

2007

Labor Market Report for South Dakota

Meeting the workforce challenges
of today, tomorrow and the future

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 south dakota
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South Dakota's economy is driven by the traditional industries of agriculture, financial services and manufacturing, and gaining momentum in the professional and technical services industries, and knowledge-based industries such as biotechnology and business processes. The economy has been steadily growing for the past several years, as reflected in the growth in the number of jobs, personal income and gross domestic product for the state. Industries leading in output for the state include finance and insurance, manufacturing, and health care and social assistance.

Job growth is projected to continue for South Dakota, with an expected addition of 57,000 jobs from 2004 through 2014. In addition to this growth, announcements have also been made regarding new economic development projects, including Sanford Health located in the Sioux Falls Metropolitan Statistical Area. This planned expansion in the healthcare industry alone will have a significant effect on the economy, with an estimate of over 9,000 added jobs. The healthcare industry continues to grow in this area and serves patients from a multi-state region.

Nanotechnology (research on matter at the atomic level) is an emerging industry in the western part of the state. The South Dakota School of Mines and Technology, which is located in the Rapid City Metropolitan Statistical Area, is home to the Center for Accelerated Applications at the Nanoscale (CAAN). This center conducts research in the areas of nanoparticles and associated nanosensors, with particular emphasis on South Dakota mineral development.

Another focus is developing nano materials and device testing capabilities for private sector use and nano scale sensing technologies. South Dakota was recently selected as the site for a National Science Foundation (NSF) Deep Underground Science and Engineering Laboratory, which will be a premier international underground research and education facility dedicated to cutting edge science in physics, materials and earth phenomena. The Sanford Underground Science and Engineering Laboratory will be located at the former Homestake Mine in the city of Lead.

With the projected job growth and new economic developments that will also create more jobs, South Dakota faces significant current and future workforce supply and demand challenges. Workers will be needed to fill the opportunities provided by job growth, as well as to replace older workers as they retire from the workforce. Therefore, meeting the workforce needs of South Dakota, both present and future, is a high priority. The key to meeting these challenges is preparing a trained and educated workforce.

The 2007 South Dakota Labor Market Report provides a summary of historical employment, income and output growth, as well as current and projected industry trends. This information is vital in planning to meet the workforce needs in South Dakota for today, tomorrow and the future.

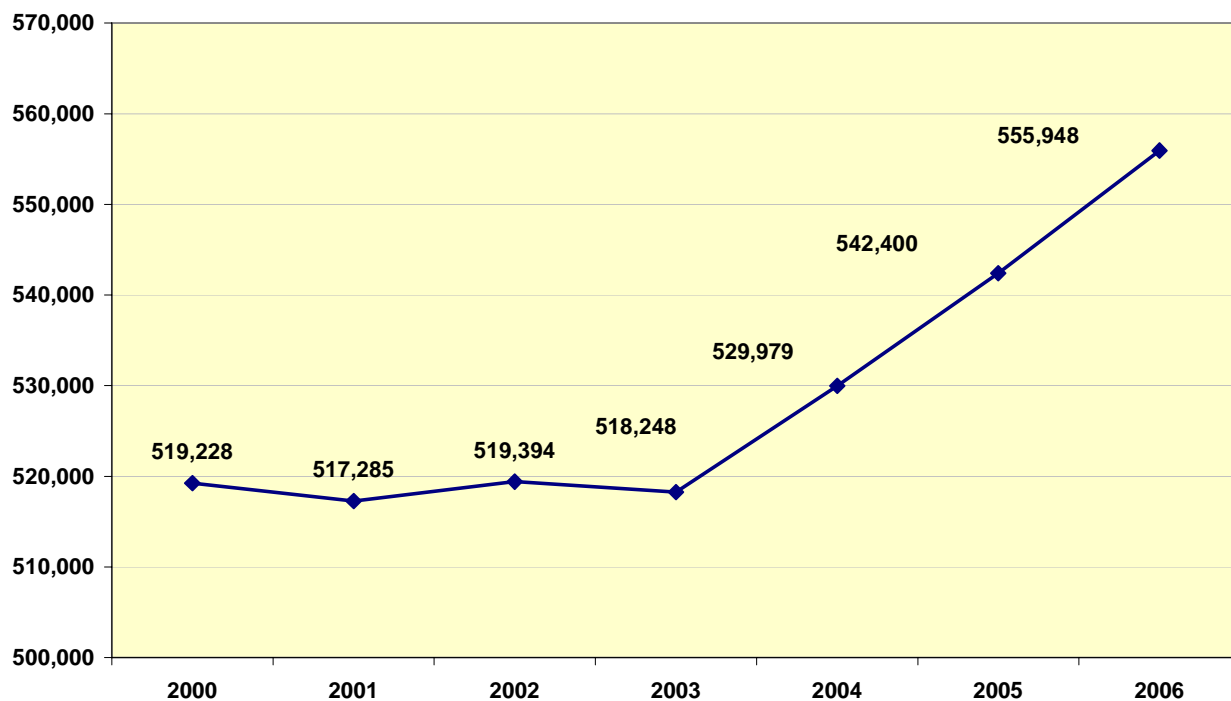
Total Employment



The Bureau of Economic Analysis (BEA) publishes employment data for state and local areas, which includes an estimate of the total number of jobs, full-time plus part-time (full-time and part-time jobs are counted at equal weight), by place of work. The number of workers covered by unemployment insurance is a key component of this employment series. Employees, sole proprietors, and active partners are all included, but unpaid family workers and volunteers are not. Proprietors' employment consists of the number of sole proprietorships and the number of partners in partnerships.

The chart below shows total employment growth from 2000-2006 for the state. Total employment fluctuated the first few years, but has showed consistent continued growth from 2003 through 2006, adding over 37,000 jobs during this time period.

**Total Employment in South Dakota
2000-2006**



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

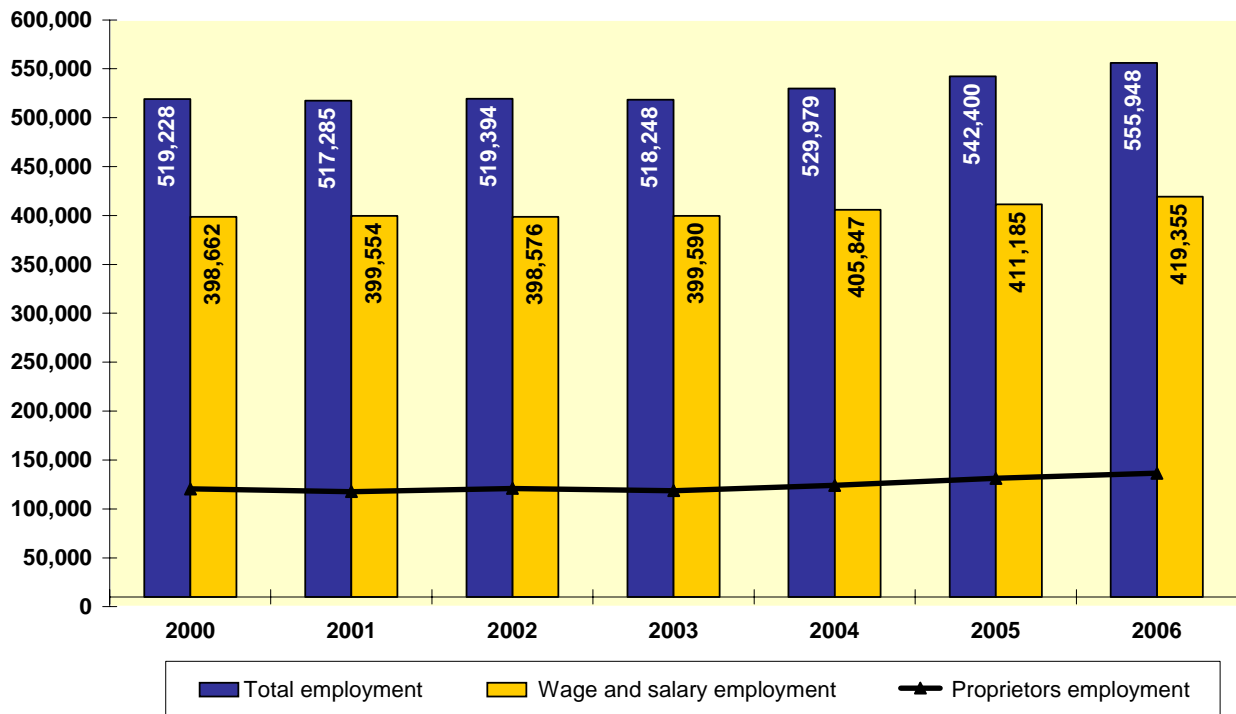
This growth was shared by steady growth in wage and salaried employment as well as strong growth in proprietor employment. The wage and salaried employment sector has shown steady growth since 2002, adding 20,779 jobs to the economy during this time period. Proprietor employment has shown strong growth during this time period as well, increasing by 13 percent and adding 15,775 jobs from 2002 through 2006.

