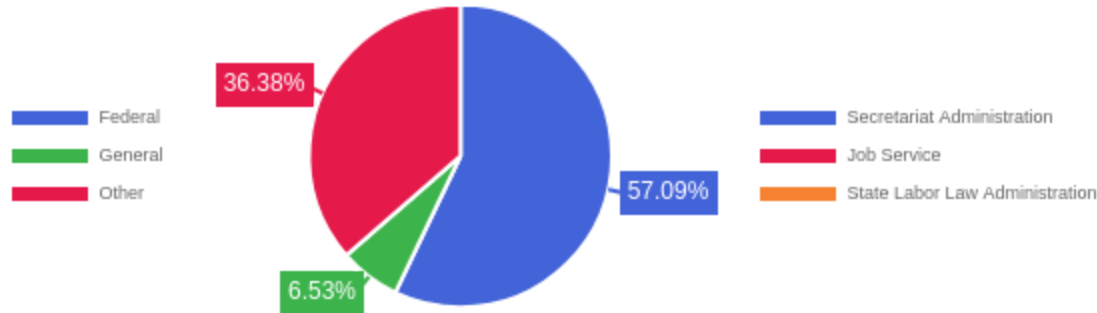


Department of Labor and Regulation

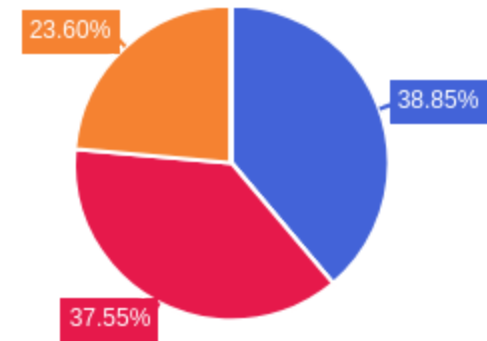
Fiscal Year 2026 Budget Brief Summary

Information contained in this document is based on the Governor's FY2026 Budget and may not correspond with the final budget adopted by the Legislature.

Source of Funds



Distribution of General Funds



Key Personnel

- Marcia Hultman, Secretary
- Dawn Dovre, Deputy Secretary and Director of Policy and Public Affairs
- Emily Ward, Director of Administrative Services
- Bret Afdahl, Director of Banking
- Andrew Szilvasi, Director of Technology Development

- Larry Deiter, Director of Insurance and Securities
- Jerry McCabe, Director of Labor and Management
- Pauline Heier, Director of Reemployment Assistance
- Kendra Ringstmeyer, Director of Workforce Development
- Bill McEntaffer, Director of Field Operations

Mission of the Department of Labor and Regulation

To promote economic opportunity and financial security for individuals and businesses through quality, responsive, and expert services; fair and equitable employment solutions; and safe business practices.

LEGAL CITATION: The Department of Labor and Regulation is structured by virtue of Executive Order 2011-01. SDCL 1-37 established the secretary as the department head.

Department of Labor and Regulation Budget Units

- Secretariat Administration (1001)
- Reemployment Assistance (1004)
- Job Service (1005)
- State Labor Law Administration (1006)
- Board of Accountancy - Info (1031)
- Board of Barber Examiners - Info (1032)
- Cosmetology Commission - Info (1033)
- Plumbing Commission - Info (1034)
- Board of Technical Professions - Info (1035)
- Electrical Commission - Info (1036)
- Real Estate Commission - Info (1037)
- Abstracters Bd of Examiners - Info (1038)
- South Dakota Athletic Commission - Info (1039)
- Banking (10610)
- Trust Captive Insurance Company - Info (10612)
- Insurance (1063)

Major Items Summary - Department of Labor and Regulation

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
FY 2026 Base Budget	\$3,691,488	\$34,853,769	\$21,561,344	\$60,106,601	406.6	\$3,691,488	\$34,853,769	\$21,561,344	\$60,106,601	406.6
1. Abstracters Management Consultant, Central Services, and Freight Costs	\$0	\$0	\$2,978	\$2,978	0.0	\$0	\$0	\$2,978	\$2,978	0.0
2. Abstracters Travel Inflation	\$0	\$0	\$4,378	\$4,378	0.0	\$0	\$0	\$4,378	\$4,378	0.0
3. Accountancy Computer System Maintenance	\$0	\$0	\$10,000	\$10,000	0.0	\$0	\$0	\$10,000	\$10,000	0.0
4. Accountancy CPA Exam Costs	\$0	\$0	\$11,000	\$11,000	0.0	\$0	\$0	\$11,000	\$11,000	0.0
5. Accountancy Credit Card Transaction Fees	\$0	\$0	\$4,000	\$4,000	0.0	\$0	\$0	\$4,000	\$4,000	0.0
6. Accountancy Sioux Falls One Stop	\$0	\$0	\$23,708	\$23,708	0.0	\$0	\$0	\$27,496	\$27,496	0.0
7. Accountancy Travel and Lodging Inflation	\$0	\$0	\$7,600	\$7,600	0.0	\$0	\$0	\$7,600	\$7,600	0.0
8. Adult Education and Literacy Provider Inflation	\$63,161	\$0	\$0	\$63,161	0.0	\$32,896	\$0	\$0	\$32,896	0.0
9. Athletic Commission Management and Administration	\$0	\$0	\$13,000	\$13,000	0.0	\$0	\$0	\$13,000	\$13,000	0.0
10. Barber Examiners Rent Increase	\$0	\$0	\$1,800	\$1,800	0.0	\$0	\$0	\$1,800	\$1,800	0.0
11. Barbers Access Database	\$0	\$0	\$10,000	\$10,000	0.0	\$0	\$0	\$10,000	\$10,000	0.0
12. Barbers Insurance and Central Services Inflation	\$0	\$0	\$3,100	\$3,100	0.0	\$0	\$0	\$3,100	\$3,100	0.0
13. Barbers Office Supply and Postage Inflation	\$0	\$0	\$500	\$500	0.0	\$0	\$0	\$500	\$500	0.0
14. Barbers Part-Time Inspector 0.2 FTE	\$0	\$0	\$38,989	\$38,989	0.2	\$0	\$0	\$38,989	\$38,989	0.2

