

Workforce Development for South Dakota

Strategic Planning Brief

March 2014

Legislative Planning Committee:

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EXECUTIVE SUMMARY

In Jim Collins’ book, *Good to Great*, he states The Stockdale Paradox: “You must have unwavering faith that you can and will prevail in the end, regardless of the difficulties, AND at the same time have the discipline to confront the most brutal facts of your current reality, whatever they might be.” South Dakota can choose to face the brutal facts about our demographics, our cultural diversity, and the needs of our economy and flip these challenges into opportunities for people.

With the end in mind of building a competitive advantage for South Dakota, leadership with the tenacity to plan forward, measure progress, and adjust our plan to meet our future will be paramount. Preparing our people in South Dakota with the knowledge base, the skills and the talents through our educational system: K-12 and postsecondary, is our number one asset. *But will we use it?*

In an effort to focus on our challenges and capture opportunities, the Legislative Planning Committee looked to the future and laid out four strategic objectives to guide our efforts. Each strategic objective has a set of core measures which will act as a “dashboard” aiding us in assessing our performance towards these strategic objectives. The committee will annually review the performance, along with assessing these strategic objectives, and make necessary recommendations and adjustments at that time.

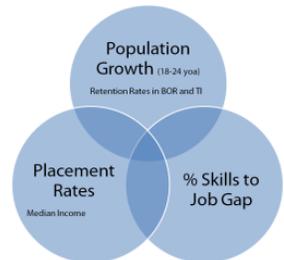
Strategic Objective #1: South Dakota’s K-12 System prepares students to be career and life ready as they enter post-secondary education (university or technical institutions) or the workforce.



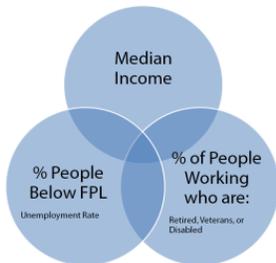
Strategic Objective #2: Create stronger and meaningful collaborative working relationships between the State and the Tribal communities within the State of South Dakota in the area of human capital investment and economic development within the basis of their cultural authority.



Strategic Objective #3: Insure South Dakota’s regental university system and technical institutions are preparing capable graduates to meet the workforce needs of the state in a financially competitive educational marketplace.



Strategic Objective #4: Create an environment within South Dakota communities that allows for the development of economic activity and quality jobs; including but not limited to support for opportunities in housing, schools, medical facilities, technology, and other infrastructure.



Workforce Development for South Dakota Strategic Planning Brief

Introduction

Demographics play a dramatic role in the fortune and future of South Dakota. The geographic distribution of people, especially in those areas not included within the metropolitan areas of Sioux Falls and Rapid City, will affect South Dakota and presents formidable challenges that need to be addressed. Crucial tasks include providing primary health services and nursing care for an aging population and expanding educational and job opportunities in areas beset by population decline characterized also by an exodus of young talent. South Dakota has general programmatic resources directed towards some of these needs but an overall strategy consisting of a comprehensive approach with performance measuring and collaborative activity is needed to bring these activities under one plan and in one direction.

A number of statistics tell the story of South Dakota's past and possibly the outlook to the future if nothing changes. Of those statistics the following were the most compelling:¹

- South Dakota's population was 814,000 in 2010, 60,000 more than in 2000, the census estimate for 2012 was 833,000;
- 16,000 was from in-migration, the remaining number (75%) was from births over deaths;
- Population increased in 25 counties, decreased in 41 counties;
- The number of working-age people shows a projected decline in the 35-45 age group between 2013 to 2030.
- South Dakota's projected population growth in the 18-24 age group is actually a 15% decrease compared to a 20% increase nationwide in that age group, from 2013 to 2030;
- Number of high school graduates from 2013 to 2021, nationally is expected to be a 9% increase whereas in South Dakota it is expected to be a 1.5% decrease;
- One-half of South Dakota's population resides in six counties, 91% of the population in these six counties reside in Minnehaha, Lincoln, and Pennington counties. Thirty-eight percent of the population of South Dakota resides in these three counties;

¹ Dr. Sydney Goss, the Dean Emeritus of South Dakota, Population Changes and South Dakota's Demography, August 20, 2012

- Agricultural counties have many fewer farmers today because of advanced technology, large equipment, and lack of succession planning;
- Rural counties have aging populations with critical need for health care services;
- Children of farmers and ranchers drive long distances to schools and rural people drive longer distances to obtain the necessities of life; and
- The reservations located in the state include a great pool of young people who could fill the needs of rural areas but these young people need educational opportunities.