Total Employment, continued



Total proprietor employment includes employment in both the farm and nonfarm sectors. Farm proprietor employment has steadily decreased since 2002, which is related to the trend of smaller farms being consolidated into larger farming operations. Total farm proprietor employment losses included 1,052 jobs, which equates to a 3.2 percent decrease. However, nonfarm proprietor employment has increased 19.1 percent during this time period, increasing this employment sector by 16,827 jobs.

Total Employment in South Dakota

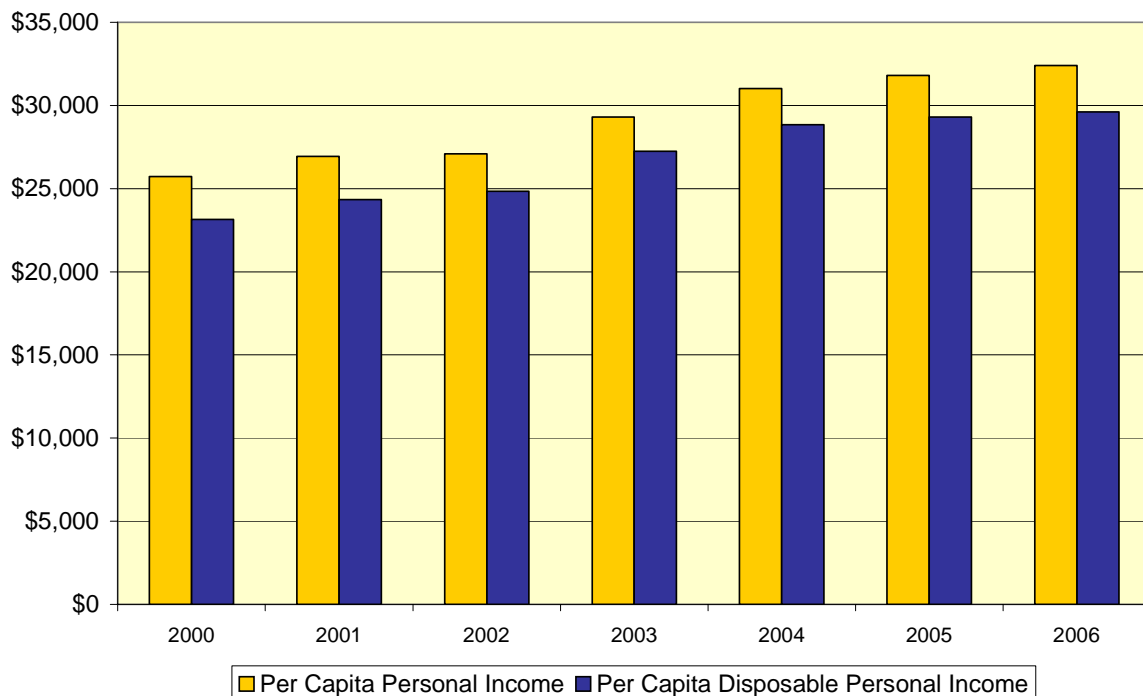


Source: Bureau of Economic Analysis, U.S. Department of Commerce



Personal income data are also released by the BEA. The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in a specific geographic area. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income, rental income, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance. The total payroll of workers covered by unemployment insurance is a component of wage and salary disbursements included in this statistic.

South Dakota Personal Income Statistics



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

Dividing the personal income of an area by the residents of that given area produces a widely used economic indicator called per capita personal income. South Dakota ranked 36th of all the states for the year 2000; current estimates rank South Dakota 32nd of the 50 states. This means that the average personal income for residents in South Dakota was higher than 18 other states.

Disposable personal income measures total personal income minus personal current taxes, which includes taxes on income and on personal property. Per capita disposable personal is calculated as the disposable personal income of the residents of a given area divided by the resident population of the area. South Dakota's rank in per capita disposable income has increased from 34th in 2000 to the current rank of 28th in 2006. To interpret, the rank of 28th indicates the average South Dakota resident had more money available for household spending than 22 other states. This higher rank is correlated with the fact that South Dakota does not impose a state personal income tax.

