

**State of South Dakota
Workforce Information Grant Annual Performance Report
July 1, 2012 through June 30, 2013**

Labor Market Information Center

**Economic Workforce Analysis Section of the
State Integrated Workforce Plan
(Workforce Investment Act Title I Wagner-Peyser Act)**

Economic and Workforce Information Analysis *South Dakota Current Economy and Projected Trends*

Gross domestic product (GDP) is the measurement of the output of goods and services produced by labor and property located in an area. Total GDP for South Dakota has increased by 59.1 percent since 2001. This is significant growth, in particular when compared to the national rate of 46.6 percent for the same time period.

Current data for the year 2011 show South Dakota's output is led by the finance and insurance manufacturing, health care and social assistance, and retail trade industry sectors.

2011 South Dakota Gross Domestic Product (millions of current dollars)

Industry	Value	Percent of
		Total
All Industry total	40,117	100.0%
Private Industries	35,022	87.3%
Finance and insurance	6,216	15.5%
Manufacturing	3,646	9.1%
Health care and social assistance	3,599	9.0%
Retail Trade	2,805	7.0%
Real estate and rental and leasing	3,262	8.1%
Agriculture, forestry, fishing, and hunting	4,368	10.9%
Wholesale trade	2,347	5.9%
Construction	1,325	3.3%
Information	917	2.3%
Transportation and warehousing, excluding Postal Service	971	2.4%
Professional and technical services	1,180	2.9%
Accommodation and food services	1,117	2.8%
Other services, except government	911	2.3%
Utilities	607	1.5%
Administrative and waste services	600	1.5%
Management of companies and enterprises	431	1.1%
Arts, entertainment, and recreation	341	0.9%
Educational services	260	0.6%
Mining	119	0.3%
Government	5,095	12.7%

Source: Bureau of Economic Analysis, U.S. Department of Commerce

The agriculture, forestry, fishing and hunting industry is a significant component of South Dakota’s economy. In 2011, the ratio of the agricultural industry compared to total GDP in South Dakota was 10.9 percent; the national rate was only 1.2 percent. This industry is very important for the survival of many smaller communities in our state as rural families typically have both farm and nonfarm jobs. In many cases, the nonfarm jobs provide most of the income; however the farm job is what ties the family to the rural community.

South Dakota’s Workforce

South Dakota has a significant number of self-employed and unpaid family workers because of the large number of farmers and ranchers and small nonfarm businesses in the state. The following table shows South Dakota employed persons by class of worker. The class of worker data is from the Current Population Survey, which measures the employment status of each resident based on a household survey. This survey measures employment by place of residence. The agricultural workers category includes both self-employed and unpaid family workers and wage and salary workers.

2011 South Dakota Employed Persons by Class of Worker

Class of Worker	Number of Workers
Agricultural Workers	34,800
Nonagricultural Wage & Salary Workers	357,200
Nonagricultural Self-employed & Unpaid Family Workers	29,100
Total Employed	421,000

Source: 2011 Current Population Survey; US Bureau of Labor Statistics

Current Employment Statistics (CES) Nonfarm Wage and Salaried Worker Levels

The U.S. Bureau of Labor Force (BLS) administers the Current Employment Statistics (CES) program, which conducts an employer survey to estimate the level of nonfarm wage and salaried workers. This survey measures jobs by place of work, regardless of place of residence.

The 2011 annual average level of nonfarm wage and salaried workers was 406,200, which reflects an increase of 27,500 (7.3 percent) compared to the 2001 level of 378,700. However, when comparing to the 2008 annual average of 411,400 nonfarm jobs, there has been a job loss of 5,200 workers, reflecting the influence of the most recent national recession.

There are approximately 78,000 workers in the state employed by government establishments. The following table provides detail regarding these workers.

**South Dakota Nonfarm Wage & Salaried Workers
Total 2011 Worker Level by Ownership**

Industry	Number of Workers	Percent Distribution
Statewide Total	406,200	100.0%
Total Private Industry	328,200	80.8%
Government	78,000	19.2%
Federal	11,500	2.8%
State	18,300	4.5%
State Education	9,100	2.2%
Local	48,100	11.8%
Local Education	25,300	6.2%

Source: DLR, LMIC

The private industry nonfarm establishments in South Dakota employing the most workers include healthcare, retail trade, leisure and hospitality, and manufacturing.

**2011 South Dakota Nonfarm Wage & Salaried Workers
Private Industry**

Industry	Number of Workers	Percent Distribution
Total Private Industry	328,200	100.0%
Health Care/Social Assistance	58,100	17.7%
Retail Trade	50,500	15.4%
Leisure/Hospitality	42,400	12.9%
Manufacturing	38,900	11.8%
Professional Business Services	28,500	8.7%
Financial Activities	28,000	8.5%
Mining/Logging/Construction	20,900	6.4%
Wholesale Trade	19,100	5.8%
Other Services	15,500	4.7%
Transportation/Warehousing/Utilities	12,600	3.8%
Services	7,300	2.2%
Information	6,400	2.0%

Source: DLR, LMIC

Overall, South Dakota fared relatively well during the recession and into the recovery stage, which was reflected by our unemployment rate being consistently much lower than the national rate. A comparison of the 2011 nonfarm worker levels to the prior year provides a snapshot of how the industries and regions fared as the nation moved towards recovery. This analysis will include statewide South Dakota, as well as the Metropolitan Statistical Areas (MSAs) and balance of state area.

Goods producing industries (which include mining, logging and construction plus manufacturing) in South Dakota had a gain of 1,900 workers (3.3 percent) during 2011. Service providing industries (which includes all other sectors except government) had a gain of 1,100 workers (0.3 percent).