Native American reservations comprise a large portion of the state and have a dissimilar characteristic demographic pattern compared to the rest of the state:²

- While most counties in the state have a balance of people in all age groups, counties in the state with a Native American majority have a preponderance of young people;
- Going forward to 2030, the projected population charts reveal the same contrast: non-Native American counties have more older people and counties with a Native American majority have a positive ratio of young to old;
- Educational attainment is lower, as are employment numbers, and median household income for counties with a Native American majority; and
- Typical employment personnel policies do not fit the Native American community because of the culture of the extended family. It is not unusual for a Native American youth to attend fifty funerals by the age 18. The extended family in other cultures – aunts, uncles, and cousins – is treated as immediate family – brothers and sisters – in the Native American culture.

The picture of South Dakota's population landscape into the future in essence portrays intrastate migration to larger communities, older population patterns, and a lack of a younger workforce in counties without a Native American majority. A younger, but a currently inaccessible workforce, exists today within counties that represent a Native American majority.

² Demography and economics relating to South Dakota Native Americans information courtesy of Dr. Mike McCurry, State Demographer, SDSU, Demography and Economic Development among South Dakota's Tribes

So how does South Dakota strive to develop the workforce for the future?

A key aspect in the strategy moving forward may lie towards innovation through education. Higher education can fulfill four key roles³ in our society:

1. Educating people;
2. Providing public space;
3. Problem-solving for industry; and
4. Creating codifiable knowledge.

Ultimately there exists a dichotomy within our society in regards to creating prosperity: People Prosperity and Place Prosperity. People Prosperity is dependent on the investment in human capital and does not depend on where this human capital exists. It can be as simple as a woman in Lemmon taking online courses and completing a Master's degree. No matter where people live within South Dakota, they can achieve the investment of knowledge. Second only to financial capital, this human capital is highly mobile. So if the woman in Lemmon cannot find an opportunity there, she may move to Aberdeen, Sioux Falls, or Rapid City with her investment. In contrast, people with the least amount of skills are much less moveable. Recent graduates are finding jobs and remaining in the state more today than in the past but the hollowing-out of our state continues because we have not created an environment of Place Prosperity within our communities.

Place Prosperity is not automatic when People Prosperity is accomplished. However, when financial capital is combined with well-developed human capital, Place Prosperity is created. A vital rural community is a Place Prosperity goal, but unfortunately market forces may not always match. If People Prosperity exists first, Place Prosperity may follow if human capital is willing and makes that choice to stay and if it can be combined with financial capital. Therefore, public programs, targeted at building necessary infrastructure and retention programs, may be necessary to overcome barriers for Place Prosperity.

For instance, currently, the retention of university students in South Dakota (and the import to export ratio) is favorable because highly competitive out-of-state tuition draws students to South Dakota. But that trend is soon disappearing as state-supported tuition stalls and the Board of Regents must increase tuition costs to students. In a matter of time this advantage in the marketplace of attracting young talent to the state will diminish. Funding a needs-based scholarship program could be the start of retaining the state's advantage in the marketplace by attracting the much needed human capital required for the future economy of South Dakota – young people.

³ Role of Higher Education in Workforce Development and Innovation...
Presentations by Dr. Jack Warner, Executive Director, SD Board of Regents; Dr. David Chicoine, President, South Dakota State University PowerPoint Presentations, LPC meeting, September 13, 2012

Conversely, South Dakota's tuition to technical institutes is higher and opportunities for students to receive state aid are fewer than in surrounding states. This means that many young people go out of state to attend a technical institute, and more often than not, after graduation a student remains where the student received his or her education. Compounding this, since not enough skilled workers are coming out of the technical institutes, wages increase as a way to lure workers from elsewhere. These higher wages attract the technical schools' faculty members which creates the challenge of finding enough good teachers.

Young people with knowledge and skills are the workers businesses need or the businesses will go elsewhere.⁴ Currently, a shortage of young people needed to bring in new businesses exists and these communities are trying different ways to attract workers to their area. For instance, the city of Mitchell promotes its website, www.mitchellhasjobs.com. Mitchell has a zero housing vacancy rate. The city needs 300 new apartments next year just to accommodate normal growth. Mitchell is also part of the James River Valley consortium working to address workforce need in the region.

Some reasons⁵ South Dakota businesses cannot find enough skilled workers are:

1. South Dakota is one of several states in the upper Midwest with a decline in high school graduates, and that trend could continue for the next ten years;
2. Baby boomers are starting to retire;
3. A dramatic increase in surrounding states competing for South Dakota's skilled workers exists. Some of the areas exhibiting a workforce shortage are specialty trades, mechanics, truck drivers, line supervisors, and welders;
4. A definite skills gap⁶ exists between available jobs and available workers, and that gap is going to continue to grow. Additional workers may be available, but the workers do not have the skills to do the jobs that are available; and
5. Technical programs have had to be cut in the smaller high schools because of the lack of funding.