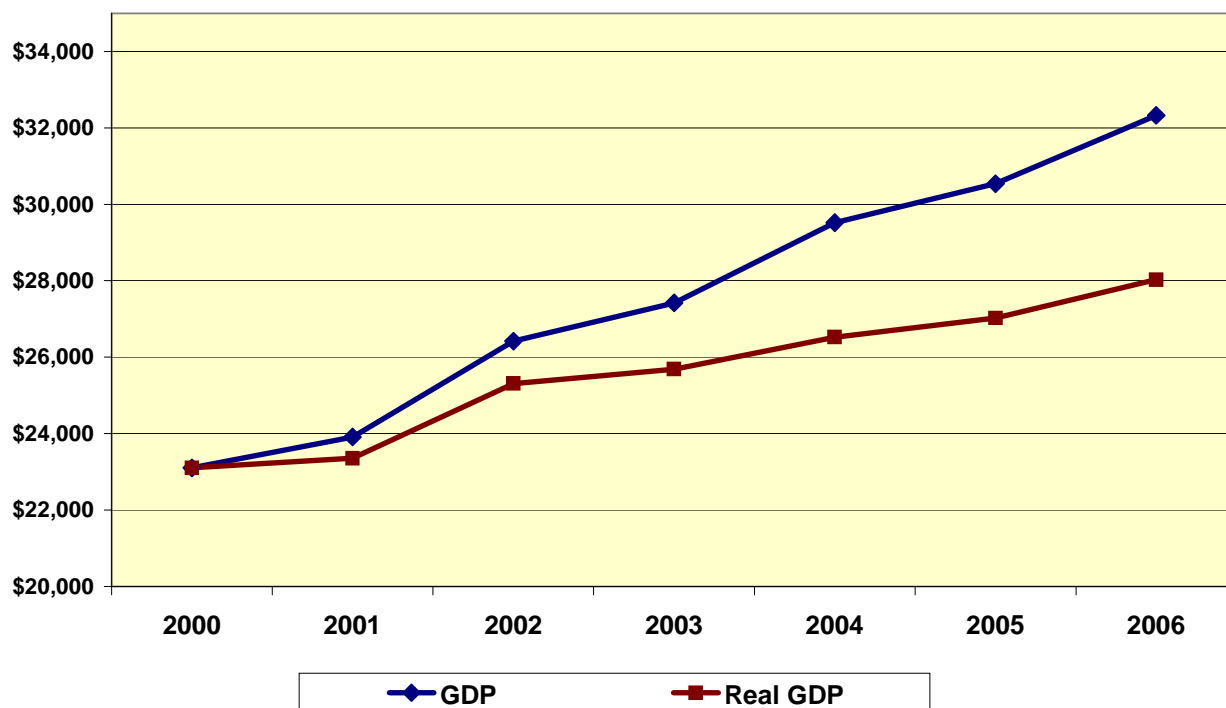
Gross Domestic Product



Related to the total employment and income of an area is the total gross domestic product (GDP) for that area. GDP by state is the value added in production by the labor and capital located in a state. GDP for a state is derived as the sum of the gross state product originating in all industries in a state. In concept, an industry's GDP by state, referred to as its "value added", is equivalent to its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus its intermediate inputs (consumption of goods and services purchased from other U.S. industries or imported). Thus, GDP by state is the state counterpart of the nation's gross domestic product (GDP), BEA's featured measure of U.S. output.

The graph below compares historical estimates of South Dakota GDP compared to real estimates of GDP as measured in chained (2000) dollars. Real GDP by state is an inflation-adjusted measure of each state's gross product that is based on national prices for the goods and services produced within the state.

Gross Domestic Product for South Dakota
(millions of dollars)



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

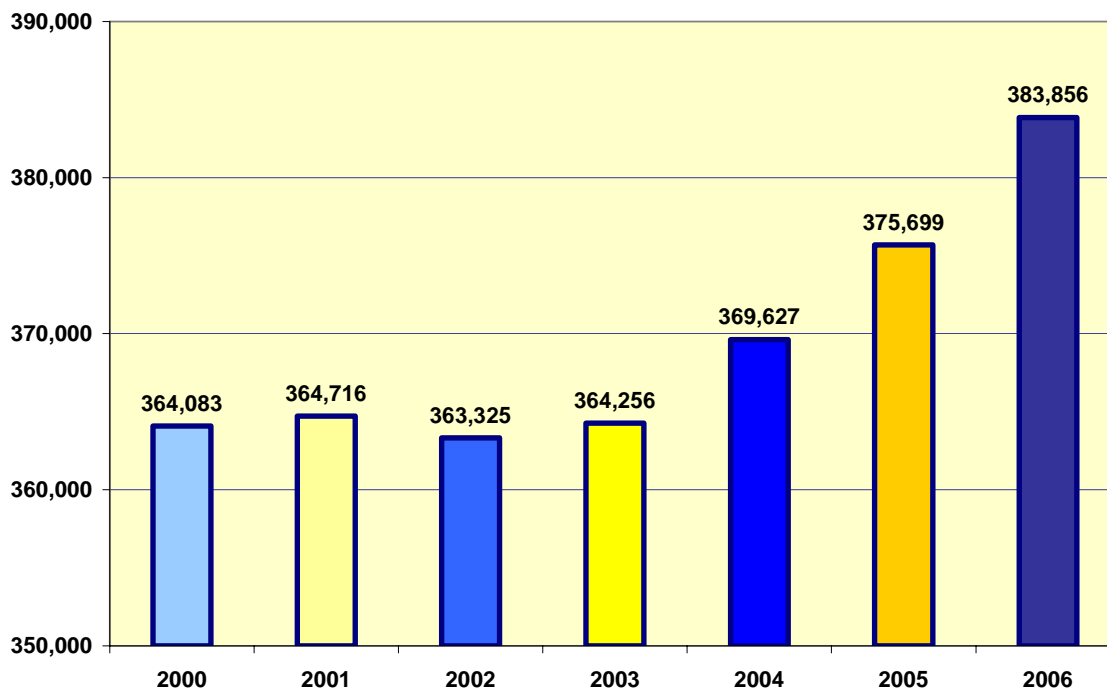
Since 2000, South Dakota GDP has increase 40 percent, increasing by over \$9.2 million. In real dollars (adjusted for inflation used chained 2000 dollars), the rate of growth from 2000 to 2006 was 21.3 percent, increasing by over \$4.9 million. In comparison to the United States, South Dakota performed well. The U.S. increased GDP by 34.9 percent since the year 2000 and when adjusted for real dollars, the rate dropped to 15.8 percent.



A component of the employment series published by BEA is the workers covered by unemployment insurance data. The Quarterly Census of Employment and Wages (QCEW) program tabulates this data. The Labor Market Information Center (LMIC) administers the QCEW program for South Dakota, in cooperation with the Bureau of Labor Statistics. Ownership of this data allows for LMIC to provide more detailed analysis of current industry trends. Covered workers are counted at their place of work, rather than their place of residence. Also, a person who works for more than one covered employer is counted at each job.

The total number of covered wage and salaried workers equaled 95.4 percent of all South Dakota's wage and salaried workers in 2006. The total number of covered workers in South Dakota has grown 5.4 percent since the year 2000, adding almost 20,000 jobs. There was a slight decrease in jobs from 2002 to 2003, but the market recovered and continued to gain jobs through 2006. There were 383,856 covered workers in 2006, reflecting an increase of 2.2 percent compared to 2005 levels.

South Dakota Covered Workers 2000-2006



Source: Labor Market Information Center, South Dakota Department of Labor

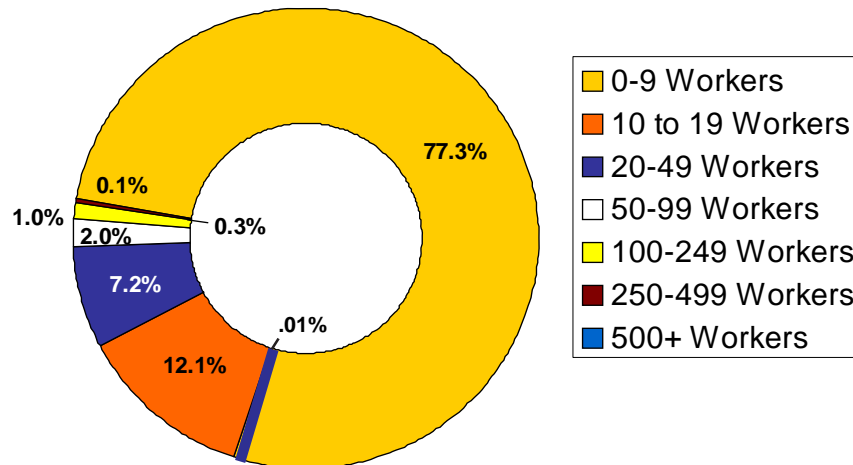
Covered worker data is presented by the North American Industrial Classification System (NAICS), which identifies and stratifies industry sectors. Data is also presented by ownership, which specifies the several layers of government and the private sector of the economy, as well as by establishment size and distribution of employment.



Establishment size data provides a comparison of the number of small and large businesses in South Dakota. The average number of workers at the worksite location determines establishment size. A worksite is generally defined as a single physical location at which predominantly one type of economic activity is conducted.