South Dakota Statewide Nonfarm Wage & Salaried Workers by Industry				
Industry	2010 Annual Average	2011 Annual Average	Absolute Change	Percent Change
Total Nonfarm	403,200	406,200	3,000	0.7%
Total Private	324,500	328,200	3,700	1.1%
Goods Producing	57,900	59,800	1,900	3.3%
Service Providing	345,300	346,400	1,100	0.3%
Mining, Logging & Construction	21,000	20,900	-100	-0.5%
Manufacturing	36,900	38,900	2,000	5.4%
Wholesale Trade	18,600	19,100	500	2.7%
Retail Trade	49,500	50,500	1,000	2.0%
Transportation, Warehousing & Utilities	12,500	12,600	100	0.8%
Information	6,500	6,400	-100	-1.5%
Financial Activities	28,900	28,000	-900	-3.1%
Professional & Business Services	27,500	28,500	1,000	3.6%
Educational & Health Services	64,500	65,400	900	1.4%
Leisure & Hospitality	43,000	42,400	-600	-1.4%
Other Services (except Public Administration)	15,600	15,500	-100	-0.6%
Government	78,700	78,000	-700	-0.9%
<i>Note: Numbers may not add due to rounding.</i>				
<i>Source: Labor Market Information Center, SD Department of Labor and Regulation, March 2012.</i>				

The **mining, logging and construction** sector remained relatively stable over the year, with a 100 worker (.05 percent) loss. The construction industry accounts for most of the workers within this sector. Data published by the U.S. Census Bureau shows new privately owned housing permits in South Dakota did increase this past year, from 2,193 permits in 2010 to

2,939 in 2011. This compares to an overall decline of 1,204 (29.2 percent) permits for the 2008-2010 period, which corresponded with the loss of 2,300 workers (9.9 percent) in this industry for the same time period.

Manufacturing gained 2,000 workers (5.4 percent) from 2010 to 2011. This gain reflects a comeback from the recessionary losses that occurred during the years 2008 and 2009, with a total combined loss of 5,800 workers by the end of 2009. The manufacturing sector has experienced over-the-year employment gains since July 2010.

The **wholesale trade** sector increased by 500 workers (2.7 percent) during the year. The strong agriculture economy in South Dakota served as a solid source of support to the wholesale trade industry.

The **retail trade** sector gained 1,000 workers (2.0 percent) from 2010 to 2011.

Transportation, warehousing and utilities remained relatively stable over the year, increasing by 100 workers (0.8 percent). The **information** sector also remained relatively stable, with a loss of 100 workers (1.5 percent).

Worker levels in the **financial activities** industry dropped by 900 workers (1.4 percent). This continues the slightly downward trend of national and local credit card operations affected by legislated restrictive credit card laws. Banks not deeply involved with credit card operations remained relatively stable.

The **professional and business services** added 1,000 workers (3.6 percent). The professional and business service industry increase was the result of other industry businesses increasing output and therefore needing a higher level of services being provided by professional and business services.

The **education and health services** sector increased by 900 workers (1.4 percent). Approximately 200 workers were added within the private education sector, as educational institutions continue to expand their educational curriculum to meet expected workforce needs. *(Note: public education is classified within government.)*

An additional 700 workers were added within the **healthcare and social assistance sector**, continuing a lengthy growth trend. State healthcare worker numbers have increased every year since the data was first recorded in 1972. The continued worker demand in this industry is related to several factors, including continued population growth, an aging population and specialized procedures which require additional staff. As life expectancy increases related to medical advancements, people are living longer, with the older population typically using health care services more often.

Leisure and hospitality decreased by 600 workers (1.4 percent). **Other services** remained relatively stable with a loss of 100 workers (0.6 percent) from 2010 to 2011.

Total government reflected a loss of 700 workers (0.9 percent). This loss was shared by the federal government (400 workers or 3.4 percent) and local government (300 workers or 0.6 percent). The state government worker level was unchanged.

Rapid City Metropolitan Statistical Area (RCMSA) Nonfarm Worker Trends

The Rapid City MSA's total nonfarm worker level increased 900 (1.5 percent) from 2010 to 2011. Most industry sectors showed growth over the year or remained stable, with the exception of the information sector (loss of 100 workers or 10. percent) and leisure and hospitality (loss of 100 workers or 1.2 percent).

Rapid City Metropolitan Statistical Area (MSA) Nonfarm Wage & Salaried Workers by Industry				
Industry	2010 Annual Average	2011 Annual Average	Absolute Change	Percent Change
Total Nonfarm	60,500	61,400	900	1.5%
Total Private	49,700	50,500	800	1.6%
Goods Producing	6,800	6,900	100	1.5%
Service Providing	53,700	54,400	700	1.3%
Mining, Logging & Construction	4,300	4,400	100	2.3%
Manufacturing	2,500	2,500	0	0.0%
Wholesale Trade	2,000	2,000	0	0.0%
Retail Trade	8,700	9,000	300	3.4%
Transportation, Warehousing & Utilities	1,700	1,700	0	0.0%
Information	1,000	900	-100	-10.0%
Financial Activities	3,700	3,700	0	0.0%
Professional & Business Services	4,700	4,900	200	4.3%
Educational & Health Services	9,700	10,100	400	4.1%
Leisure & Hospitality	8,600	8,500	-100	-1.2%
Other Services (except Public Administration)	2,700	2,800	100	3.7%
Government	10,800	10,900	100	0.9%
<i>Note: Numbers may not add due to rounding.</i>				
<i>Source: Labor Market Information Center, SD Department of Labor and Regulation, March 2012.</i>				

Sioux Falls Metropolitan Statistical Area (SFMSA) Nonfarm Worker Trends

The Sioux Falls MSA total nonfarm worker level increased by 2,500 workers (1.9 percent) from 2010 to 2011. Most industry sectors added workers or remained stable, with the exception of the financial activities, which showed a drop of 500 workers (3.2 percent).