The challenge of engaging young people to inform them about the opportunities as to which jobs will be more available when the young person finishes his or her education is complicated by the lack of access to the same information that the regental schools have regarding high school students. Because of that lack of access, it is more difficult for the technical schools to get information to prospective students. Legislation may need to be enacted to allow for better connection with the student learning plan (a program which provides information on career opportunities in which students are interested) that high school students complete. Again, currently, this information is only provided to four-year schools, not to technical institutions.

⁴ Bryan Hisel, Executive Director of the Mitchell Area Development Corporation, PowerPoint presentation, November 29, 2012

⁵ Ms. Julie Brookbank, Director of Marketing, Mitchell Technical Institute, LPC meeting, July 11, 2013

⁶ Ms. Deb Shepard, President, Lake Area Technical Institute, Watertown, LPC meeting, July 11, 2013

The top five areas⁷ in which South Dakota technical institutes need help are:

1. Equipment resources – when a technical institution gets a new building, there is a bonding process to build the building. However, once the new building is complete, the technical institutes need to be able to staff it and equip it. Equipment may be part of the bonding process but the equipment needs to be constantly updated. At one time, the Governor’s Office of Economic Development (GOED) provided the technical institutes up to two million dollars a year for new equipment. However, recently that funding has not been provided. In the future, Senate Bill 235, which passed the 2013 Legislature, establishes a workforce education fund to provide grants for secondary career and technical education programs. Capital expenditures can also be funded from the employer’s investment in South Dakota’s future fund;
2. Scholarship opportunities – 80% of the students attending technical schools have financial needs;
3. Per student allocation – based on the current distribution formula, it is hard to maintain equipment and pay faculty a competitive salary;
4. Facilities – a majority of the costs for maintenance and repair of the facilities is being impacted on the students; and
5. Dual enrollment – currently the technical institutes are serving fifty students through the dual outreach with secondary schools. Dual enrollment allows the high school student to earn technical institute credits while still in high school which helps attract the student to the technical institute after high school graduation. The high school student can earn up to 14 credits that can be used toward completion of a program at the technical institute.

To help fill the gap between employer skill set needs and a worker’s ability to provide them, organizations such as the Regional Technical Education Center (RTEC), Yankton, and the Northeastern Work and Technical Center, Inc. (NewTec), Aberdeen, have been developed on a local level⁸ and are largely funded by private and grant-funded (non-state) efforts. Both organizations work together to address the workforce shortage, starting in the middle schools. The organizations also attend job fairs, work with business and industry, and partner with local chambers of commerce. These organizations offer customized classes that include basic skills, how to work independently or as a team, and help with job readiness skills. The classes are designed to contribute to student success.

GOED grants may be very critical to the success of organizations such as RTEC and NewTec in the future. Programs offered through RTEC and NewTec can certainly play an important role in economic development.

⁷ Mr. Mark Wilson, President, Western Dakota Technical Institute, Rapid City, LPC meeting, July 11, 2013

⁸ Mr. Josh Svatos, Executive Director, Regional Technical Education Center (RTEC), Yankton; Ms. Kellie Ecker, Executive Director, Northeastern Work and Technical Center, Inc. (NewTec), Aberdeen; joined by Mr. Bob Compton and Ms. Julie Johnson, NewTec board members, LPC meeting, July 11, 2013

New workers should be advised of the opportunities that South Dakota has available and what preparation they need to take advantage of these opportunities⁹. Periodic reassessments of workforce needs are necessary so citizens and policy makers are fully aware not only of needs but of changes that are occurring within the private sector. As a part of the solutions currently in place today, the state makes an effort to match workers with jobs¹⁰. Workforce is the largest barrier employers have for expansion in South Dakota (unemployment rate is consistently around 4.4%). The goal of the Department of Labor and Regulation is to enhance the workforce. They have a three point plan to assist in accomplishing that goal:

1. Get more eligible workers for the state's workforce;
2. Improve skills of the unemployed and get them employed; and
3. Recruit more people to the state's labor force.

Within the Governor's Workforce Initiatives (WINS) program, twenty components have been developed to help address workforce initiatives. Four key aspects are (additional information about this program can be found at SDWINS.com):

1. Preparing South Dakota's youth for the jobs that will exist in the future;
2. Training for skilled jobs;
3. Promoting rural health occupations; and
4. Housing.

