

DLR

ANNUAL

REPORT

July 1, 2022 - June 30, 2023





*Marcia Hultman
Secretary*

Dear Readers,

I am pleased to present the Department of Labor and Regulation's (DLR) Annual Report for fiscal year 2023. This report highlights our initiatives, programs, and performance. Notably, here are some of our top accomplishments, reflecting our commitment to excellence.

One of the key achievements this year has been the successful implementation of our new Learning Management System, DLR Learn. This innovative platform has transformed our approach to training and development, providing our team with a dynamic and user-friendly environment for acquiring new skills and knowledge.

In line with our dedication to continuous improvement, DLR has fostered a culture that encourages innovation, collaboration, and adaptability. This cultural shift has had a positive impact on our operational processes, enabling us to respond swiftly to emerging challenges and deliver improved services to the citizens of South Dakota.

Furthermore, I am proud to announce our Division of Banking has achieved accreditation from the Conference of State Bank Supervisors (CSBS). This accreditation is a testament to the high standards of regulatory practices and professionalism upheld by our division. It reinforces our commitment to maintaining a sound and stable financial environment within the state while promoting consumer protection and supporting responsible banking practices.

As we reflect on the past year, these accomplishments underscore the dedication and hard work of the entire DLR team. I want to express my gratitude to each member. Looking ahead, we remain focused on our mission to serve the people of South Dakota with integrity, efficiency, and innovation. Our achievements this year serve as a foundation for future success, and we are excited about the opportunities that lie ahead.

Sincerely,

Marcia Hultman
Cabinet Secretary

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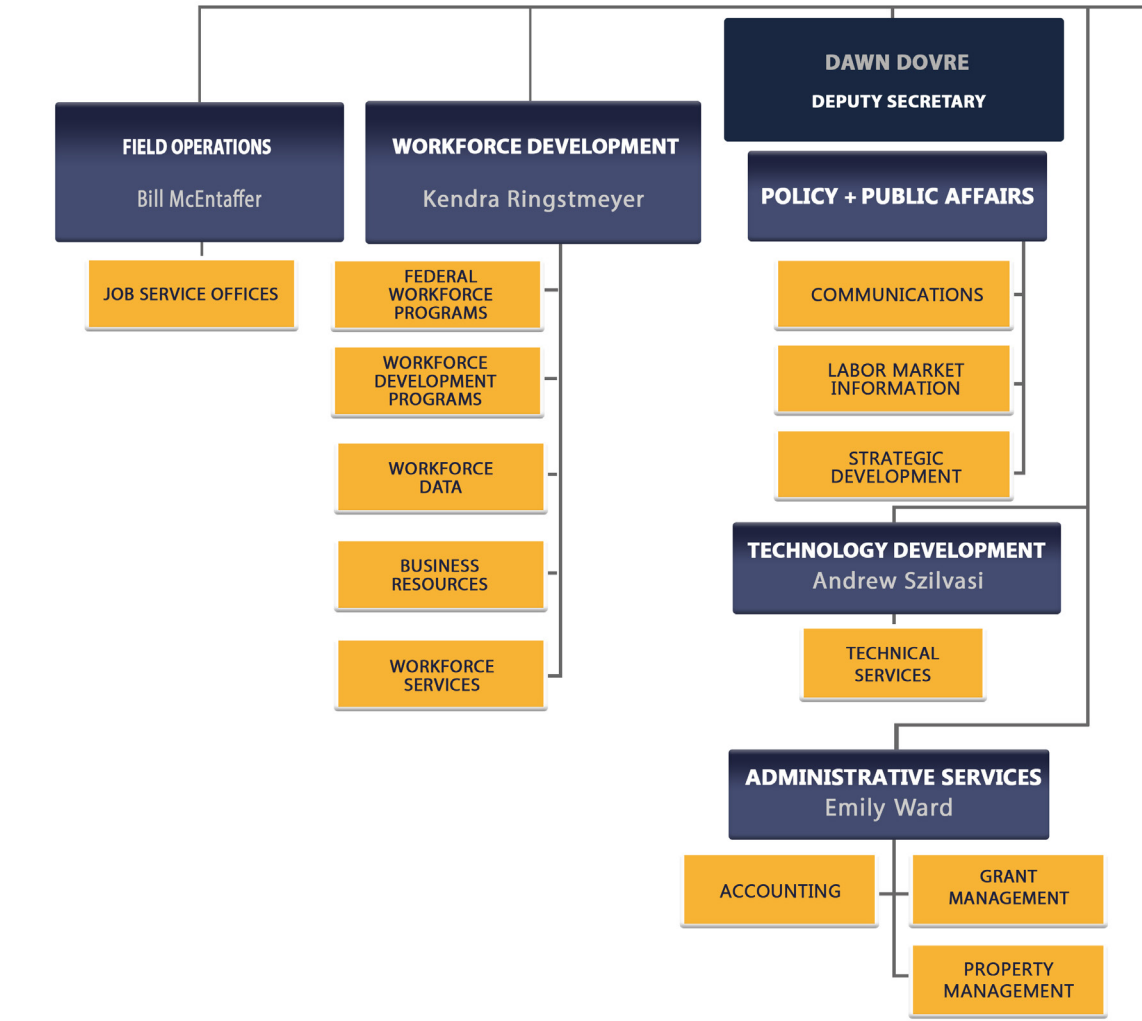
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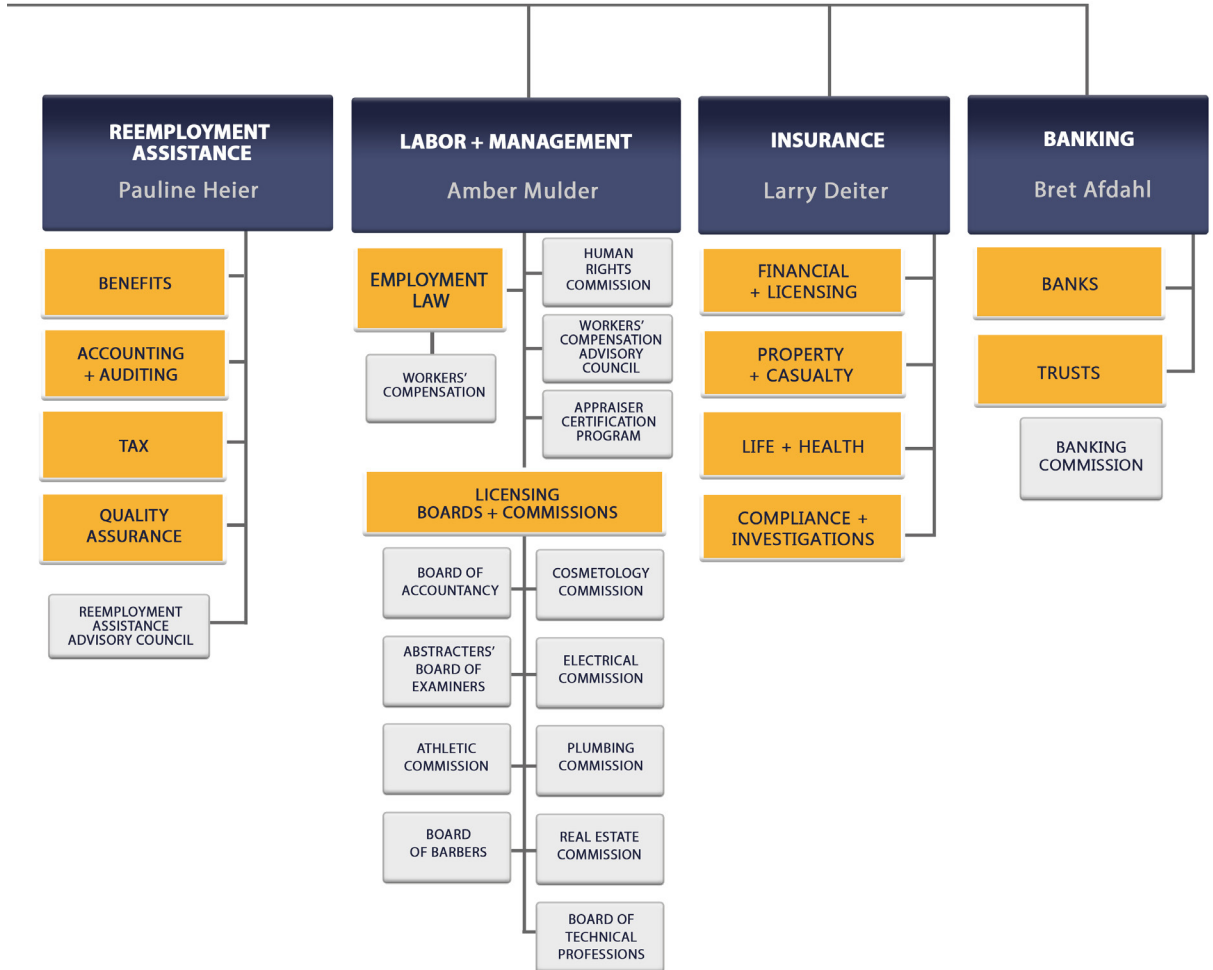
VISION Promote workforce enhancement, financial security, and economic opportunity.

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.



OF LABOR AND REGULATION

HULTMAN
t Secretary





*Dawn Dove
Deputy Secretary
Director*

POLICY & PUBLIC AFFAIRS

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

Managing communication matters such as public relations and advertising, digital presence, media relations, constituent services, and legislative task force.

Leading organizational development, continuous improvement, and strategic planning efforts.

