



Joint Committee on Appropriations
SENATOR JEAN HUNHOFF, CO-CHAIR
REPRESENTATIVE CHRIS KARR, CO-CHAIR

May 11, 2021

Steve Westra, Commissioner
Governor's Office of Economic Development
711 E. Wells Ave.
Pierre, SD 57501

Letter of Intent Regarding GOED Marketing Initiative

Dear Commissioner Westra,

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations (JCA) in approving your appropriation in the 2021 Legislative session. As such, this Letter of Intent seeks to supplement that legislation with specific policy guidance as approved on May 11, 2021.

While the guidance does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

The 2021 South Dakota State Legislature approved a base funding increase of \$1,000,000 in general funds for a marketing initiative. It is the intent of the JCA an annual report be provided starting on November 1, 2022 and each year thereafter detailing the following items supported by this funding:

- Outcomes, goals, and/or identified metrics;
- Number of surveys sent out and responses received;
- Any consultants utilized;
- Breakout of media utilized such as TV, radio, digital, social media, newspaper, etc.;
- States/markets where dollars were spent; and
- Industries targeted for advertising.

Thank you for your cooperation.

/s/ Jean Hunhoff
Senator Jean Hunhoff
Lead Co-Chair, Joint Committee on Appropriations

/s/ Chris Karr
Representative Chris Karr
Co-Chair, Joint Committee on Appropriations

cc: Russell Olson, Auditor General
Liza Clark, Commissioner, Bureau of Finance and Management



SOUTH DAKOTA
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

October 31, 2022

South Dakota Legislative Research Council
Joint Committee on Appropriations
500 E Capitol Ave.
Pierre, South Dakota 57501

Re: Follow up to Letter of Intent – GOED Marketing Initiative

Fiscal Year 2022 was an exciting time at GOED as we launched a new marketing initiative. After several conversations with partners at the local level, we opted to cost share to be able to respond to and leverage their resources. Data from the first year is currently being analyzed, and that analysis will drive the direction of the marketing initiative in future years.

Attached is a summary report detailing the items requested in your Letter of Intent Regarding GOED Marketing Initiative dated May 22, 2021.

Please advise if you have any questions.

Sincerely,

Steve Westra
Commissioner, Governor's Office of Economic Development

cc: Jim Terwilliger, Commissioner, Bureau of Finance and Management
Russell A. Olson, Auditor General

1. Outcomes, goals, and/or identified metrics:

GOED's primary goal in FY22 was to coordinate, unify, and enhance workforce recruitment in South Dakota. This was accomplished with targeted support as well as collaborative investment from communities using a cooperative strategy. While GOED ran a statewide marketing campaign in targeted markets, participating communities could leverage the state's investment and drive customer focus to their communities. The goal was to attract workforce for jobs having a wage of at minimum \$20/hour.

Community partners were invited to participate in both a community co-op marketing program and a workforce incentive program. The community co-op marketing program would share costs 50/50 with a community to market their location. The workforce incentive program cost shared with both communities and employers to offer signing bonuses and/or relocation packages. Or, as an alternative to having to recruit and pay relocation, cost sharing for significant upskilling of current employees was also allowed. In smaller communities, costs were split 50/50 with GOED and a combination of the local economic development organization (EDO) and the employer. In larger communities, costs were shared equally between GOED, the EDO, and the employer.

Nine communities chose to participate in co-op marketing in the amount of \$175,500. These awards leveraged local funds at the same amount, resulting in \$351,000 total in community marketing activity. Eighteen communities chose to participate in the workforce incentive program in the amount of \$1,045,250. These awards leveraged an additional \$1,619,000 in local match.

These programs wrapped up September 30, 2022. As of October 31, 2022, there were still several invoices in process awaiting additional information and documentation from the awardee. The workforce program assisted in successfully recruiting and relocating 38 people to South Dakota from the following states: AZ, CA, IA, ID, IL, IN, MI, MN, MO, MT, NE, NV, NY, OK, TX, WA, WI, & the Philippines. The program also successfully upskilled 13 current employees so employers could focus on more easily filling entry level positions as opposed to more advanced and skilled levels. Industries involved in upskilling included education, engineering, insurance, and manufacturing.

2. Number of surveys sent out and responses received:

Prior to launching this part of the initiative, Design Sensory, GOED's outside marketing agency, conducted a workforce study to understand national awareness and perception of South Dakota as a viable place to work and live. Additionally, the study sought to ascertain the serious level of consideration given to a real career opportunity which would require relocation to South Dakota. The study focused on currently employed adults to determine the barriers to consideration.

During the week of August 23, 2022, 415 surveys were completed, yielding a confidence level of 95% and an error rate of $\pm 5.0\%$ for the overall sample. Key observations from the study include:

- There is apparent desire to live in less urban settings with 25% preferring rural and 40% preferring suburban.
- 70% (a 10% increase from a prior study) of respondents would be open to relocating for a great job, with 58% likely to consider a move if the right job was offered.
- The top four state attributes that are most important to consider are:
 - Low cost of living
 - Low crime
 - Beautiful
 - Low taxes

3. Any consultants utilized:

GOED issued a request for proposal (RFP) in the spring of 2021. From the RFP two consulting firms were selected: Design Sensory and Lawrence & Schiller.

4. Breakout of media utilized such as TV, radio, digital, social media, newspaper, etc.:

Digital and social media were the primary media used to promote and market South Dakota and the communities participating in the co-op. This was done with website targeting displays, digital audio/video, rich media, paid search, and paid social media.

5. States/markets where dollars were spent:

Workforce marketing targeted individuals in Wyoming, North Dakota, Nebraska, Montana, Minnesota, Iowa, Colorado, and California.

6. Industries targeted for advertising:

Workforce marketing targeted careers in agriculture, education, healthcare, manufacturing, and trade.

Here is an accounting of the \$1 million marketing initiative funding in FY22:

FY22 Marketing dollars	\$ 1,000,000.00
workforce incentives paid	\$ (33,780.38)
co-op marketing paid	\$ (81,830.92)
contract carryover to FY23	\$ (884,388.70)
	\$ -

Applicant	Marketing Request	Incentive Request	Total Funds Requested
Aberdeen Development Corporation	-	95,000	95,000
Advantage South Dakota	60,000	-	60,000
Brookings Economic Development Corporation	10,000	90,000	100,000
Elevate Rapid City	-	78,000	78,000
Glacial Lakes Area Development	-	50,000	50,000
Grant County Development Corporation	10,000	85,000	95,000
Greater Huron Development Corporation	-	25,000	25,000
Mitchell Area Development Corporation	-	50,000	50,000
On Hand Development Corporation	-	15,000	15,000
Pierre Economic Development Corporation	-	80,000	80,000
Sioux Falls Development Foundation	50,000	50,000	100,000
South Central Development Corporation	-	15,000	15,000
Southern Hills Economic Development Corporation	5,000	93,000	98,000
Sturgis Economic Development Corporation	10,000	40,000	50,000
Vermillion Area Chamber of Commerce & Development	25,500	74,500	100,000
Wall Economic Development Corporation	5,000	4,750	9,750
Watertown Development Company	-	100,000	100,000
Yankton Thrive	-	100,000	100,000
Totals	175,500	1,045,250	1,220,750