The chart below displays the number of private South Dakota establishments by establishment size. This chart shows small businesses are predominate in South Dakota. During 2006, the 0-9 workers size class had the largest number of private establishments, accounting for 77.3 percent of all private establishments.

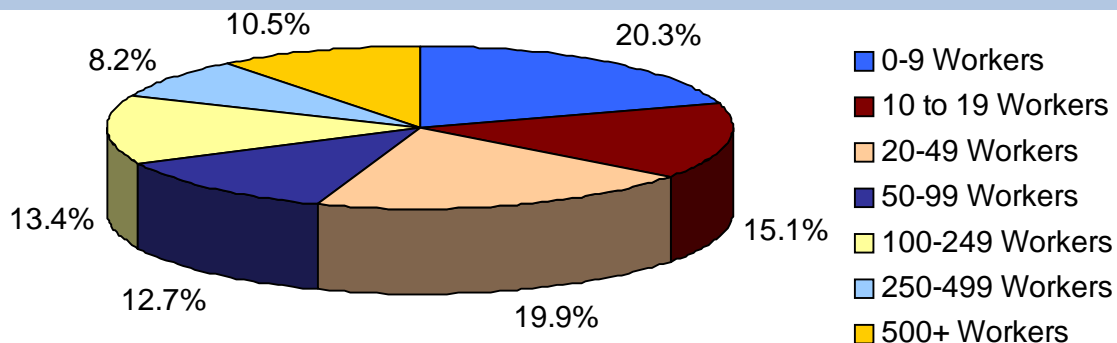
Number of Private Establishments by Establishment Size



Source: Labor Market Information Center, South Dakota Department of Labor

The distribution of employees by establishment size shows a different picture than the distribution of establishments. Chart B indicates smaller businesses (less than 10 workers) employed only 20.3 percent of the covered workers in South Dakota in 2006. The number of workers is more evenly dispersed among the establishment size groups.

Distribution of Employees in Private Industry by Establishment Size



Source: Labor Market Information Center, South Dakota Department of Labor



Before looking at each industry group in detail, a summary of worker and pay levels are presented to provide an overview of the changes that took place in South Dakota from 2005 to 2006. The table below details the number of covered workers by ownership and industry group. All industry groups within the private ownership sector in South Dakota showed worker growth from 2005 to 2006.

Although the total government ownership showed a minimal rate of growth overall, federal government did have a decrease in the average number of workers. State and local government both had minimal worker growth levels from 2005 to 2006.

Average Number of Covered Workers by Ownership & Industry Group

	2005	2006	% Change
Private Ownership			
Natural Resources and Mining	3,970	4,099	3.2%
Construction	21,003	21,832	3.9%
Manufacturing	39,833	41,393	3.9%
Trade, Transportation and Utilities	77,815	79,318	1.9%
Information	6,756	6,953	2.9%
Financial Activities	28,063	29,228	4.2%
Professional and Business Services	24,264	25,563	5.4%
Education and Health Services	53,096	53,600	0.9%
Leisure and Hospitality Services	41,634	42,465	2.0%
Other Services	10,238	10,311	0.7%
Total Private Ownership	306,672	314,763	2.6%
Government			
Federal Government	11,200	11,124	-0.7%
State Government	13,889	13,953	0.5%
Local Government	43,939	44,016	0.2%
Total Government	69,028	69,093	0.1%
Statewide Total	375,699	383,856	2.2%

Source: Labor Market Information Center, South Dakota Department of Labor



Annual pay reflects total compensation paid to covered workers in the form of wages, salaries, bonuses, commission and overtime pay during the year. Annual pay is calculated by dividing total payroll by the average number of workers. The statewide annual pay for workers covered by unemployment insurance for 2006 was \$30,282. This represents an increase of 3.9 percent from 2005, which is slightly above the 3.2 percent increase in the Consumer Price Index for 2006, a statistic widely used as a measure of inflation.

Annual pay is affected by the number of hours worked and the rate of pay. Industry specific annual pay is determined by the mix of full-time and part-time workers and high-paying and low-paying jobs. The leisure and hospitality industry group has the lowest industry annual pay of \$11,440 because these types of businesses typically hire many part-time workers. Federal government workers have the highest annual pay at \$49,986.

2006 Annual Pay of Covered Workers by Ownership & Industry Group

	2005	2006	% Change
Private Ownership			
Natural Resources and Mining	\$28,287	\$29,253	3.4%
Construction	\$31,760	\$33,653	6.0%
Manufacturing	\$34,393	\$35,515	3.3%
Trade, Transportation and Utilities	\$26,954	\$28,102	4.3%
Information	\$35,387	\$36,781	3.9%
Financial Activities	\$36,777	\$38,547	4.8%
Professional and Business Services	\$33,832	\$34,344	1.5%
Education and Health Services	\$33,490	\$34,850	4.1%
Leisure and Hospitality Services	\$10,982	\$11,440	4.2%
Other Services	\$20,867	\$21,579	3.4%
Total Private Ownership	\$28,656	\$29,833	4.1%
Government			
Federal Government	\$48,356	\$49,986	3.4%
State Government	\$35,676	\$36,959	3.6%
Local Government	\$25,632	\$26,394	3.0%
Total Government	\$31,340	\$32,326	3.1%
Statewide Total	\$29,149	\$30,282	3.9%

Source: Labor Market Information Center, South Dakota Department of Labor



This industry group includes the **agriculture, forestry, fishing and hunting** and **mining** industries. The agriculture, forestry, fishing and hunting industry experienced a worker gain, with the average number of workers growing by 133 (4.2 percent) for a total of 3,314 workers. Average annual pay also increased by \$759 to \$25,570 (3.1 percent).

Industries in the **animal production** subsector had the majority of worker increase in this industry, adding 96 jobs (4.8 percent) over the year. The majority of the growth came from larger operations expanding. **Crop production** was the only subsector showing a loss in this industry, with a loss of 11 workers (1.6 percent) from the previous year. This loss can be attributed to lingering drought conditions in most parts of western and central South Dakota in 2006.

2006 South Dakota Covered Workers & Annual Pay for Natural Resources & Mining Industry Group

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Natural Resources and Mining	577	4,099	\$29,253
Agriculture, Forestry, Fishing and Hunting	511	3,314	\$25,570
Crop Production	129	678	\$24,749
Animal Production	257	2,112	\$24,907
Forestry and Logging	28	139	\$27,490
Fishing, Hunting and Trapping	4	28	\$12,264
Agriculture and Forestry Support Activities	93	358	\$31,261
Mining	66	785	\$44,801
Oil and Gas Extraction	4	30	\$60,526
Mining, except Oil and Gas	47	728	\$43,046
Support Activities for Mining	15	28	\$71,968

Source: Labor Market Information Center, South Dakota Department of Labor

The **mining** industry experienced a minor loss of four workers from 2005 to 2006. Since industry employment data was first reported in the late 1930s, mining has lost nearly 75 percent of its jobs, which can be directly related to different methods of mining and the closing of several gold mines in the Black Hills.

Wages remained high in the mining industry in 2006, with an average annual pay of \$44,801; this is an increase of \$2,503 (5.9 percent) over the year. For many years high wages paid by gold mines kept mining in the number one position by a substantial margin. As the number of workers in the gold mines declined, so did the average annual pay of workers in the industry.