Alongside these efforts, tribal initiatives¹¹ apart from the WINS program have been underway and deserve recognition and collaborative interest:

- Eight of the top ten communities with the largest youth population are located on the reservations—a great source of young workers;
- Sharon Vogel, Executive Director, Cheyenne River Housing Authority, reported that the tribe has 665 participants in its GED program; that represents approximately 65% of residents living on the Cheyenne River Sioux Tribe (CRST) Reservation who do not have a high school diploma. There are 16 communities that have learning centers in the larger of those communities:

⁹ Workforce Development – Industry: David Owen (SD Chamber), Deb Mortenson (legislative lobbyist), both reporting on the James River Summit on Workforce Development, LPC meeting, October 18, 2012

¹⁰ Workforce Development – State Government Involvement: Pam Roberts (Secretary of Labor), Dusty Johnson (Governor's Chief of Staff), LPC meeting, October 18, 2012

¹¹ Workforce Development—Tribal Initiatives: J.R. LaPlant (Secretary, Tribal Relations), Sharon Vogel (Executive Director, Cheyenne River Housing Authority), Eileen Briggs (Executive Director, Cheyenne River Sioux Tribal Ventures), Arlen Lee (Executive Director, Cheyenne River Sioux Tribal Ventures), Ryman Lebeau (Councilman, Cheyenne River Sioux Tribe), Jesi Shanley (Workforce Services Liaison, Standing Rock Sioux Tribe), Lauri Bordeaux (Executive Director, Rosebud Sioux Tribe's Sicangu Nation Employment Training Program), John Charles Arcoren (Assistant Director, Rosebud Sioux Tribe's Sicangu Nation Employment Training Program), Lewis Good Voice Eagle (Executive Director, Rosebud Sioux Tribe Office of Legislative Affairs), Damon Leader Charge (RST Office of Legislative Affairs), LPC meeting, October 18, 2012

- Eileen Briggs, Executive Director, Cheyenne River Sioux Tribal Ventures, invested \$9.5 million with the Northwest Foundation including almost \$3 million in workforce development;
- Arlen Lee, Director, Cheyenne River Sioux Tribe Oyate Connections, provides programs including GED preparation, classroom training, specialty training, childcare, and on the job training. Many youth leave the reservation after they receive training because they need to go where the jobs are located;
- Ryman Lebeau, Councilman, Cheyenne River Sioux Tribe (CRST), said there are basically two economic levels in the CRST: the poor and the working poor. He said there are a few who are successful at ranching or farming, but very few make it to that level, and at least half the money that comes to the reservations leaves the reservations. In regard to helping retain Native American students in the higher education institutions, Mr. Lebeau suggested a stronger presence in the high schools including college tours and stay-overs for prospective students to help the students learn what to expect of college. Moving to a university can be a real cultural shock for the Native American student leaving the reservation. Mr. Lebeau transferred to Haskell University, which is a tribal university. He said he was much more comfortable at Haskell University because the University had a better understanding of his culture;
- Jesi Shanley, Workforce Services Liaison, Standing Rock Sioux Tribe (SRST), focuses mainly on economic development, community development, and expanding the Tribe's land base. SRST programs include GED training and programs in gravel crushing, CDL licenses, and maritime drilling. She stated that the lack of infrastructure is the biggest problem. Insufficient water systems and lack of housing make it impossible for new businesses to come to the reservation or for existing businesses to expand;
- Lauri Bordeaux, Executive Director, Rosebud Sioux Tribe's Sicangu Nation Employment Training Program, and John Charles Arcoren, Assistant Director, Rosebud Sioux Tribe's Sicangu Nation Employment Training Program, oversee some small businesses such as a landscaping business, one of their largest projects is a solar heating business; and
- Lewis Good Voice Eagle, Executive Director, Rosebud Sioux Tribe (RST) Office of Legislative Affairs, and Damon Leader Charge, RST Office of Legislative Affairs, oversee the RST page program.

Native American colleges exist to provide a culturally acceptable environment for learning and likewise higher retention and success:¹²

- Professor Jeanette Gravdahl, Vice President of Academic Affairs, Sisseton-Wahpeton College told the committee that the college offers two-year degrees, and RN and LPN training. Professor Gravdahl also reported that 75% of their students are female, and approximately 40% of their students graduate;
- Dave Archambault, II, DeMaND Project Director, United Tribes Technical College, located in Bismarck, ND, told the committee that the college prepares students to become successful members of the workforce by focusing on Native American men who are not employed; and
- Doug Noyes, Professor of Business, Oglala Lakota College, where the current enrollment is 1400 students, told the committee that the college offers four-year degrees and two Masters degree programs; and is accredited in nursing, teaching, business education, humanities, math, science, and vocational education.

Does the issue lie within the success of South Dakota’s students: Native American and non-Native American alike?