Sioux Falls Metropolitan Statistical Area (MSA) Nonfarm Wage & Salaried Workers by Industry				
Industry	2010 Annual Average	2011 Annual Average	Absolute Change	Percent Change
Total Nonfarm	193,900	197,300	3,400	1.8%
Total Private	170,100	173,400	3,300	1.9%
Goods Producing	25,400	25,800	400	1.6%
Service Providing	168,500	171,400	2,900	1.7%
Mining, Logging & Construction	10,900	11,000	100	0.9%
Manufacturing	14,400	14,800	400	2.8%
Wholesale Trade	8,700	9,000	300	3.4%
Retail Trade	25,200	26,300	1,100	4.4%
Transportation, Warehousing & Utilities	6,600	6,600	0	0.0%
Information	3,900	3,800	-100	-2.6%
Financial Activities	19,200	18,700	-500	-2.6%
Professional & Business Services	16,000	16,800	800	5.0%
Educational & Health Services	36,200	37,400	1,200	3.3%
Leisure & Hospitality	21,300	21,400	100	0.5%
Other Services (except Public Administration)	7,500	7,600	100	1.3%
Government	23,800	23,900	100	0.4%
<i>Note: Numbers may not add due to rounding.</i>				
<i>Source: Labor Market Information Center, SD Department of Labor and Regulation, March 2012.</i>				

Balance of State Nonfarm Worker Trends

The balance of state is comprised of all counties not defined as part of an MSA. Therefore, balance of state includes all counties except Pennington, Meade, Lincoln, Minnehaha, McCook and Turner. The remainder of state data allows one to see how industries are doing in the more rural areas of South Dakota.

Total nonfarm employment in this area suffered a minimal decline of 400 workers (0.2 percent). Private industries losing the most workers include leisure and hospitality (700 or 3.2 percent) and financial activities (400 or 4.1 percent). Manufacturing added the most workers (1,600 or 7.1 percent).

South Dakota Balance of State Area Nonfarm Wage & Salaried Workers by Industry				
Industry	2010 Annual Average	2011 Annual Average	Absolute Change	Percent Change
Total Nonfarm	209,300	208,900	-400	-0.2%
Total Private	154,400	154,800	400	0.3%
Goods Producing	32,500	34,000	1,500	4.6%
Service Providing	176,800	175,000	-1,800	-1.0%
Mining, Logging & Construction	10,100	9,900	-200	-2.0%
Manufacturing	22,500	24,100	1,600	7.1%
Wholesale Trade	9,900	10,100	200	2.0%
Retail Trade	24,300	24,200	-100	-0.4%
Transportation, Warehousing & Utilities	5,900	6,000	100	1.7%
Information	2,600	2,600	0	0.0%
Financial Activities	9,700	9,300	-400	-4.1%
Professional & Business Services	11,500	11,700	200	1.7%
Educational & Health Services	28,300	28,000	-300	-1.1%
Leisure & Hospitality	21,700	21,000	-700	-3.2%
Other Services (except Public Administration)	8,100	7,900	-200	-2.5%
Government	54,900	54,100	-800	-1.5%
<i>Note: Numbers may not add due to rounding.</i>				
<i>Source: Labor Market Information Center, SD Department of Labor and Regulation, March 2012.</i>				

As nonfarm wage and salaried workers are counted by their place of work, workers employed at multiple establishments are counted more than once. Many workers in South Dakota hold more than one job. South Dakota typically has one of the highest rates of multiple jobholding rates in the nation.

It is important to note high multiple jobholding rates in many states, particularly in the relatively less populous states in the West North Central and Mountain divisions (please see attached map of Census Bureau Regions), generally coincide with above-average incidence of both part-time employment and agricultural employment. As mentioned previously, South Dakota has a significant number of self-employed and unpaid family workers because of its large number of farmers and ranchers who work in the state, thus our state typically has a higher multiple jobholder rate than the national average rate of 4.9 percent in 2011.

In 2000, the South Dakota multiple jobholding rate was 9.0 percent. Since then, the rate peaked at 10.3 percent for the years 2009 and 2010. This period was a time of recovery from the national recession; most states experienced increases in multiple jobholding rates during this time period. The South Dakota rate for 2011 is currently estimated at 9.0 percent.

Labor Force

South Dakota's labor force statistics measure the number of residents who are currently employed or actively seeking employment. The 2011 annual average statistics estimate approximately 448,000 residents in the state participation in the labor force, with equates to a labor force participation rate of 70.8 percent.

The residents of South Dakota participate in the labor force at a very high rate. The most current annual Current Population Survey (CPS) figures show South Dakota's labor force participation rate was 70.8 percent in 2011. In other words, more than 70 percent of all residents age 16 years and older were in the labor force, either working or looking for work. This compares to a 2011 national average of 64.1 percent. Historically, South Dakota has consistently had higher rates of labor force participation compared to the national average.

South Dakota's participation rate of 70.8 percent tied with Vermont as the fourth-highest rate of all states. North Dakota had the highest rate at 73.4 percent, followed by Nebraska at 71.9 percent and Minnesota at 71.2 percent. Youth in South Dakota were also more active than all but two states as participants in the labor force. In 2011, 51.2 percent of the state's youth (age 16 to 19 years) were in the labor force, compared to the national rate of 34.1 percent. North Dakota had the highest rate at 53.6 percent, followed by Minnesota at 51.7 percent.

Since labor force participation is very high in South Dakota, a low unemployment rate is not unexpected. In 2011, the annual average not seasonally adjusted unemployment rate was 4.9 percent, compared to the national rate of 8.9 percent.

The Census Bureau's OnTheMap application provides information regarding where South Dakota workers are employed. The table below references the 2010 annual data available from OnTheMap and reflects the commuting patterns of workers. As a primary job is the highest paying job for an individual worker for the year, the count of primary jobs is the same as the count of workers. Approximately 95 percent of South Dakota workers work in South Dakota.

Where Workers Who are Employed in South Dakota Live

2010 Primary Jobs

States	Count	Share
South Dakota	330,535	94.80%
Iowa	5,756	1.70%
Minnesota	4,818	1.40%
Nebraska	3,447	1.00%
North Dakota	1,151	0.30%
Wyoming	829	0.20%
California	214	0.10%
Colorado	154	>0.1%
Texas	150	>0.1%
Illinois	134	>0.1%
All Other States	1,389	0.4%
Total Primary Jobs	348,577	100.00%

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics.

