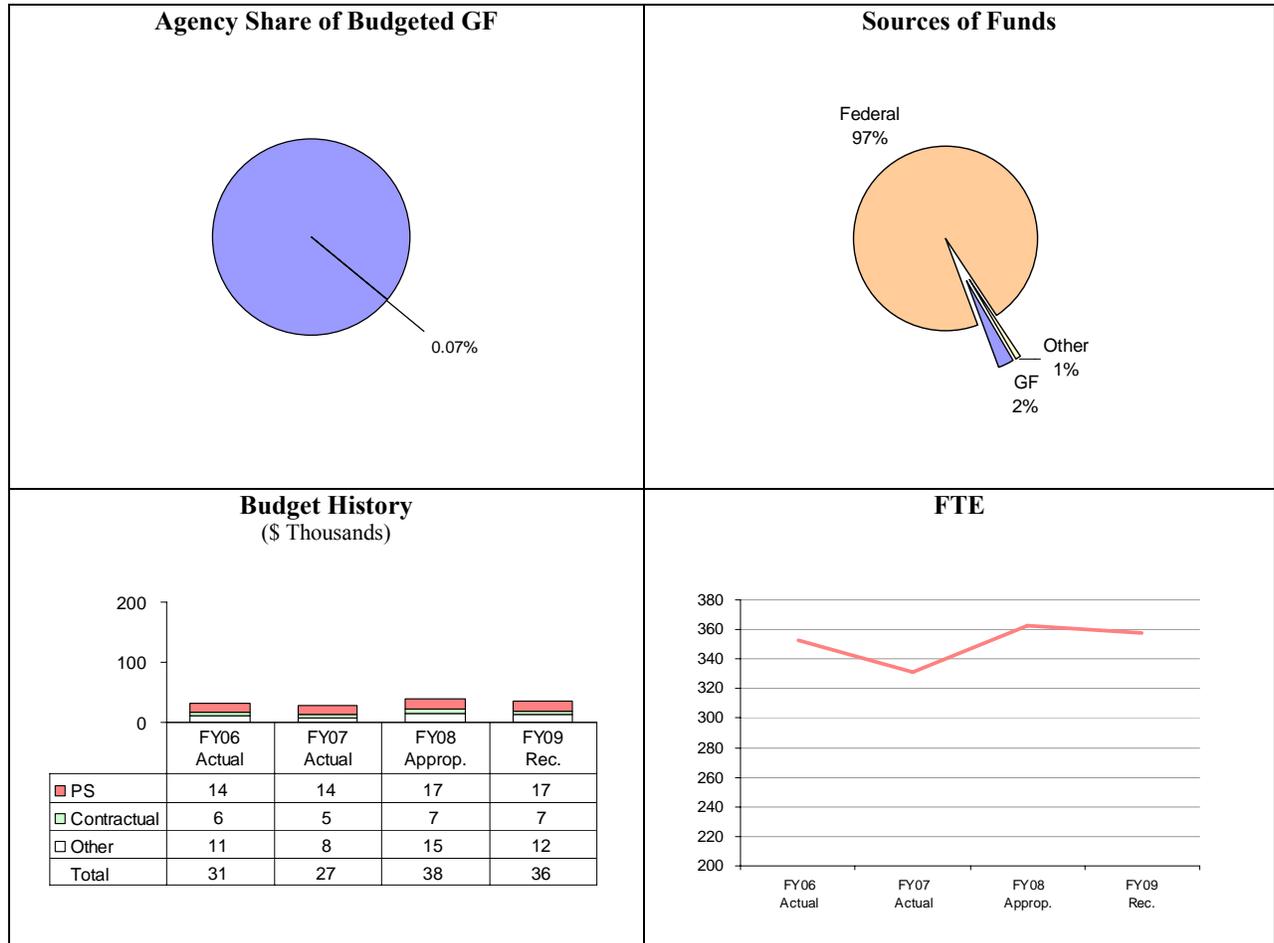


FY09 Budget Briefing

Department of Labor

(Excluding the SD Retirement System)



*Excludes SDRS and Informational Boards and Commissions attached to Department budgetarily.

Key Responsibilities

- To operate a statewide employer/employee labor exchange; to train unskilled youth and adults for entry or reentry into the work force; to provide timely and accurate labor market data; to collect employer's unemployment insurance contributions and pay benefits to those individuals who have lost their jobs through no fault of their own; to advise employers and employees of their rights and responsibilities; to administer state labor laws in a fair and equitable manner; to provide for the safety and well-being of consumers and the general public by regulating six professions; and to investigate reports of human rights violations.

Key Personnel

- Pamela Roberts, Secretary
- Marcia Hultman, Director of Workforce Services
- Dick Flemmer, Administrative Services Director
- Don Kattke, Unemployment Insurance Director
- James Marsh, Director Labor and Management
- Mike Ryan, Director of Field Operations

Department Total (excluding SDRS and Informational Boards)

The Department of Labor's budget includes funding from the State General Fund, but most significantly from federal and other funds. Attached to the Department of Labor are the South Dakota Retirement System and six professional and occupational licensing boards. (The boards appear as informational items.) The Governor recommends an appropriation of \$35,962,903 and 357.5 FTEs for the Department of Labor, excluding the South Dakota Retirement System and the six boards and commissions.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	14,184,366	16,656,918	16,656,918	17,047,721	390,803	2.3%
Travel	361,006	561,885	561,885	561,885	-	0.0%
Contractual Services	4,632,837	6,632,510	6,632,510	6,632,510	-	0.0%
Supplies & Materials	359,247	869,340	869,340	858,517	(10,823)	(1.2%)
Grants And Subsidies	7,190,240	12,736,590	10,323,986	10,323,986	(2,412,604)	(18.9%)
Capital Outlay	394,667	510,358	510,358	510,358	-	0.0%
Other	27,800	27,926	27,926	27,926	-	0.0%
Total	27,150,163	37,995,527	35,582,923	35,962,903	(2,032,624)	(5.3%)
Funding Types						
General	825,293	847,448	847,448	869,263	21,815	2.6%
Federal	26,084,111	36,723,655	34,311,051	34,662,050	(2,061,605)	(5.6%)
Other	240,760	424,424	424,424	431,590	7,166	1.7%
Total	27,150,164	37,995,527	35,582,923	35,962,903	(2,032,624)	(5.3%)
FTE	330.7	362.5	362.5	357.5	(5.0)	(1.4%)

The six professional boards are: Board of Accountancy, Board of Barber Examiners, Board of Cosmetology, Plumbing Commission, Board of Technical Professions, and the Electrical Commission.