Providing labor market information and economics data to make policy recommendations.

COMMUNICATIONS

In FY23, three outreach campaigns were launched for Job Services, Adult Training and Education, and Career Launch SD. Multi-media strategies were used, and web content was refreshed for clarity and accuracy. Goals included increasing the number of individuals using these services, increasing awareness of the variety of services offered, and highlighting program outcomes. Advertising included both English and Spanish versions.

Additionally, the Start Today SD Registered Apprenticeship program increased its social presence, released a series of video testimonials, and improved the website's navigation for a better user experience.

Other state agency partnerships allowed DLR to increase awareness of Dakota Roots, Freedom Works Here, SD Week of Work, Future Workforce Finder, Adult Education and Family Literacy Week, and the youth Summer Passport series.

LEADERSHIP

Deputy Secretary Dawn Dove served as Vice Chair 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. Dove has served on the leadership team of this committee since 2016.

ORGANIZATIONAL DEVELOPMENT

DLR LEARN

By July 1, 2022, the Department of Labor and Regulation (DLR) had begun a pilot program of its new learning management system (LMS), called DLR Learn, with its Field Operation and Workforce Services divisions. The pilot program went on for six months. During this time, DLR created 10 internal courses specific to onboarding and training staff.

On January 6, 2023, DLR began onboarding the rest of the department into DLR Learn by adding division directors from Reemployment Assistance, Labor and Management, Administrative Services, and Policy & Public Affairs. By the end of April, all staff from these divisions had been added to DLR Learn. This added approximately 160 more learners, bringing the approximate total of active learners to 350. In June 2023, DLR began the last phase of onboarding DLR staff by adding Division of Banking (DOB) leadership. The goal is to finish importing DOB and Division of Insurance (DOI) in the first part of fiscal year 2024.

By the end of fiscal year 2023 (FY23), DLR had created 20 internal courses for onboarding new employees and providing existing employees training on internal processes. In addition to creating internal courses, DLR also added over 200 BizLibrary pre-developed courses. These courses include categories such as Leadership and Management, Employee Development, Human Resource Compliance, and Lean. DLR Employees have been busy completing courses with all these great resources to onboard, train, and develop skills. In FY23, DLR staff completed 1,015 DLR internal courses and 626 BizLibrary courses with a total of 1,641 courses completed (see below chart for monthly breakdown).

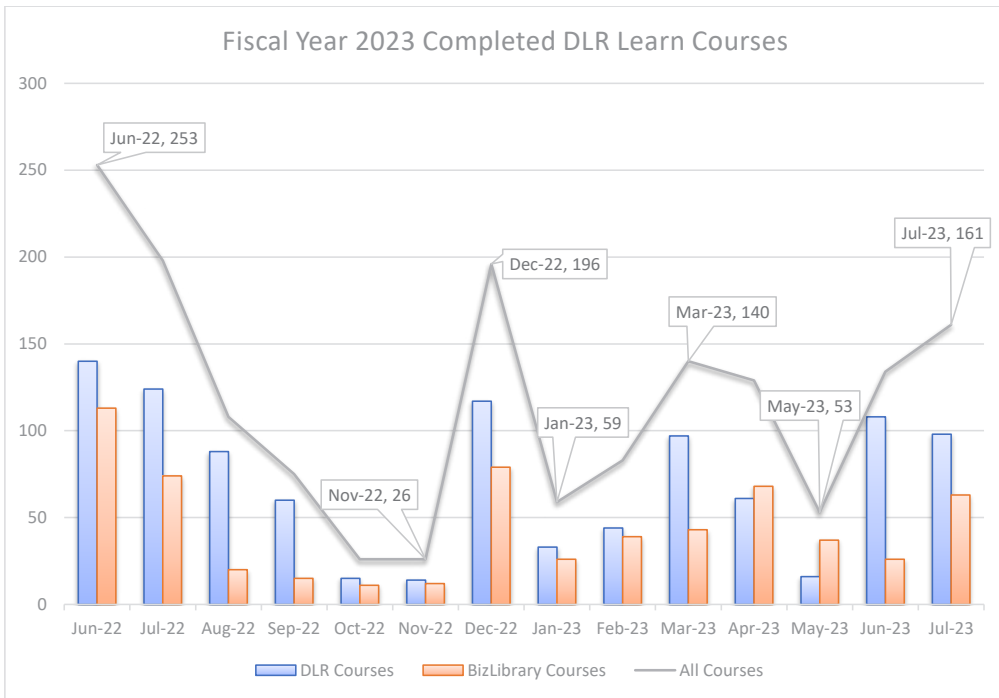


Figure 1: Completed DLR Learn Courses FY23

Overall, DLR Learn has provided opportunities for staff to develop their skill with BizLibrary content and given leadership a centralized location for internal onboarding and training content. The content creator tool offered by the LMS provides a wide variety of interactive content options. Using the content creator tool in combination with PowToons has allowed DLR to create engaging, innovative, and professional

internal training content. DLR will continue to develop internal courses focused on onboarding and internal processes into fiscal year 2024 with the goal of expanding internal courses to the recently added divisions.

OPTIMIZE DLR / CONTINUOUS IMPROVEMENT

DLR continues to benefit from a continuous improvement culture. The annual Optimize reports submitted by each division champion demonstrated that fiscal year 2023 included a primary focus on improving internal process guides. Divisions focused on streamlining and modernizing processes, eliminating duplication and variation, and documenting unwritten processes. Gains from these initiatives have included being better prepared for succession, cross-training staff, improved onboarding experience, reduced time searching and reading, and elimination of wasteful steps - saving 100s of hours annually.

One example of streamlining processes was the Workforce Development Fiscal Guides project. The improvement project resulted in the fiscal guide going from 108 pages to 46 pages (57% reduction) resulting in approximately seven hours less time searching and reading instructions for employment specialist per week. Reemployment Assistance was also able to make improvements to their federal reporting process resulting in saving 288 hours in processing time a year by eliminating manual entries thanks to a coworker sharing some advanced Excel tricks.

Derek Gustafson, DLR's Optimize Coordinator, facilitated the completion of two major projects in fiscal year 2023. The first was the Virtual Enrollment project which started in April 2022 and finished in August 2023. The goal of this project was to find a more efficient way for staff to deliver virtual services to South Dakota citizens. Challenges the old process had included communication barriers between the virtual enrollment team and local office staff, duplicate work, excess handoffs, and lack of understanding of everyone's role. The project brought DLR staff from both the virtual enrollment and local office case management together to improve the project. The team gained a better understanding of each other's process, identified solutions to improving communication, and improved the experience for South Dakota citizens.

The second project was the Department of Labor and Regulation (DLR) and Department of Corrections (DOC) Collaboration project, which started on January 1, 2023, and finished on May 2, 2023. The goal of this project was to bring both DLR and DOC staff together to discuss the process, identify best practices, and for everyone to gain a better understanding of the entire process and everyone's role. The challenge the team faced was the program started with a couple of offices but had expanded to all offices. Each office and institution was doing the process differently, creating inconsistencies and confusion.

By bringing DLR and DOC staff together, we were able to create transparency by making the process visible, from start to finish. The team was able to identify communication barriers and develop solutions to overcome them. A key

solution was to update the release plan approval email to include information about the program and DLR services so DOC parole officers and case managers could become more familiar with both. DOC would also carbon copy DLR staff on the release plan approval so DLR staff would have a better understanding of the participant's release and could better plan for providing support when it is needed most. Additionally, the team identified opportunities to improve collaboration between DLR and DOC by adding group debriefings twice a semester, creating cross-training opportunities, and developing a service delivery model guide. The team also identified a best practice DOC was doing at one location where the DOC specialist had a physical location on campus and decided it would be a good idea to have a physical presence at all locations.

Overall, DLR has thrived with the continuous improvement culture. We have seen countless small wins that have added up to having a big impact. We continue to identify big projects that bring partner departments and agencies together to improve transparency and collaboration. As we look forward to the next year, we plan to continue to drive continuous improvement and expand our culture to our boards and commissions.

LABOR MARKET INFORMATION CENTER

More than 480 requests for information were handled, including the distribution of approximately 4,500 printed publications to our users, including employers, K-12 schools, colleges and universities, Job Service staff, and economic development groups.

In response to employer need, occupational wage estimates were updated on a quarterly basis (using the Employer Cost Index) 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 2022, a comprehensive overview of South Dakota's labor market for calendar year 2021 through the most current data available.

The South Dakota e-Labor Bulletin was published each month, providing the latest workforce data such as labor force, estimated labor supply, nonfarm worker levels by industry, and average pay for the state and sub-state areas including metro areas and counties. Cover articles featured such topics as state-specific results of a Bureau of Labor Statistics survey on business response to pandemic-related impacts, industry employment and pay trends, and an analysis of the geographic concentration of job openings.

Occupational demand, wage, and current job openings data were provided for consideration of programs eligible for the Build Dakota scholarships. Similar reports were provided upon request to technical colleges for decision-making about proposed educational programs of study.

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 two balance of state areas and shared with key state personnel. Employment and wage outcomes data was provided on South Dakota's public postsecondary graduates, including the publication of an annual report.



Kendra Ringstmeyer
Director

WORKFORCE DEVELOPMENT

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 PY22: July 1, 2022, through June 30, 2023.

TITLE III WAGNER-PEYSER

The primary function of the Wagner-Peyser Act is to provide labor exchange services between South Dakota's businesses to job seekers authorized to work in the U.S. One resource to aid in making this connection is SDWORKS. SDWORKS serves as the state's premier and most complete job listing board, employer posting site, and case management system.