Projected Growth and Decline of South Dakota Industries

A review of private industries based on the three-digit North American Industrial Classification System (NAICS) codes show the fastest growing industry will be ambulatory health care services, which is projected to require the largest number of workers from 2010 through 2020, with an expected need of an additional 4,188 workers.

South Dakota Projected Fastest Growing Industries

Industry	2010 Workers	2020 Workers	Worker Growth	Percent Growth
Ambulatory Health Care Services	14,700	18,890	4,190	28.5%
Waste Management and Remediation Service	790	975	185	23.4%
Construction of Buildings	5,180	6,325	1,145	22.1%
Museums, Historical Sites and Similar Institution	490	590	100	20.4%
Wholesale Electronic Markets and Agents and Brokers	1,420	1,700	280	19.7%
Securities, Commodity Contracts and Other Financial Investments and Related Activities	715	845	130	18.2%
Support Activities for Transportation	780	920	140	17.9%
Fabricated Metal Product Manufacturing	3,435	4,020	585	17.0%
Computer and Electronic Product Manufacturing	2,140	2,480	340	15.9%
Couriers and Messengers	1,235	1,425	190	15.4%

Source: South Dakota Department of Labor and Regulation, LMIC, June 2012.

Notes: Data is preliminary and subject to revision. Industries with fewer than 200 workers in 2010 were excluded.

Other industries expected to experience a high rate of worker growth and needed a higher level of workers include construction of buildings, fabricated metal product manufacturing and computer and electronic manufacturing.

There are actually only a few industries which are expected to have a declining rate of workers, including telecommunications, broadcasting (except internet) and agricultural, forestry, fishing and hunting.

Projected In Demand Occupations

Industry trends have a large impact on the future demand for workers in both the agricultural and nonagricultural industries. The short-term occupational projections for 2011-2013 indicate the majority of job growth will be within the production, office/administrative support, business and financial operations, education and training, and construction occupational groups. Job openings can also be used to provide a picture of short-term demand for workers.

The following table shows the occupations with more than 1,000 openings registered with the DLR local offices in 2011.

2011 South Dakota Jobs with the Most Openings

Occupational Title	Number of Openings
Laborers and Freight, Stock, and Material Movers, Hand	5,437
Customer Service Representatives	4,025
Retail Salespersons	1,886
Construction Laborers	1,753
Nursing Assistants	1,689
Maids and Housekeeping Cleaners	1,603
Heavy and Tractor-Trailer Truck Drivers	1,387
Cashiers	1,373
Waiters and Waitresses	1,306
Landscaping and Groundskeeping Workers	1,194
Registered Nurses	1,190
Combined Food Preparation and Serving Workers, Including Fast Food	1,099
Slaughterers and Meat Packers	1,053
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	1,021
Helpers - Production Workers	1,006

Source: South Dakota Department of Labor and Regulation, LMIC

Other than the registered nurses, none of the occupations in the DLR local office list of most job openings require postsecondary education. These types of occupations have higher turnover and require a large number of workers to keep them staffed.

The long-term demand for workers is captured through 2010-2020 occupational projections, which provide information about the future need for workers. The projections data estimate

the demand for new workers needed to fill jobs due because of growth or replacement of workers leaving the work force. The South Dakota 2010-2020 occupational projections indicate several of the fastest growing occupations will require postsecondary education and/or training.

South Dakota Projected Fastest Growing Occupations

Occupational Title	2010 Workers	2020 Workers	Worker Growth	Percent Change
Network Systems and Data Communications Analysts	455	655	200	44.0%
Physician Assistants	425	585	160	37.6%
Personal Financial Advisors	310	415	105	33.9%
Physical Therapist Assistants	285	375	90	31.6%
Computer-Controlled Machine Tool Operators, Metal and Plastic	285	375	90	31.6%
Computer Software Engineers, Applications	435	570	135	31.0%
Medical Assistants	1,190	1,545	355	29.8%
Personal and Home Care Aides	2,310	2,985	675	29.2%
Extruding, Forming, Pressing and Compacting Machine Setters, Operators and Tenders	450	580	130	28.9%
Helpers—Carpenters	515	660	145	28.2%
Compliance Officers, Except Agriculture, Construction, Health and Safety, and Transportation	1,035	1,320	285	27.5%
Pharmacy Technicians	1,155	1,460	305	26.4%
Surgeons	255	320	65	25.5%
Industrial Engineers	335	420	85	25.4%

Source: South Dakota Department of Labor and Regulation, LMIC, June 2012.

Notes: Data is preliminary and subject to revision. Occupations with fewer than 200 workers in 2010 were excluded.

Workforce Skills and Knowledge for Current and Future Employment Needs

There are 34 occupations that will need more than 100 workers per year through 2020. Of these 34 occupations, those which require postsecondary education are:

- Registered Nurses
- Elementary School Teachers, Except Special Education
- Accountants and Auditors
- Secondary School Teachers, Except Special and Vocational Education
- Licensed Practical and Licensed Vocational Nurses
- General and Operations Managers

Other projected critical jobs/occupations will include several of the healthcare practitioners, technical and support occupations, as well as some education occupations.

Medical records and health information technicians will need more than 40 workers per year. Pharmacists, as well as radiologic technologists and technicians will need more than 30 workers per year. Physical therapists, surgical technologists, medical and clinical laboratory technologists, physician assistants, dental hygienists and family and medical practitioners will all need more than 20 new workers per year. Special education, middle school, kindergarten and preschool teachers will require 20 or more new workers per year.