SALARY POLICY

The Governor's recommendation throughout this analysis also includes funding for Performance And Compensation Equity (PACE) movement of 2.5% for those employees who are paid under the job-worth of their pay range, a 2.5% across-the-board increase for all permanent employees, and an increase in the employer-paid portion of the state health insurance plan. The recommended amounts for each segment of the compensation package for the Department of Labor (excluding the South Dakota Retirement System) are as follows:

	General Funds	Federal Funds	Other Funds	Total
2.5% PACE Movement	5,929	146,318	1,859	154,106
2.5% Across-the-Board	13,704	343,223	3,929	360,856
Health Insurance	2,182	79,735	1,378	83,295
Total	21,815	569,276	7,166	598,257

Major Expansion and Reduction

Budget Item	Agency Request			Governor's Recommendation		
	State General Fund	All Funds	FTE	State General Fund	All Funds	FTE
<i>Secretariat Administration:</i>						
FTE reduction		(75,260)	(2.0)		(75,260)	(2.0)
FTE reduction		(56,934)	(1.0)		(56,934)	(1.0)
FTE reduction - OE		(10,823)			(10,823)	
reduced federal funds		(2,412,604)			(2,412,604)	
<i>Unemployment Insurance Services:</i>						
FTE reduction		(75,260)	(2.0)		(75,260)	(2.0)
<i>Governor's Salary Policy</i>				21,815	598,257	-
Total:	-	(2,630,881)	(5.0)	21,815	(2,032,624)	(5.0)

Secretariat Administration:

- The Governor recommends a **reduction of \$75,260 and 2.0 FTEs** to better align budgeted FTE with historical usage.
- The Governor recommends a **reduction of \$56,934 and 1.0 FTE** in order to consolidate upper level accounting under BFM.
- The Governor recommends a **reduction of \$10,823** of supplies and materials federal fund authority in order to consolidate upper level accounting under BFM.
- The Governor recommends a **reduction of \$2,412,604** of federal fund authority due to reduced federal funds to grant out.
- The recommendation for salary policy is \$95,151.

Unemployment Insurance Services

- The Governor recommends a **reduction of \$75,260 and 2.0 FTEs** in order to better align budgeted FTE with historical usage.

Secretariat Administration

The mission of this division is to facilitate the improvement of the administration of the Department of Labor programs; to integrate the services available throughout the department; to improve and expand the labor market through job training services; to provide labor market information; to provide assistance to the professional and occupational licensing boards; to provide a centralized office for the financial activities of the department; and to provide centralized support services.

The total recommended budget for Secretariat Administration consists of \$18,945,348, and 52.5 FTEs.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	2,329,507	2,763,245	2,763,245	2,726,202	(37,043)	(1.3%)
Travel	121,558	212,100	212,100	212,100	-	0.0%
Contractual Services	3,123,692	4,382,925	4,382,925	4,382,925	-	0.0%
Supplies & Materials	320,179	800,600	800,600	789,777	(10,823)	(1.4%)
Grants And Subsidies	7,190,182	12,736,590	10,323,986	10,323,986	(2,412,604)	(18.9%)
Capital Outlay	389,861	510,358	510,358	510,358	-	0.0%
Other	2,249	-	-	-	-	0.0%
Total	13,477,228	21,405,818	18,993,214	18,945,348	(2,460,470)	(11.5%)
Funding Types						
General	200,000	200,000	200,000	200,000	-	0.0%
Federal	13,277,228	21,205,818	18,793,214	18,745,348	(2,460,470)	(11.6%)
Other	-	-	-	-	-	0.0%
Total	13,477,228	21,405,818	18,993,214	18,945,348	(2,460,470)	(11.5%)
FTE	48.3	55.5	55.5	52.5	(3.0)	(5.4%)

REVENUES - No Revenues Reported

- The Governor recommends a **reduction of \$75,260 and 2.0 FTEs** to better align budgeted FTEs with historical usage.
- The Governor recommends a **reduction of \$56,934 and 1.0 FTE** in order to consolidate upper level accounting under BFM.
- The Governor recommends a **reduction of \$10,823** of supplies and materials federal fund authority in order to consolidate upper level accounting under BFM.
- The Governor recommends a **reduction of \$2,412,604** of federal fund authority due to reduced federal funds to grant out.
- The recommendation for salary policy is \$95,151.

