the certificate is utilized for the advanced career endorsement graduation requirement and the Build Dakota scholarship.

- Completing the WorkKeys assessments is a requirement for graduating from the Women’s Opportunity and Resource Development (WORD) program at the Women’s Prison in Pierre, South Dakota. From July 2021 through June 2022, 88 women took the WorkKeys assessments, with 73 of them (83%) earning a certificate.
- Lake Area Technical College continues to use the WorkKeys assessments as one measure of progress for their students.

Currently, approximately 1,270 employers in South Dakota recognize the NCRC in their hiring practices.

SUCCESS STORY : TITLE I YOUTH

Lillie was referred to the Huron Job Service Office by our Adult Education and Literacy partner, Cornerstones Career Learning Center (CCLC). Lillie was 18, had dropped out of high school and worked part-time while taking GED® classes at CCLC. Lillie met with DLR’s Employment Specialist, John Taylor, and enrolled in Title III Wagner-Peyser and Workforce Innovative Opportunities Act (WIOA) Title I Out-of-School Youth and Adult programs.

While Lillie was getting by, her financial resources were strained while juggling her GED® studies and a part-time job. Through PREP, Lillie received three months of rent and a \$200 monthly incentive for attending GED® classes, allowing Lillie to keep up with her bills while progressing toward her goal of obtaining a GED®. Lillie expressed interest in further developing her work history and skills. John helped Lillie prepare for work by completing a Master-application, resume, mock interview, labor market research and Reality Check. Lillie was able to enhance her employability skills and earn youth incentives for completed milestones.

John reached out to the McDonald’s Manager about a 250-hour, part-time, paid Title I Youth work experience for Lillie, allowing her to work 25 hours a week at \$15.00 per hour while she continued attending GED® classes. While working as a Crew Member, Lillie gained valuable transferable skills: effective communication with customers and co-workers, critical thinking, organizational skills, time management and the lost art of counting change. The additional money allowed Lillie to pay for rent without assistance and purchase a car! At the end of the contract, Lillie was offered a job on McDonald’s payroll, which she accepted.

While working at McDonald’s, Lillie began passing the GED® Ready tests. Lillie passed three tests and missed her final test by just a few points. She attempted this test two more times, missing it by a few points each time. During the summer, Lillie took a break from her GED® studies and focused on a new full-time, seasonal job at the Salvation Army Tiger’s Den Summer Youth Program as a Summer Camp Co-Leader. Although frustrated about not passing her final GED® test, she remained confident and never wavered from her goal. In August, Lillie earned her GED®. Lillie is distinguished as Huron’s first PREP enrollee and first PREP completer.

Lillie is currently working at Coborn’s Inc. in Huron and has worked with John on updating her resume and cover letter to find full-time employment working with young children.



Bill McEntaffer
Director

Field Operations is responsible for the 14 Job Service offices in communities across the state. With the goal to achieve a skilled workforce that contributes to South Dakota's economic development, the division efficiently and respectfully serves businesses, job seekers, and community partners through innovative workforce development solutions and serves as an information resource. Job service office managers are directly involved with businesses, community leaders, educators, and economic development authorities. Staff are readily available to assist businesses with job fairs, applicant screening, interview space, and other resources.

The information in this section is a review of PY22: July 1, 2021, through June 30, 2022.

