

## **DEPARTMENT OF LABOR AGENCY REVIEW COMMITTEE**

### **Committee Assignment**

The committee was directed to examine the mission, organization, and performance of the Department of Labor and to make recommendations to the 2008 Legislature regarding the continuation, revision, or termination of the department.

### **Summary of Committee Activities**

In conducting its review the committee held three meetings.

At the first meeting of the committee, the Department of Labor gave the committee an overview of the department's mission and organization. The executive team of the Department of Labor was introduced to the committee. The committee was told that 90% of the department's funding comes from the federal government. The department has a budget of about \$40 million each year. There are 14 career centers and four satellite centers placed across the state to serve job seekers and businesses.

The committee also reviewed in detail the services provided by the Secretariat, the Division of Workforce Services, the Division of Administrative Services, and the Division of Field Operations. In addressing these divisions, the committee reviewed the following programs: Workforce Investment Act programs, Job Corps, the TANF program, the Adult Education and Literacy program, the Foreign Labor Certification program, the Veterans' Services program, the Senior Community Service Employment program, and the Work Opportunity Tax Credit program.

The committee also at this first meeting toured the career center located in Pierre to meet the personnel and learn the services provided at the career centers.

The second meeting of the committee was held in Aberdeen. At this meeting the committee reviewed in detail the services of the Division of Unemployment Insurance, the Labor Market Information Center, and the Division of Labor and Management. The committee reviewed the history, the insurance rates, the administrative procedures, the benefit rates, and the issues regarding the unemployment insurance program and the unemployment trust fund. The committee learned that the department had received a national award for the timeliness of unemployment payments and the accuracy of such payments. Likewise the committee reviewed the history and the administration of workers' compensation program. The committee learned that the Workers' Compensation Advisory Council is submitting to the 2008 Legislature eight changes to the workers' compensation law. These changes regard the definition of injury, the payment of medical expenses pursuant to a medical fee schedule, the weight given to objective medical opinions, employee misconduct, the employer

knowledge and notice of workplace injuries, medical releases, fines for not making medical payments, and increased penalties for late reporting.

The committee also reviewed at its second meeting the boards and commissions attached to the Department of Labor. The committee received presentations regarding the history and responsibilities of the Board of Accountancy, the Board of Barber Examiners, the Cosmetology Commission, the Electrical Commission, the Plumbing Commission, and the Board of Technical Professions.

The committee also toured the Aberdeen offices of the Department of Labor and the Aberdeen career center at its second meeting.

At the committee's third and final meeting, the committee reviewed and approved, to be recommended to the 2008 Legislature, cleanup legislation for SDCL Titles 60, 61, and 62 which are administered by the Department of Labor. This cleanup legislation repeals statutes that are no longer needed and makes style and form changes to those titles of law. None of the changes recommended are a substantial change.

The committee set aside time at its second and third meetings for public testimony. Although interested parties were informed of the committee's meetings via mailings and press releases, no one appeared before the committee or contacted the committee to express any complaint about the performance of the Department of Labor.

**The committee recommends to the 2008 Legislature that the Department of Labor be continued as a state agency.**

#### **Listing of Legislation Recommended**

An Act to revise the style and form of certain provisions regarding labor and employment and the Department of Labor.

An Act to revise the style and form of certain provisions regarding unemployment compensation.

An Act to revise the style and form of certain provisions regarding workers' compensation.

#### **Summary of Meeting Dates and Listing of Committee Members**

The Commission met on July 19, September 13, and October 11. The first and the third meetings of the committee were held in the State Capitol in Pierre. The second meeting of the committee was held in Aberdeen at the offices of the Department of Labor.

Committee members included Representative Tim Rounds, Chair; Senator Arnie Hauge, Vice Chair; Senator Frank Kloucek; and Representatives Dan Ahlers, Brian Dreyer, Richard Engels, Shantel Krebs, Manny Steele, and Charlotte “Charlii” Gilson.

Staff members included David L. Ortbahn, Principal Research Analyst; Aaron Olson, Senior Fiscal Analyst; and Reta Rodman, Legislative Secretary.