PERFORMANCE INDICATORS

	FY07			FY08			FY09
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
State Labor Force	442,324	434,803	(7,521)	443,996	439,267	(4,729)	444,911
Employed Labor Force	426,824	420,771	(6,053)	428,566	424,967	(3,599)	430,211
Unemployed Labor Force	15,500	14,032	(1,468)	15,400	14,300	(1,100)	14,700
Unemployment Rate	3.5%	3.5%	0.0%	3.5%	3.3%	-0.2%	3.3%
Requests for Labor Market Information	53,205	88,364	35,159	53,345	89,860	36,515	89,860
Labor Market Publications (Copies Disseminated)	119,385	103,539	(15,846)	48,610	34,805	(13,805)	29,250
Workforce Investment Act (WIA) Participants	4,000	3,112	(888)	4,000	3,000	(1,000)	3,000
WIA Adult Entered Employment Rate	72.0%	80.6%	8.6%	72.0%	79.0%	7.0%	81.0%
WIA Older Youth Entered Employment Rate	62.0%	82.2%	20.2%	62.0%	79.0%	17.0%	82.0%
WIA Dislocated Worker Entered Employ. Rate	76.0%	83.9%	7.9%	76.0%	85.0%	9.0%	86.0%
WIA Adult Retention Rate	77.0%	86.8%	9.8%	77.0%	84.0%	7.0%	86.0%
WIA Older Youth Retention Rate	62.0%	86.5%	24.5%	62.0%	85.0%	23.0%	86.0%
WIA Dislocated Worker Retention Rate	87.0%	94.6%	7.6%	87.0%	91.0%	4.0%	92.0%
Adult Basic Education ABE/GED Participants	5,100	3,732	(1,368)	5,000	3,800	(1,200)	3,800
Purchase orders and requisitions issued	250	587	337	500	500	0	500
Vouchers and checks processed	12,000	11,809	(191)	12,500	12,500	0	11,500
Mail pieces processed	1,500,000	1,382,838	2,162	1,000,000	1,000,000	0	1,000,000

Unemployment Insurance Service

The mission of the Division of Unemployment Insurance Service is to identify and register employers subject to the law, collect unemployment taxes in a timely manner, and ensure the accurate and prompt payment of benefits to eligible claimants.

The total recommended budget for Unemployment Insurance Service consists of \$4,902,898 in federal fund expenditure authority and 92.0 FTEs.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	3,504,338	4,154,104	4,154,104	4,227,174	73,070	1.8%
Travel	108,369	157,000	157,000	157,000	-	0.0%
Contractual Services	122,155	516,724	516,724	516,724	-	0.0%
Supplies & Materials	3	2,000	2,000	2,000	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
Total	3,734,865	4,829,828	4,829,828	4,902,898	73,070	1.5%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	3,737,865	4,829,828	4,829,828	4,902,898	73,070	1.5%
Other	-	-	-	-	-	0.0%
Total	3,737,865	4,829,828	4,829,828	4,902,898	73,070	1.5%
FTE	85.0	94.0	94.0	92.0	(2.0)	(2.1%)

REVENUES - No Revenues Reported

- The Governor recommends a **reduction of \$75,260 and 2.0 FTEs** in order to better align budgeted FTE with historical usage.
- The recommendation for salary policy is \$148,330.

PERFORMANCE INDICATORS

	<u>FY07</u>		Difference Over (Under) Estim.	<u>FY08</u>			<u>FY09</u>
	Original Estimate	Actual		Original Estimate	Current Estimate	Change in Estimate	Estimate
Applications for Benefits	22,000	19,188	(2,812)	22,000	20,000	(2,000)	20,000
Number of Weekly Payments	120,000	89,233	(30,767)	110,000	95,500	(14,500)	95,500
Average Weekly Payment	\$222	\$225	\$3	\$225	\$235	\$10	\$245
Average Number of Weekly Payments	12.2	11.2	0.0	11.8	11.6	0.0	11.6
Average Total Payment	\$2,708	\$2,520	(\$188)	\$2,655	\$2,726	\$71	\$2,842
Individuals Receiving Payments	9,800	7,985	(1,815)	9,300	8,200	(1,100)	8,200
% of First Payments Made Within 14 Days	97.0%	97.4%	0.4%	97.0%	97.0%	0.0%	97.0%
Total Dollars Paid*	\$26,600,000	\$20,129,652	(\$6,470,348)	\$24,800,000	\$23,000,000	(\$1,800,000)	\$24,000,000
Federal Claims Reimbursed by Fed Govt.	\$3,000,000	\$2,404,630	(\$595,370)	\$3,600,000	\$2,400,000	(\$1,200,000)	\$2,450,000
State Nonprofit Claims Reimb. by Employer	\$1,500,000	\$1,145,457	(\$354,543)	\$1,400,000	\$1,200,000	(\$200,000)	\$1,250,000
Employers Paying UI Tax	25,000	24,873	(127)	25,500	25,300	(200)	25,700
UI Taxes Paid	\$20,900,000	\$22,222,490	\$1,322,490	\$28,600,000	\$27,000,000	(\$1,600,000)	\$29,000,000
Trust Fund Balance	\$6,400,000	\$20,385,089	\$13,985,089	\$23,000,000	\$24,400,000	\$1,400,000	\$30,500,000

Field Operations

The mission of the Field Operations division is to provide basic labor exchange services for applicants and employers, to implement employment and training programs, and to provide work assessment activities for the public through a statewide network of career centers.

The total recommended budget for Field Operations consists of \$10,615,805 in federal fund expenditure authority and 192.5 FTEs.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	7,436,015	8,674,796	8,674,796	8,989,248	314,452	3.6%
Travel	108,325	161,700	161,700	161,700	-	0.0%
Contractual Services	1,184,935	1,434,857	1,434,857	1,434,857	-	0.0%
Supplies & Materials	19,897	30,000	30,000	30,000	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
Total	8,749,172	10,301,353	10,301,353	10,615,805	314,452	3.1%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	8,749,172	10,301,353	10,301,353	10,615,805	314,452	3.1%
Other	-	-	-	-	-	0.0%
Total	8,749,172	10,301,353	10,301,353	10,615,805	314,452	3.1%
FTE	178.8	192.5	192.5	192.5	-	0.0%

REVENUES - No Revenues Reported

➤ The recommendation for salary policy is \$314,452.