15. Computer Software Lease for a Registered Apprenticeship Management Information System maintenance	\$50,000	\$0	\$0	\$50,000	0.0	\$0	\$0	\$0	\$0	0.0
16. Cosmetology Access Database Replacement	\$0	\$0	\$78,000	\$78,000	0.0	\$0	\$0	\$78,000	\$78,000	0.0
17. Cosmetology Office Supply and Postage Costs	\$0	\$0	(\$4,000)	(\$4,000)	0.0	\$0	\$0	(\$4,000)	(\$4,000)	0.0
18. Division of Banking Salary Schedule	\$0	\$0	\$646,640	\$646,640	0.0	\$0	\$0	\$646,640	\$646,640	0.0
19. Eliminate Career Ready Program	\$0	\$0	\$0	\$0	0.0	\$0	\$0	(\$600,000)	(\$600,000)	(6.0)
20. Insurance Premiums Inflation	\$0	\$0	\$19,622	\$19,622	0.0	\$0	\$0	\$19,622	\$19,622	0.0
21. Maintenance Worker FTE	\$0	(\$76,689)	\$0	(\$76,689)	(1.0)	\$0	(\$76,689)	\$0	(\$76,689)	(1.0)
22. Part-Time Cosmetology Commission FTE	\$0	\$0	\$16,564	\$16,564	0.3	\$0	\$0	\$16,564	\$16,564	0.3
23. Plumbing Inspector FTE	\$0	\$0	\$128,349	\$128,349	1.0	\$0	\$0	\$128,349	\$128,349	1.0
24. Policy/Data Analyst FTE	\$0	\$0	\$91,935	\$91,935	1.0	\$0	\$0	\$91,935	\$91,935	1.0
25. Real Estate Commission Employees Shared Employees Shift	\$0	\$0	\$46,608	\$46,608	0.6	\$0	\$0	\$46,608	\$46,608	0.6
26. Reinsurance Premiums	\$0	\$0	\$53,200	\$53,200	0.0	\$0	\$0	\$53,200	\$53,200	0.0
27. Sioux Falls One Stop	\$317,779	\$0	\$331,124	\$648,903	0.0	\$365,193	\$0	\$368,440	\$733,633	0.0
28. State Apprenticeship Agency	\$3,018,952	\$0	(\$2,528,732)	\$490,220	5.0	\$0	\$0	\$0	\$0	0.0
29. State Digital Equity Capacity Grant Program	\$0	\$850,000	\$0	\$850,000	0.0	\$0	\$850,000	\$0	\$850,000	0.0
30. State Digital Equity Capacity Grant Program FTE	\$0	\$114,753	\$0	\$114,753	1.0	\$0	\$114,753	\$0	\$114,753	1.0
31. Trust Examiner FTE	\$0	\$0	\$237,164	\$237,164	2.0	\$0	\$0	\$237,164	\$237,164	2.0
FY 2026 Total Budget	\$7,141,380	\$35,741,833	\$20,808,871	\$63,692,084	416.7	\$4,089,577	\$35,741,833	\$22,778,707	\$62,610,117	405.7
Change from Base Budget	\$3,449,892	\$888,064	(\$752,473)	\$3,585,483	10.1	\$398,089	\$888,064	\$1,217,363	\$2,503,516	(0.9)
% Change from Base Budget	93.5%	2.5%	(3.5%)	6.0%	2.5%	10.8%	2.5%	5.6%	4.2%	(0.2%)

1. Abstracters Management Consultant, Central Services, and Freight Costs

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$2,978	\$2,978	0.00
Governor's Recommendation	\$0	\$0	\$2,978	\$2,978	0.00

The agency requests an increase of **\$2,978** in **other fund** expenditure authority for management consultant, central services, freight costs, and office supplies.

The governor recommends this request.

2. Abstracters Travel Inflation

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$4,378	\$4,378	0.00
Governor's Recommendation	\$0	\$0	\$4,378	\$4,378	0.00

The agency requests an increase of \$4,378 in other fund expenditure authority for increased in-state travel expenses being experienced by the Abstracters Board of Examiners.

The governor recommends this request.

3. Accountancy Computer System Maintenance

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$10,000	\$10,000	0.00
Governor's Recommendation	\$0	\$0	\$10,000	\$10,000	0.00

The agency requests an increase of \$10,000 in other fund expenditure authority for replacing the aging access database which will be unsupported by Microsoft and BIT by October 2025. The database is essential for recording licensee data, disciplinary action, initial/renewal license history, application status, examination scores, and student education data.