The following table shows the projected occupational growth by the level of education typically needed for entry level positions. Occupations that require no postsecondary education are projected to be slower growing than those that require postsecondary education. The combined categories of less than high school and high school diploma or equivalent are expected to grow at 7.9 percent and need over 10,000 workers per year through the year 2020. Occupations requiring some postsecondary education (with no award) will be growing at 12.2 percent, generating about 700 jobs annually from 2010-2020. Occupations requiring a bachelor's degree are expected to have a growth of 11.7 percent, requiring over 1,600 workers per year. Even though many of the fastest-growing occupations require college degrees, the greatest demand for jobs will be for occupations that require basically no postsecondary education.

**South Dakota Occupational Employment Projections
by Level of Education Typically Needed for Entry**

Level	2010 Workers	2020 Workers	Numeric Change	Percent Change	Average Annual Openings	Percent of Total
Less than high school	131,320	140,865	9,545	7.3%	5,030	36.1%
High school diploma or equivalent	194,220	210,550	16,330	8.4%	5,460	39.2%
Some postsecondary, no award	22,035	24,730	2,695	12.2%	717	5.1%
Associate degree	18,681	21,357	2,676	14.3%	658	4.7%
Bachelor's degree	47,290	52,800	5,510	11.7%	1,622	11.7%
Master's degree	5,210	5,800	590	11.3%	178	1.3%
Doctoral or professional degree	8,365	9,455	1,090	13.0%	253	1.8%
Total	427,121	465,557	38,436	9.0%	13,919	100.0%

Notes: Data is preliminary and subject to revision. Occupations with fewer than 200 workers in 2010 were excluded. Worker data for 2010 and 2020 rounded to nearest five. These summed data by education level based only on detailed occupational data which is published; non-published data not included in sums.

Source: SD Department of Labor and Regulation, LMIC, June 2012.

Information regarding specific employer needs regarding labor resources was gathered by the LMIC via an online survey in August 2008. This survey was conducted to identify the workforce challenges facing all South Dakota industries. South Dakota employers had the opportunity to participate in this survey to indicate their workforce needs based on current requirements, as well as anticipated future needs. This information was tabulated and analyzed in order to identify, quantify and address the current and future workforce needs of South Dakota employers. The overall survey response rate was 28 percent. Soon after this survey was conducted, South Dakota was impacted by the national recession. However, as the state economy rebounds from the recession, it is believed that the workforce challenges information gathered in August 2008 is once again a concern for South Dakota employers.

The occupations with the highest level of immediate demand focused on jobs that require no postsecondary education, which mimics the DLR local office list of most job openings. Once again, these types of occupations have higher turnover and require a large number of workers to keep them staffed. There were several occupations that required postsecondary education, including accountants and auditors, several information technology occupations and management occupations. However, the perceived demand for these occupations was not as great as for occupations that did not require postsecondary education.

Characteristics and Employment – related Needs of the State Population

State population estimates produced by the U.S. Census Bureau are currently dated, with the most current projections produced in 2005. The series produced at that time projected the South Dakota total population to be 801,939, which is lower than the 2010 Census count of 814,180. The 2011 population estimates currently show a total of 824,082 state residents.

Although more current population projections are not yet available, Proximity, a private vendor, publishes projections by state and predicts a total population of 894,801 in South Dakota by the year 2020, an increase of 9.6 percent compared to the 2010 Census count of 816,094. Projections by county show that most of the counties included in the Rapid City and Sioux Falls Metropolitan Statistical Areas (MSAs) will be the fastest growing, with Lincoln County leading with an expected growth rate of 40.3 percent.

Diverse Subpopulations – Race and Ethnicity

American Community Survey (ACS) data produced by the U.S. Census Bureau shows the greatest percent of the state population by race is comprised of White residents (87.7 percent). The next largest group is American Indian and Alaskan Native (10.3 percent). Regarding ethnicity, 2.5 percent of South Dakota's population is Hispanic or Latino.

South Dakota Population by Race and Ethnicity

	Number	Percent
Total population	816,463	100.0%
White	716,434	87.7%
Black or African American	13,922	1.7%
American Indian and Alaska Native	84,460	10.3%
Asian	10,717	1.3%
Native Hawaiian and Other Pacific Islander	408	0.0%
Some other race	7,769	1.0%
Hispanic or Latino	20,467	2.5%

Source: U.S. Census Bureau, 2010 American Community Survey

Diverse Subpopulations – Linguistics

The ACS data available for the linguistics of our state population show that a high majority of state residents (92.5 percent) speak only English. Of those residents which have the ability to speak in other languages, very few (less than one percent) speak English 'not well' or 'not well at all'.

AGE BY LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER

Language Spoken	5 to 17 years	18 to 64 years	65+ years	Total	Percent of Total
Total	144,592	496,476	117,907	758,975	100.0%
Speak only English	131,461	459,838	110,981	702,280	92.5%
Speak Spanish:	4,451	9,999	985	15,435	2.0%
<i>Speak English "very well"</i>	3,369	5,640	843	9,852	1.3%
<i>Speak English "well"</i>	624	1,986	142	2,752	0.4%
<i>Speak English "not well"</i>	403	1,948	0	2,351	0.3%
<i>Speak English "not at all"</i>	55	425	0	480	0.1%
Speak other Indo-European Languages:	2,395	9,408	3,587	15,390	2.0%
<i>Speak English "very well"</i>	2,200	8,148	2,807	13,155	1.7%
<i>Speak English "well"</i>	96	923	604	1,623	0.2%
<i>Speak English "not well"</i>	99	337	118	554	0.1%
<i>Speak English "not at all"</i>	0	0	58	58	0.0%
Speak Asian/Pacific Island Languages:	676	4,737	97	5,510	0.7%
<i>Speak English "very well"</i>	377	2,028	97	2,502	0.3%
<i>Speak English "well"</i>	299	806	0	1,105	0.1%
<i>Speak English "not well"</i>	0	1,593	0	1,593	0.2%
<i>Speak English "not at all"</i>	0	310	0	310	0.0%

Language Spoken	5 to 17 years	18 to 64 years	65+ years	Total	Percent of Total
Speak other languages:	5,609	12,494	2,257	20,360	2.7%
Speak English "very well"	3,459	9,891	1,979	15,329	2.0%
Speak English "well"	1,353	1,104	230	2,687	0.4%
Speak English "not well"	797	1,276	48	2,121	0.3%
Speak English "not at all"	0	223	0	223	0.0%

Source: 2010 ACS, U.S. Census Bureau

Diverse Subpopulations - Disabilities

According to American Community Survey (ACS) data produced by the U.S. Census Bureau, the percent of South Dakota's population with a disability is 11.3 percent. For the age group 18-64 years, it is 8.9 percent. The highest percent is within the age group 65 years and older at 36.3 percent, which correlates with disabilities often occurring as people age, including hearing, vision and self-care disabilities.