DESCRIPTIVE STATISTICS

5,095 South Dakotans Served	Female: 2,573 - 51%
	Male: 2,516 - 49%

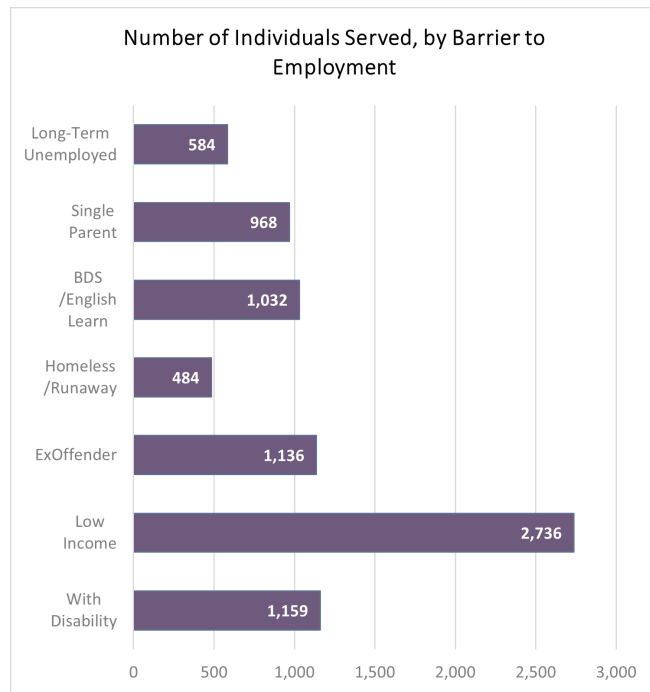


Table 9: Number of Individuals Served, by Barrier to Employment

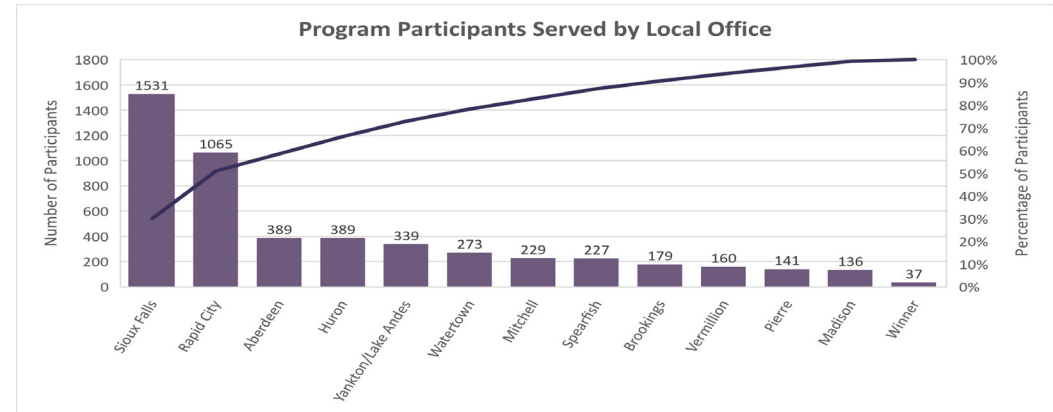


Table 10: Program Participants Served by Local Office

SERVICES PROVIDED

2,349 Individuals Served with Basic Career Services	2,488 Individuals Served with Individualized Career Services	251 Individuals Served with Training Services	284 Individuals Served with Virtual Services
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Basic Career Services – Staff-assisted services that provide general information and assistance. Examples include resume assistance, job search workshop, referrals to economic assistance, and Labor Market Information (Title III Wagner-Peyser).

Individualized Career Services – More intensive services that help progress towards employment goals. Examples include Employment Plans, Work Experience opportunities, and assessments to identify skills, aptitude, and barriers (Title I).

Training Services – Provide an opportunity for the individual to gain knowledge and skills. Examples include post-secondary education, On-the-Job Training, and Registered Apprenticeships (Title I).