VIRTUAL SERVICES

Virtual options continue to increase 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. To request services South Dakota citizens can visit the landing page on the DLR website at dlr.sd.gov/localoffices/virtual.aspx to begin the enrollment process. After this meeting, they can choose to receive services virtually or in a job service office.

In addition to individualized services, DLR offers virtual workshops allowing customers to brush up their job search and retention skills or prepare for post-secondary training. Through agreements with Family Focus funding, providers offer additional courses including soft skills, financial literacy, and digital safety. Regardless of their physical location, individuals and participants have access to courses to develop their skills to prepare for sustained, gainful employment.

BUSINESS SERVICES AND ENGAGEMENT

DLR Business Engagement Specialists meet monthly to discuss the needs of South Dakota Employers. By collecting this information DLR has organized a Workforce Knowledge Series focusing on providing South Dakota Businesses virtual workshops with resources to assist in building their workforce. In December, the series kickoff provided information on the Federal Bonding Program and Hiring Vets Medallion Program.

MIGRANT SEASONAL FARM WORKERS

DLR continues to offer services to Migrant Seasonal Farm Workers, including developing and providing training to DLR staff, maintaining a strong relationship with the National Farmworker Jobs Program (NFJP) through quarterly partner meetings, and advocating for Migrant Seasonal Farmworkers (MSFW).

DLR's Job Service Offices conducted 14 MSFW Outreach activities during PY22. Outreach efforts included booths at state and county fairs, booths at high schools and colleges, booths at agricultural events like 4-H, Future Farmers of America Conventions, and livestock shows, and going to local gathering areas of MSFWs including Farm and Ranch stores, grain elevators, and Ag Supply stores to reach out to local ag workers to explain DLR services and hang up flyers.

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. The JVSG program also performs employer outreach in promoting the hiring of veterans.

In September 2022, Volunteers of America – Northern Rockies (VOANR) was established in Western South Dakota to serve homeless veterans through the Homeless Veterans' Re-integration Program (HVRP). A Memorandum of Understanding between DLR and VOANR was established to outline this partnership and service delivery to joint customers.

The HVRP Program in Sioux Falls is led by the Volunteers of America – Dakotas (VOAD). During PY22 VOAD had their HVRP grant expanded to include the counties of the Yankton Job Service Office coverage. The partnership between VOAD and DLR remains strong serving 77 co-enrolled HVRP veterans with DLR.

Veterans Administration (VA) Vocational Readiness and Employment (VR&E) and DLR continue to streamline their referral process and forms to be better assist Chapter 31 veterans.

TITLE I ADULT

The Title I Adult program serves eligible adults with barriers to the workforce. Through a comprehensive assessment of strengths, barriers, and goals, an individualized employment plan is developed with each participant. This plan may include training, wraparound financial support, and direct linkage with partner agencies or community organizations to leverage multiple resources to assist each participant in reaching their goals.

As of July 1, 2020, Title I Adult funds are reserved for those who are low-income, on public assistance, are basic skills deficient, have a disability, are ex-offenders, or are high school dropouts with a priority for those identifying as low-income, receiving public assistance or who are basic skills deficient. During PY22, 72.7% of participants in the Title I Adult program met Priority of Service, surpassing the 50.1% requirement.

In partnership with the Department of Corrections, nine incarcerated women graduated with a certificate in Precision Machining from Lake Area Technical College in Spring 2022. The curriculum was offered at the Women's Center for Opportunity on the campus of the South Dakota Women's Prison. These efforts expanded to three additional locations in the 2022-2023 school year.

As a result of the expansion, incarcerated individuals attended classes at Western Dakota Technical College, Southeast Technical College, and Regional Technical Education Center. The Construction Technology certificate offered at Western Dakota Technical College incorporated a work-based learning component where students completed a paid internship with Scull Construction in Rapid City.

At each location, DLR Employment Specialists provided ongoing support and case management to incarcerated participants. Employment Specialists assisted participants in creating resumes and cover letters, as well as providing mock interviews and organizing job fairs to connect students with potential employers. In partnership with local nonprofit organizations, DLR ensures participants have plain, weather-appropriate, clothes.

Services continue post-release until the participant no longer needs the additional support. The case manager assists in securing post-release housing and arranges interviews for employment. Upon release, the case management relationship continues as the employment specialist assists the participant in navigating community and workforce reintegration.

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, providing community service and work-based training opportunities to low-income, unemployed adults over the age of 55 years old. The program is designed to place participants in meaningful part-time subsidized employment at a nonprofit or government agency allowing them to build relevant skills related to their career goals. DLR staff support the older worker and community work site supervisor throughout the experience and assist the older worker in securing unsubsidized employment. DLR operates SCSEP in 27 counties in South Dakota and is authorized for 57 participant positions.

Recruiting eligible participants is a challenge due to the low unemployment rate and minimum wage allowed for training hours. However, an adjustment to staffing has contributed to a 50% increase in enrollments. Instead of having a team of six Employment Specialists spend a fraction of their time dedicated to SCSEP, DLR implemented a regional model where two Employment Specialists focus on serving and recruiting SCSEP participants and developing partnerships with community service organizations and nonprofits.

Prioritizing services to underrepresented populations remains a priority, with SCSEP services reaching 33.3% of a minority population.

TITLE I YOUTH + CAREER LAUNCH

The Title I Youth program, Career Launch, serves eligible 14- to 24-year-olds, both in and out of school, with barriers to employment. DLR Employment Specialists in Job Service offices recruit and enroll eligible individuals, identify

their skill needs to establish an employment plan, and provide or coordinate services to address barriers and assist them in reaching their employment goals.

To connect with this population, efforts were focused on supporting area schools, hosting Summer Passport to Careers, providing Youth Participants Reaching Employment Potential (PREP) opportunities, and partnering with Boxelder Job Corps.

DLR's efforts to increase work-based learning opportunities for students are through a partnership with the South Dakota Department of Education. This partnership resulted in services to 93 schools throughout the state. Services include providing soft skills presentations, classroom presentations about workforce services, offering one-on-one career advising, establishing job shadows, engaging businesses in the classroom, and more. This effort allows DLR staff to connect eligible students to the WIOA Title I Youth program.

For the second year, DLR hosted the Summer Passport to Careers. Summer Passport offers young adults an opportunity to discover careers in their community; engage with employers through presentations, industry tours, and job shadows; and acquaint themselves with post-secondary education providers across the state. In addition to these hands-on learning options, virtual workshops cover topics such as maintaining professional online identities, interviewing skills, person-centered thinking, communication in the workplace, and apprenticeship opportunities. In the summer of 2022, 40 local businesses offered industry tours and educational presentations while 8 colleges offered campus tours to 653 young adults throughout the state.

Participants working towards their GED® receive a service delivery model, PREP. This package of services offers case management from a DLR team member, incentives, and support services in conjunction with 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 and transportation allow the student to focus on their educational goals. During PY22, 36 individuals earned their GED® while participating in PREP. An additional 90 individuals are working toward their goal of a high school equivalency with the help of PREP.

In the Fall of 2022, Boxelder Job Corps began accepting students again after the pandemic. DLR has a team of Employment Specialists dedicated to working with Job Corps students. This involved offering PREP to their GED® and high school diploma students, teaching soft skills classes, and providing work experiences to those near completion of their trade. At one point, DLR was serving 80% of Job Corps students through the Career Launch Program.

These efforts resulted in 661 new youth enrollments into Career Launch, 243 in-school, and 418 out-of-school youth with a total of 831 youth participants served. Of the youth participants served, 88.3% were low-income, 21.2% were ex-offenders, 46.8% reported a disability, 64.9% were basic skills deficient, and 72.4% were high school dropouts. During PY22, 44 participants received occupational skills training, 132 job shadows were provided, 151 work experiences were completed, and 16 on-the-job training occurred.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Temporary Assistance for Needy Families (TANF) is a needs-based public assistance work program for families with children under age 18. This federal program is designed

to provide temporary cash assistance and promote economic self-sufficiency for families by providing intensive case management, valuable training opportunities, job search assistance, and a variety of meaningful services to assist customers with increasing skills and employment opportunities.

Through an agreement with the Department of Social Services, DLR offers intensive case management while working with participants in the education, training, and employment components of the TANF program. This partnership increases access to WIOA workforce programs for TANF participants. When eligible and the customer is interested, TANF participants are encouraged to enroll in the applicable WIOA Title I program increasing resources to assist them with their goals. The DLR case manager provides both TANF and WIOA services to best meet their customer's needs. In PY22, collaborative efforts with DSS continued to streamline TANF services, create open communication between agencies, embrace a coaching model when engaging with participants, and provide creative services to TANF participants whose cases have been closed when income guidelines have been exceeded.

TANF utilizes a coaching model with participants to assist in identifying goals, taking ownership of their goals, the steps needed to achieve those goals, and increasing positive outcomes for participants. The coaching approach emphasizes the use of all applicable program services and resources to assist participants in successfully obtaining training and/or employment goals. Program staff from DSS and DLR have provided regular staff training and one-on-one case assistance to help solidify the coaching mentality through case management.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM EMPLOYMENT & TRAINING

Supplemental Nutrition Assistance Program (SNAP) is a food assistance program administered by the Department of Social Services (DSS). The associated work Program, SNAP Employment & Training (SNAP E&T), can assist participants in gaining skills, getting training, or participating in a work experience to increase their ability to obtain gainful employment and accomplish self-sufficiency.