PERFORMANCE INDICATORS

	<u>FY07</u>			<u>FY08</u>			<u>FY09</u>
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
New and Renewed Job Applicants	75,000	78,811	3,811	70,000	70,000	0	70,000
Employer Job Orders Received	70,000	86,974	16,974	90,000	90,000	0	90,000
Entered Employment (Unduplicated)	32,000	30,501	(1,499)	31,000	31,000	0	31,000
Employment Retention Rate	70%	82%	12%	73%	82%	9%	83%
Entered Employment Rate	70%	72%	2%	72%	73%	1%	74%
Job Training Clients Served	4,000	3,112	(888)	4,000	3,000	(1,000)	3,000

State Labor Law Administration

The mission of this division is to investigate, adjudicate and/or settle disputes between employers, their employees and/or the Unemployment Insurance Division; to educate employers and employees as to their rights and duties; to collect illegally withheld wages on behalf of employees; to assure that all work-related injury reports filed with the division are processed and workers' compensation benefits due are paid to claimants; to process applications for status as a self-insured employer, certified medical case management plan, owner-operator of a truck as an independent contractor, or employer permitted to provide sub-minimum wages; to provide legal services to the Labor Department's boards and commissions; and to investigate, adjudicate and/or settle claims of housing and public accommodation discrimination, as well as educating citizens about such discrimination.

The total recommended budget for the State Labor Law Administration consists of \$1,498,852 and 20.5 FTEs.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	911,506	1,064,773	1,064,773	1,105,097	40,324	3.8%
Travel	22,754	31,085	31,085	31,085	-	0.0%
Contractual Services	202,056	298,004	298,004	298,004	-	0.0%
Supplies & Materials	19,168	36,740	36,740	36,740	-	0.0%
Grants And Subsidies	58	-	-	-	-	0.0%
Capital Outlay	4,805	-	-	-	-	0.0%
Other	25,551	27,926	27,926	27,926	-	0.0%
Total	1,185,898	1,458,528	1,458,528	1,498,852	40,324	2.8%
Funding Types						
General	625,293	647,448	647,448	669,263	21,815	3.4%
Federal	319,846	386,656	386,656	397,999	11,343	2.9%
Other	240,760	424,424	424,424	431,590	7,166	1.7%
Total	1,185,899	1,458,528	1,458,528	1,498,852	40,324	2.8%
FTE	18.6	20.5	20.5	20.5	-	0.0%

REVENUES

	<u>FY07</u>		Difference Over (Under) Estim.	<u>FY08</u>			<u>FY09</u>
	Original Estimate	Actual		Original Estimate	Current Estimate	Change in Estimate	Estimate
Workers' Compensation (WC) Self-Insurance							
Application Fees	50,000	42,000	(8,000)	50,000	42,000	(8,000)	42,000
WC Insurance Policy Fees	250,000	263,235	13,235	265,000	265,000	0	265,000
WC Managed Care Plan Fees	6,000	6,000	0	6,500	6,000	(500)	6,000
First Report Late Filing Fines	5,000	25,330	20,330	10,000	25,000	15,000	25,000
Total	311,000	336,565	25,565	331,500	338,000	6,500	338,000

➤ The recommendation for salary policy is \$40,324.

PERFORMANCE INDICATORS

	<u>FY07</u>			<u>FY08</u>			<u>FY09</u>
	Original Estimate	Actual	Difference Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Collective Bargaining Filings of Petitions for Hearing	30	44	14	40	45	5	45
Collective Bargaining Petitions Settled or Dismissed Prior to Hearing	20	10	(10)	15	10	(5)	10
Hearings Held to Arbitrate, Mediate, or Conduct Collective Bargaining Matters and Render Decisions	10	20	10	10	20	10	20
Wage Inquiries/Wage Law Complaints Filed	7,000/400	6,840/325	n/a	7,300/400	7,000/400	n/a	7,100/425
Private Industry Employees Affected by WC	312,000	321,600	9,600	325,000	328,000	3,000	330,000
Private Industry WC First Reports of Injury	21,000	21,516	516	21,600	21,600	0	21,700
New Filings of Private Industry WC Petitions	240	197	(43)	220	200	(20)	200
Private Industry WC Claims Settled or Dismissed Prior to Hearing	180	225	45	220	225	5	225
Private Industry WC Hrng Petitions Pending	420	421	1	410	420	10	420
Private Industry WC Claims Resulting in a Formal Hearing	25	25	0	25	25	0	25
Hearings Held to Mediate WC Matters	65	60	(5)	50	55	5	55
Prehearing Telephone Conferences in Workers' Compensation Matters	275	200	(75)	250	200	(50)	200
UI Appeals Filings of Petitions for Hearing	1,600	1,283	(317)	1,500	1,300	(200)	1,300
UI Appeals Resulting in Final Order of Decision	1,600	1,298	(302)	1,500	1,300	(200)	1,300
UI Appeals Pending	100	75	(25)	100	75	(25)	75
Human Rights Charges Received/Conciliated	115/6	201/3	n/a	110/10	165/5	n/a	165/5
Human Rights Case Closures	100	100	0	90	100	10	100
Human Rights Unsuccessful Conciliations	3	3	0	3	3	0	3
Human Rights Potential Charges	450	335	(115)	425	350	(75)	350
Human Rights Presentations/Education	15	15	0	15	15	0	15
Requests for Human Rights Information	125	180	55	150	180	30	180
Human Rights Negotiated Settlements	3	0	(3)	3	2	(1)	2
Wages Cases Assigned for Litigation	100	66	(34)	100	70	(30)	70

Board of Accountancy - Informational

The mission of this board is to protect the citizens of South Dakota from receiving inadequate accounting services by licensing qualified accountant applicants and monitoring continuing professional education and annual reporting requirements, as well as overseeing board enforcement of updated statutes and rules promulgated to regulate the practice of public accountancy. (SDCL 36-20B)

The total recommended budget for the Board consists of \$228,426 and 2.5 FTEs.