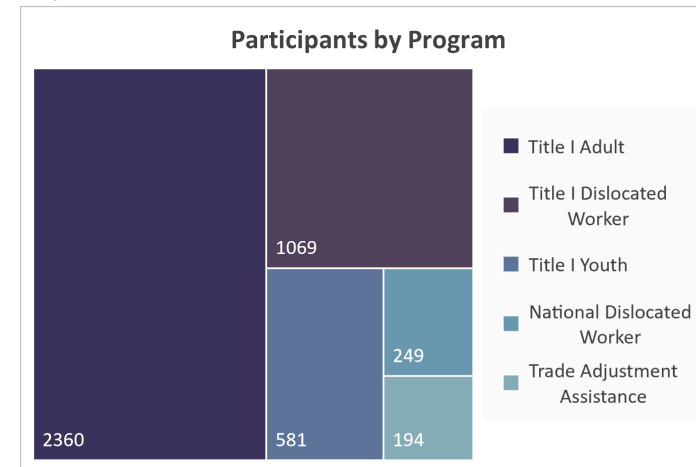


Table 11: Participants by Program

OUTCOMES

Negotiated Actual

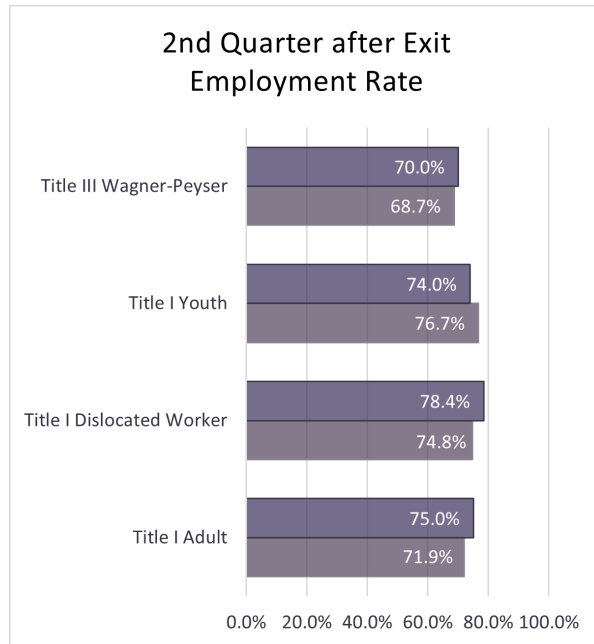


Table 12: 2nd Quarter after Exit Employment Rate

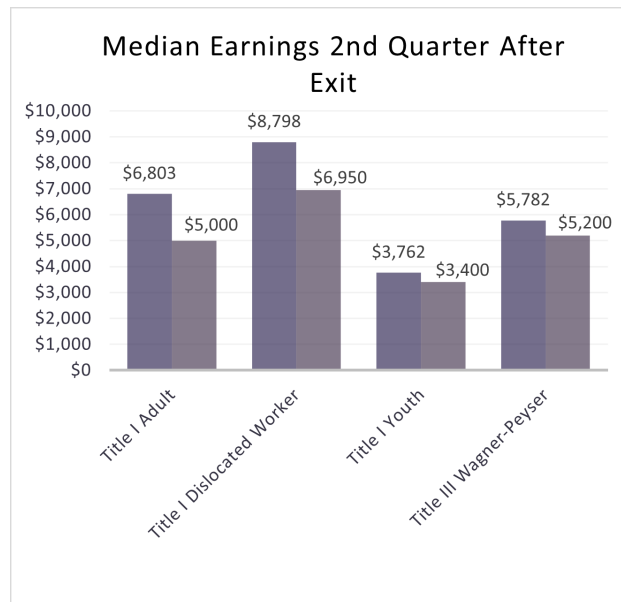


Table 13: Median Earnings 2nd Quarter after Exit

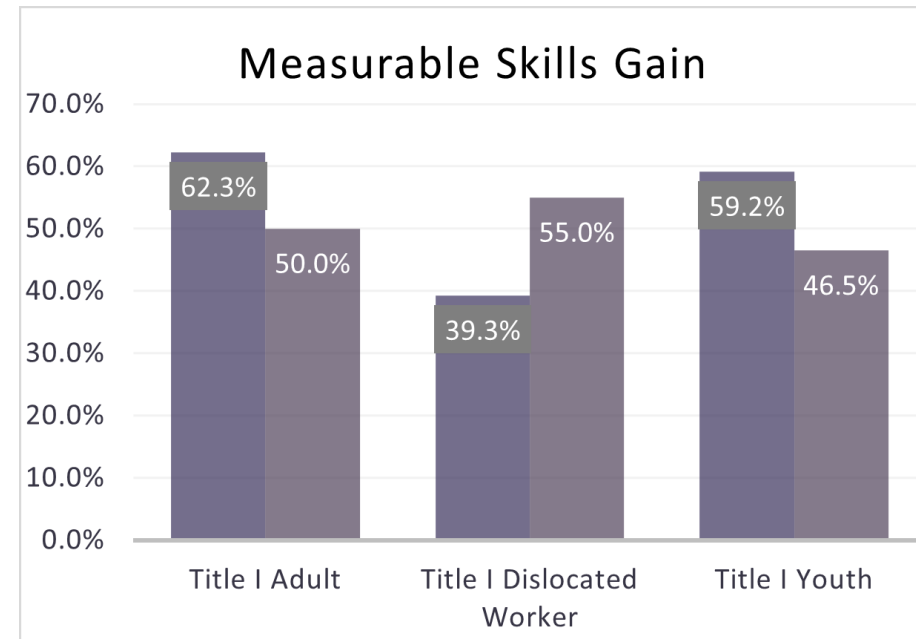


Table 14: Measurable Skills Gain

SUMMER PASSPORT

The Summer Passport Series was implemented this year as part of the Career Launch Program. The goal of this was to educate students, ages 14-18, not only about future jobs but how to be a good employee within their communities. It also gave businesses and post-secondary institutions the chance to be in front of the students and educate them as to what they have to offer and what types of training/education they will need and/or provide.

Each local Job Service office coordinated with schools, students, and businesses to offer a variety of activities. This included job shadows, business tours, virtual classes, visits to technical colleges, and universities. The experiences that students and businesses had were highly touted and plans are being made to see what types of activities can be conducted during the school year also.

In PY21, 12 Job Service offices across South Dakota offered a combined 55 in-person and virtual events to 673 youth participants.



Andrew Szilvasi
Director

The mission of **Technology Development** is to build a quality and comprehensive technology infrastructure, establish and maintain an effective data environment, and deliver quality, cost-effective, and reliable technology solutions for the Department; to ensure efficient workforce program support, accurate federal reporting, and provide oversight of the Foreign Labor Certification and Workforce Opportunity Tax Credit program; and to provide quality customer service by remaining at the forefront of new technology, driving system enhancement projects, and providing expert technical assistance.

SDWORKS

SDWORKS completed a fifth full program year as DLR’s Management Information System. It is still growing in response to the needs of South Dakota job seekers, employers, and DLR staff. SDWORKS serves as the state’s premier and most complete job listing board, employer posting site and case management system. Enhancements continue to improve data entry, reporting integrity, and program data.

TRANSITION TO mySD SINGLE SIGN-ON PROTOCOL

For compatibility with the South Dakota Citizen Portal, SDWORKS access processes were updated to transition to the mySD Single Sign-On protocol. mySD is the State of South Dakota’s secure, and centralized, identity service used by citizens to access State of South Dakota services. mySD allows users to access State of South Dakota services using a single username and password, which eliminates the need to remember multiple usernames and passwords. Once implemented, individual and employer users have been individually creating mySD profiles and linking those profiles to their existing SDWORKS account registrations.

SDWORKS was off-line for two weeks at the end of June due to the system vendor’s system-wide outage. The system was taken down in response to identified anomalous activity on the network. Thanks to the efforts of IT staff, there was no compromise of customer data. Both vendor and state teams worked diligently to restore all client systems to normal operations so staff and public users could return to using the array of online services provided.

WORK OPPORTUNITY TAX CREDIT MODULE

DLR began the process in the spring of 2022 to set up and implement functionality for the administration of the Work Opportunity Tax Credit (WOTC) program within SDWORKS. This module within SDWORKS will allow DLR to move from paper WOTC applications to a fully automated system, which will allow for electronic submission of applications; document storage/retrieval; integration with other state agencies for eligibility verification; the capability for automatic determinations to be made; retrieval of determinations; and reporting. This will provide DLR with an effective solution designed specifically to improve South Dakota’s WOTC service provision.

WORK OPPORTUNITY TAX CREDIT

The Work Opportunity Tax Credit (WOTC) program is a federal income tax credit savings program that encourages employers to hire job seekers in demographics with high unemployment rates due to specified employment barriers.