The governor recommends this request.

4. Accountancy CPA Exam Costs

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$11,000	\$11,000	0.00
Governor's Recommendation	\$0	\$0	\$11,000	\$11,000	0.00

The agency requests an increase of \$11,000 in other fund expenditure authority for the CPA exams conducted by the Board. The costs of the tests have increased, and more exams are being conducted than in previous years.

The governor recommends this request.

5. Accountancy Credit Card Transaction Fees

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$4,000	\$4,000	0.00
Governor's Recommendation	\$0	\$0	\$4,000	\$4,000	0.00

The agency requests an increase of \$4,000 in other fund expenditure authority for credit card fees. The Board is being paid with credit cards more than checks than previously, causing these costs to increase.

The governor recommends this request.

6. Accountancy Sioux Falls One Stop

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$23,708	\$23,708	0.00
Governor's Recommendation	\$0	\$0	\$27,496	\$27,496	0.00

The agency requests an increase of \$23,780 in other fund expenditure authority for the Revenue Bond lease payment to move staff to the Sioux Falls One Stop.

This request includes \$21,980 for rent and \$1,728 for utilities. The governor recommends an additional \$3,788 for rent.

The governor recommends an increase of \$27,496 in other funds.

7. Accountancy Travel and Lodging Inflation

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$7,600	\$7,600	0.00
Governor's Recommendation	\$0	\$0	\$7,600	\$7,600	0.00

The agency requests an increase of \$7,600 in other fund expenditure authority for out of state travel due to commercial air travel and lodging increasing at all events the Board is attending.

The governor recommends this request.

8. Adult Education and Literacy Provider Inflation

	General	Federal	Other	Total	FTE
Agency Request	\$63,161	\$0	\$0	\$63,161	0.00
Governor's Recommendation	\$32,896	\$0	\$0	\$32,896	0.00

The agency requests an increase of **\$63,161** in **general funds** for an estimated inflationary increase to Adult Education and Literacy providers. The federal grant did not increase, so inflation increase is requested to be funded with general funds.

The agency requested a 2.4% increase and the governor recommended a 1.25% increase.

*The governor recommends an increase of **\$32,896** in **general funds**.*

9. Athletic Commission Management and Administration

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$13,000	\$13,000	0.00
Governor's Recommendation	\$0	\$0	\$13,000	\$13,000	0.00

The agency requests an increase of **\$13,000** in **other fund** expenditure authority for the Executive Director’s contract. This Commission is managed by a contracted Executive Director instead of State staff. This contract’s maximum amount has grown over the past few years due to inflation. This budget request is to adjust authority to reflect what the maximum contract amount is now.

The governor recommends this request.

10. Barber Examiners Rent Increase

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$1,800	\$1,800	0.00
Governor's Recommendation	\$0	\$0	\$1,800	\$1,800	0.00

The agency requests an increase of **\$1,800** in **other fund** expenditure authority for renting space to conduct practical exams of applicants.

The governor recommends this request.

11. Barbers Access Database

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$10,000	\$10,000	0.00
Governor's Recommendation	\$0	\$0	\$10,000	\$10,000	0.00

The agency requests an increase of \$10,000 in other fund expenditure authority for replacing the aging access database which will be unsupported by Microsoft and BIT by October 2025. The database is essential for recording licensee data, disciplinary action, initial/renewal license history, application status, examination scores, and student education data.

The governor recommends this request.

12. Barbers Insurance and Central Services Inflation

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$3,100	\$3,100	0.00
Governor's Recommendation	\$0	\$0	\$3,100	\$3,100	0.00

The agency requests an increase of \$3,100 in other fund expenditure authority for central services and insurance premiums to reflect actual costs.

The governor recommends this request.

13. Barbers Office Supply and Postage Inflation

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$500	\$500	0.00
Governor's Recommendation	\$0	\$0	\$500	\$500	0.00

The agency requests an increase of \$500 in other fund expenditure authority for inflationary costs of office supplies and postage.

The governor recommends this request.

14. Barbers Part-Time Inspector 0.2 FTE

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$38,989	\$38,989	0.20
Governor's Recommendation	\$0	\$0	\$38,989	\$38,989	0.20

The agency requests an increase of \$38,989 in other fund expenditure authority and an increase of 0.2 FTE for a part-time inspector to assist the Board of Barber Examiners with completing required inspections annually. The Board is required to inspect all licensed businesses annually. The Board is far past this deadline, with an approximate inspection average of 2 years per business.

The governor recommends this request.

15. Computer Software Lease for a Registered Apprenticeship Management Information System maintenance

	General	Federal	Other	Total	FTE
Agency Request	\$50,000	\$0	\$0	\$50,000	0.00
Governor's Recommendation	\$0	\$0	\$0	\$0	0.00

The agency requests an increase of \$50,000 in general funds for a Registered Apprenticeship Management Information System used to register and track all apprentice programs in the state.

The governor does not recommend this request.

16. Cosmetology Access Database Replacement

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$78,000	\$78,000	0.00
Governor's Recommendation	\$0	\$0	\$78,000	\$78,000	0.00

The agency requests an increase of \$78,000 in other fund expenditure authority for replacing the aging Access database which will be unsupported by Microsoft and BIT by October 2025. The database is essential for recording licensee data, disciplinary action, initial/renewal license history, application status, examination scores, and student education data.