Item	Actual	Budgeted	Agency Req.	Gov Rec.	Inc/Dec	% Change
	FY07	FY08	FY09	FY09	FY09	From FY08
Personal Services	105,017	112,418	112,418	116,351	3,933	3.5%
Travel	14,312	18,900	18,900	18,900	-	0.0%
Contractual Services	98,595	57,775	57,775	57,775	-	0.0%
Supplies & Materials	7,871	8,100	8,100	8,100	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	3,283	27,300	27,300	27,300	-	0.0%
Other	-	-	-	-	-	0.0%
Total	229,078	224,493	224,493	228,426	3,933	1.8%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	229,079	224,493	224,493	228,426	3,933	1.8%
Total	229,079	224,493	224,493	228,426	3,933	1.8%
FTE	2.7	2.5	2.5	2.5	-	0.0%

REVENUES

	FY07			FY08			FY09
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Examination Fees	3,300	12,054	8,754	3,420	3,420	0	3,600
Reexamination Fees	35,000	36,959	1,959	5,200	5,200	0	6,000
New License Fees	8,800	3,765	(5,035)	4,550	4,550	0	4,550
Renewal Fees	151,550	157,190	5,640	156,250	156,250	0	158,000
Interest Income	7,000	8,747	1,747	7,200	8,200	1,000	8,200
Peer Review	5,000	3,525	(1,475)	6,100	5,000	(1,100)	5,000
Board Exam Fee	7,300	9,810	2,510	7,300	8,000	700	8,000
Name Changes	875	175	(700)	900	400	(500)	400
Late Fees	7,450	10,650	3,200	7,450	7,600	150	7,600
Notification	0	11,800	11,800	7,500	8,000	500	8,000
Total	226,275	254,675	28,400	205,870	206,620	750	209,350

PERFORMANCE INDICATORS

	FY07			FY08			FY09
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Licenses Renewed	2,092	1,570	(522)	2,092	1,600	(492)	1,600
New Licenses	139	93	(46)	100	100	0	100
Practitioners	1,624	1,525	(99)	1,690	1,575	(115)	1,575
Complaints: Received/Investigated/Resolved	22/22/16	11/11/9	n/a	18/18/15	15/15/13	n/a	15/15/13

Board of Barber Examiners - Informational

The mission of this board is to protect the public consumers of barber shop facilities from unsafe and unsanitary conditions by regulating the licensing of barbers; enforcing sanitary operating procedures; and updating governing statutes, rules, and regulations. (SDCL 36-14)

The total recommended budget for the Board consists of \$28,620 and 0.0 FTE.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	1,254	2,112	2,112	2,173	61	2.9%
Travel	2,343	3,475	3,475	3,475	-	0.0%
Contractual Services	18,088	21,522	21,522	21,522	-	0.0%
Supplies & Materials	1,142	1,450	1,450	1,450	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
Total	22,827	28,559	28,559	28,620	61	0.2%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	22,827	28,559	28,559	28,620	61	0.2%
Total	22,827	28,559	28,559	28,620	61	0.2%
FTE	-	-	-	-	-	0.0%

	<u>FY07</u>			<u>FY08</u>			<u>FY09</u>
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Application Fees	60	20	(40)	60	60	0	100
New License Fees	40	0	(40)	30	30	0	50
Renewal Fees*	16,000	22,630	6,630	23,670	22,705	(965)	22,705
Interest Income	1,500	518	(982)	800	650	(150)	650
Reciprocity Fees	420	560	140	550	550	0	560
New Shop Inspection	1,000	1,125	125	910	910	0	1,110
Temporary Licensure	20	0	(20)	20	20	0	100
Expired License Fees	30	30	0	30	30	0	36
Restoration Fees	200	120	(80)	156	156	0	150
Total	19,270	25,003	5,733	26,226	25,111	(1,115)	25,461

	<u>FY06</u>			<u>FY07</u>			<u>FY08</u>
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Licenses Renewed/New Practitioners	654/10	456/15	n/a	500/8	475/9	n/a	475/9
Examinations:	259	274	15	285	270	(15)	270
Nationally Prepared (Times Given)	2	2	0	3	2	(1)	2
Applicants Examined	2	2	0	3	2	(1)	2
Applicants Passed (Includes Reexams)	2	2	0	3	2	(1)	2
Inspections	180	150	(30)	175	154	(21)	155
Inquiries Received and Answered	500	500	0	500	500	0	510
Board Meetings Held	2	2	0	2	2	0	2

Cosmetology Commission - Informational

The mission of the Cosmetology Commission is to ensure the health, welfare, and safety of consumers of cosmetology, esthetics, and nail technology services by examining and licensing qualified practitioners; to conduct inspections of salons, booths, and schools; to enforce statutes, rules, and regulations governing the practice of cosmetology, esthetics, and nail technology; to investigate and resolve complaints; and to improve the curriculum of schools and the examination procedures. (SDCL 36-15)

The recommended budget for the Cosmetology Commission consists of \$226,677 and 3.0 FTEs.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	118,195	127,440	127,440	131,544	4,104	3.2%
Travel	30,544	32,273	32,273	32,273	-	0.0%
Contractual Services	41,695	52,134	52,134	52,134	-	0.0%
Supplies & Materials	11,677	10,058	10,058	10,058	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	690	668	668	668	-	0.0%
Other	-	-	-	-	-	0.0%
Total	202,801	222,573	222,573	226,677	4,104	1.8%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	202,801	222,573	222,573	226,677	4,104	1.8%
Total	202,801	222,573	222,573	226,677	4,104	1.8%
FTE	2.8	3.0	3.0	3.0	-	0.0%

<u>REVENUES</u>	<u>FY07</u>			<u>FY08</u>			<u>FY09</u>
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Examination Fees	11,500	12,560	1,060	12,500	18,000	5,500	19,500
Reexamination Fees	3,300	3,980	680	3,300	2,000	(1,300)	2,000
New License Fees	24,000	24,108	108	25,000	17,000	(8,000)	20,000
Renewal Fees*	124,000	124,200	200	124,000	140,000	16,000	158,000
Materials Sold/Miscellaneous	3,000	1,744	(1,256)	4,500	2,000	(2,500)	1,500
Interest Income	3,500	2,741	(759)	3,500	3,000	(500)	3,000
Temporary Licenses	1,800	1,446	(354)	1,500	1,500	0	1,500
Certifications	2,000	1,900	(100)	2,000	2,000	0	2,000
Reciprocity	8,000	8,700	700	8,000	8,500	500	8,500
Penalty Fees	10,900	17,525	6,625	10,000	20,000	10,000	25,000
Instructor Seminars	3,900	3,895	(5)	3,900	3,900	0	3,900
Total	195,900	202,799	6,899	198,200	217,900	19,700	244,900