Through an agreement with the DSS, DLR offers the Employment and Training (E&T) component of the SNAP program. SNAP E&T prioritizes short-term training opportunities to assist participants in gaining skills in a high-demand occupation and increase earning power. SNAP E&T focuses on providing intensive case management accomplished by co-enrollment into Title I programs to offer the widest array of services and supports to its participants. The DLR case manager provides both SNAP E&T and WIOA Title I services.

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 their program.

SNAP E&T received one-time funding and partnered with Title I programs to offer tuition assistance to students who receive SNAP benefits and are pursuing

post-secondary education at one of the state's four Technical Colleges. This funding allowed participants to pursue short-term training in high-demand career fields to gain the skills needed to enter the workforce in a better-earning position. Through the SNAP E&T tuition assistance, approximately 29 students were enrolled in post-secondary education and 26 are currently still pursuing their education goals.

The South Dakota SNAP E&T program received one-time funding to expand the existing laptop lending program. Eighteen additional computers, Smart Spots, and computer bags were purchased and are available to any SNAP E&T participant who would benefit from their use in obtaining training or reaching employment goals

TITLE II ADULT EDUCATION AND LITERACY

As the pass-through state agency for the WIOA Title II program, DLR has long been committed to serving adults who are most in need of literacy services. These individuals may perform at lower educational levels (below the 9.0 grade level equivalency) and generally demonstrate a need for reading, writing, and math skills to obtain or retain employment. Demographics served include 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, offenders in correctional institutions, and ex-offenders.

Improving the literacy, numeracy, and oracy skills of our workforce leads directly to a stronger economy. The instruction, activities, and services provided by the Adult Education and Literacy (AEL) programs promote family literacy, obtainment of a high school diploma equivalency, employment, and self-sufficiency. The local AEL providers also assist South Dakota's immigrants, secondary migrants, former refugees, and other adult English language learners with their efforts toward achieving linguistic, economic, and civic integration.

In PY22, WIOA Title I again supported AEL's Distance Education Special Project delivered by Cornerstones Career Learning Center. The program project served 154 students across four participating AEL programs and a DLR Local Job Service Office. Distance students evidenced 3,459 total contact hours utilizing Northstar Digital Literacy and Essential Education's GED® Academy. Student retention and engagement were promoted through one-on-one coaching, dedicated goal-setting activities, and monthly study challenges. The Distance Education Special Project continues to provide a convenient and flexible study path to allow students to achieve their educational goals on their own terms.

During PY22, staff continued to reinforce the co-enrollment of eligible AEL Participants with WIOA Title I Adult/Youth Programs. Additionally, efforts were made to improve communication to support tandem case management and data quality assurance between programs. PY22 also saw the return of Memoranda of Understanding between local AEL Providers and their respective DLR Job Service Office(s). These MOUs articulate and formalize protocols related to referrals, services, and case management. As a result, in PY20, Title II reported 5.57% Co-Enrollment for WIOA Participants on the Statewide Performance Report; in PY21, Title II reported 11.64% Co-Enrollment. However, in PY22, Title II reported 17.04% Co-Enrollment.

TITLE I DISLOCATED WORKER

The Dislocated Worker program provides a variety of services to workers who have been impacted by business closures, workforce reductions, and natural disasters that lead to job loss. The goal is to provide dislocated workers with the tools and support needed to prepare for reentry 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.

In response to business and industry demands, South Dakota collaborates with training providers to offer approved occupational skills training, on-the-job training, and registered apprenticeships when appropriate. These opportunities allow individuals to re-train, re-enter, and retain long-term employment. In PY22, the Dislocated Worker grant assisted 10 participants with occupational skills training and seven were reemployed through on-the-job training. Numerous dislocated workers received training funded by the short-term National Dislocated Worker Participant Grant.

All participants referred to the One-Stop for Reemployment Services Eligibility and Assessment (RESEA) or Trade Adjustment Assistance (TAA) are enrolled in the Dislocated Worker program expanding service opportunities for this population.

NATIONAL DISLOCATED WORKER PARTICIPANT GRANT

National Dislocated Worker Grants (NDWG) temporarily expand service capacity through time-limited funding assistance. In April 2020, South Dakota received the Disaster Recovery Dislocated Worker Grant for COVID-19 relief. The COVID-19 Dislocated Worker Grant provided employment and training services to minimize the employment and economic impact of COVID-19 which encompassed the entire state. This grant ended in March 2023 providing services to 847 individuals, all of whom received assessments and developed an employment plan in partnership with their DLR Employment Specialists. Of participants served, 151 received training services, 10 participated in a work experience or internship, and 60 participants engaged in short-term pre-vocational services in the form of mock interviews, job shadows, adult education classes, soft skills class, computer training and/or one-on-one job search workshops.

RAPID RESPONSE

The statewide Rapid Response team is made up of a local DLR Manager, the Dislocated Worker Rapid Response Labor Program Specialist (LPS), Employment Specialists from the local DLR offices, a representative from the Reemployment Assistance Division, and, when available, an Employment Specialist Business Representative.

When DLR is made aware of a layoff or closure, the Rapid Response team reaches out to the employer to schedule Rapid Response events to inform impacted employees of resources to assist them in the transition. This may include information on job search workshops, upcoming job fairs, filing for unemployment insurance benefits, and workforce services, including training opportunities. These events may occur at businesses, at the DLR office, or a public venue. Often the offer for a Rapid Response event is declined, or the team does not hear of the closure and is unable to reach the employees unless they take the initiative to reach out to DLR.

DLR continues to proactively build relationships with businesses in hopes a layoff or closure can be averted or can respond promptly to assist those impacted by the layoff or closure. In PY22, South Dakota had several layoffs and business closures affecting anywhere from two to 80 workers. The Rapid Response team provided nine on-site and virtual meetings reaching 274 individuals.

TRADE ADJUSTMENT ASSISTANCE

The Trade Adjustment Assistance (TAA) program is a federal program that assists workers who have lost their jobs because of increased imports or production shifts in the United States. This program provides adversely affected workers with opportunities to obtain skills, credentials, resources and support necessary to become re-employed. If a Trade petition is certified by the U.S. DOL, each affected worker must apply for individual benefits and services through their local DLR Job Service to determine eligibility for services and benefits. As of July 2022, the Trade Adjustment Assistance (TAA) has not been reauthorized. While states are encouraged to submit petitions if a layoff or closure occurs, new petitions are not being reviewed by U.S. DOL for approval. South Dakota filed one petition in PY22, which will remain in a queue until the program is reauthorized. Individuals affected by previous layoffs with approved petitions may still receive assistance through the TAA program.

In PY22, the TAA program served 44 individuals in South Dakota. Outreach efforts have been directed toward informing people affected by previous layoffs about the training services available to them through mailed letters.

RE-EMPLOYMENT SERVICES

The purpose of the Reemployment Services and Eligibility Assessment (RESEA) program is:

- To improve employment outcomes of individuals who receive Reemployment Assistance (RA) benefits and to reduce the average duration of receipt of such compensation through employment.
- To strengthen program integrity and reduce improper payments of RA benefits through the detection and prevention of such payments to individuals who are not eligible for such compensation.
- To establish RES as an entry point into other workforce programs with an effort to improve service delivery for claimants receiving RA benefits.

DLR's RESEA program is referred to as Reemployment Services (RES). In PY22, 1,991 reemployment assistance claimants were referred for services through the RES program. Of those profiled for services, 1,538 individuals met with an Employment Specialist and completed an eligibility review. Those referred for services are enrolled in Wagner-Peyser and the WIOA Title I Dislocated Worker program. This partnership broadens the range of services, encompassing financial and training assistance, offered to customers, thereby enhancing their prospects for achieving success.

REGISTERED APPRENTICESHIP PROGRAM

Leveraging the successful Registered Apprenticeship (RAP) model, South Dakota made a \$7.9 million investment to bolster the DLR Start Today SD program. This funding aims to boost the number of apprentices in the state by eliminating obstacles, such as the complexities of program establishment and initial and ongoing costs. The funding has facilitated the expansion of the Start Today apprenticeship team, which provides financial resources, including incentives for program development and growth, wage reimbursement for both apprentices and mentors during on-the-job learning, mentor incentives, and reimbursement for related instruction. In the fiscal year 2022, the addition of seven Apprenticeship Coordinators led to the creation of 34 additional programs and eight new occupations.

The expansion of programs has led to a remarkable increase in the number of apprentices. New apprentices grew from 458 in PY21 to 622 in PY22. The diversification of occupations available has heightened interest among females, resulting in a 37% increase from PY21 to PY22.

RAPs continue to engage primarily 16- to 34-year olds, accounting for 87% of total apprentices in PY22. Apprentices over the age of 35 continue to show steady engagement. While 16-24 is the highest engaged age group for apprenticeships in South Dakota, engaging youth while in high school remains a priority. Efforts have increased to improve the awareness and comprehension of school districts and educators regarding RAPs as a viable post-secondary choice for young individuals. Through support from U.S. DOL Grants, DLR launched several resources and initiatives to help expand Registered Apprenticeships for youth:

- [Educator Playbook](#): a plug-and-play resource to help educators in secondary school districts with introducing Registered Apprenticeships to students as a career path. The playbook covers 10 different lessons designed by South Dakota educators for educators to use in classrooms to assist with explaining Registered Apprenticeships and their components. This project was funded through State Apprenticeship Grant 2020.
- [Student Learnbook](#): designed for students to use in conjunction with the Educator Playbook. The Learnbook has hands-on activities for each lesson to assist students in the learning process. This project was funded through State Apprenticeship Grant 2020.