The rate of disabilities by race is pretty much evenly distributed, but is limited regarding the detail available by race:

- White alone: 11.5 percent
- Native American and Alaskan Native: 11.5 percent
- Two or more races: 10.2 percent
- Hispanic or Latino (of any race): 9.6 percent

For the core of the labor force (ages 18 to 64 years), the highest percent of disabilities for all races lies within the ambulatory disability, which is having difficulty walking or climbing stairs.

South Dakota Residents with Disabilities

Population 18 to 64 years	Number of Residents	Percent
Total	43,434	8.9%
With a hearing difficulty	11,347	2.3%
With a vision difficulty	6,783	1.4%
With a cognitive difficulty	18,040	3.7%
With an ambulatory difficulty	20,782	4.3%
With a self-care difficulty	6,861	1.4%
With an independent living difficulty	14,182	2.9%

Source: U.S. Census Bureau, 2010 American Community Survey

The next highest level is for those with a cognitive disability, defined by the ACS as 'existing when a person has a condition lasting six months or more that results in difficulty learning, remembering, or concentrating. Individuals with such limitations are often defined as having

mild traumatic brain injury (TBI)'. Persons with mild TBI often retain the ability to work competitively. Such individuals, however, typically earn less when employed year-round, full-time than do persons without disability and have lower levels of employment.

Unpublished tabulations from the Current Population Survey (CPS), a survey conducted by the U.S. Census Bureau, provide details regarding specific barriers to employment as well as unemployment rates by educational attainment level.

Civilians not in the labor force by age
(Number in thousands)

South Dakota				
	Total	Age		
		16 to 24	25 to 54	55+
Total not in the labor force	188.3	34.7	39.6	114
Do not want a job now	170.6	29	32.1	109.4
Want a job	17.7	5.7	7.4	4.5
Did not search for work in previous year	9.6	2.9	4.0	2.7
Searched for work in previous year	8.0	2.8	3.4	1.8
Not available to work now	2.0	0.7	0.9	0.5
Available to work now	6.0	2.2	2.5	1.4
Reason not currently looking				
Discouragement over job prospects	2.9	0.9	1.2	0.8
Reasons other than discouragement	3.1	1.2	1.2	0.6

Source: Special tabulations of unpublished Current Population Survey (CPS), U.S. Census Bureau.

Note: Subject to high rates of variability.

Note: June 2011-May 2012 reference period.

The DLR holds one of the USDOL Disability Employment Initiative (DEI) grants. These funds provide an opportunity for the state to develop and implement a plan for improving effective and meaningful participation of youth with disabilities in the workforce.

Of course, there are many residents that do not participate in the labor force by choice. Some of these residents may be students, or stay at home parents, or those who have retired from the workforce.

There are also approximately 6,000 residents who want a job and are available to work, but for several reasons do not currently participate in the labor force.

A review of unemployment rates by educational attainment level indicates that the highest unemployment rates in South Dakota are for residents with an educational attainment level of high school graduate or less than a high school diploma. In contrast, the lowest unemployment

rates are for those residents which have an educational attainment level of a Bachelor's degree and higher.

Employment status of the civilian population 25 years and over by educational attainment
(Numbers in thousands)

South Dakota							
Educational Attainment Level	Civilian Noninstitutional Population	Civilian Labor Force		Employment		Unemployment	
		Total	Rate	Total	Rate	Total	Rate
Less than a High school diploma	49.2	23.5	47.7	21.7	44.0	1.8	7.7
High school graduates, no college ¹	172.6	113.8	65.9	108.6	62.9	5.2	4.5
Some college or associate degree	162.7	121.7	74.8	117.1	72.0	4.6	3.8
Bachelor's degree and higher ²	144.1	116.1	80.6	114.5	79.5	1.6	1.4

¹ Includes persons with a high school diploma or equivalent

² Includes person with bachelor's, master's, professional and doctoral degrees

Note: Based on special tabulations of unpublished Current Population Survey (CPS).

Note: Subject to high rates of variability.

Note: June 2011-May 2012 reference period.

Research has shown that unemployment rates are consistently much lower for those with higher levels of education. The higher levels of educational attainment also correlate with higher earnings levels. The information for South Dakota detailed in the table above correlates with national information published on the U.S. Bureau of Labor Statistics website. (http://www.bls.gov/emp/ep_chart_001.htm).

Many of these diverse populations include subpopulations which consistently have higher unemployment rates than the state average rate. The 2011 statewide South Dakota average unemployment rate (not seasonally adjusted) was 4.9 percent, according to the Current Population Survey (CPS) conducted by the U.S. Census Bureau. This rate is quite low compared to the U.S. rate of 8.9 percent.

Worker groups in South Dakota which typically have higher unemployment rates than the statewide average include veterans, those in the younger or older age groups, and residents of American Indian Reservations, who are primarily classified within the American Indian and Alaskan Natives race.

Veterans

The 2011 CPS annual average unemployment rate for veterans age 18 years and older residing in South Dakota was 4.1 percent, which is lower than the statewide rate of 4.9 percent. However, when examined in detail, higher unemployment rates for specific groups of veterans are evident as shown in the table below.