<u>PERFORMANCE INDICATORS</u>	<u>FY07</u>			<u>FY08</u>			<u>FY09</u>
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Licenses Renewed	6500	6482	(18)	6500	6500	0	6500
Licenses New	1,500	1,197	(303)	1,500	1,500	0	1,500
Practitioners	7,900	4,974	(2,926)	7,900	5,000	(2,900)	5,000
Complaints:							
Received/Investigated/Resolved	8/8/8	19/19/16	n/a	10/10/10	10/10/10	n/a	10/10/10

Plumbing Commission - Informational

The mission of the Plumbing Commission is to protect the public from unsafe drinking water and unsafe waste disposal facilities by licensing qualified plumbers; to inspect plumbing installations and ensure that the state plumbing code is updated and distributed; to inform plumbers, inspection departments, and the public of code requirements, new products, and methods of installation; and to utilize seminars and the media to provide information of the board's activities, recommendations, and requirements. (SDCL 36-25)

The total recommended budget for the Plumbing Commission consists of \$521,408 and 7.0 FTEs.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	300,986	309,834	309,834	321,308	11,474	3.7%
Travel	95,755	94,000	94,000	94,000	-	0.0%
Contractual Services	36,868	43,900	43,900	43,900	-	0.0%
Supplies & Materials	29,893	62,200	62,200	62,200	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	868	-	-	-	-	0.0%
Other	710	-	-	-	-	0.0%
Total	465,080	509,934	509,934	521,408	11,474	2.3%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	465,079	509,934	509,934	521,408	11,474	2.3%
Total	465,079	509,934	509,934	521,408	11,474	2.3%
FTE	7.0	7.0	7.0	7.0	-	0.0%

	<u>FY07</u>			<u>FY08</u>			<u>FY09</u>
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Examination Fees	8,000	8,950	950	12,000	9,000	(3,000)	9,000
Reexamination Fees	1,000	1,150	150	1,000	1,000	0	1,000
New License Fees	25,000	16,485	(8,515)	23,000	18,000	(5,000)	18,000
Renewal Fees	235,000	247,360	12,360	245,000	246,000	1,000	246,000
Materials Sold	15,000	17,895	2,895	15,000	15,000	0	15,000
Interest Income	6,000	8,482	2,482	6,000	8,000	2,000	8,000
Temporary Licenses	600	450	(150)	500	500	0	500
License Directories/Seminar Registrations	500	469	(31)	500	500	0	500
Reciprocity Fees	1,000	3,760	2,760	2,500	3,500	1,000	3,500
Inspection Certificates	6,600	7,378	778	9,000	7,500	(1,500)	7,500
Inspection Fees	165,000	148,861	(16,139)	175,000	150,000	(25,000)	150,000
Total	463,700	461,240	(2,460)	489,500	459,000	(30,500)	459,000

PERFORMANCE INDICATORS

	<u>FY07</u>			<u>FY08</u>			<u>FY09</u>
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Licenses Renewed	2,100	2,363	263	2,200	2,200	0	2,350
New Licenses	334	331	(3)	400	400	0	325
Practitioners	2,434	2,694	260	2,600	2,600	0	2,675
Complaints:							
Received/Investigated/Resolved	30/30/30	66/66/63	n/a	30/30/30	70/70/68	n/a	70/70/67

Board of Technical Professions - Informational

The mission of the Board is to protect the consumer from using the services of unqualified professional engineers, land surveyors, architects, landscape architects, and petroleum release assessors and remediators by the administration of examinations and registrations of qualified people; to promote high levels of professionalism through communication of board activities with registrants and the public; and to conduct disciplinary actions. (SDCL 36-18A)

The total recommended budget for the Board consists of \$330,551 and 3.0 FTEs.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	130,609	144,242	144,242	149,410	5,168	3.6%
Travel	19,808	28,900	28,900	28,900	-	0.0%
Contractual Services	74,953	120,041	120,041	120,041	-	0.0%
Supplies & Materials	8,943	27,200	27,200	27,200	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	5,403	5,000	5,000	5,000	-	0.0%
Other	-	-	-	-	-	0.0%
Total	239,716	325,383	325,383	330,551	5,168	1.6%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	239,716	325,383	325,383	330,551	5,168	1.6%
Total	239,716	325,383	325,383	330,551	5,168	1.6%
FTE	3.0	3.0	3.0	3.0	-	0.0%

	<u>FY07</u>			<u>FY08</u>			<u>FY09</u>
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Application Fees	50,000	62,010	12,010	50,000	50,000	0	50,000
Examination Fees	100	50	(50)	400	400	0	400
Renewal Fees	225,000	258,350	33,350	120,000	120,000	0	200,000
Materials Sold	0	170	170	100	100	0	0
Interest Income	6,000	4,543	(1,457)	3,000	3,000	0	3,000
Late Renewal Penalties	5,000	7,820	2,820	3,000	3,000	0	7,500
Penalties	2,000	11,411	9,411	3,000	3,000	0	3,000
Total	288,100	344,354	56,254	179,500	179,500	0	263,900

	<u>FY06</u>			<u>FY07</u>			<u>FY08</u>
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Licenses Renewed	2,000	1851	(149)	2000	2,000	0	2,000
Licenses New	300	243	(57)	300	300	0	400
Practitioners	6,000	5,863	(137)	5,600	5,600	0	5,600
Complaints: Received/Investigated/Resolved	25/25/25	14/14/12	n/a	29/29/25	29/29/25	n/a	30/30/30

Electrical Commission - Informational

The mission of the Electrical Commission is to safeguard persons and property from hazards arising from the use of electricity through the use and enforcement of the National Electrical Code (NEC); to inspect electrical installations and ensure compliance throughout the state; to ensure the state electrical code is updated and distributed; to inform electricians, inspection departments, and the general public of code requirements, new products required by the NEC, and standardized methods of installation; and to utilize seminars and the media to provide information of the commission's activities, recommendations, and requirements. (SDCL 36-16)

The total recommended budget for the Electrical Commission consists of \$1,457,471 and 22.5 FTEs.