- [School District Toolkit](#): a resource for school district administration to assist in developing and implementing Registered Apprenticeship programs in schools either through partnerships with existing programs, or building their own Registered Apprenticeship program. This project was funded through the Apprenticeship Building America Grant.
- [Pathway Partnerships](#): following a previously successful model, DLR awarded four sponsors with funding to develop Registered Apprenticeships focused on high school students. This funding was awarded through a competitive application process and the successful applicants were called Pathway Partners. Each Pathway Partner developed their programs to include all required components of a Registered Apprenticeship while also partnering with post-secondary providers, secondary schools, and industry. The Pathway Partners included two South Dakota high schools, a post-secondary provider, and a local South Dakota business. The four industries targeted by these providers included Healthcare, Education, Agriculture, and Landscaping. This initiative was funded through the Apprenticeship Building America Grant.

NATIONAL DISLOCATED WORKER CAREERS GRANT

DLR is a recipient of the National Dislocated Worker CAREER grant awarded in September DLR is a recipient of the National Dislocated Worker CAREER grant awarded in September of 2021. This grant was planned to end in September 2023 but has been extended through September 2024. With this grant, DLR concentrated on technology solutions to improve access to services for Dislocated Workers. During PY22, DLR worked on two major technology projects while also researching vendors and solutions to ease known burdens for customers.

One of the projects was a DLR Workshop Calendar that has been finalized and implemented. This calendar allows citizens to browse virtual and in-person workshops available at Job Service Offices or with a partner. Citizens are then able to register online and receive information such as virtual meeting links in an iCal format. The system sends out reminder emails, assists with roster information for each workshop, provides invoicing options for partners, and sends surveys to assist staff with providing better courses.

The other major project is MyDLR Explorer. MyDLR Explorer is a wizard designed to guide citizens toward various programs, services, and resources offered by DLR and partner programs. Citizens answer nine simple questions about their current situation and goals. Citizens can then take action, by prioritizing their goals, selecting services of interest, and scheduling a virtual appointment with an Employment Specialist. DLR expects to have MyDLR Explorer available to the public by the end of 2023.

To assist with translation services, DLR has entered into contracts with two vendors. These efforts will be implemented throughout the next year.

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, inspects housing for H-2A employers, and communicates changes and information between the National Office and the employer or employer's agent. DLR refers potential U.S. applicants to employers who are resolving their labor shortage with temporary, foreign workers.

The Foreign Labor Certification program runs on Federal Fiscal Years (FFY). PY22 included FFY22 Quarter 4 through FFY23 Quarter 3. From PY21 to PY22, DLR saw a 21% increase in H-2A applications and a 4% increase in H-2B applications from the previous year.

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 operates on Federal Fiscal Years (FFY). PY22 included FFY22 Quarter 4 through FFY23 Quarter 3. DLR processed a total of 8,507 applications producing 3,070 certifications with a 40.6% Certification Rate. Currently, 852 applications have been reviewed but are awaiting additional information. South Dakota employers have collectively saved an estimated \$9,008,800.00 in federal income tax savings through the WOTC program.

In March 2023, DLR began implementation of an administrative WOTC model to replace the outdated legacy system. This allows employers to directly submit WOTC applications to DLR and streamlines processing these applications. Due to the staff time spent on the conversion, we saw a decrease in the number of applications processed, but hope to see that number increase as we capitalize on the efficiencies this system offers.

OUT-OF-STATE RECRUITMENT

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. The State of South Dakota funds this worker recruitment initiative which continued its 17th year of connecting out-of-state job seekers with in-state career opportunities. In addition to grassroots efforts encouraging current South Dakotans to refer family and friends, digital media outreach has assisted with traffic to the website. Dakota Roots customers are matched with a DLR Job Advisor who assists them with seeking employment and learning more about South Dakota so they can determine if a move is appropriate for them.

The DLR has tracked inbound workforce migration through the use of the SDWORKS job data bank and unemployment insurance tax records for the past three years.

From Calendar Year 2020 through 2022:

- Minnesota and Iowa provide the most inbound workforce migration to the state.
- Sioux City, Iowa, South Sioux City, Nebraska, and Luverne, Minnesota, have the largest concentrations of individuals working in South Dakota. With close proximity to the South Dakota border, these may be daily commuters.

Calendar year 2022:

- The healthcare industry regains its title as the number one industry for hiring out-of-state individuals.
- Healthcare and manufacturing industries are attracting the largest number of individuals from out-of-state to South Dakota's workforce.
- South Dakota had a 2.5% increase in inbound workforce migration compared to calendar year 2021. That's a 9.6% increase over the last three years.
- Individuals from forty-four different states moved to South Dakota, the highest number of states recorded in the past three years.
- Large migration concentrations are coming from Minneapolis/Saint Paul, Denver, Omaha, Los Angeles, Kansas City, Dallas, and Phoenix metro areas. Kansas City and Dallas are new to this list.

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 2023, over 55,000 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 WorkKeys 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 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.

More than 6,500 high school students earned an NCRC during the 2022-2023 school year. 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.

- Lake Area Technical College continues to use the WorkKeys assessments as one measure of progress for their students.

- Currently, approximately 1,288 employers in South Dakota recognize the NCRC in their hiring practices.

FAMILY FIRST INITIATIVE + BRING YOUR ‘A’ GAME

The South Dakota State Legislature appropriated general funds for the Family-First Initiative, aimed at helping individuals develop skills to enhance family stability, achieve economic security through education and career development, and secure meaningful and sustainable employment. DLR partnered with five providers to offer family-focused courses, both virtually and in person, to individuals from various economic and educational backgrounds. These courses aim to provide practical knowledge and guidance in a supportive learning environment. In PY22, providers facilitated 144 courses to 803 individuals who reside or are employed in South Dakota.

DLR continued the Summer Passport program focused on engaging youth in work-based learning activities including college tours, job shadows, and job skills workshops. In PY22, through the efforts of DLR job service staff, 1,149 youth participated in Summer Passport activities.

During the 2022-2023 school year, DLR job service staff offered Bring Your ‘A’ Game curriculum in-person and Bring Your ‘A’ Game Anywhere e-learning modules to school districts across South Dakota, elevating work ethic and soft skills. 2,157 students in 47 school districts attended in-person or completed the e-learning modules.

FEDERAL BONDING

The Fidelity Bonding program supports employers that 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 PY22, DLR purchased 152 bonds and issued 119 bonds to employers.

GENERAL EDUCATIONAL DEVELOPMENT

In PY22, 514 South Dakotans earned a General Educational Development (GED®) credential. While the national pass rate during the program year was 75%, South Dakotans had a pass rate of 82%.

The Online Proctored (OP) version of the GED® test allows eligible testers to complete their test outside the official testing centers, offering flexibility and greater opportunity for testing. In PY22, 209 testers took at least one test using the online system.

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 survey identifies a 2.1% decrease in unemployment for those with a high school

education compared to those lacking a high school education. With the knowledge of these data sets, DLR continued enhanced outreach to South Dakotans lacking their high school education who have passed three of the four GED® tests. This outreach has resulted in 77 testers taking their last test and earning a credential, one of whom had not tested since 2015. Additional outreach efforts 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.

As shown in Figure 20: GED® Testers by Age 16-17, South Dakota has experienced an increase of 16- and 17-year-old testers over the past three program years. Currently, South Dakota's largest testing group is white males ages 16-17 who have completed their sophomore year.

DIGITAL OPPORTUNITY

This year DLR began its partnership with the Governor's Office of Economic Development to work on developing the state's Digital Opportunity Plan. This plan clearly defines the goals and actions that South Dakota intends to pursue over the next five years to address the digital divide in the state. The primary objectives are to enhance both the availability and affordability of Internet services and to promote digital literacy. To drive this initiative, a Digital Opportunity Coordinator has been appointed to lead the efforts and engage with various stakeholders. The Coordinator's role includes identifying available resources and obstacles for underserved populations while adhering to the federal guidelines established by the National Telecommunications & Information Administration (NTIA). Additionally, these efforts are coordinated with the agency's workforce programs.

To assist with these efforts, the state hosted its first-ever Broadband Summit, an event centered on bringing relevant parties such as internet service providers, tribal broadband entities, and government organizations together to discuss needs and assets that may be mutually beneficial in connecting South Dakota residents.



Bill McEntaffer
Director

FIELD OPERATIONS

Field Operations is responsible for the 14 DLR job service offices in communities across the state. With the goal of achieving 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, 2022, through June 30, 2023.