The goal of the Department of Education is to make sure that all students leaving the South Dakota K-12 system are college, career, and life ready.¹³ It is noted that students who do not read at grade level by the time they are in the fourth grade are four times more likely to drop out of school. Students who are not on track by the fourth grade and live in poverty are six times more likely not to graduate. Similarly, the eighth grade is a critical point for math skills. The gap between Native American students and non-Native American students continues to grow in regard to reading and math levels. South Dakota has the highest poverty rate on some of our reservations, and this greatly impacts the students living in those areas. Students living in poverty are three times more likely to drop out of school, leading to the significant gap noted in graduation rates.

The Department of Education’s programs currently are working to address those issues and include:

- JAG – Jobs for America’s Graduates is a work-based learning experience that starts as early as the eighth grade. The student is engaged in workforce opportunities. The Wagner school district has been using this program. Dr. Schopp¹⁴ said that one program that is working on this issue is Jobs for America’s Graduates (JAG) which promotes staying in school, pursuing

¹² Native American Colleges: Professor Jeanette Gravdahl (Vice President of Academic Affairs, Sisseton-Wahpeton College), Dave Archambault, II (United Tribes Technical College), Doug Noyes (Oglala Lakota College), LPC meeting, November, 29, 2012

¹³ Dr. Melody Schopp, Secretary, SD Department of Education, Office of Indian Education briefing, LPC meeting, November 29, 2012

¹⁴ Dr. Melody Schopp, Secretary, SD Department of Education, LPC meeting, October 28, 2013

postsecondary education, and securing quality entry-level jobs leading to career advancement opportunities. This program works with all students and helps in improving academic performance and raising self-esteem because it helps the student know that someone cares about him or her. Students involved in this program, by being a part of JAG, now belong to something. JAG has received \$275,000 in financial support from the Legislature over a three-year period. One hundred eighty high school students from five communities participated in JAG this past year. The five communities that are involved in the program are Wagner, Bennett County, Rapid City, Lake Andes, and McLaughlin. Lake Andes is in the process of expanding the program into the middle school;

- The WoLakota Project is another program geared to trying to help improve Native American students' achievements and uses elders' stories to help reach the students;
- NCRC – National Career and Readiness Certificate is a program that measures real world skills that employers find important. Students need these skills whether or not they continue on to college;
- College Access is a grant that focuses on providing awareness for students who are thinking about attending a postsecondary institution;
- Gear Up is a program that starts with eighth graders and helps prepare them for college/university life; and
- Common Core is a sequential way in which students learn.

Our at risk population¹⁵ also extends to two other population groups, emancipated foster youth, ages 18–24; and veterans returning from active duty, ages 20–25. These are two of the largest groups of homeless adults. *South Dakota First: An Architecture for Change* is a model for success that is being followed at the Buffalo Ridge Training Academy and is designed to specifically serve these two at-risk populations. The Academy offers housing, meals, on-the-job training, career and life skills training, and much needed job placement services.

The Education Plan moving forward?

A 15-step process has been identified and set into motion to aid the Department of Education in creating a plan for South Dakota:

1. Create aspiration;
2. Review South Dakota's current state of delivery;

¹⁵ Dr. Zeno Wicks, III, Founder, Buffalo Ridge Training Academy; Ms. Jackie Stevens, Director of Operations; and Mr. Brad Stevens, General Manager of the Buffalo Ridge Training Academy, LPC meeting, November 29, 2012

3. Create a delivery unit;
4. Establish a guiding coalition;
5. Evaluate past and present performance;
6. Understand drivers of performance and relevant activities;
7. Determine reform strategy;
8. Set targets and establish trajectories;
9. Establish delivery plans;
10. Establish routines;
11. Solve problems early and regularly;
12. Sustain and continually build momentum;
13. Build system capacity all the time;
14. Communicate the delivery message; and
15. Unleash the alchemy of relationships.

According to Dr. Schopp,¹⁶ these steps provide purpose for the department's work and give the department a reason to say no when there is a lack of alignment with the department's targets.

The Department of Education's goal is to make sure each student is college, career, and life ready and that the student is prepared to be a productive contributing citizen. By doing so, the student is able to become a positive member of the workforce. Student achievement plays a significant role as does curricular rigor within the system. In addition to collecting data and identifying a student's failure to meet the ACT requirements, remediation courses in high school in preparation for college are provided. The Department of Education is also working with postsecondary schools to offer more college preparatory classes. Overall, the need for teachers is being met, but as noted previously, a specific need for teachers in math and science remains.

How is South Dakota addressing employment opportunities for returning Veterans?