The governor recommends this request.

17. Cosmetology Office Supply and Postage Costs

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	(\$4,000)	(\$4,000)	0.00
Governor's Recommendation	\$0	\$0	(\$4,000)	(\$4,000)	0.00

The agency requests a decrease of **(\$4,000)** in **other fund** expenditure authority for decreases in office supplies and postage due to the implementation of a new computer system, allowing for a decrease in these costs for mailing licenses.

The governor recommends this request.

18. Division of Banking Salary Schedule

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$646,640	\$646,640	0.00
Governor's Recommendation	\$0	\$0	\$646,640	\$646,640	0.00

The agency requests an increase of **\$646,640** in **other fund** expenditure authority for inflationary increases for staff compensation based on the Division of Banking's salary schedule. The Banking division maintains a unique salary schedule which compensates employees based on trainings completed and career development within the division. The Banking division has its own salary schedule in order to remain competitive with the financial industry in South Dakota.

The governor recommends this request.

19. Eliminate Career Ready Program

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$0	\$0	0.00
Governor's Recommendation	\$0	\$0	(\$600,000)	(\$600,000)	(6.00)

*The governor recommends a decrease of **(\$600,000)** in **other fund** expenditure authority and a decrease of **(6.0)** FTE for the elimination of Career Ready.*

Career Ready is funded with a general fund grant from the Department of Education. This activity isn't required in statute and is not utilized by all school districts in the State, so it was determined to remove this funding for the FY2026 budget.

20. Insurance Premiums Inflation

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$19,622	\$19,622	0.00
Governor's Recommendation	\$0	\$0	\$19,622	\$19,622	0.00

The agency requests an increase of **\$19,622** in **other fund** expenditure authority for inflationary increases in insurance premiums. These are premiums paid to the Trust Captive Insurance company. As more trust companies register in South Dakota, insurance premiums charged to the Banking division increase.

The governor recommends this request.

21. Maintenance Worker FTE

	General	Federal	Other	Total	FTE
Agency Request	\$0	(\$76,689)	\$0	(\$76,689)	(1.00)
Governor's Recommendation	\$0	(\$76,689)	\$0	(\$76,689)	(1.00)

The agency requests a decrease of **(\$76,689)** in **federal funds** and a decrease of **(1.0)** FTE for eliminating a senior building maintenance worker.

This position served the previously 10th Street location in Sioux Falls. Once the State moves to the new One-Stop, this work will be completed by BHRA staff.

- Decrease of \$69,720 for salary and benefits.
- Decrease of \$6,469 for contractual services.
- Decrease of \$500 for office supplies.

The governor recommends this request.

22. Part-Time Cosmetology Commission FTE

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$16,564	\$16,564	0.30
Governor's Recommendation	\$0	\$0	\$16,564	\$16,564	0.30

The agency requests an increase of **\$16,564** in **other fund** expenditure authority and an increase of **0.3** FTE for the Cosmetology Commission to add another part-time inspector to assist with cosmetology inspections. The Commission is required to inspect all licensed businesses annually. The Commission is far past this deadline, with an approximate inspection average of 1.5 years per business.

The governor recommends this request.

23. Plumbing Inspector FTE

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$128,349	\$128,349	1.00
Governor's Recommendation	\$0	\$0	\$128,349	\$128,349	1.00

The agency requests an increase of \$128,349 in other fund expenditure authority and an increase of 1.0 FTE for an additional plumbing inspector. The number of construction projects needing an inspection have grown in the past three years, leading to the need for another inspector.

The governor recommends this request.

24. Policy/Data Analyst FTE

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$91,935	\$91,935	1.00
Governor's Recommendation	\$0	\$0	\$91,935	\$91,935	1.00

The agency requests an increase of \$91,935 in other fund expenditure authority and an increase of 1.0 FTE for one Banking division Policy/Data Analyst that is needed to keep up with the growth in the number of licensee applications submitted to the Banking divisions annually.

The division has seen the following growth from FY2014 to FY2024:

- Money lenders: From 401 in FY14 to 563 in FY24
- Money Transmitters: 51 to 187 - Mortgage Lender: 241 to 393
- Mortgage Broker: 14 to 62
- Mortgage Loan Originators: 1,540 to 3,515

The governor recommends this request.

25. Real Estate Commission Employees Shared Employees Shift

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$46,608	\$46,608	0.60
Governor's Recommendation	\$0	\$0	\$46,608	\$46,608	0.60

The agency requests an increase of **\$46,608** in **other fund** expenditure authority and an increase of **0.6** FTE for shifting shared staff from the Board of Massage Therapy to the Real Estate Commission. REC employees discontinued support for the BMT. REC employees now work entirely on the REC’s work.

In FY2024, 0.6 FTE and corresponding other fund expenditure authority was reduced from the Real Estate Commission budget and added to the Massage Therapy Board budget. This shift back is 0.2 FTE for the Executive Director, and 0.4 FTE for the Senior Secretary.

The governor recommends this request.

26. Reinsurance Premiums

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$53,200	\$53,200	0.00
Governor's Recommendation	\$0	\$0	\$53,200	\$53,200	0.00

The agency requests an increase of **\$53,200** in **other fund** expenditure authority for an increase in insurance premiums is due to increasing reinsurance premium costs for the Trust Captive Insurance Company. The reinsurance premiums are increasing due to more trust companies registering in South Dakota.