DESCRIPTIVE STATISTICS

<p>6,188 South Dakotans Served</p>	<p>Female: 3,058 - 49.4%</p>
	<p>Male: 3,114 - 50.3%</p>
	<p>Did not self-identify: 6 - 0.1%</p>

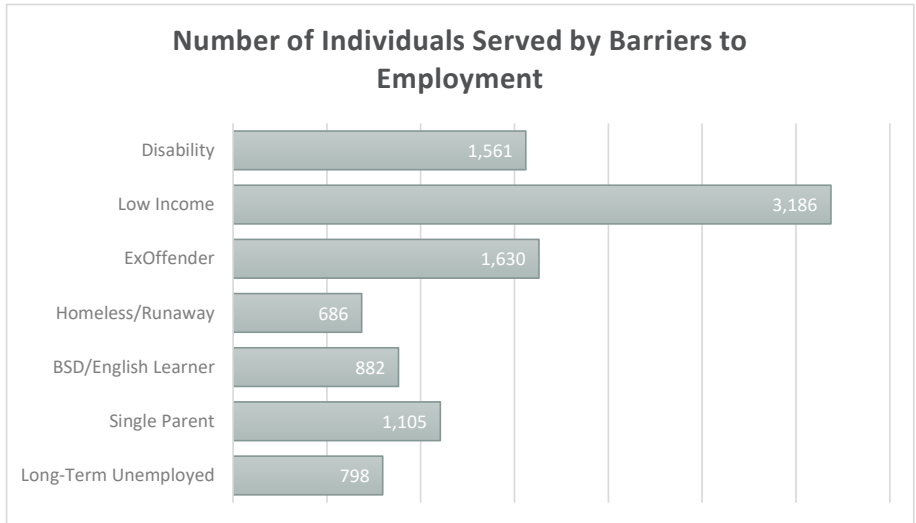


Figure 2: Individuals Served by Barriers to Employment in PY22

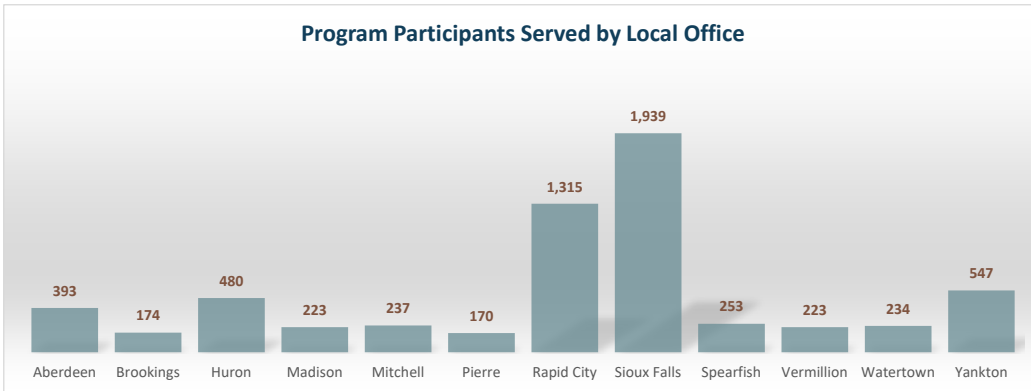


Figure 3: Program Participants Served by Local Office in PY22

SERVICES PROVIDED



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).

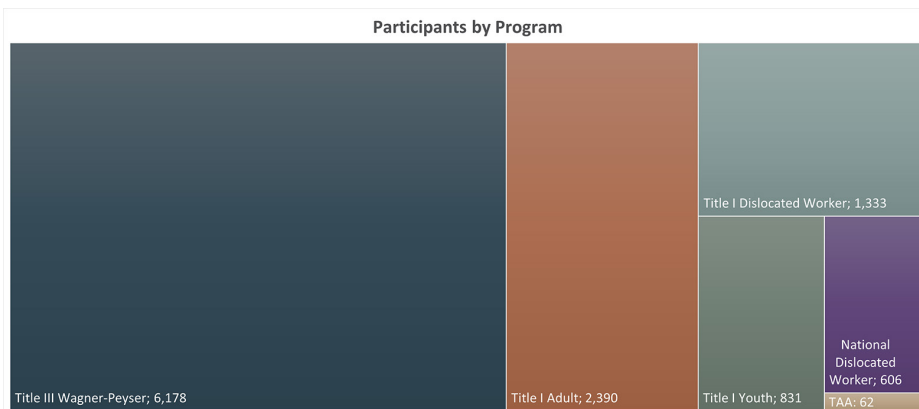


Figure 4: Participants by Program in PY22

OUTCOMES

Negotiated **Actual**

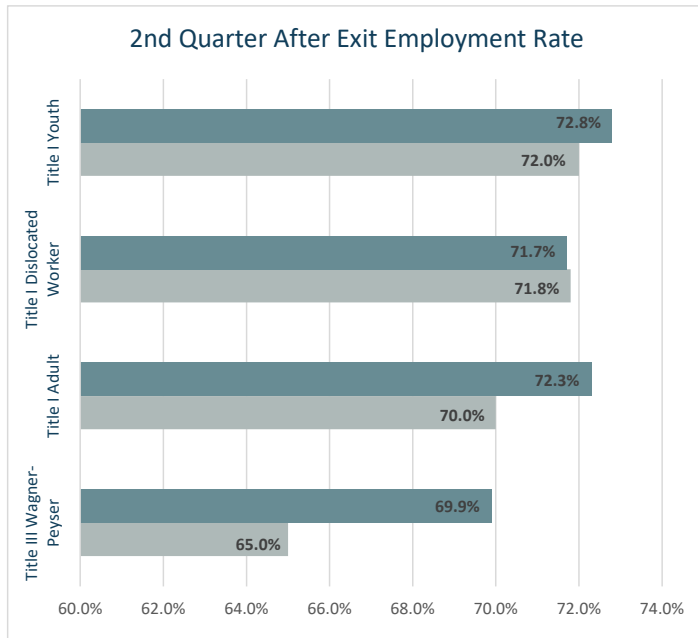


Figure 5: 2nd Quarter After Exit Employment Rate in PY22

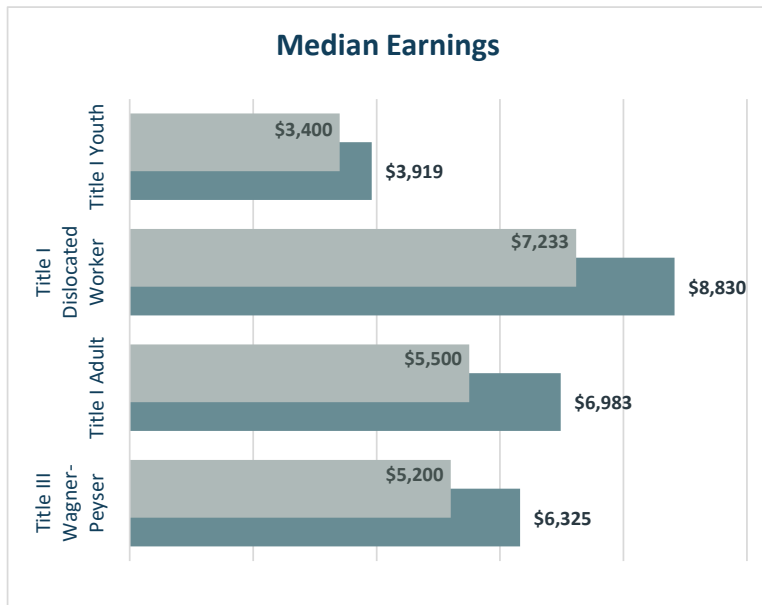


Figure 6: Median Earnings in PY22

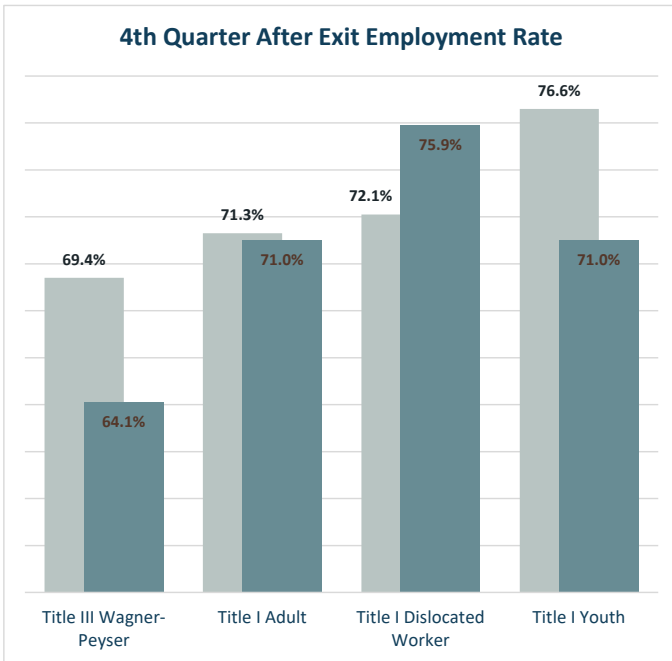


Figure 7: 4th Quarter After Exit Employment Rate in PY22

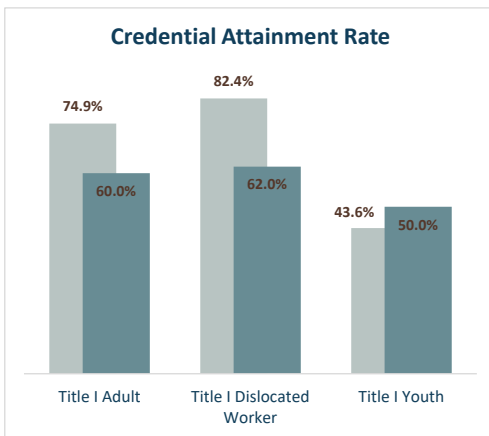


Figure 8: Credential Attainment Rate in PY22

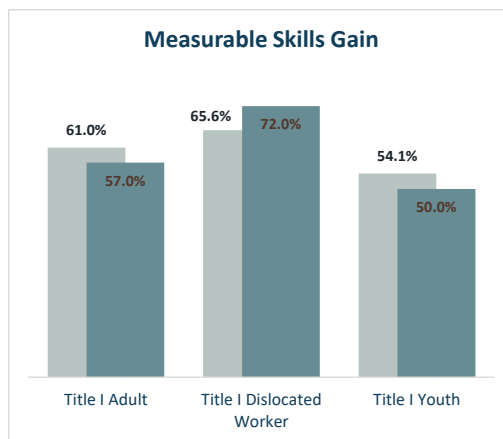


Figure 9: Measurable Skills Gain in PY22



*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 and accurate federal reporting, being at the forefront of new technologies, driving system enhancement projects, and providing expert technical assistance to the Department.