Sarah Bierman, South Dakota state director, Veteran's Employment and Development, U.S. Department of Labor, states that in order for U.S. Veterans to find meaningful employment opportunities, they must be *Prepared* to enter the workforce, *Provided* resources to find employment, and their rights must be *Protected* once they find employment (known as the P3 campaign). It is now mandatory for almost all separating service members to attend a three-day training for getting back into the workforce. Each member leaves the training with a resume in hand.

Other programs offered through the Veteran's Employment and Development Office are Homeless Veterans Reintegration Program (HVRP); Homeless Veterans Stand Down; Veterans Retraining Assistance Program (VRAP); Work Opportunity Tax Credit (WOTC) – employers can receive a tax credit for hiring veterans; Veterans Employment Opportunities Act of 1998 (VEOA); and Uniformed Services Employment and Reemployment Rights Act (USERRA). The State of South

¹⁶ Dr. Melody Schopp, Secretary, SD Department of Education, LPC meeting, October 28, 2013

Dakota also guarantees that a veteran will receive an interview when applying for a state position. The federal government must complete a pass-over form if not selecting an applying veteran. These veterans' preferences do not expire.

There are approximately 75,000 veterans in South Dakota. Currently, 150 trainees are enrolled in the Department of Veterans Affairs On the Job Training program, which is essentially the same program formerly called the GI Bill. South Dakota ranks number one in the nation per capita for taking part in this program, according to Larry Zimmerman, Secretary, Department of Veterans' Affairs.¹⁷ The department's new mission statement is "Voices for Veterans."

Can the work and life experience of retirees in South Dakota be harnessed?

Life Reimagined, an AARP program, is a talent exchange designed to help companies find experienced, qualified workers. Dennis Eismach,¹⁸ Volunteer President of AARP South Dakota and a member of the National AARP Council, reported that AARP has been involved for many years in helping people reposition into the workforce after retiring. If people are able and want to go back to work after retirement, AARP can provide assistance. The average Social Security check in South Dakota is \$1,200 per month, which means many seniors have to work in order to survive. Seniors also may need to return to work to receive health insurance. One issue seniors face when going back to work is the flexibility to use sick leave to care for others, as seniors are often caregivers. Another issue seniors face is age discrimination.

Leni Healy,¹⁹ Sioux Falls AARP office, said that AARP uses the Internet program LinkedIn for posting jobs and to aid seniors in posting resumes. This program then compiles a list of qualified seniors for the employer and sends information about the job to the qualified senior. Ms. Healy said that she does not know of any South Dakota businesses that use the LinkedIn program, but that AARP is just starting to promote the LinkedIn program and better coordination between AARP and other agencies makes sense.

How is South Dakota accessing the workforce assets of those who have disabilities?

Vocational Rehabilitation is mandated by the Federal Rehabilitation Act and is part of the Workforce Investment Act. The federal funds received must be matched with state funds. Without the program, every South Dakotan with a disability would be affected in some way. Eric Weiss,²⁰ Director, Division of Rehabilitation Services, Department of Human Services, related that the unemployment rate is almost twice as high for people with disabilities. He said that over 6,100 people with disabilities were served by his office last year with 2,600 new applicants and 943 individuals successfully employed.

¹⁷ Larry Zimmerman, Secretary, Department of Veterans' Affairs, LPC meeting, July 11, 2013

¹⁸ Dennis Eismach, Volunteer President, AARP South Dakota and member, National AARP Council, LPC meeting, July 11, 2013

¹⁹ Leni Healy, AARP, Sioux Falls, LPC Meeting, July 11, 2013

²⁰ Eric Weiss, Director, Division of Rehabilitation Services, Department of Human Services, LPC meeting, October 28, 2013

Mr. Weiss said that the average cost of services for a rehabilitation client is \$5,000. He reported that for every one dollar Vocational Rehabilitation spends on a client, the increased earnings of that client is \$8.96. Over 900 employers hired clients over the past two years. Vocational Rehabilitation has successfully helped find employment from July 2011, through June of 2013, for 2,003 clients. After a client has been placed in a job, he or she can return to Vocational Rehabilitation for further assistance if the client loses that job. It was noted that community support providers work more with intellectual disabilities and clients who need a long-term service. Vocational Rehabilitation does collaborate with the community support providers and assist with some of their clients on a short-term basis. However, they do not track their clients on a long-term basis.

Does the lack of health coverage for the “Working Poor” impact workforce development and therefore economic development for South Dakota?

Deb Bowman,²¹ Senior Advisor to the Governor, and Kim Malsam-Rysdon, Secretary of the Department of Social Services, provided recent work of the Medicaid Expansion Task Force, in a document entitled “South Dakota Medicaid Expansion Population Demographics.” The full report is available on line at <http://sd.gov/governor/docs/Medicaid> .