The WOTC program runs on Federal Fiscal Year (FFY). The Program Year 21 (PY21) included FFY21 Quarter 4 through FFY22 Quarter 3. During PY21, the WOTC program received a record-breaking number of applications totaling 13,398. DLR processed a total of 9,492 applications producing 3,469 certifications with a 36.6% Certification Rate. The WOTC program saved South Dakota employers an estimated \$10,058,000.00 in federal income tax savings.

In the summer of 2021, DLR began the Request for Proposal process to purchase a new software system with the grant money awarded from the U.S. Department of Labor for the modernization of the WOTC program and to help with the current backlog. Geographic Solutions Incorporated (GSI) was awarded the contract and work began on building and functionality of the new system in January 2022. Weekly meetings have been held between GSI, TDD, BIT, and the WOTC State Coordinator to ensure the highest performance levels are being met with this new system. Once live, the new system will increase efficiency within the program and allow for higher volume processing with the collaboration of partnering state agencies.

PY20 and PY21 WOTC Application Comparisons

Status	PY20	PY21
Certifications	2,659	3,469
Conditional Certifications	60	69
Denied Applications	4,001	4,983
Pending Applications	855	971
Total Applications Processed	7,575	9,492
Certification Rate	35.1%	36.6%
Tax Dollar Savings	\$7,719,000.00	\$10,058,000.00

Table 15: WOTC Application Comparison for PY20 and PY21

FEDERAL BONDING PROGRAM

South Dakota was awarded a federal grant in the amount of \$100,000 to expand their fidelity bonding programs, which support employers who hire workers considered “at-risk” due to prior involvement in the criminal justice system, as well as those in recovery for substance abuse.

These workers often face barriers in their attempts to return to the workforce. During the reporting year we have purchased 152 bonds and we have issued 116 bonds.

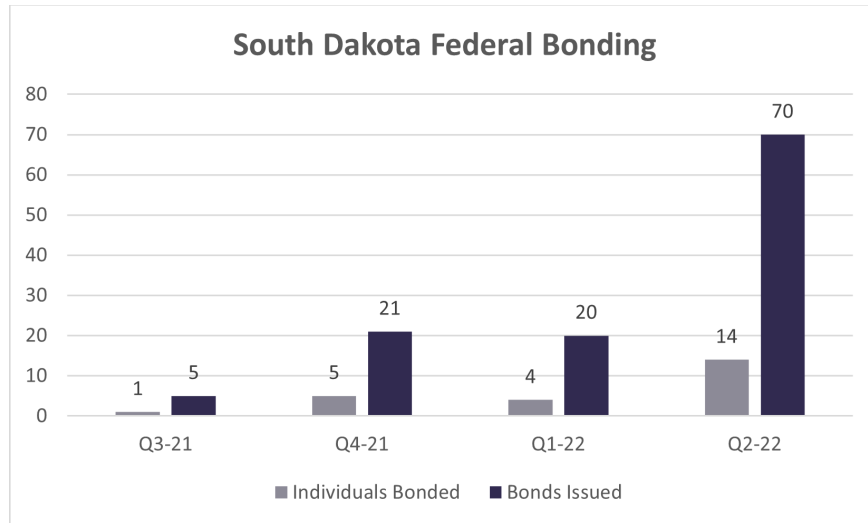


Table 16: Bonding History: Individuals Bonded vs. Bonds Issued

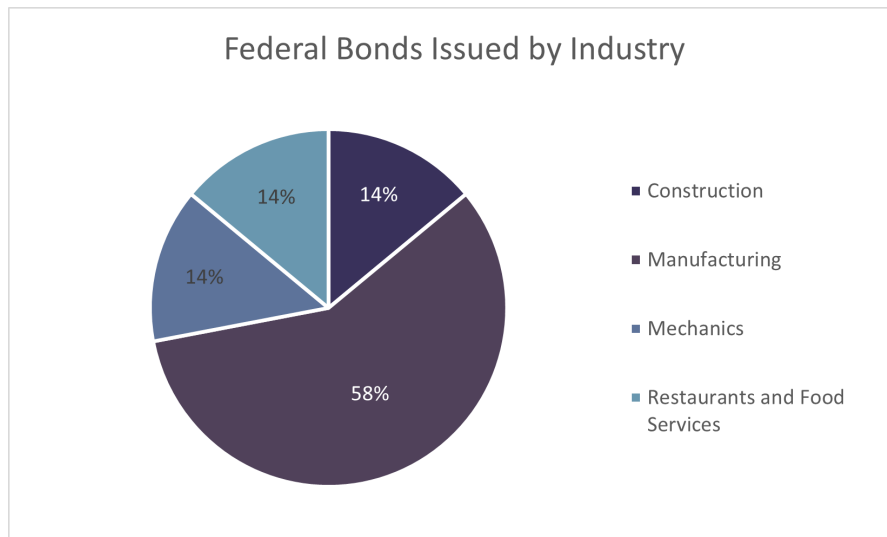


Table 17: Industry Distribution

FOREIGN LABOR CERTIFICATION

The Foreign Labor Certification (FLC) program processes H-2A visas for temporary, agricultural work, and H-2B visas for temporary, seasonal, and nonagricultural jobs. DLR reviews applications for program compliance, posts SDWORKS job orders for both H-2A and H-2B applications, inspects housing for H-2A employers, and communicates changes and information between the National Office in Chicago and the employer or employer’s agent. DLR also refers potential U.S. applicants to employers who are resolving their labor shortage with temporary, foreign workers.