SDWORKS

SDWORKS completed a sixth 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 (SSO) 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.

SDWORKS state staff users will transition to SSO in the foreseeable future. This will place another level of security by integrating SSO to further align the state's mySD portal with SDWORKS.

DEVELOPING NEW MANAGEMENT INFORMATION SYSTEMS FOR BOARDS AND COMMISSIONS

The Technology Development Division's (TDD) significant project involves collaborating with the Board of Technical Professions, Electrical Commission, and Plumbing Commission to modernize their Management Information Systems (MIS) in partnership with Thentia, a regulatory licensing expert. Thentia's adaptable platform is tailored to each entity's rules, regulations, and integrations. The initial focus is on updating the MIS for these three boards and commissions, with the goal of eventually modernizing others.

The current systems are outdated, slow, and require extensive manual efforts for tasks like mailing licensing applications and processing documents. Thentia's platform will replace these inefficiencies with online, real-time submission and approval of licensing forms, as well as electronic delivery of licenses. This transition will decrease the need for manual intervention, reduce paper usage, and lower mailing costs.

PARALLEL DEVELOPMENT AND COLLABORATION WITH BIT

The TDD plays a crucial role in supporting the South Dakota Bureau of Information and Technology (BIT) team by consolidating its statewide functions exclusively within the DLR framework. It effectively enhances communication channels for all staff through internal and departmental means disseminated by BIT. The TDD strives to ensure that updates and training from BIT are not overlooked, particularly in maintaining the security of state-owned IT resources, software, and internet usage. This focus aims to prevent the potential headaches and hassles associated with cybersecurity incidents in an organization.

Moreover, the TDD extends its assistance to other divisions within DLR, aiding them in navigating the intricate landscape of contractual requirements set by BIT. It also helps in understanding the terms and necessary steps involved in the procurement process of IT projects.



Pauline Heier
Director

REEMPLOYMENT ASSISTANCE

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 (*Figure 10: RA Benefits for FY22 and FY23*) reflect South Dakota’s economic condition. This year, 11,121 applications for unemployment benefits, an increase of more than 500 applicants. Total dollars paid out increased in 2023 from \$22.7 million in 2022 to \$23.5 million in 2023.

Benefits		FY22	FY23
Applications for Benefits		10,525	11,121
Total Number of Weekly Payments		58,604	56,505
Number of Individuals Who Received Benefits		4,302	4,217
Dollars Paid Out	State Benefits	\$21,114,348	\$22,561,553
	Federal Claims	\$1,627,535	\$907,614
	Total	\$22,741,883	\$23,469,167
Average Weekly Payments per Claimant		13.6	13.4
Maximum Weekly Payment		\$466	\$487
Average Weekly Payment		\$396	\$425

Table 10: RA Benefits for FY22 and FY23

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 *Figure 11: RA integrity systems performance measures for FY22 and FY23*.

OPTIMIZE DLR / CONTINUOUS IMPROVEMENT

Reemployment Assistance reviewed processes and was able to streamline and improve efficiencies by eliminating time-consuming actions, receiving data electronically, and automating calculations. A diverse team brought new ideas and new skill sets that saved time and improved accuracy. This was accomplished by prioritizing the most prolonged, challenging process to review first, which was the ETA 581 report. Bringing in someone new to the process paid the most significant dividend. We were able to capture and document vital steps that were missing from the existing process. We replaced staff with job titles and added screenshots throughout. Most importantly, the team was able to identify a large text file that was being

calculated by hand. A team member with a background in MS Excel was able to move the file into Excel and, by applying some advanced filters, could isolate and calculate the data needed. Due to using Excel, we were able to eliminate the manual calculations and decrease the error rate. In the end, were able to save 24 hours a month or a total of 288 hours in processing time a year plus ensured the overall accuracy of our reporting just by making this one small change. The team also reviewed the amount of supporting documentation that was being generated to support this reporting and through electronic capture was able to eliminate this as well. We now have a clean, streamlined process and format that will easily be replicated as further processes and procedures are reviewed. Based on the results, Reemployment Assistance will continue to focus on updating processes and improving the accuracy of the data being reported. We feel that we have just scratched the surface with this one report. We plan to apply this methodology to our other ETA reports in the months ahead and expect to find and capture similar results.

Integrity Systems	FY22	FY23
Amount of Benefit Overpayment Debt	\$2,056,209	\$909,125
New Overpayment Cases	3,062	1,373
Percent of Cases Involving Fraud	30.3%	25.9%
Dollar Amount of Overpayment Fraud	\$623,370	\$235,349
Dollar Amount Collected Back	\$1,702,315	\$1,457,986
Number of Civil Actions	1,538	1,566
Convictions Obtained	2	4
Cases Pending	28	26

Figure 11: RA Integrity Systems Performance Measures for FY22 and FY23

Tax Administration and New-Hire Reporting	FY22	FY23
Delinquent Notices	6,243	7,031
Subpoenas to Non-Compliant Employers	287	280
% Status Determinations Made within 90 Days	91.2%	89.37%
New-Hire Reports	208,122	207,887

Figure 12: RA Tax Administration and New Hire Reporting for FY22 and FY23

UI Trust Fund	FY22	FY23
Taxes Received for Regular State Benefits	\$39,129,629	\$43,590,845
Interest on Trust Fund	\$2,723,666	\$3,433,913
Trust Fund Balance	\$182,076,612	\$205,400,418
Number of Employers	32,781	34,040

Figure 13: UI Trust Fund for FY22 and FY23



Amber Mulder
Director

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

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		FY22	FY23
Pre-hearing Conferences Held		74	74
Agreements Approved	States Files	181	182
	Hearing Files	130	74
First Report of Injuries Received		19,054	19,992
Money Collected	Workers' Compensation	\$43,913	\$42,231
	Wage & Hour	\$49,865	\$32,809
Wage Claims		136	169

Figure 14: Workers’ Compensation Activities for FY22 and FY23

Hearing and Settlement Activities	FY22	FY23
Workers’ Compensation Hearings	13	15
Grievance Hearings	0	2
Unfair Labor Practice Hearings	0	0
Elections	2	0
Unit Determinations	0	0
Impasse Conciliations	5	1
Fact Findings	0	0
Mediations	39	11
Conference Calls	9	11

Figure 15: Hearing and Settlement Activities for FY22 and FY23

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 *Figure 16: Appraisers by classification for FY22 and FY23* shows the active appraisers by classification. Currently, there are 10 inactive appraisers and approximately 92 appraisal management companies registered.

Appraisers by Classification	FY22	FY23
State-Certified General	249	265
State-Certified Residential	113	119
State-Licensed	36	34
State-Registered	70	74
Total	468	482

Figure 16: Appraisers by Classification for FY22 and FY23

OPTIMIZE DLR / CONTINUOUS IMPROVEMENT

The Division of Labor and Management focused on continuing to improve processes that save 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.

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.

Reemployment Assistance Appeals	FY22	FY23
New Filings	1,508	552
Cases Ruled on or Dismissed	1,322	947
Percentage of Cases Decided within 30 Days	3%	34.6%
Cases Awaiting Decision	302	31

Figure 17: Reemployment Assistance Appeals for FY22 and FY23

Human Rights Activities	FY22	FY23
Potential Discrimination Charges	323	379
Requests for Information	100	167
Intakes of Discrimination Complaints	220	225
Investigations Opened	70	82
Investigations Closed	43	52
EEOC Transfers	18	18
Money Collected for Charging Parties	-0-	\$19,500

Figure 18: Human Rights Activities for FY22 and FY23

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 barbering 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	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Abstracters' Examiners	82	80	19	7	170	134	3	4	1	0	125	175
Accountancy	2,087	2,090	70	64	1,941	1,921	108	108	15	16	N/A	N/A
Athletic	N/A	N/A	285	286	N/A	N/A	N/A	N/A	9		200	200
Barber Examiners	140	N/A	19	N/A	171	186	45	10	0	0	325	1,404
Cosmetology	8,328	8,865	865	1,694	7,260	8,954	313	326	25	2	24,600	17,004
Electrical	1,505	1,552	996	1,497	4,719	6,376	332	345	1	1	N/A	18,007
Plumbing	2,545	2,375	518	582	3,063	2,957	53	209	0	3	6,752	6,983
Real Estate	1,947	1,871	500	477	4,467	4,278	610	562	75	52	52,978	N/A
Technical Professions	3,776	4,438	858	997	9,610	9,811	350	293	7	4	N/A	N/A

Figure 19: Boards and Commissions Indicators for FY22 and FY23



Bret Afdahl
Director

BANKING

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

Throughout FY23, the Division performed 75 examinations of banks, trust companies, and licensees. 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. All in-state examinations have an in-person component while the Division participates in certain multi-state examinations of large licensees remotely.

Bank assets are stable to declining slightly as excess cash driven by pandemic assistance starts to fade away. While bank numbers remained stable in FY23, consolidation in this sector continues with multiple merger and change in control applications pending at the close of the fiscal year. This consolidation is driven largely by population shifts in rural South Dakota and succession challenges for bank ownership and management.

For the first time since 2007-2008, trust assets reported by trust companies chartered in South Dakota declined. Total trust assets declined by \$17.4 Billion representing a 3% decline in value compared to FY22 totals. This change was driven by a significant decline in digital assets held in custody due to changes in overall market values of these assets.