The biggest change South Dakota would experience with implementing a full Medicaid expansion would be allowing adults with incomes up to 100–138% of the federal poverty level (FPL) to be eligible for Medicaid. South Dakota asked the federal government if the state could expand Medicaid to those at the 100% FPL, but that request was denied. However, with changes being made at the federal level, that request may be approved in the future.

Who would be covered by an expansion? Information was not provided on exactly how many are now working in low-income jobs, but a state study has found that 41% of South Dakota's uninsured adults live in families with incomes below the poverty level while 25% live in families earning from 100% to 199% of the poverty level. About 63% of uninsured adults are employed, and two-thirds of those work full time according to Malsam-Rysdon.²² Many do not receive health insurance as a benefit of their employment.

The following list defines five scenarios of the uninsured for healthcare in the state and how each would be impacted by the Affordable Care Act as reviewed by the task force:

1. A single male working full time;
2. A college student (without a disability) working two part-time jobs;
3. A single mother of two children at 60% of the federal poverty level (children already qualify for Medicaid but the mother does not);
4. An unemployed single male residing on reservation land; and

²¹Deb Bowman, Senior Advisor to the Governor, LPC meeting, October 28, 2013

²²Kim Malsam-Rysdon, Secretary of the Department of Social Services, LPC meeting, October 28, 2013

5. A parent with an income at 120% of the federal poverty level (child already qualifies for Medicaid, but mother does not).

According to Ms. Bowman, rather than focusing on expanding Medicaid, the state should be focusing on how to help people get out of poverty. With only a 3.8% unemployment rate, most South Dakotans are working, but many need better paying jobs.

The question, however, remains. Does the lack of health coverage for the “Working Poor” impact workforce development and economic development for South Dakota?

Can special challenges communities face be overcome?

Many communities are finding the resources to employ a full-time economic development director and the newly passed SB 235, should continue to improve this need. The City of Lemmon has provided a great example of community team work through an economic strategy²³ experiencing local success such as offering money toward bringing people back to Lemmon, agriculture in the area experiencing an upswing, a grain terminal that handles nine different grains, and the North Dakota oil boom, to name a few. But even smaller communities experiencing an upswing like Lemmon need help in the area of financing for housing. These financing issues are prevalent in the state in addition to affordability.²⁴

The challenges mortgage lenders and borrowers are now facing stem from the economic issues facing the banks during recent years and the fact that the federal government established much more aggressive regulations. The new federal standard sets the debt-to-income ratio at not more than 43%, and the secondary market for home mortgages is in flux at this time. It is predicted that 30-year mortgages may become a thing of the past. Fortunately, SB 235 begins to address some of these housing concerns.

The Governor’s Workforce Development Council and the WINS program began in July 2012. They will submit their first annual report to all legislators during the 2014 Legislative Session. The South Dakota Workforce initiatives (WINS) program is designed to address the challenges employers are facing when trying to find skilled workers. The WINS program has four categories including preparing youth, training for skilled work, promoting rural occupations in health care, and New South Dakotans (recruiting people into the state).

As reported by Ms. Kim Olson,²⁵ the Dakota Roots program recruited 529 people to return to South Dakota in 2012. The program has contacted the Center for Labor Marketing to learn how other

²³ Mr. Shane Penfield, President, Lemmon Area Charitable/Economic Development Corporation, LPC meeting, November 29, 2012

²⁴ Mr. Mark Lauseng, Executive Director, SD Housing Development Authority; Ms. Patty Bacon, Executive Director, Habitat for Humanity; Mr. Curt Everson, Executive Director, SD Banking Association, LPC meeting, January 30, 2013

²⁵ Ms. Kim Olson, Policy Advisor, Governor’s Office, LPC meeting, October 28, 2013

states process their job data and get recommendations on how the Governor's Office can better compile and report this information for South Dakota.

Since the program's inception, they have discovered that many systems collect various types of data but do not connect with each other to share that information. Ms. Olson told the committee that a vacancy ratio has never been done. That ratio would show what vacancies are available and how long those vacancies have existed. It is important to note that five areas the council has discovered to have chronic employment needs are information and technology, health, engineering, professional consulting, and manufacturing. Understanding this today allows the state to now focus on those areas when training people to enter the workforce.

The state's most recent recruitment efforts have been marked by both successes and failures. Ms. Olson reported that South Dakota businesses need to have more competitive salary packages or offer better relocation incentives for recruiting new employees. She said that 45 companies have been participating in the program, some more actively than others.

Many states are facing these same workforce issues. Through the National Governors' Association, 13 states are working together to analyze data and discuss ways to address these issues.