The **construction** industry's employee numbers continued to grow in 2006 despite rising interest rates. Worker levels for construction grew to 21,832, an increase of 829 workers (3.9 percent) from the previous year. This growth has definitely been affected by population shifts within the state. These shifts have had an impact on sustained construction activity, with the movement in population affecting the demand for new housing and businesses.

The construction industry is made up of three subsectors:

Building, developing and general contracting: include establishments primarily responsible for the entire construction of building projects.

Heavy construction: construction of heavy engineering and industrial projects, such as highways, power plants and pipelines.

Special trade contractors: specialized construction activities such as plumbing, painting and electrical work.

2006 South Dakota Covered Workers & Annual Pay Construction Industry Group

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Construction	3,927	21,832	\$33,653
Construction of Buildings	1,322	5,974	\$32,009
Heavy and Civil Engineering Construction	393	3,443	\$41,770
Specialty Trade Contractors	2,212	12,416	\$32,190

Source: Labor Market Information Center, South Dakota Department of Labor

All three subsectors increased worker levels, with **special trade contractors** adding 44 new establishments and 454 workers, for an average number of workers that totaled 12,416 in 2006. Although not as large of an increase as in 2005, feelings that interest rates were reasonable enough to build new homes or remodel existing structures before interest rates increase were still evident in 2006.

Building construction added 70 workers, for an average number of workers of 5,974 in 2006. After showing a decline in worker numbers in **heavy construction** for 2005, the subsector rebounded well with a worker increase of 306 (9.8 percent) for 2006. Although the number of employers declined in 2006, the increase in worker numbers indicates larger heavy construction projects with more employees per employer. The average number of workers employed in heavy construction in 2006 was 3,443.

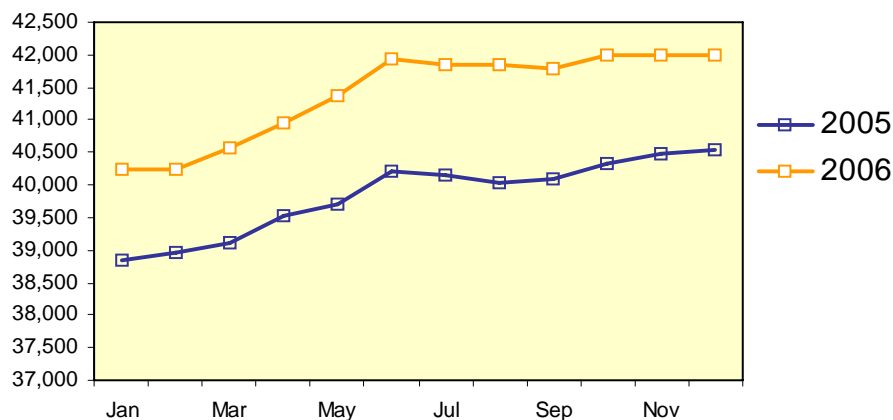
For the industry as a whole, annual pay increased by 6.0 percent in 2006 to \$33,653. However, annual pay increased in building construction at a greater rate than in the heavy construction and special trades.



In 2006, the **manufacturing** industry saw an increase in average employment of 1,560 workers (3.9 percent), for a total of 41,393 workers in the state. Although some growth was centered in the metropolitan areas, the majority of the growth was dispersed throughout the rest of the state. South Dakota's statewide manufacturing recovery started in January 2004 and still continues. In comparison, the national estimates have not shown annualized growth since 1998.

This industry includes **durable** and **non-durable goods manufacturing**; establishments manufacturing durable goods produce products with a normal life expectancy of three or more years. These items typically consist of higher dollar products such as machinery, furniture and building materials, and electronic equipment. Non-durable goods typically consist of food and beverage products, clothing and paper products.

South Dakota Covered Workers Manufacturing



Source: Labor Market Information Center, South Dakota Department of Labor

The largest worker gains occurred in the following subsectors:

- ◆ Machinery manufacturing (516 workers, or 9.8 percent)
- ◆ Miscellaneous manufacturing (401 workers or 8.2 percent)
- ◆ Transportation equipment manufacturing (292 workers 13.6 percent)
- ◆ Fabricated metal product manufacturing (111 workers or 3.0 percent)

Other manufacturing industries showing gains of more than 50 workers included:

- ◆ Plastic and rubber products manufacturing (97 workers or 6.6 percent)
- ◆ Chemical manufacturing (91 workers or 11 percent)
- ◆ Furniture and related product manufacturing (85 workers or 3.3 percent)
- ◆ Food manufacturing (81 workers or 1.1 percent)



The annual pay of the manufacturing industry as a whole also increased, climbing by \$1,122 (3.3 percent) to \$35,515 in 2006.

2006 South Dakota Covered Workers & Annual Pay Manufacturing Industry Group

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Manufacturing	1,096	41,393	\$35,515
Food Manufacturing	133	7,501	\$34,032
Beverage and Tobacco Product Manufacturing	9	215	\$35,557
Textile Mills	2	*	*
Textile Product Mills	23	431	\$25,357
Apparel Manufacturing	15	116	\$22,659
Leather and Allied Product Manufacturing	2	*	*
Wood Product Manufacturing	64	2,363	\$35,176
Paper Manufacturing	8	*	*
Printing and Related Support Activities	109	1,518	\$33,234
Petroleum and Coal Products Manufacturing	2	*	*
Chemical Manufacturing	42	919	\$49,532
Plastics and Rubber Products Manufacturing	43	1,567	\$31,555
Nonmetallic Mineral Product Manufacturing	87	1,622	\$41,597
Primary Metal Manufacturing	6	671	\$38,351
Fabricated Metal Product Manufacturing	158	3,794	\$34,412
Machinery Manufacturing	102	5,797	\$38,150
Computer and Electronic Product Manufacturing	30	3,241	\$36,603
Electrical Equipment and Appliance Manufacturing	14	446	\$42,647
Transportation Equipment Manufacturing	62	2,438	\$37,175
Furniture and Related Product Manufacturing	92	2,630	\$29,409
Miscellaneous Manufacturing	93	5,267	\$34,517

* Data was suppressed to prevent disclosure of confidential information.

Source: Labor Market Information Center, South Dakota Department of Labor



The **trade, transportation and utilities** industry group is comprised of the **wholesale trade** industry, the **retail trade** industry, the **transportation and warehousing** industry, and the **utilities** industry.

Wholesale Trade

In 2006 the **wholesale trade** industry added 827 workers, for a 4.7 percent increase. Although the number of workers increased in 2006, the number of establishments decreased by 32 units. Even with the small decrease of units, the steady increases in annual pay and workers over the past few years proves the industry is still very strong. The 2006 increase in annual pay was \$1,516, an increase of 3.8 percent.

2006 South Dakota Covered Workers & Annual Pay Wholesale Trade

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Trade, Transportation and Utilities	8,080	79,318	\$28,102
Wholesale Trade	2,463	18,313	\$41,379
Merchant Wholesalers, Durable Goods	769	7,932	\$44,587
Merchant Wholesalers, Nondurable Goods	855	8,705	\$34,380
Electronic Markets and Agents and Brokers	839	2,216	\$58,175

Source: Labor Market Information Center, South Dakota Department of Labor

The largest employment increase in the wholesale trade industry appears to have occurred in the **electronic markets and agents and brokers** subsector. However, the majority of the large jump in employment is due to a non-economic code change, meaning the reclassification of an already established business moving from one industry into another.

Merchant wholesale of durable goods had the largest true gain in employment with 224, an increase of 3.1 percent workers. This subsector decreased by nine establishments in 2006, but average annual pay increased to \$44,587, an increase of 2.0 percent. Durable goods are classified as having a life expectancy of three years or more (such as automobiles).