Item	Actual FY07	Budgeted FY08	Agency Req. FY09	Gov Rec. FY09	Inc/Dec FY09	% Change From FY08
Personal Services	837,117	953,865	953,865	987,012	33,147	3.5%
Travel	268,325	322,859	322,859	322,859	-	0.0%
Contractual Services	82,565	95,000	95,000	95,000	-	0.0%
Supplies & Materials	35,298	46,600	46,600	46,600	-	0.0%
Grants And Subsidies	1,337	-	-	-	-	0.0%
Capital Outlay	-	6,000	6,000	6,000	-	0.0%
Other	-	-	-	-	-	0.0%
Total	1,224,642	1,424,324	1,424,324	1,457,471	33,147	2.3%
Funding Types						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	1,224,641	1,424,324	1,424,324	1,457,471	33,147	2.3%
Total	1,224,641	1,424,324	1,424,324	1,457,471	33,147	2.3%
FTE	20.2	22.5	22.5	22.5	-	0.0%

<u>REVENUES</u>	<u>FY07</u>			<u>FY08</u>			<u>FY09</u>
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Examination Fees	8,000	7,320	(680)	7,000	7,000	0	7,000
Re-examination Fees	1,000	1,040	40	800	1,000	200	1,000
New License Fees	50,000	29,920	(20,080)	40,000	40,000	0	40,000
Renewal Fees	20,000	31,480	11,480	140,000	140,000	0	20,000
Materials Sold	1,000	1,160	160	2,000	2,000	0	2,000
Interest Income	30,000	27,139	(2,861)	30,000	30,000	0	25,000
Inspection Fees	1,050,000	1,110,436	60,436	1,050,000	1,183,000	133,000	1,183,505
Wiring Permits	40,000	91,683	51,683	75,000	100,000	25,000	100,000
Reciprocity Fees	5,000	7,780	2,780	6,000	6,000	0	8,000
Re-instatement Fees	4,000	18,600	14,600	1,000	1,000	0	20,000
Undertaking Fees	5,000	10,599	5,599	5,000	5,000	0	10,000
Total	1,214,000	1,337,157	123,157	1,356,800	1,515,000	158,200	1,416,505

PERFORMANCE INDICATORS

	FY07			FY08			FY09
	Original Estimate	Actual	Diff. Over (Under) Estim.	Original Estimate	Current Estimate	Change in Estimate	Estimate
Licenses Renewed	1000	773	(227)	3000	3000	0	800
Licenses New	1,500	992	(508)	1,500	1,500	0	1,000
Practitioners	6,500	5,162	(1,338)	6,500	6,000	(500)	6,000
Complaints: Received/Investigated/Resolved	5/5/5	7/7/7	n/a	5/5/5	5/5/5	n/a	7/7/7

Other Departmental Issues

A. Budget Transfers (FY07 and FY08 year-to-date)

\$225,000 no FTE	Base transfer	07/26/2006 approved by BFM
The Department of Labor transferred \$225,000 federal fund authority within Field Operations and from Field Operations to the Labor and Management Unemployment Insurance Appeals Activity. This is a base transfer involving both personal services and operating expenses. The funds transferred will be used to cover shortfalls in the areas of rent, janitorial, telecommunications, and postage. Funds are available due to excess federal authority in personal services.		
		Total of all transfers: \$225,000

B. Audit Findings

There were no audit findings.

C. General Fund Reversions

General Fund Reversions FY03-FY07

FY03- \$ 18,426
FY04- \$ 47,852
FY05- \$ 31
FY06- \$ 00
FY07- \$ 00

D. Letters of Intent

There were no FY08 letters of intent issued.

E. Committee Questions

The Committee did not issue any questions to this department prior to session.

October 26, 2007

STATE ELECTRICAL COMMISSION



South Dakota Legislative Research Council

Frequently Asked Questions

The purpose of this FAQ sheet is to provide information to the Joint Committee on Appropriations regarding *Informational Budgets* in the South Dakota budgetary system. The information was compiled by the Legislative Research Council with assistance from the Department of Legislative Audit and the Government Operations and Audit Committee.

When and why was this fund created?

The State Electrical Commission was established by the 1963 Legislature. The enacting legislation established fees for licensing and inspecting, which have been amended over the years. The mission of the State Electrical Commission is to safeguard persons and property from hazards arising from the use of electricity. (SDCL 36-16)

Where does the revenue come from?

Inspection fees (\$1.1 million) are the major source of revenue of the Commission. The biennial license fees are also a significant revenue source with revenue ranging from \$60,000 to \$200,000 depending on the renewal cycle. License fees are set by Statute (SDCL 36-16-17) and the inspection fees are set by Administrative Rule (20:44). Inspection fees are paid for new residential installation, service connections, circuit installation or alteration, remodeling work, field irrigation systems, mobile home service, recreational vehicle service, swimming pools, carnivals and seasonal dwellings, wiring permits, and modular homes and structures manufactured out-of-state. License fees are paid by the class of electricians who may be licensed under this chapter including electrical contractor, journeyman electrician, class B electrician, electrical inspector, inactive class B electrician, and maintenance electrician.

What spending restrictions exist on the fund?