The FLC program runs on Federal Fiscal Year (FFY). We have just completed FFY22 which ran from Oct. 1, 2021, to Sept. 30, 2022. We saw 26.26% increase in H-2A applications and 52.63% increase in H-2B applications from the previous year.

H-2A Job Orders

FLC Performance Timeframes	PY20 Results	FLC Performance Timeframes	PY21 Results
FFY20 Q4	23 Job Orders	FFY21 Q4	50 Job Orders
FFY21 Q1	136 Job Orders	FFY22 Q1	158 Job Orders
FFY21 Q2	105 Job Orders	FFY22 Q2	140 Job Orders
FFY21 Q3	37 Job Orders	FFY22 Q3	44 Job Orders
Total	301 Job Orders	Total	392 Job Orders

Table 18: H-2A Job Orders PY20 and PY21

H-2B Job Orders

FLC Performance Timeframes	PY20 Results	FLC Performance Timeframes	PY21 Results
FFY20 Q4	9 Job Orders	FFY21 Q4	45 Job Orders
FFY21 Q1	53 Job Orders	FFY22 Q1	68 Job Orders
FFY21 Q2	110 Job Orders	FFY22 Q2	188 Job Orders
FFY21 Q3	52 Job Orders	FFY22 Q3	83 Job Orders
Total	224 Job Orders	Total	384 Job Orders

Table 19: H-2B Job Orders PY20 and PY21

H-2A Housing Inspections

FLC Performance Timeframes	PY20 Results	FLC Performance Timeframes	PY21 Results
FFY20 Q4	13 Inspections	FFY21 Q4	21 Inspections
FFY21 Q1	99 Inspections	FFY22 Q1	66 Inspections
FFY21 Q2	188 Inspections	FFY22 Q2	171 Inspections
FFY21 Q3	16 Inspections	FFY22 Q3	32 Inspections
Total	316 Inspections	Total	290 Inspections

Table 20: H-2A Housing Inspections PY20 and PY21



Pauline Heier
Director

Reemployment Assistance (RA) 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 21: RA Benefits for FY21 and FY22*) reflects South Dakota’s economic condition. This year, 10,525 applications for unemployment benefits, a decrease of more than 13,000 applicants. Total dollars paid out also decreased significantly from 2021 from \$89.4 million in 2021 to \$22.7 million in 2022.

INTEGRITY SYSTEMS

The fraud and collection section is responsible for reducing instances of overpayment, fraudulent or otherwise, and collecting these monies from claimants. Our efforts to minimize overpayments and fraud continue to be successful, as shown in *Table 22: RA integrity systems performance measures for FY21 and FY22*.

Benefits	FY20	FY22
Applications for Benefits	24,338	10,525
Total Number of Weekly Payments	203,603	58,604
Number of Individuals Who Received Benefits	10,562	4,302
Dollars Paid Out	State Benefits	\$61,353,843
	Federal Claims	\$28,093,284
	Total	\$89,447,127
Average Weekly Payments per Claimant	19.3	13.6
Maximum Weekly Payment	\$428	\$466
Average Weekly Payment	\$403	\$396

Table 21: RA Benefits for FY21 and FY22

Integrity Systems	FY21	FY22
Amount of Benefit Overpayment Debt	\$6,841,987	\$2,056,209
New Overpayment Cases	7,334	3,062
Percent of Cases Involving Fraud	27.6%	30.3%
Dollar Amount of Overpayment Fraud	\$1,885,350	\$623,370
Dollar Amount Collected Back	\$2,048,525	\$1,702,315
Number of Collection-related Correspondence Items	2,322	11,834
Number of Civil Actions	48	1,538
Convictions Obtained	0	2
Cases Pending	28	28

Table 22: RA Integrity Systems Performance Measures for FY21 and FY22

Tax Administration and New-Hire Reporting	FY21	FY22
Delinquent Notices	6,792	6,243
Subpoenas to Non-Compliant Employers	290	287
% Status Determinations Made within 90 Days	90.0%	91.2%
New-Hire Reports	201,593	208,122

Table 23: RA Tax Administration and New Hire Reporting for FY21 and FY22

UI Trust Fund	FY21	FY22
Taxes Received for Regular State Benefits	\$30,699,456	\$39,129,629
Interest on Trust Fund	\$3,196,052	\$2,723,666
Trust Fund Balance (end of year)	\$161,593,111	\$182,076,612
Number of Employers (end of year)	30,422	32,781

Table 24: UI Trust Fund for FY21 and FY22

OPTIMIZE DLR / CONTINUOUS IMPROVEMENT

Reemployment Assistance focused on streamlining and eliminating waste in processes for accounting and tax. A project outcome was eliminating waste by removing the extra steps and time needed to process Out-of-State Wage reports with out-of-state employers who do not have accounts with the State of South Dakota. Accounting also automated for some of its check writing functions. This consisted of automatically running data batches that require less coding and the checks are written by the system versus an employee handwriting the checks. It also provides a check register when the checks are produced, where previously, they were creating the check registers manually. By focusing on the processes, we have been able to save staff time (about 700 hours a month), manual checks being issued, total dollars of outstanding checks, imaging, internet registrations of new accounts, paper, and printer ink for both accounting and tax, eliminate human error, and improve reconciliation and check register accuracy.