The **merchant wholesale of nondurable goods**, those with a life expectancy of less than three years (like groceries), also had an increase in worker numbers for 2006. Although the increase was a bit more modest than that of durable goods subsector, the addition of 104 workers was the first increase in this subsector since 2002.



The **retail trade** industry had a bit of a challenging year in 2006, posting a one percent decrease in units and a 0.1 percent decrease in workers overall. A review of historical data for the retail trade industry show many peaks and valleys regarding worker trends. This observation makes it quite apparent that this industry is volatile and subject to seasonal influences.

2006 South Dakota Covered Workers & Annual Pay Retail Trade

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Trade, Transportation and Utilities	8,080	79,318	\$28,102
Retail Trade	4,220	49,220	\$20,806
Motor Vehicle and Parts Dealers	575	6,531	\$33,682
Furniture and Home Furnishings Stores	196	1,498	\$27,092
Electronics and Appliance Stores	220	1,517	\$26,194
Building Material and Garden Supply Stores	442	5,109	\$25,980
Food and Beverage Stores	375	8,381	\$14,732
Health and Personal Care Stores	219	1,907	\$25,341
Gasoline Stations	662	5,759	\$14,627
Clothing and Clothing Accessories Stores	352	2,535	\$13,282
Sporting Goods, Hobby, Book and Music Stores	243	2,059	\$16,579
General Merchandise Stores	183	9,594	\$17,658
Miscellaneous Store Retailers	569	2,934	\$18,368
Nonstore Retailers	184	1,395	\$31,488

Source: Labor Market Information Center, South Dakota Department of Labor

Although overall the retail industry showed a slight decrease in 2006, there were some subsectors that had promising growth over the year. **Building material and garden supply stores** added 13 establishments and 155 workers. And for the second consecutive year, **nonstore retailers** have had the strongest growth of all the subsectors in this industry adding five new units along with 53 new workers. The average annual pay for nonstore retailers also increased 10.2 percent, to a new level of \$31,488 in 2006. Nonstore retailers include establishments that offer electronic shopping or mail order services, as well as vending machine operators and direct selling establishments, such as home heating oil dealers and newspaper delivery service providers.



The **transportation and warehousing** industry added 15 new establishments and 632 workers. Average annual pay increased by 5.9 percent to a new level of \$33,282 in 2006. This sector includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation.

The **truck transportation** subsector showed substantial improvement for 2006. Between 2005 and 2006 it gained 12 new establishments and 257 workers. This 5.0 percent increase in employees is nearly double that of the increase from the previous year. Although there was an impressive increase in the worker levels, some of the large increase was due to business reclassification from an annual refilling survey. The annual refilling survey is conducted to verify that the primary business function of the company is accurate. If the business description for the industry the company is currently coded within is not correct, the employer responds with a more accurate description and is reclassified appropriately.

Support activities for transportation also had an unusually large increase in 2006, adding 15 new establishments and 126 employees. Annual pay increased by 8.3 percent to \$35,102. A large portion of the new establishments were in freight transportation arrangement.

2006 South Dakota Covered Workers & Annual Pay Trade, Transportation & Utilities

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Trade, Transportation and Utilities	8,080	79,318	\$28,102
Transportation and Warehousing	1,219	9,554	\$33,282
Air Transportation	29	271	\$31,043
Rail Transportation	1	*	*
Truck Transportation	857	5,448	\$36,645
Transit and Ground Passenger Transportation	79	1,055	\$15,283
Pipeline Transportation	9	*	*
Scenic and Sightseeing Transportation	11	76	\$11,496
Support Activities for Transportation	108	720	\$35,102
Postal Service	12	18	\$13,528
Couriers and Messengers	79	1,284	\$34,566
Warehousing and Storage	34	620	\$30,456

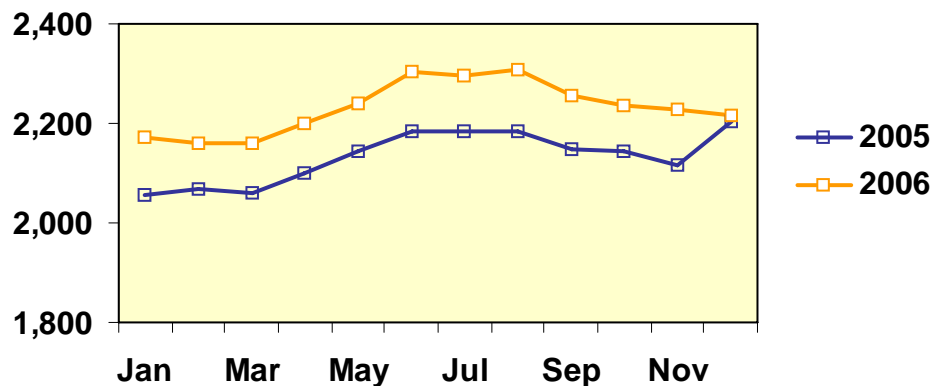
* Data was suppressed to prevent disclosure of confidential information.

Source: Labor Market Information Center, South Dakota Department of Labor



Evidence of the late November 2005 ice storm affecting a large area in south-central and southeastern South Dakota was still apparent in the **utilities** industry for much of 2006. Added workers were hired to replace poles and restore power to areas hit by the storm. Although utilities ranks second to last in the number of workers employed (2,232 workers in 2006) among the major industries in South Dakota, it ranks second for annual pay. High pay and low turnover in the utilities industry contributed to its continued stability. Most of the turnover in this industry is due to retirement.

South Dakota Covered Workers Utilities



Source: Labor Market Information Center, South Dakota Department of Labor

Historically the utilities industry shows a very small percentage increase because of its stability. Four establishments were added in 2006, along with an added 99 workers (4.6 percent), for a total of 2,232 workers in 2006. The annual pay for the utilities industry was \$57,900, reflecting a 1.5 percent decrease from the previous year. The annual pay decrease can be attributed to overtime and premium pay needed to get immediate power up and running in the affected storm areas of the state in 2005 and the return to a more normal schedule for repair work in much of 2006.

2006 South Dakota Covered Workers & Annual Pay Utilities

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Trade, Transportation and Utilities	8,080	79,318	\$28,102
Utilities	178	2,232	\$57,900

Source: Labor Market Information Center, South Dakota Department of Labor



The information industry is composed of establishments engaged in **telecommunications, publishing, motion picture and sound recording, broadcasting, internet broadcasting and publishing, internet service providers, and other information services**. This industry added 197 workers (2.9 percent) for a total of 6,953 workers in 2006. Annual pay increased by \$1,394 (3.9 percent) to \$36,781 in 2006.

2006 South Dakota Covered Workers & Annual Pay Information Industry Group

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Information	523	6,953	\$36,781
Publishing Industries, except Internet	146	1,990	\$26,697
Motion Picture and Sound Recording Industries	87	609	\$11,386
Broadcasting, except Internet	71	1,185	\$31,645
Internet Publishing and Broadcasting	6	17	\$15,034
Telecommunications	176	3,020	\$49,427
ISPs, Search Portals and Data Processing	34	120	\$48,756
Other Information Services	3	12	\$66,665

Source: Labor Market Information Center, South Dakota Department of Labor

Telecommunications had the largest growth in 2006, adding 176 workers (6.2 percent) for a total of 3,020. Wired telecommunication carriers, in particular, demonstrated strong hiring. Contributing to the growth among wired telecommunications carriers are those providers in some areas of South Dakota who are extending fiber optic cable to residential customers, enabling them to offer cable television, video-on-demand, high-speed Internet and conventional telephone communications over a single line.