The governor recommends this request.

27. Sioux Falls One Stop

	General	Federal	Other	Total	FTE
Agency Request	\$317,779	\$0	\$331,124	\$648,903	0.00
Governor's Recommendation	\$365,193	\$0	\$368,440	\$733,633	0.00

The agency requests an increase of **\$317,779** in **general funds** and an increase of **\$331,124** in **other fund** expenditure authority for Sioux Falls One Stop rent and utilities for the Jobs Services and Banking divisions.

- \$317,779 for the Job Service office rent in Sioux Falls and electricity for estimated utility increases.
- The Job Service division is moving into the new Sioux Falls One-Stop due to the landlord not renewing the lease for the current location. Also, the current location does not have enough capacity for the number of staff and services provided by Sioux Falls Job Service.
- \$331,124 increase in revenue bond lease expense for increases in rent for the Division of Banking in Sioux Falls, and electricity for estimated utility expenses in the new space.
- The division is moving into the new Sioux Falls One-Stop in FY2026 due to the previous location being too small for the number of staff now working in the division in that location.

The governor recommends an increase of **\$365,193** in **general funds** and an increase of **\$368,440** in **other fund** expenditure authority.

28. State Apprenticeship Agency

	General	Federal	Other	Total	FTE
Agency Request	\$3,018,952	\$0	(\$2,528,732)	\$490,220	5.00
Governor's Recommendation	\$0	\$0	\$0	\$0	0.00

The agency requests an increase of **\$3,018,952** in **general funds**, a decrease of **(\$2,528,732)** in **other fund** expenditure authority and an increase of **5.0** FTE for covering State Apprenticeship Agency expenses.

DLR is no longer seeking general funds and will instead continue to use Governor Noem’s 2023 Future Funds award to cover expenses as DLR transitions to State Apprenticeship Agency status.

South Dakota DLR is seeking State Apprenticeship Agency (SAA) status with the U.S. Department of Labor (U.S. DOL), Office of Apprenticeship. South Dakota is currently an Office of Apprenticeship state where all Registered Apprenticeship programs and apprentices are regulated by U.S. DOL. Thirty-three states and territories have become State Apprenticeship Agencies in the United States. By establishing South Dakota as a State Apprenticeship Agency, the state will take over the regulation of apprenticeships from U.S. DOL.

This will benefit South Dakota in several ways:

- While the state will remain in compliance with federal regulations, SAA status reduces federal oversight over registered apprenticeship programs in SD,
- Decreases reliance on federal agencies,
- Streamlines services to sponsors, businesses, and apprentices, therefore decreasing confusion - Shortens the timeline of apprenticeship program approval, and
- Has South Dakota staff proactively providing technical assistance to SD employers and apprentices.

Salaries & Benefits:

- Increase of 5.0 FTE, a reduction of \$170,507 in other fund expenditure authority, and an increase of \$980,226 in general funds. This is shifting 2 FTE from Secretariat and 5 FTE from Job Service from other fund expenditure authority to general funds, all within the Secretariat division.
- Adding the following 5 positions to be funded with general funds: 1 Registered Apprenticeship Administrator, 1 Labor Program Specialist II, Labor Program Specialist I, and two Apprenticeship Coordinators.
- Per diem for 6 board members for the State Apprenticeship Council formed as part of becoming a SAA. It is anticipated this Council will meet in person at least two times per year.

Travel:

- Increase of \$54,612 in general funds and decrease of \$2,000 in other fund expenditure authority for employee travel.

Contractual Services:

- Increase of \$700,000 in general funds with a corresponding decrease of \$875,000 in other fund expenditure authority in Other Consulting is for registered apprenticeship intermediaries.
- Increase of \$300,000 in general funds with a corresponding decrease of \$100,000 in other fund expenditure authority in Other Consulting for registered apprenticeship program development and expansion contracts.

- Increase of \$50,000 in general funds in Computer Software Lease for a Registered Apprenticeship (RA) Management Information System (MIS) maintenance.
- Increase of \$15,700 in general funds for Computer Services-State for Bureau of Information and Telecommunications maintenance requirements of the RA MIS.
- Increase of \$25,000 in general funds with a corresponding decrease in other fund expenditure authority in advertising consultant is for a marketing consultant to provide market research, strategy, development, production, associated new media components, web hosting, and creative services for the DLR to promote and increase awareness of RAP opportunities.
- Increases totaling \$122,028 in general funds with a corresponding decrease of \$19,590 in other fund expenditure authority is for operating expenses of employees (workshop fees, computer services, central services, office space, phone, and liability insurance coverage).

Supplies:

- Increase in \$6,000 in general funds with a corresponding decrease of \$1,000 in other fund expenditure authority in office supplies is for the staff working on SAA.

Grants:

- Increase in \$765,000 in general funds with a \$900,000 decrease in other fund expenditure authority is to for financial assistance for apprentices. Financial assistance is provided to support training of apprentices including on the job learning reimbursement, related instruction reimbursement, and supportive services to apprentices.

All financial support (prior to Governor Noem Future Funds) for Registered Apprenticeships has been from federal grants, which are competitive, and require the state to meet goals aligned with federal government priorities.