Amber Mulder
Director

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

RESPONSIBILITIES

- Help settle problems between employers and workers
- Enforce wage and hour and youth employment laws
- Answer questions about state employment laws
- Administer the state’s Workers’ Compensation system
- Provide oversight to the Division of Human Rights
- Hold hearings and mediations
- Handle labor union certifications
- Adjudicate reemployment assistance

WORKERS’ COMPENSATION

The Division’s dispute resolution, regulatory enforcement, and investigation activities remained similar to previous years, with an increase in hearings and mediations.

Workers’ Compensation Activities		FY21	FY22
Pre-hearing Conferences Held		87	74
Agreements Approved	States Files	184	181
	Hearing Files	108	130
Permanent Partial Disabilities Reviewed		714	no longer tracked
Permanent Partial Disabilities Approved		417	no longer tracked
First Report of Injuries Received		18,945	19,054
Money Collected	Workers' Compensation	\$38,162	\$43,913
	Wage & Hour	\$50,419	\$49,865

Table 25: Workers’ Compensation Activities for FY21 and FY22

Hearing and Settlement Activities	FY21	FY22
Workers’ Compensation Hearings	3	13
Grievance Hearings	1	0
Unfair Labor Practice Hearings	0	0
Elections	1	2
Unit Determinations	0	0
Impasse Conciliations	4	5
Fact Findings	0	0
Mediations	26	39
Conference Calls	2	9

Table 26: Hearing and Settlement Activities for FY21 and FY22

APPRAISER CERTIFICATION PROGRAM

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; approve qualifying and continuing education courses; and register and supervise appraisal management companies.

Data outlined in *Table 27: Appraisers by classification for FY21 and FY22* shows the active appraisers by classification. Currently, there are 10 inactive appraisers and approximately 92 appraisal management companies registered.

Appraisers by Classification	FY21	FY22
State-Certified General	224	249
State-Certified Residential	103	113
State-Licensed	34	36
State-Registered	47	70
Total	408	468

Table 27: Appraisers by Classification for FY21 and FY22

OPTIMIZE DLR / CONTINUOUS IMPROVEMENT

The Division of Labor and Management focused on improving several processes that saved the Department time and money.

The claim of unpaid wages process for Wage and Hour and the compensation claim estimates to investigator process for Workers’ Compensation were both improved. The labor-intensive manual process for submitting, retaining, and investigating was automated and streamlined. This has reduced the number of unqualified claims coming in each month.

Reemployment Assistance Appeals	FY21	FY22
New Filings	2,323	1,508
Cases Ruled on or Dismissed	1,508	1,322
Percentage of Cases Decided within 30 Days	3.2%	3%
Cases Awaiting Decision	815	302

Table 28: RA Appeals for FY21 and FY22

The Workers’ Compensation improvement project eliminated the need to submit workers’ compensation claim estimates to the department. The process was automated with an online form that calculates multiple scenarios so the claimant can complete the form themselves and not have to submit it to DLR. This has eliminated about 60 requests/month saving staff time and reducing paperwork.

Human Rights Activities	FY21	FY22
Potential Discrimination Charges	226	323
Requests for Information	144	100
Intakes of Discrimination Complaints	127	220
Investigations Opened	62	70
Investigations Closed	40	43
EEOC Transfers	19	18
Money Collected for Charging Parties	\$3,500	-0-

Table 29: Human Rights Activities for FY21 and FY22

The Hearing File Retention process improvement can be found on *Page 4*.

LICENSING BOARDS + COMMISSIONS

There are nine occupational and professional licensing boards and commissions within DLR. These boards and commissions are charged with licensing and regulating the individuals practicing in each specific occupation or profession in 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 abstracters' 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 qualified people; 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.

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

BOARD OF TECHNICAL PROFESSIONS

The South Dakota 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 for the purpose of safeguarding 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 the state.

PERFORMANCE INDICATORS

Board/ Commission	Licenses Renewed		New Licenses		Total Practitioners		Examinations		Complaints		Inquiries	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Abstracters' Examiners	85	82	1	19	138	170	3	3	0	1	260	125
Accountancy	2,077	2,087	66	70	1,944	1,941	113	108	11	15	7,440	N/A
Athletic	N/A	N/A	306	285	N/A	N/A	N/A	N/A	0	9	200	200
Barber Examiners	290	140	30	19	190	171	4	45	1	0	450	325
Cosmetology	6,012	8,328	1,518	865	6,110	7,260	264	313	38	25	23,200	24,600
Electrical	1,611	1,505	904	996	6,745	4,719	422	332	N/A	1	N/A	N/A
Plumbing	2,275	2,545	344	518	2,610	3,063	137	53	6	0	4,000	6,752
Real Estate	2,026	1,947	509	500	4,606	4,467	803	610	84	75	50,102	52,978
Technical Professions	7,270	3,776	666	858	9,300	9,610	296	350	6	7	4,700	N/A

Table 30: Boards and Commissions Indicators for FY21 and FY22



Bret Afdahl
Director

BANKING

The mission for **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.