There were smaller worker gains distributed among the **publishing, motion picture and sound recording**, and the **Internet publishing and broadcasting** industries. Gains included 18 workers added for publishing, 26 workers for motion picture and sound recording, and 12 more for the internet publishing and broadcasting industry.

Decreased worker levels were experienced by the following subsectors in this industry:

- ◆ Broadcasting, internet service providers (loss of 20 workers)
- ◆ Web search portals and data (loss of 11 workers)
- ◆ Data and other information services (loss of 3 workers)



The **financial activities** industry group is comprised of the finance and insurance industry and the real estate and rental and leasing industry. The **finance and insurance** industry added 1,175 workers (4.8 percent), for a total of 25,477 in 2006. Annual pay increased by 4.7 percent to a new level of \$40,828. The **credit intermediation and related activities** subsector, which includes accepting deposits and lending funds from these deposits, experienced the majority of the worker increase, gaining 897 workers. The increase is attributed to both business creation and expansion.

2006 South Dakota Covered Workers & Annual Pay Financial Activities Industry Group

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Financial Activities	3,098	29,228	\$38,547
Finance and Insurance	2,088	25,477	\$40,828
Credit Intermediation and Related Activities	846	18,601	\$39,169
Securities, Commodity Contracts and Investments	265	738	\$75,147
Insurance Carriers and Related Activities	958	6,108	\$41,642
Funds, Trusts and Other Financial Vehicles	19	30	\$57,213
Real Estate and Rental and Leasing	1,010	3,751	\$23,058
Real Estate	798	2,501	\$23,685
Rental and Leasing Services	205	1,212	\$20,891
Lessors of Nonfinancial Intangible Assets	7	38	\$50,849

Source: Labor Market Information Center, South Dakota Department of Labor

The **real estate and rental and leasing** had a minor decrease in worker numbers, with a decline of 10 workers (0.1 percent). However, this industry showed positive growth in annual pay, increasing by \$725 (3.2 percent) to \$23,058.

Worker growth occurred in the real estate subsector, with the additional of 32 workers. The growth in the subsector was influenced by the housing market, which remained solid as consumers took advantage of lower mortgage rates, a time when many renters become first time home buyers. The **lessors of nonfinancial intangible assets** subsector also gained seven workers. However, these gains were countered with a loss of 49 workers that occurred in the **rental and leasing services** subsector.



The **professional and business services** industry group is comprised of the professional, scientific and technical services industry; the management of companies industry; and the administrative and support and waste management and remediation services industry.

The **professional, scientific and technical services** industry is unique in that most the services provided in this sector normally require a high degree of expertise and training. Human capital is a major input in delivery of services. Activities requiring expertise include legal advice and representation; accounting services; architectural, engineering and specialized design services; computer services; consulting services; and research services among other professional, scientific and technical services available. This industry added 376 workers for an annual average of 9,740 in 2006. An increased worker level reflects the continued consumer demand for the specialized services offered by this industry.

2006 South Dakota Covered Workers & Annual Pay Professional & Business Services Industry Group

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Professional and Business Services	3,970	25,563	\$34,344
Professional, Scientific and Technical Services	2,350	9,740	\$41,106
Professional and Technical Services	2,350	9,740	\$41,106
Management of Companies and Enterprises	170	2,788	\$65,658
Management of Companies and Enterprises	170	2,788	\$65,658
Administrative & Support & Waste Management & Remediation Services	1,450	13,035	\$22,593
Administrative and Support Services	1,319	12,234	\$22,181
Waste Management and Remediation Services	131	701	\$29,844

Source: Labor Market Information Center, South Dakota Department of Labor

The **management of companies and enterprises** industry posted its first worker gain since 2000, adding 260 workers (10.3 percent increase) as well as 13 new establishments. Annual pay for this industry dropped significantly in 2006, falling 13.0 percent (\$9,776). Although this seems like a drastic drop in annual pay, this small industry is profoundly affected the entrance and exit of companies that offer higher rates of pay.

The **administrative and support and waste management and remediation services** industry gained 663 workers (5.4 percent), for a total of 13,035 in 2006. Annual pay increased by \$557 (2.5 percent) to a level of \$22,593 in 2006.



The **educational services** industry gained 114 workers (4.0 percent) in 2006, resulting in an average number of workers of 2,948. This growth was focused among the colleges, universities and professional schools, which traditionally provide academic courses and grant degrees at baccalaureate or graduate levels. Average annual increased by \$567 (2.2 percent) for a new level of \$25,882 in 2006.

2006 South Dakota Covered Workers & Annual Pay Education & Health Services Industry Group

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Education and Health Services	2,437	53,600	\$34,850
Educational Services	182	2,948	\$25,882
Health Care and Social Assistance	2,255	50,651	\$35,372
Ambulatory Health Care Services	1,261	13,158	\$53,907
Hospitals	54	18,512	\$38,325
Nursing and Residential Care Facilities	360	12,386	\$19,973
Social Assistance	580	6,595	\$19,026

Source: Labor Market Information Center, South Dakota Department of Labor

The **health care and social assistance** industry added 390 workers in 2006, bringing the average total of 50,651 workers. Most of this growth was centered in the **hospitals** subsector, which added 360 workers.

The **ambulatory health care services** subsector added 31 new establishments and 342 more workers, for an annual average total of 13,158 workers. South Dakota has an ever increasing population over the age of 65. As this group of individuals approach retirement they are seeking to manage their own health and remain active into their retirement years. Toward this end, ambulatory health care services are expanding to meet their needs. The ambulatory health care services is the highest paid subsector within this industry, with an annual pay of \$53,907.

The **nursing and residential care facilities** subsector experienced an overall loss of workers subsector due to the reclassification of one fairly large establishment into another industry. However, this industry did see a small increase in annual pay.

The **social assistance** subsector, which includes a variety of services such as adoption agencies, daycare centers for the elderly and self-help organizations, added 179 workers for a total of 6,595 of workers in 2006.



The **leisure and hospitality** industry group is comprised of the arts, entertainment and recreation industry, and the accommodation and food services industry.

Although the **arts, entertainment and recreation** industry had a small loss of 49 workers from 2005 to 2006, it did manage to exhibit a 6.1 percent increase in annual pay, for a total of \$14,621. Worker losses were experienced by the **amusement, gambling and recreation** subsector (34 workers) and the **museums, historical sites and similar institutions** (27 workers). However, firms in the **performing arts and spectator sports** subsector did gain 13 workers, offsetting the total loss in this industry.

2006 South Dakota Covered Workers & Annual Pay Leisure & Hospitality Industry Group

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Leisure and Hospitality Services	3,230	42,465	\$11,440
Arts, Entertainment and Recreation	699	6,443	\$14,621
Performing Arts and Spectator Sports	105	993	\$11,587
Museums, Historical Sites, Zoos and Parks	40	454	\$17,630
Amusements, Gambling and Recreation	554	4,996	\$14,957
Accommodation and Food Services	2,531	36,022	\$10,871
Accommodation	603	8,024	\$12,942
Food Services and Drinking Places	1,928	27,998	\$10,277

Source: Labor Market Information Center, South Dakota Department of Labor

The **accommodation and food service** industry showed a strong gain in the number of workers in 2006, adding 880 workers for a total now averaging 36,022. There was also a healthy increase of 3.9 percent in the average annual pay of workers in this industry; workers now earn an average of \$10,871. There were 43 new establishments that opened as well during 2006.