- SD would not be reliant on competitive federal funding with federal goals and requirements that do not always align in South Dakota
- Provides an alternative post-secondary option for businesses to build their workforce and South Dakotans to advance their career opportunities

Other Expenses:

- Increase of \$50,386 in general funds for the indirect cost assessment related to generally funded staff increases.

The governor does not recommend this request.

29. State Digital Equity Capacity Grant Program

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$850,000	\$0	\$850,000	0.00
Governor's Recommendation	\$0	\$850,000	\$0	\$850,000	0.00

The agency requests an increase of **\$850,000** in **federal funds** for administering the State Digital Equity Capacity Grant Program.

The Department of Labor and Regulation (DLR) is receiving a 5-year, \$5 million grant from the U.S. Department of Commerce. These funds are to establish Digital Centers across the state to assist citizens with accessing devices and developing digital skills. Additionally, a device refurbisher will be sought to offer reduced price devices. Devices will be distributed to those who complete a digital literacy curriculum.

- \$250,000 in federal fund expenditure authority for a device refurbisher in South Dakota.
- This refurbisher will offer reduced price devices to increase ownership. The refurbisher will work with Digital Centers to provide devices to those who complete the digital literacy curriculum. Establishing device refurbishment options creates sustainable, affordable ownership options long into the future.
- \$600,000 in federal fund expenditure authority in Grants to Subrecipients for the formation of four Digital Centers across the State.
- These Digital Centers will serve as physical locations where individuals can go to receive a variety of services such as access to digital literacy curriculum, device assistance, and enrollment into internet subsidy programs. These centers will also serve as centralized points for device distribution from a tech refurbisher.

This is a new grant to DLR. Locations for Digital Centers have yet to be determined as the agency is sending out requests for proposals.

The governor recommends this request.

30. State Digital Equity Capacity Grant Program FTE

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$114,753	\$0	\$114,753	1.00
Governor's Recommendation	\$0	\$114,753	\$0	\$114,753	1.00

The agency requests an increase of **\$114,753** in **federal funds** and an increase of **1.0** FTE for a Labor Program Specialist II working on the State Digital Equity Grant Program.

- \$87,184 in federal fund expenditure authority for a Labor Program Specialist II.
- The Labor Program Specialist II will be responsible for completing required grant reporting; procuring funds through the request for proposal process and awarding contracts and sub-recipient agreements; preparing for, and supporting, any activities related to grant monitoring, audit or compliance requests; and compiling, reconciling, and managing the submission of subgrantee reports and documents.
- \$17,000 for Labor Program Specialist II and Workforce Development Director travel.
- Both positions will attend the out-of-state conferences: national NDIA Net Inclusion conference annually, the SBLN Summer Summit, and State Digital Equity Cohort workshop. In-state travel is needed to conduct subrecipient site visits, hold stakeholder engagement sessions, and attend conferences in partnership with stakeholders.
- \$10,069 for contractual expenses related to the Labor Program Specialist II position.
- \$500 for supply expenses related to the Labor Program Specialist II position.

The governor recommends an increase of **\$114,753** in **federal funds**.

31. Trust Examiner FTE

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$237,164	\$237,164	2.00
Governor's Recommendation	\$0	\$0	\$237,164	\$237,164	2.00

The agency requests an increase of **\$237,164** in **other fund** expenditure authority and an increase of **2.0** FTE for two additional trust company examiners. They're needed to complete statutorily required examinations of trust companies. The number of companies chartered in South Dakota continues to grow. Staff are funded with fees charged to trust companies.

The governor recommends this request.

Department of Labor and Regulation Budget Request

By Fund Category	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
General	\$2,985,052	\$3,415,144	\$3,415,144	\$3,691,488	\$7,141,380	\$4,089,577	\$398,089
Federal	\$31,938,102	\$32,951,686	\$37,270,791	\$34,853,769	\$35,741,833	\$35,741,833	\$888,064
Other	\$13,622,928	\$19,410,050	\$20,492,256	\$21,561,344	\$20,808,871	\$22,778,707	\$1,217,363
Total	\$48,546,082	\$55,776,880	\$61,178,191	\$60,106,601	\$63,692,084	\$62,610,117	\$2,503,516
By Program	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
Secretariat Administration	\$12,732,256	\$15,049,493	\$16,674,967	\$17,303,216	\$19,306,985	\$18,234,759	\$931,543
Reemployment Assistance	\$8,047,950	\$8,480,557	\$9,159,731	\$9,022,541	\$9,022,541	\$9,022,541	\$0
Job Service	\$13,291,414	\$14,335,740	\$16,208,764	\$14,303,031	\$14,108,486	\$14,057,641	(\$245,390)
State Labor Law Administration	\$1,308,001	\$1,654,234	\$1,937,684	\$1,988,504	\$1,988,504	\$1,988,504	\$0
Board of Accountancy - Info	\$315,065	\$384,576	\$385,410	\$407,977	\$464,285	\$468,073	\$60,096
Board of Barber Examiners - Info	\$27,002	\$40,202	\$28,748	\$33,146	\$87,535	\$87,535	\$54,389
Cosmetology Commission - Info	\$376,037	\$431,360	\$447,118	\$481,958	\$572,522	\$572,522	\$90,564
Plumbing Commission - Info	\$896,849	\$912,906	\$937,747	\$1,072,768	\$1,201,117	\$1,201,117	\$128,349
Board of Technical Professions - Info	\$391,310	\$546,342	\$423,298	\$607,674	\$607,674	\$607,674	\$0
Electrical Commission - Info	\$2,207,175	\$2,431,738	\$2,580,680	\$2,789,644	\$2,789,644	\$2,789,644	\$0
Real Estate Commission - Info	\$355,569	\$440,480	\$681,124	\$709,653	\$756,261	\$756,261	\$46,608
Abstracters Bd of Examiners - Info	\$46,650	\$50,808	\$57,483	\$62,035	\$69,391	\$69,391	\$7,356
South Dakota Athletic Commission - Info	\$47,126	\$44,701	\$61,127	\$65,805	\$78,805	\$78,805	\$13,000
Banking	\$4,918,951	\$6,388,249	\$6,587,965	\$6,144,665	\$7,471,150	\$7,508,466	\$1,363,801
Trust Captive Insurance Company - Info	\$197,083	\$212,460	\$227,334	\$207,578	\$260,778	\$260,778	\$53,200
Insurance	\$3,387,646	\$4,373,036	\$4,779,011	\$4,906,406	\$4,906,406	\$4,906,406	\$0
Total	\$48,546,082	\$55,776,880	\$61,178,191	\$60,106,601	\$63,692,084	\$62,610,117	\$2,503,516
By Object Expenditure Personnel Costs	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
	\$30,959,149	\$34,699,874	\$36,948,714	\$36,817,620	\$38,398,137	\$37,436,479	\$618,859
Salaries	\$23,676,802	\$26,683,601	\$27,677,794	\$28,142,328	\$29,389,136	\$28,656,597	\$514,269