2011 Unemployment Rates for Veterans		
Population Group	U.S.	S.D.
Total Civilian Labor Force	8.9	4.9
Veterans, 18 years and older	8.3	4.1
Gulf War Era Veterans, 18 years and Older	9.2	4.3
Gulf War Era I Veterans, 18 years and Older	7.0	2.7
Gulf War Era II Veterans, 18 years and Older	12.1	6.6

Source: Unpublished data from the Current Population Survey (CPS).

The highest unemployment rates for veterans are associated with the Gulf War Era II, which relates to veterans who had served in the Armed Forces sometime since September 2001 and had returned to civilian life. These veterans were more likely to have some college but no degree (33 percent) when compared to nonveterans (19 percent). This group, with an estimated South Dakota unemployment rate of 6.6 percent, represents a population with a higher need for employment services.

Youth

The CPS data also shows a higher level of unemployment for youth in our state, with a 2011 annual average of 9.9 percent. The national rate is typically higher – around 17 percent. According to research conducted by the BLS, the youth labor force (16 to 24 year-olds working or actively looking for work) grows sharply between April and July each year. During these months, large numbers of high school and college students search for or take summer jobs, and many graduates enter the labor market to look for or begin permanent employment.

The BLS uses the month of July to determine summer employment levels because it is the peak summer month for employment. In recent years, the labor force participation rate for this age group has declined and is related to several factors. With increased enrollments in summer school, youth were much less likely to be in the labor market. Other key factors include the increasing size of this age group, the softness of the labor market in the past few years and the restrictions applied to anyone under 18 years of age for jobs considered hazardous by the Secretary of Labor. The recent recession and the factors explained above also have contributed greatly to the decline.

Nationally, youth workers are concentrated in two areas: the leisure and hospitality industry and the retail trade industry. This trend is mimicked in South Dakota as well, with almost half of the summer youth workers employed in these two industry sectors. Information gleaned from local office managers indicates that summer jobs are in high demand and seekers need to start their summer job hunt in early spring.

Older Workers

According to 2011 CPS data, older workers in South Dakota (65 years and older), the annual average unemployment rate was 3.4 percent – which is pretty low compared to the statewide average of 4.9 percent. However, when broken out by gender, we see a rate of 4.4 percent for men and 2.1 percent for women. However, older residents may not be as technologically savvy as younger job seekers and may benefit from assistance regarding job searches.

Race

The CPS data for South Dakota is limited when it comes to race, with only one breakout for Whites (unemployment rate of 4.0 percent). Information is also available by Hispanic or Latino ethnicity, which shows an unemployment rate of 9.5 percent. However, other sources of unemployment data typically show a very high unemployment rate in South Dakota for the American Indian and Alaskan Native (AIAN) race.

Although the American Community Survey (ACS) conducted by the U.S. Census Bureau publishes unemployment rates by race, it is important to note these rates are not comparable to those published by the BLS as different methodologies are used to gather this information.

According to 2009-2011 ACS data, 7.2 percent of South Dakota’s population is of the American Indian and Alaskan Native (AIAN) race. The ACS unemployment rate for the state is estimated at 5.4 percent for this time period. The rate for the AIAN race is estimated at 27.9 percent, indicating a high-need population. However, there are some barriers regarding servicing this population, in particular the remote locations of the American Indian Reservations in the state, in which a large majority of the AIAN population resides.

The ACS data shows higher unemployment rates for several races (within the One Race table); with the AIAN race showing the highest rate:

- White: 3.5%
- Black: 16.6%
- American Indian and Alaskan Native: 27.9%
- Asian: 11.6%
- Some Other Race: 9.4%
- Two or More Races: 11.9%

Skill and Education Gaps of South Dakota’s Population

A review of educational attainment levels achieved over time shows a steady increase in the percent of person age 25 years and older pursuing high school diplomas, as well as bachelor and advanced degrees. This is true for the United States as well as South Dakota, although The U.S. has a greater rate of persons attaining Bachelor’s and advanced degrees,

**Percent of Persons Age 25 years and Over
Achieving Specific Educational Attainment Levels**

Educational Attainment Level	United States			South Dakota		
	1990	2000	2009	1990	2000	2009
High school graduate or more	75.2	80.4	85.3	77.1	84.6	89.9
Bachelor's degree or more	20.3	24.4	27.9	17.2	21.5	25.1
Advanced degree or more	7.2	8.9	10.3	4.9	6.0	7.3

Source: U.S. Census Bureau, Statistical Abstract of the United States: 2012

However, this seems to be a function of differing labor markets for South Dakota and the nation as a whole. Comparison of the occupational average annual openings for both areas shows the South Dakota's labor market has a higher percentage of projected job openings centered within the 'less than high school' educational attainment level at 36.1 percent compared to the national rate of 29.5 percent. Both areas have similar rates for the 'high school diploma or equivalent' category.

Regarding educational attainment levels for occupations which typically require a degree, the United States has a higher percentage of expected job openings (which includes replacement needs) for all categories (associate, bachelor's, masters and doctoral or professional degrees).

**Comparison of Occupational Employment Projections
by Level of Education Typically Needed for Entry**

Level	SD		US Average Annual Openings	US Percent of Total
	Average Annual Openings	SD Percent of Total		
Less than high school	5,030	36.1%	1,618,040	29.5%
High school diploma or equivalent	5,460	39.2%	2,174,630	39.7%
Some postsecondary, no award	717	5.1%	275,120	5.0%
Associate degree	658	4.7%	294,130	5.4%
Bachelor's degree	1,622	11.7%	856,210	15.6%
Master's degree	178	1.3%	90,400	1.7%
Doctoral or professional degree	253	1.8%	170,170	3.1%
Total	13,919	100.0%	5,478,700	100.0%

Source: SD Department of Labor and Regulation, LMIC, June 2012.

Source: US Department of Labor and Regulation, BLS.