All reasonable and necessary expenses incurred in conducting the business of the State Electrical Commission are allowed. Money collected for the Electrical Commission shall be kept by the secretary/treasurer and disbursed only on warrants signed by the president, secretary/treasurer, and executive director. The Commission is accounted for as an enterprise fund. An enterprise fund is a proprietary fund type used to account for operations that are financed and operated in a manner similar to private business, where the intent of the governing body is that the cost of providing services to the public on a continuing basis be financed or recovered primarily through user charges or fees.

Has the original purpose of the fund changed?

No, the original purpose has not had any significant changes.

Is the fund on the state accounting system? What is the timing of the Fiscal Year?

The fund is on the state accounting system and the fiscal year runs the same as the state fiscal year which is from July 1 to June 30.

What oversight exists?

An Independent Accountants' Report On Applying Agreed-Upon Procedures was performed by Ketel Thorstenson, LLP for the fiscal year ending June 30, 2004. The Government Operations and Audit Committee is currently reviewing the Electrical Commission fund. The Appropriations Committee has an annual budget hearing for the Department of Labor including the Electrical Commission. The informational budget of the commission is included in the Governor's budget request and the General Appropriations Bill, which is acted on by the Legislative Body. Fees are set in codified law or the rulemaking process.

The following response was submitted on behalf of the Electrical Commission:

- The \$987,105 cash balance shown for June 30, 2007 includes \$107,369 from the undertaking fund which is a bonding account statutorily established and restricted which can only be used for compensation in the case of incomplete or substandard licensed electrical installations. Also, \$740,693 of the cash balance is deferred revenue which are unearned fees received for electrical permits but the final inspections have not been completed. In addition, at June 30, 2007 the electrical commission had accounts payable of \$610, accrued wages payable at \$47,621, state central services payable of \$21,129, short term compensated absences payable of \$47,794 and long term compensated absences payable of \$43,277. Backing these amounts off from the \$987,105 June 30, 2007 cash balance leaves remaining unrestricted cash balance of \$85,981. The commission believes this is a minimal operating balance and has no plans to reduce below this level.

2007 Government Operations and Audit Committee "Blue Book" Other Fund Information

Department of Labor
State Accounting System - Other Fund Balances
Company 6503 - Electrical Commission

	FY2004	FY2005	FY2006	FY2007
1 Cash Pooled with State Treasurer	1,026,648.64	900,911.38	928,680.49	987,105.13
2 Total Assets	1,026,648.64	900,911.38	928,680.49	987,105.13
3				
4 Accounts Payable	-	-	-	-
5 Total Liabilities	-	-	-	-
6				
7 Reserve for Encumbrances	1,015.47	1,365.25	3,117.34	-
8 Unreserved Fund Balance	1,026,633.17	899,546.13	925,563.15	987,105.13
9 Total Fund Equity	1,026,648.64	900,911.38	928,680.49	987,105.13
10 Total Liabilities and Fund Equity	1,026,648.64	900,911.38	928,680.49	987,105.13
11				
12				
13 Licenses, Permits and Fees	1,071,326.08	1,090,507.66	1,348,761.68	1,269,483.97
14 Fines, Forfeits and Penalties	13,375.00	20,998.00	12,816.00	29,835.00
15 Use of Money and Property	49,523.30	32,274.46	27,012.30	27,138.93
16 Sales and Services	1,801.43	765.86	3,459.68	1,159.76
17 Other Revenue	-	269.00	64.24	-
18 Total Operating Revenue	1,136,025.81	1,144,814.98	1,392,113.80	1,327,617.66
19				
20 Personal Services and Benefits	762,039.46	815,851.94	882,285.45	837,117.02
21 Travel	248,074.06	275,410.03	300,213.57	268,324.65
22 Contractual Services	87,164.38	97,731.16	86,328.23	82,564.68
23 Supplies and Materials	50,593.75	30,984.57	50,037.41	37,998.10
24 Capital Outlay	24,503.69	50,574.54	5,511.41	1,754.27
25 Other Expense	-	-	150.00	-
26 Total Operating Expenditures/Expenses	1,172,375.34	1,270,552.24	1,324,526.07	1,227,758.72
27				
28 Transfers In	-	504,248.44	18,704.00	9,539.00
29 Transfers Out	-	(504,248.44)	(58,562.62)	(50,973.30)
30 Net Transfers In (Out)	-	-	(39,858.62)	(41,434.30)
31				
32 Net Change	(36,349.53)	(125,737.26)	27,729.11	58,424.64
33				
34 Beginning Fund Equity	-	1,026,648.64	900,911.38	928,680.49
35 Prior Period Adjustment	1,062,998.17	-	40.00	-
36 Ending Equity	1,026,648.64	900,911.38	928,680.49	987,105.13

Company: 6503**Company Name:** Professional & Licensing Boards**Fund Name:** Electrical Commission**Fund Type:** Enterprise

Purpose: This fund accounts for the Electrical Commission authorized by SDCL 36-15. Sources: License fees, renewal fees, penalty fees, and any other payments. The board is continuously appropriated for paying the expenses of administration. However, the total expense incurred by the board may not exceed the total money collected.

Budget Information: Included in the General Appropriations Bill as an informational budget.

Additional Information:

GOAC identified that Commission has approximately \$928,000 and are concerned with why there is a need for such a large cash balance.

Condition Statement revised by the Bureau of Finance and Management 12/21/2007

ELECTRICAL COMMISSION CONDITION STATEMENT (6503)				
	ACTUAL FY2006	ACTUAL FY2007	PROJECTED FY2008	PROJECTED FY2009
TOTAL RECEIPTS	1,410,818	1,337,157	1,515,000	1,416,505
TOTAL DISBURSEMENTS	1,383,089	1,278,732	1,466,294	1,500,900
NET (Receipts less Disbursements)	27,729	58,425	48,706	(84,395)
BEGINNING CASH BALANCE	900,911	928,680	987,105	1,035,811
Prior Year Adjustment	40			
ENDING CASH BALANCE	928,680	987,105	1,035,811	951,416

Prepared by the Bureau of Finance and Management

12/21/2007