By Object Expenditure Personnel Costs	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
Benefits	\$7,282,347	\$8,016,273	\$9,270,920	\$8,675,292	\$9,009,001	\$8,779,882	\$104,590
Operating Expenditures	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
	\$17,586,934	\$21,077,006	\$24,674,477	\$23,288,981	\$25,293,947	\$25,173,638	\$1,884,657
Travel	\$970,373	\$960,638	\$1,331,679	\$1,350,557	\$1,463,390	\$1,392,278	\$41,721
Contractual Services	\$8,895,114	\$12,598,049	\$14,381,926	\$13,044,067	\$14,356,753	\$14,280,707	\$1,236,640
Supplies	\$614,655	\$688,839	\$761,373	\$699,548	\$700,448	\$672,948	(\$26,600)
Grants	\$6,163,793	\$4,967,612	\$6,340,423	\$7,735,943	\$8,264,104	\$8,368,839	\$632,896
Capital Outlay	\$864,432	\$1,778,134	\$1,793,490	\$363,852	\$363,852	\$363,852	\$0
Other Expenses and Budgeted Operating Transfers Out	\$78,566	\$83,734	\$65,586	\$95,014	\$145,400	\$95,014	\$0
Total	\$48,546,082	\$55,776,880	\$61,623,191	\$60,106,601	\$63,692,084	\$62,610,117	\$2,503,516
Full-Time Equivalent (FTE)	406.51	413.05	441.0	406.6	416.7	405.7	(0.9)

Funding Sources (Governor's Recommended)