A significant part of the WINS initiative is related to health care in rural areas. Because of that significance, the Governor established a task force²⁶ to look at the issue more in-depth. That task force came up with a list of recommendations, which can be found in the final report, and an oversight task force is overseeing the implementation of those recommendations. One program that resulted from this task force is the Frontier and Rural Medicine (FARM) program. Through this program, third year medical students are invited to intern in Milbank, Platte, Mobridge, Parkston, or Winner for nine months. Nine students have already signed up for this program. The hope is that the interns will become a part of the community and want to return there after graduation. Only a community with a hospital can be included in the program.

The Physician Assistant program at USD has been expanded to 25 students, with 20 of those slots reserved for South Dakotans.

²⁶ Ms. Deb Bowman, Senior Advisor, Governor's Office, and Secretary Doneen Hollingsworth, Department of Health, LPC meeting, July 11, 2013

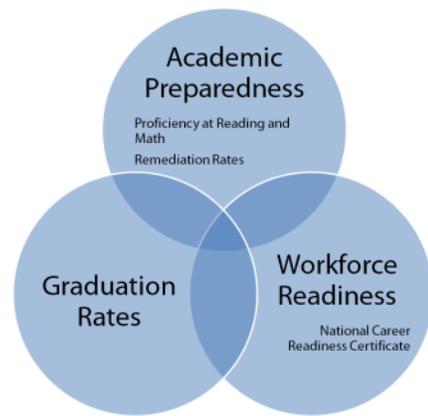
Conclusion: Where does South Dakota go from here?

Current programs in place as identified earlier are important pieces of the puzzle to a vibrant future for South Dakotans. The following have been identified as the Strategic Objectives for Workforce Development and Economic growth for South Dakota:

Strategic Objective #1: South Dakota’s K-12 System will produce students who are prepared career and life ready as they enter post-secondary education (university or vocational technical) or the workforce.

Core Measures:

- Native American and non-Native American:
 - Proficient at reading at the end of the 3rd grade;
 - Proficient at math at the end of the 8th grade;
 - Graduation rates;
 - Remediation rates; and
 - Workforce readiness.



Strategic Objective #2: Create stronger and more meaningful collaborative working relationships between the State and the Tribal communities within the State of South Dakota in the area of human capital investment and economic development within the basis of their respective cultural authority.

Core Measures:

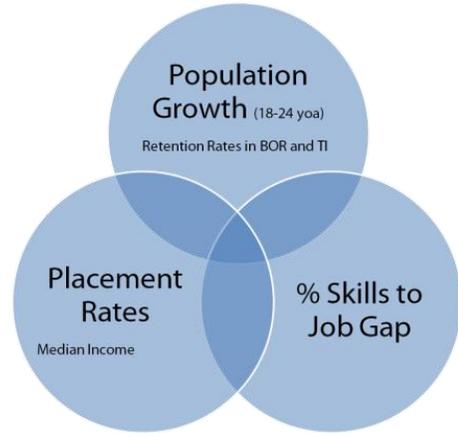
- Data for all strategic objectives should be divided for Native Americans and non-Native Americans.



Strategic Objective #3: Insure South Dakota’s regental university system and technical institutions are preparing capable graduates to meet the workforce needs of the state in a financially competitive educational marketplace.

Core Measures:

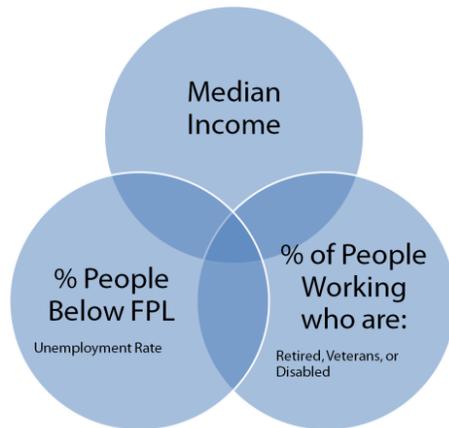
- Growth of population base 18-24 years of age compared to nationwide rates;
- Percent of skills to jobs gap to community or region (unemployment rate and job vacancy rate);
- Retention rates of South Dakota students in South Dakota regental and technical institutions;
- Placement rates: full-time/part-time, in-state/out-of-state, field of training; and
- Median income.



Strategic Objective #4: Create an environment within South Dakota communities that allows for the development of economic activity and quality jobs, including but not limited to support for opportunities in housing, schools, medical facilities, technology, and other infrastructure.

Core Measures:

- Median income;
- Percentage of people below the federal poverty level;
- Unemployment rate; and
- Percentage of retired persons, veterans, and persons with a disability working.



Respectfully submitted,
Rep. Scott Munsterman
Chair

Sen. Mike Vehle
Vice Chair