Throughout FY22, the Division performed 71 examinations of banks, trust companies, and licensees. During the second half of the fiscal year, the Division returned to on site examination work, but not to the extent it was before the pandemic. The Division continues to leverage technology to reduce travel where possible, make examinations more efficient, and allow Division staff to spend more nights at home.

From a bank perspective, two items of note. The first is the Banking Commission passed a rule waiving the July 2021 semi-annual fee assessment on South Dakota banks. As a result of this rule, the Division did not collect approximately \$1.1 million from state-chartered banks in the state. The second item of note, Great Western Bank was acquired by a Montana bank and when the merger was complete, the total assets of South Dakota banks decreased by 33% as of fiscal year-end.

Trust assets grew by more than 21% year over year, which is substantial growth but was less than the prior year due to several mergers and volatility in investment markets.

The number of individuals and non-bank companies regulated by the Division grew by 13% from FY21. This rate of growth is down from the prior year and reflects changes in the housing market with higher interest rates and decreasing affordability of available housing stock.

Revenues	FY21	FY22
Bank Examination Fees	\$1,910,334	\$1,044,568
Trust Company Examination Fees	359,450	523,000
Trust Company Supervision Fees	1,363,235	1,320,090
Trust Company Charter Fees*	44,500	23,750
License Fees	1,568,592	1,717,777
Licensing Examination Fees	4,290	683
Investment Council Interest	94,391	71,604
Miscellaneous	250	16,500
Mortgage Servicer Settlements	-0-	-0-
Totals	\$5,345,042	\$4,717,972

Table 31 - Comparison of Revenues by Category for FY21 and FY22
*Deposited in general funds

Performance Indicators	FY21	FY22
License Exams	14	17
Banks Examined	13	14
Trust Companies Examined	42	40
Licenses Issued or Renewed	7,100	8,022
State-chartered Banks	42	41
State-chartered Trust Companies	106	114
Bank Assets	\$34.212 billion	\$23.010 billion
Trust Assets	\$500.605 billion	\$607.575 billion

Table 32 - Performance Indicators for FY21 and FY22

STRATEGIC PLANNING AND ACCREDITATION

During FY22, the Division undertook a comprehensive strategic planning effort to understand new technology trends currently visible and then attempted to look into the future to determine where the Division will need to be in 10 years from a technology perspective. Out of this effort, the Division developed a formal five-year strategic plan to focus efforts on the following areas: information technology examinations; developing our workforce; optimizing the examination process; keeping up to date on technology trends; and modernizing laws and regulations in South Dakota. It is an ambitious plan but our belief is changes in technology will accelerate in the near future and we must be prepared to keep up.

The other large project the Division undertook in FY22 was to prepare for our five-year re-accreditation review by the Conference of State Bank Supervisors (CSBS). The Division was originally accredited by CSBS in 2007 and has been re-accredited in 2012 and 2017, and will undergo a formal review in July of 2022.



Larry Deiter
Director

INSURANCE

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.

The Division

- Provides regulatory oversight to protect South Dakota insurance policyholders and investors against financial loss due to inappropriate business practices.
- Licenses and/or registers insurance companies, insurance producers, other insurance entities, securities agents, financial advisors, brokers, franchises, and investment products.
- Monitors licensees and registrants for compliance with existing statutes and regulations.
- Reviews required filings for compliance.
- Reviews and assists with resolution of consumer complaints.
- Investigates and takes appropriate action with respect to licensees, registrants, and companies.
- Reviews and approves continuing education programs for insurance producers and companies.
- Provides investor education.
- Monitors federal law changes which could impact state laws and rules.

Insurance and investment products continuously evolve and develop. 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 current knowledge of the insurance and the investment market landscape nationally and a strong voice in maintaining state-based regulatory authority. Director Larry Deiter serves as Chair of the NAIC Producer Licensing Task Force and as Board President for the National Insurance Producer Registry (NIPR). The Division served on 35 committees or task force/working groups through the NAIC and NASAA during FY22.

The number of licensed producers and registered agents regulated by the Division continued to increase in FY22. This national trend may be attributed to the adoption of hybrid or remote work models by the industry, spurred by the pandemic response along with career changes that took place during this period.

INSURANCE Performance Indicators	FY21	FY22
Total Licensed/Domestic Companies	1395/62	1404/57
New Companies Licensed/Approved Mergers	21/15	15/2
Total Licensed Agents	98,109	105,221
Insurance Producer Licenses Issued	31,022	34,534
Insurance Producer Licenses Renewed	41,808	49,346
Property/Casualty Filings Reviewed	5,804	5,379
Life/Health Filings Reviewed	2,983	2,822
Consumer Complaints Closed	392	488
Enforcement Files Closed	1,480	1,461

Table 33a: Insurance Performance Indicators for FY20 and FY21

SECURITIES REGULATION Performance Indicators	FY21	FY22
Broker-Dealer Agents Registered	112,576	123,821
Broker-Dealer Firms Registered	1,229	1,264
Investment Advisor Agents Registered	1,977	1,917
Investment Advisor Firms Registered	52	53
Investment Company Notice Filings – New/Total	942/22,557	882/21,489
Investment Advisors Notice Filings	945	998
New Franchise Applications/Renewals	305/571	444/671
Investigations	202	246
Compliance Exams	53	57

Table 33b - Securities Regulation Performance Indicators for FY21 and FY22

LEGISLATIVE ACCOMPLISHMENTS

The Division provided input on numerous pieces of legislation during the 2022 Legislative Session. Support was provided on House Bill 1029 which allows insurance producer applications to be administratively withdrawn if an applicant does not respond to follow up requests for information from the Division of Insurance. This streamlines the process for handling non-responsive license applications and eliminates a formal denial which triggers national reporting requirements and can potentially affect future employment.