	General	Federal	Other	General%	Federal%	Other%
STATE GENERAL FUND	\$2,776,866	\$0	\$0	67.9%	0.0%	0.0%
EMPLOYMENT SECURITY ADMIN FUND	\$0	\$964,753	\$0	0.0%	2.7%	0.0%
INDIRECT COSTS	\$0	\$6,186,286	\$0	0.0%	17.3%	0.0%
TANF-TEMP. ASSISTANCE FOR NEED	\$0	\$1,824,873	\$0	0.0%	5.1%	0.0%
NURSING PATHWAY	\$0	\$54,718	\$0	0.0%	0.2%	0.0%
TAA-TRADE ACT ASSISTANCE	\$0	\$191,999	\$0	0.0%	0.5%	0.0%
EEOC HUMAN RIGHTS	\$0	\$41,343	\$0	0.0%	0.1%	0.0%
CES-LABOR MKT INFO	\$0	\$44,706	\$0	0.0%	0.1%	0.0%
LAUS-LABOR MARKET INFO	\$0	\$103,000	\$0	0.0%	0.3%	0.0%
OES-LABOR MARKET INFO	\$0	\$126,200	\$0	0.0%	0.4%	0.0%
QCEW LABOR MARKET INFO	\$0	\$120,384	\$0	0.0%	0.3%	0.0%
FIDELITY BONDING DEMONSTRATION	\$0	\$25,000	\$0	0.0%	0.1%	0.0%
ALIEN LABOR CERT(ALC)-AGRICULT	\$0	\$199,195	\$0	0.0%	0.6%	0.0%
WORK OPPORTUNITIES TAX CREDIT	\$0	\$29,866	\$0	0.0%	0.1%	0.0%
LOCAL VETERANS EMPLOYMENT REPR	\$0	\$473,877	\$0	0.0%	1.3%	0.0%
EMPLOYMENT SERVICE BASIC (ES)	\$0	\$4,682,067	\$0	0.0%	13.1%	0.0%
UNEMPLOYMENT INSURANCE ADMIN.	\$0	\$4,523,584	\$0	0.0%	12.7%	0.0%
UNEMPLOYMENT INSURANCE ADMIN.	\$0	\$499,000	\$0	0.0%	1.4%	0.0%
ONE STOP WIG-LMI	\$0	\$251,860	\$0	0.0%	0.7%	0.0%
SENIOR COMMUNITY SERVICES EMPL	\$0	\$603,191	\$0	0.0%	1.7%	0.0%
APPRENTICESHIP USA EXPANSION G	\$0	\$1,196,091	\$0	0.0%	3.3%	0.0%
ADULT BASIC EDUCATION	\$1,312,711	\$1,530,133	\$0	32.1%	4.3%	0.0%
DLR ADMINISTRATION	\$0	\$0	\$2,529,633	0.0%	0.0%	11.1%
DLR ADMINISTRATION	\$0	\$3,358,337	\$0	0.0%	9.4%	0.0%
NEG-DISLOCATED WORKER TRAINING	\$0	\$10,000	\$0	0.0%	0.0%	0.0%
NEG-DISLOCATED WORKER TRAINING	\$0	\$1,599,273	\$0	0.0%	4.5%	0.0%
STATE APPRAISER REG AGENCY SUP	\$0	\$100,000	\$0	0.0%	0.3%	0.0%
NO DESC (PRIOR)	\$0	\$46,410	\$0	0.0%	0.1%	0.0%
REEMPLOYMENT SRVCS & ELIG ASSE	\$0	\$510,997	\$0	0.0%	1.4%	0.0%
WORKERS COMPENSATION FEE FUNDS	\$0	\$0	\$624,791	0.0%	0.0%	2.7%
INSURANCE OPERATING FUND	\$0	\$0	\$4,824,972	0.0%	0.0%	21.2%
REAL ESTATE APPRAISERS FUND	\$0	\$0	\$339,304	0.0%	0.0%	1.5%
BOARDS-FEES, LIC. & PERMITS	\$0	\$0	\$2,936,921	0.0%	0.0%	12.9%
BANKING SPECIAL REVENUE FUND	\$0	\$0	\$7,508,466	0.0%	0.0%	33.0%
SUBSEQUENT INJURY FUND	\$0	\$0	\$35,024	0.0%	0.0%	0.2%

	General	Federal	Other	General%	Federal%	Other%
ABSTRACTERS BOARD OF EXAMINERS	\$0	\$0	\$69,391	0.0%	0.0%	0.3%
ADMINISTRATIVE SERVICES	\$0	\$0	\$756,261	0.0%	0.0%	3.3%
STATE ELECTRICAL COMMISSION	\$0	\$0	\$2,789,644	0.0%	0.0%	12.2%
TRUST CO REC & LIQ CAPTIVE INS	\$0	\$0	\$260,778	0.0%	0.0%	1.1%
APPRAISAL MANAGEMENT COMPANIES	\$0	\$0	\$24,717	0.0%	0.0%	0.1%
BOXING COMMISSION FUND	\$0	\$0	\$78,805	0.0%	0.0%	0.3%
FOOD STAMPS EMPLOYMENT & TRAIN	\$0	\$148,227	\$0	0.0%	0.4%	0.0%
TITLE IV-D CHILD SUPPORT ENFOR	\$0	\$275,918	\$0	0.0%	0.8%	0.0%
WIOA ADULT PROGRAM	\$0	\$1,817,638	\$0	0.0%	5.1%	0.0%
UI-ALT TRADE WAGE INSURANCE	\$0	\$150,000	\$0	0.0%	0.4%	0.0%
WIOA YOUTH ACTIVITIES	\$0	\$2,622,340	\$0	0.0%	7.3%	0.0%
WIOA DISLOCATED WORKERS	\$0	\$772,046	\$0	0.0%	2.2%	0.0%
WIOA ADMINISTRATIVE COST POOL	\$0	\$312,313	\$0	0.0%	0.9%	0.0%
WIOA STATEWIDE ACTIVITIES	\$0	\$346,208	\$0	0.0%	1.0%	0.0%

Governor's Recommend FY22 Supplemental Bill Changes - Department of Labor and Regulation

Division of Banking Employee Compensation

- Increase of **\$318,268 in other fund expenditure authority** for staff compensation based on the Division of Banking's salary schedule. The Banking division maintains a unique salary schedule which compensates employees based on trainings completed and career development within the division. The Banking division has its own salary schedule in order to remain competitive with the financial industry in South Dakota.

Federal Fund Expenditure Authority

- Increase of **\$964,753 in federal fund expenditure authority** for the State Digital Opportunity Capacity grant recently awarded to DLR. This is also in the ongoing budget recommendation.
- Increase of **1.0 in FTE** for a Labor Programs Specialist II. The Labor Program Specialist will be responsible for completing required grant reporting; procuring funds through the request for proposal process and awarding contracts and sub-recipient agreements; preparing for, and supporting, any activities related to grant monitoring, audit or compliance requests; and compiling, reconciling, and managing the submission of subgrantee reports and documents.

Sioux Falls One-Stop

- Increase of **\$128,481 in general funds** for expenditure authority to pay for leased space at the Sioux Falls One-Stop within the Department of Labor and Regulation. DLR Job Service is expected to move into the new Sioux Falls One-Stop in March, and will need additional funds to cover the first 3 months of the lease as well as finish out the lease at the old location (expires June 2025.)