While most license types were stable to increasing in FY23, one notable exception stands out. The number of individual Mortgage Loan Originators (MLOs), or non-bank mortgage loan officers, declined dramatically from FY22 to FY23. This group of individual licensees went from 6,923 in FY22 to 4,292 in FY23, which equates to a 38% decline. This large decline in MLOs reflects changes in the housing market driven by limited housing stocks, higher prices, and higher interest rates. While MLO numbers are down from their peak in FY22, they are still well above FY19 levels before the pandemic began and economic and fiscal stimulus measures were taken. FY19 MLO licensees totaled 2,991.

ACCREDITATION

The Division's efforts toward reaccreditation were successful! I am happy to report the 5-year re-accreditation review by the Conference of State Bank Supervisors (CSBS) went well and the Division was re-accredited on September 19, 2022 for another 5-year period. The Division was originally accredited by CSBS in 2007, re-accredited in 2012, 2017, and again in 2022. Annual reporting by the Division is required as we move toward our next full review which will occur in 2027. The accreditation process is essential to determine if our Division meets the standards set forth by the CSBS Performance Standards Committee and we have consistently for over 15 years.

Revenues	FY22	FY23
Bank Examination Fees	\$1,044,568	\$2,018,006
Trust Company Examination Fees	523,000	627,071
Trust Company Supervision Fees	1,320,090	1,375,638
Trust Company Charter Fees*	23,750	45,000
License Fees	1,717,777	1,364,190
Licensing Examination Fees	683	81,459
Investment Council Interest	71,604	45,676
Miscellaneous	16,500	14,000
Mortgage Servicer Settlements	-0-	-0-
Totals	\$4,717,972	\$5,571,040

Figure 20 - Comparison of Revenues by Category for FY22 and FY23

**Deposited in general funds*

Performance Indicators	FY22	FY23
License Exams	17	19
Banks Examined	14	15
Trust Companies Examined	40	41
Licenses Issued or Renewed	8,022	5,439
State-chartered Banks	41	41
State-chartered Trust Companies	114	117
Bank Assets	\$23.010 billion	\$22.766 billion
Trust Assets	\$607.575 billion	\$590.161 billion

Figure 21 - Performance Indicators for FY22 and FY23



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 the 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 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. Director Larry Deiter serves as Chair of the NAIC Producer Licensing Task Force, Co-Vice Chair of the NAIC Property and Casualty Committee and as Board President for the National Insurance Producer Registry (NIPR). The Division served on 33 committees or task force/working groups through the NAIC and NASAA during FY23.

The number of licensed producers and registered agents regulated by the Division continued to increase in FY23. 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.

INSURANCE Performance Indicators	FY22	FY23
Total Licensed/Domestic Companies	1404/57	1415/53
New Companies Licensed/Approved Mergers	15/2	23/8
Total Licensed Agents	105,221	110,993
Insurance Producer Licenses Issued	34,534	30,029
Insurance Producer Licenses Renewed	49,346	44,668
Property/Casualty Filings Reviewed	5,379	5,229
Life/Health Filings Reviewed	2,822	2,430
Consumer Complaints Closed	488	455
Enforcement Files Closed	1,461	1,706

Figure 22: Insurance Performance Indicators for FY22 and FY23

SECURITIES REGULATION Performance Indicators	FY22	FY23
Broker-Dealer Agents Registered	123,821	135,156
Broker-Dealer Firms Registered	1,264	1,291
Investment Advisor Agents Registered	1,917	1,995
Investment Advisor Firms Registered	53	53
Investment Company Notice Filings – New/Total	882/21,489	611/22,164
Investment Advisors Notice Filings	998	1,014
New Franchise Applications/Renewals	444/671	289/753
Investigations	246	241
Compliance Exams	57	61

Figure 23 - Securities Regulation Performance Indicators for FY22 and FY23

LEGISLATIVE ACCOMPLISHMENTS

The Division provided input on numerous pieces of legislation during the 2023 Legislative Session. The Division, as part of the Department of Labor and Regulation, presented two bills for legislative consideration. House Bill (HB) 1012 repealed the annual grievance reporting requirements in state law. This information is now submitted by insurance companies through the annual Market Conduct Annual Statement (MCAS).

Senate Bill (SB) 22 streamlines insurance company examination process. This legislation allows an insurance company to waive any portion of the examination report 30-day comment period, expediting the process and allowing the Division to finalize the examination.

Support was provided on HB 1088 which updated the requirements for insurance companies seeking to do business in South Dakota. This legislation adjusted the financial examination requirement for companies applying for a license from 3 years to 5 years, matching the national standard.

The Division testified in support of SB 85 to revise the rebating provisions in the State's insurance code. The legislation allows insurance agents and companies to offer insurance-related risk mitigation and value-added services in a non-discriminatory manner based on documented and objective criteria.

CHALLENGES

Maintaining affordability and availability in the property and casualty (homeowners / auto) insurance market with increased storm frequency and severity, cost inflation, interest rates, and supply chain issues all putting significant upward pressure on premium rates.

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 coverages as the cost of care continues to rise.

Monitoring and analyzing federal healthcare changes to ascertain impact on local health insurance market operations and the need for regulatory oversight.

Balancing the need for affordable insurance while providing oversight of the financial solvency of the industry.

Revenues		FY22	FY23
Premium tax		\$103,284,080	\$111,747,249
Fees (Insurance Operating Fund)	Insurance Producer Licensing/Renewal	\$13,919,389	\$14,022,495
	Insurance Miscellaneous and Legal	\$13,919	\$9,099
	Insurance Retaliatory and Filing Fees	\$1,379,498	\$1,075,284
	Insurance Administrative Penalties	\$179,125	\$550,000
	Insurance Investment Council Interest	\$33,593	\$19,528
	Insurance Company Admission, Renewal, & Supervision Fees	\$252,294	\$243,936
	Insurance Producer Exam & Course Fees	\$55,990	\$44,535
	Investment Companies Notification Fees	\$28,480,300	\$28,325,700
	Securities Registration Fees	\$53,613	\$16,600
	Broker-Dealer Registration Fees	\$195,450	\$200,400
	Securities Agent Registration Fees	\$19,253,125	\$20,904,500
	Name Change Filing Fees	\$101,450	\$44,350
	Initial Public Offering Extension Fees	\$3,600	\$4,600
	Investment Adviser Agent Fees	\$128,600	\$118,900
	Investment Adviser Fees	\$215,250	\$221,400
	Securities Fines	\$208,679	\$627,028
	Securities Investment Council Interest	\$76,978	\$61,480
	Franchise Fees	\$207,100	\$208,600
	Other Filing Exemptions	\$434,725	\$349,875
	Miscellaneous	\$50	\$100
Continuing Education Fund	Insurance Producer Renewal Fees (Biennial renewal)	\$44,760	\$64,600
Workers' Compensation	Policy Fee (Transferred to U.S. DOL)	\$325,192	\$349,818
Total		\$168,846,759	\$179,159,599

Figure 24: Revenues for FY22 and FY23



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 4.1% in FY23 (*Figure 25: Fund Source data for FY22 and FY23*) with the most significant changes occurring from a 29.1% increase in the general fund appropriation. The increase is due to increases in the general fund budget for the Adult Education and Literacy program.

Tax and fee revenue to the state’s General Fund from the Division of Insurance increased by \$10,277,251 from FY22. Growth in insurance company taxes led revenue increase. Insurance premiums for most products surged upward as claim expenses increased due to frequency and severity along with repair cost factors both locally and nationwide.

The Unemployment Insurance Trust Fund employer contributions increased in FY23. This was due to a larger increase than usual in the number of new employers registering in the State and establishing their reserve accounts.

Department of Labor and Regulation		FY22	FY23
Fund Sources			
General Funds (state general fund appropriation)		\$2,312,767	\$2,985,052
Federal Funds		\$31,640,920	\$33,158,352
Other Funds (licensing board & Workers’ Compensation fees)		\$5,497,397	\$4,901,560
Other Funds (Appraisers, Banking, Insurance)		\$70,802,170	\$73,744,209
Total		\$110,253,254	\$114,789,173
Transfers to General Fund (Insurance)		\$165,150,506	\$175,427,758
UI Trust Fund	Employer Contributions	\$39,129,629	\$43,590,845
	Federal Reimbursements	\$1,584,278	\$1,156,186

Figure 25: Fund Source Data for FY22 and FY23

Department expenditures, illustrated in *Figure 26: Annual expenditures for FY22 and FY23* increased from the previous year. Growth in personnel costs is occurring throughout the department, along with operating costs, as inflation is higher than for the decade prior to the COVID-19 pandemic. Workforce activities are also elevated due to additional investments in the adult education program, as well as utilizing one-time federal funds for training services for participants.

Department Annual Expenditures	FY22	FY23
Personnel	\$28,114,711	\$30,959,149
Operating Expenses	\$13,479,671	\$14,569,509
Job Training and Subrecipient Grants	\$3,953,549	\$5,380,476
Total	\$45,547,932	\$50,909,134
RA Benefits (state only)	\$21,157,605	\$22,615,674

Figure 26: Annual Expenditures for FY22 and FY23

In 2023, RA benefits payments increased by 6.8% from FY22. As the overall wages employers pay in South Dakota have increased significantly in the past year, the average weekly payment has also increased (7.3%).

Auxiliary aids and services are available upon request to individuals with disabilities. State and federal laws require the Department of Labor and Regulation to provide services to all qualified persons without regard to race, color, creed, religion, age, sex, ancestry, political affiliation or belief, national origin or disability.