The Division testified in support of Senate Bill 148 to revise annuity sales standards to a “best interest” standard. This standard will assure consumer protections and suitability for annuity sales and protects the insurance producer through safe harbors. Insurance companies are required to create and maintain oversight of its annuity sales programs while making efforts toward actively detecting abuse.

CHALLENGES

- Protecting consumers in an ever-changing investment and insurance market against those who seek to take advantage of the complexity of these products.
- Maintaining and improving the availability and affordability of major medical coverage as the cost of care continues to rise.
- Monitoring and analyzing federal health care changes to ascertain impact on local health insurance market operations and the need for regulatory oversight.
- Balancing the need for affordable insurance of all types while providing oversight of the financial solvency of the industry.

Revenues		FY21	FY22
Premium tax		\$96,606,568	\$103,284,080
Fees (Insurance Operating Fund)	Insurance Producer Licensing/Renewal	\$13,010,584	\$13,919,389
	Insurance Miscellaneous and Legal	\$11,857	\$13,919
	Insurance Retaliatory and Filing Fees	\$1,125,150	\$1,379,498
	Insurance Administrative Penalties	\$396,932	\$179,125
	Insurance Investment Council Interest	\$48,279	\$33,593
	Insurance Company Admission, Renewal, & Supervision Fees	\$253,975	\$252,294
	Insurance Producer Exam & Course Fees	\$45,405	\$55,990
	Investment Companies Notification Fees	\$28,592,625	\$28,480,300
	Securities Registration Fees	\$26,975	\$53,613
	Broker-Dealer Registration Fees	\$188,850	\$195,450
	Securities Agent Registration Fees	\$16,778,000	\$19,253,125
	Name Change Filing Fees	\$72,100	\$101,450
	Initial Public Offering Extension Fees	\$2,300	\$3,600
	Investment Adviser Agent Fees	\$113,500	\$128,600
	Investment Adviser Fees	\$202,900	\$215,250
	Securities Fines	\$29,500	\$208,679
	Securities Investment Council Interest	\$143,589	\$76,978
Franchise Fees	\$187,300	\$207,100	
Other Filing Exemptions	\$263,325	\$434,725	
Miscellaneous	\$25	\$50	
Continuing Education Fund	Insurance Producer Renewal Fees (Biennial renewal)	\$62,050	\$44,760
Workers' Compensation	Policy Fee (Transferred to U.S. DOL)	\$306,124	\$325,192
Total		\$158,467,912	\$168,846,759

Table 34: Revenues for FY21 and FY22



Emily Ward
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, purchasing, and property management to DLR staff and partner agencies to fulfill department, state, and federal missions.

INCOME + EXPENSES

Total department revenue increased approximately 4.3% in FY22 (*Table 35: Fund Source data for FY21 and FY22*) with the most significant changes occurring from a 12.2% increase in Board licensing and Workers' Compensation program fees. The increase is due to increases in the fee rates for the Electrical Commission and revenue in the Workers' Compensation program.

Tax and fee revenue to the state's General Fund from the Division of Insurance increased by \$10,081,801 from FY21. Growth in insurance company tax and securities fees led the growth but is not anticipated to continue when the economy starts to slow.

The Unemployment Insurance Trust Fund employer contributions increased in FY22. This was due to the increase in activity in the pooled benefits account in 2021 along with growth in the economy.

Department of Labor and Regulation Fund Sources		FY21	FY22
General Funds (state general fund appropriation)		\$3,284,915	\$2,312,767
Federal Funds		\$29,660,299	\$31,640,920
Other Funds (licensing board & Workers' Compensation fees)		\$4,898,895	\$5,497,397
Other Funds (Appraisers, Banking, Insurance)		\$67,839,146	\$70,802,170
Total		\$105,683,255	\$110,253,254
Transfers to General Fund (Insurance)		\$155,068,706	\$165,150,506
UI Trust Fund	Employer Contributions	\$30,699,456	\$39,129,629
	Federal Reimbursements	\$30,417,907	\$1,584,278

Table 35: Fund Source Data for FY21 and FY22

Department expenditures, illustrated in *Table 36: Annual expenditures for FY21 and FY22*, decreased slightly from the previous year. Activities directly related to the COVID-19 pandemic have slowly ended throughout the year. Workforce activities are elevated as the Department is working to develop new partnerships, provide training services to program participants to fulfill employer needs, and increase youth career awareness.

Department Annual Expenditures	FY21	FY22
Personnel	\$27,668,124	\$28,114,711
Operating Expenses	\$14,935,359	\$13,479,671
Job Training and Subrecipient Grants	\$3,266,439	\$3,953,549
Total	\$45,869,922	\$45,547,932
RA Benefits (state only)	\$59,029,221	\$21,157,605

Table 36: Annual Expenditures for FY21 and FY22

In 2022, RA benefits payments decreased by approximately 64% from FY21. The CARES Act unemployment compensation programs ended in June 2021. Along with the historical number of job openings in South Dakota, the number of people applying for unemployment benefits has returned to pre-pandemic levels.

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