When it comes to matching individuals to specific available occupations, individual skill and education gaps are certain to exist. Analysis of job openings and seekers provides further insight into skill gaps which exist within the South Dakota workforce. Using LMIC's "Openings and Seekers" database which houses historical data on job openings listed and job seekers registered through SDWORKS, statewide data for both openings and applicants for all O*Net Codes for the most recent time period available (July 1, 2011 through June 30, 2012) were run, and the data was exported to an Excel spreadsheet.

The applicant data (count of SSNs registered with SDWORKS with interest indicated in each O*Net code) was then compared to the openings data (number of openings listed) for each O*Net code, by subtracting the applicant data from the openings data; a percentage was calculated to determine the different between the supply (of seekers) and the demand (number of openings) for each O*Net occupation.

The resulting table of occupations was then sorted to determine those occupations with the greatest shortage of job seekers for the job openings. Those occupations with a shortage of job seekers to job openings based on a ratio of 2 to 1 or greater (negative 50 percent or higher negative percentage) were kept on the list. Those with a percentage of less than a negative 50 percent were eliminated. In other words, those occupations which remained on the list had 2 openings for each seeker, or even more openings for each seeker. *(Note: In the "Openings and Seekers" database, job seekers are counted multiple times, one for each occupation they register for.)*

The remaining occupations were then examined for their educational level requirement; the list was divided into two categories: those which require postsecondary education at any level, and those which do not require any postsecondary education.

This list of occupations was matched to the O*Net Skills database to identify the skills gaps that exist for both identified occupational categories. The top ten skills are listed for both categories, with some skills similar for both. However, the similar skills do vary by category based on the level of importance assigned, with the level of importance typically much higher for occupations which require postsecondary education.

Top Skills Ranked Needed by Level of Importance					
Postsecondary Education not Required			Postsecondary Education Required		
Skills	Value	Rank	Skills	Value	Rank
Critical Thinking	76.1	1	Active Listening	163.2	1
Active Listening	75.7	2	Speaking	161.5	2
Operation Monitoring	74.6	3	Critical Thinking	158.3	3
Speaking	74.1	4	Reading Comprehension	158.1	4
Monitoring	73.8	5	Monitoring	147.9	5
Complex Problem Solving	70.2	6	Writing	147.5	6
Operation and Control	69.6	7	Judgment and Decision Making	147.0	7
Judgment and Decision Making	69.0	8	Social Perceptiveness	146.5	8
Reading Comprehension	67.9	9	Active Learning	145.4	9
Social Perceptiveness	67.8	10	Complex Problem Solving	143.3	10

Prepared by the SD Department of Labor and Regulation, LMIC, October 2012

Challenges of Workers Attaining the Skills Needed to Obtain Employment

There are two great challenges with respect to preparing workers for future jobs and meeting the business demand for new workers. One is to provide trained, skilled workers for occupations that require postsecondary education. The second challenge is to ensure an adequate supply of workers available to fill jobs that require no postsecondary education, but tend to be entry-level, lower paying and have higher turnover.

There are certain factors that will determine whether or not an adequate number of workers are available for available jobs, especially for jobs requiring postsecondary education. Making sure there are enough workers prepared for these higher-skilled occupations jobs is important, since some of these jobs are critical to the state's economy.

First, there have to be enough students enrolled and graduating from postsecondary programs. Second, it is important graduates who have to be licensed or certified for their chosen occupations can pass the required licensing test or meet the certification requirements. Third, enough graduates have to remain in the state and take jobs related to their education.

As mentioned previously, occupations that require no postsecondary education are expected to grow by 7.9 percent, generating about 10,000 jobs per year from 2010-2020. Jobs in these occupations tend to be lower paying and experience high turnover because workers think of these jobs as stepping stones to better paying jobs. Many of these jobs are taken by younger workers or workers who want part-time jobs.

Some occupations face problems with job turnover. Job turnover represents the labor flows into the labor market and also between businesses. The job turnover picture has two perspectives-job entries and job exits. Research data on South Dakota job turnover shows a fairly high level of job turnover in certain business sectors. Job turnover has both a seasonal pattern and a cyclical pattern. Exits rise during the fall and winter quarters as many businesses staff down for the winter and students return to their classes. Also, entries increase in the spring and early summer as seasonal businesses ramp up for their busy time of the year. As with other types of demand, job turnover tends to drop during business slow-downs because the opportunity for a better job has decreased.

Although some of the turnover can be explained by the seasonal nature of the business sector in the state, some of the turnover is related to job mismatches and/or because those industries staff many jobs that are considered entry-level or stepping stones to better careers. Thus, it is very important students and other career decision-makers have access to career information so they can make informed choices about occupations they are interested in and have the aptitude for.

South Dakota's workforce continues to grow as it recovers from the recession. Administrative research has shown an increase in the supply of workers entering the South Dakota labor market for the past few years. According to wage record research (using administrative records) conducted in the state, there were about 61,739 new workers appearing on company payrolls in 2011 who were not on payrolls in 2010.

Those workers come from many different sources, including workers moving to the state, residents previously unemployed, residents of other states commuting to South Dakota to work, and new entrants and reentrants to the workforce. The new entrants would include high school students, college students, recent graduates, etc. Workers returning to the work force after absences because of long-term illness, family responsibilities, etc. would make up the reentrant category.

South Dakota Workforce Initiatives

As discussed in the Governor's Vision, *South Dakota Wins* will play a central part to the development of the state's workforce and economy. Supporting strong workforce relationships among state agencies, community based organizations, education, and employers form the very foundation of this initiative which will help the economy to grow and benefit all citizens.

Ability of Integrated Workforce Plan to Meet the Workforce Needs of Employers

Leadership from the Governor and the South Dakota Workforce Development Council (WDC) gives guidance for the programs under this plan to meet the workforce needs of employers. The Governor's vision and workforce development initiative, SDWINS, provides the framework. The guidance of the WDC directs the available resources to implementation.

Most of the programs identified in this plan are under the direct administrative responsibility of the DLR. An effective working relationship with our partners has been established. This allows

for a consistent approach to working with employers. The DLR has a long history of positive interactions with employers.