The **food service and drinking places** subsector accounted for the majority of worker growth, adding 773 new workers. The annual average pay also increased by \$385 or 3.9 percent. The large number of young people and part-time workers plus traditionally high turnover in this subsector holds the average annual pay down to \$10,277.

The **accommodation** subsector continued to grow as the South Dakota Department of Tourism continues to market the varied experiences available in our state. The number of workers in this subsector rose by 108 workers (4.1 percent), for a total of 8,024 workers. The annual pay increased 4.1 percent to a level of \$12,942 in 2006.



Businesses within the **other services** industry group provide services not elsewhere specified, including repairs and personal care. This industry produced a net worker gain from 2005 to 2006, adding 73 jobs (0.7 percent) in 2006, for a total average of 10,311 workers. Three of the four industry subsectors in this industry experienced annual worker growth. Annual pay for this industry experienced an increase of 3.4 percent, to a new level of \$21,579.

2006 South Dakota Covered Workers & Annual Pay Other Services Industry Group

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Other Services	2,216	10,311	\$21,579
Repair and Maintenance	948	3,746	\$25,938
Personal and Laundry Services	519	2,775	\$17,421
Membership Associations and Organizations	498	3,484	\$21,014
Private Households	251	306	\$12,264

Source: Labor Market Information Center, South Dakota Department of Labor

Establishments that offer **repair and maintenance services** added 23 workers (0.6 percent) during 2006. This subsector includes businesses that rebuild machinery, equipment and other products back to original working condition. These businesses usually offer routine maintenance on such equipment as well. Establishments providing repair and maintenance for commercial and industrial machinery and equipment were responsible for most of the worker growth in this subsector.

Worker levels in the **personal and laundry services** subsector suffered the majority of worker losses during 2006, losing 27 workers (1.0 percent) from 2005 to 2006. The worker loss was mainly attributable to the reclassification of an establishment, moving it to a different industry.

The industry subsector titled **membership associations and organizations** gained the majority of jobs in this industry, adding 74 workers during 2006 (2.2 percent). Examples of establishments in this industry include professional organizations, labor unions and political organizations, which organize and promote religious activities, support different causes through grant making, advocate social and political causes and promote and defend the interests of their members.

The **private households** subsector also added five workers (1.7 percent) from 2005 to 2006, for a total of 306. Private household workers are involved in the daily operation of the household. These private households may employ individuals such as cooks, maids, nannies and butlers, and outside workers, such as gardeners, caretakers and other maintenance workers.



The federal government industry lost 76 workers from 2005 through 2006, resulting in a 0.7 percent decrease in workers. Many federal government programs continue to feel budget restraints due to the rising federal budget deficit. As congress struggles with the federal budget, the current allocation of funds leaves many federal programs struggling to deal with reduced budgets and/or rescissions. Even though the number of establishments and workers declined in 2006, federal government did have an increase in average annual pay of 3.6 percent for a total of \$49,986.

2006 South Dakota Covered Workers & Annual Pay Government Industry Group

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Government	2,214	69,093	\$32,326
Federal Government	617	11,124	\$49,986
State Government	737	13,953	\$36,959
State Government Education	11	5,049	\$40,641
State Government, excluding Education	726	8,904	\$34,872
Local Government*	860	44,016	\$26,394
Local Government Education	227	23,655	\$27,479
Local Government, excluding Education	633	20,361	\$25,132

Source: Labor Market Information Center, South Dakota Department of Labor

South Dakota **state government** gained 64 workers from 2005 through 2006, for a total of 13,953 workers. Annual pay for state workers increased 3.6 percent, for an average annual pay of \$36,959. **Educational services** boasted a gain of 92 workers and an annual pay increase of 4.5 percent. One of the main factors contributing to the increase of educational workers in state government is the continued expansion and development of South Dakota's universities.

Local government remained relatively consistent; the annual seasonal dip between May and September from the summer school break was the only large deviation in this otherwise stable industry. Although the **educational services** subsector of local government added workers, this growth was offset by a decrease in **public administration**, for a total number of workers of 44,016 in 2006.



Local government includes all tribal, city and county government agencies along with all local public and tribal schools. Tribal motels and casinos are also included. This definition of local government became effective in 2001, when a federal law was implemented that required establishments owned by American Indian tribes to be treated similarly to state and local governments. The end result was the reclassification of tribal-owned establishments from private industry to local government. Therefore, since this federal law was enacted, covered worker data presented for the local government ownership also includes workers employed at tribal-owned establishments.

2006 South Dakota Covered Workers & Annual Pay Local Tribal Government

Industry Group, Industry and Subsector	Number of Establishments	Number Workers	Annual Pay
Local Tribal Government	87	8,024	\$25,316
Local Tribal Government Education	32	2,038	\$28,784
Local Government, excluding Education	55	5,986	\$24,136

Source: Labor Market Information Center, South Dakota Department of Labor

Establishments decreased in tribal government by six units, with a corresponding decrease of 223 workers. Although education lost two of those establishments, education actually had a gain in employment, adding 43 workers from 2005 to 2006. The worker loss in tribal government was mainly within public administration. Annual pay for tribal government did increase by 3.8 percent, for an average of \$25,316 in 2006.

Projected Industry Trends



According to the 2004-2014 projections published by the LMIC, worker growth is expected in several industries in South Dakota. Total projected growth includes a total of approximately 57,000 added jobs in the South Dakota economy from 2004 through 2014. South Dakota's expected average annual growth rate of 1.29 percent is just slightly lower than the nation's 1.34 percent rate. Historical time-series data and state and national economic trends were used as variables in various statistical models to project workforce levels. Projected levels include projected growth of the self-employed and unemployed family workers as well, although the vast majority of growth will take place in the nonfarm wage and salaried industries.

The fastest growing industries at the subsector level include social assistance and ambulatory healthcare services. Other health related health industries with significant worker growth included in the fastest growing are hospitals and nursing and residential care facilities. This growth in part correlates with South Dakota's projected aging population.

South Dakota Projected Fastest Growing Industries 2004-2014

Industry Title	2004 Workers	2014 Workers	Percent Change
Social Assistance	7,590	10,450	37.7%
Ambulatory Healthcare Services	12,350	17,000	37.7%
Waste Management and Remediation Service	680	910	33.8%
Amusement, Gambling and Recreation Industries	4,750	6,110	28.6%
Museums, Historical Sites and Similar Institutions	460	590	28.3%
Sporting Goods, Hobby, Book and Music Stores	2,040	2,590	27.0%
Hospitals	18,140	22,930	26.4%
Internet Service Providers, Web Search Portals and Data	190	240	26.3%
Repair and Maintenance Services	3,650	4,600	26.0%
Professional, Scientific and Technical Services	8,650	10,890	25.9%
Warehousing and Storage	480	600	25.0%
Nursing and Residential Care Facilities	12,820	15,940	24.3%
Specialty Trade Contractors	11,140	13,800	23.9%
Chemical Manufacturing	780	960	23.1%
Accommodation Services	7,890	9,700	22.9%

Source: Labor Market Information Center, South Dakota Department of Labor

The staffing patterns of the growth industries have a strong correlation to expected occupational growth. Occupational projections provide a key tool to assess future worker needs. The South Dakota 2004-2014 occupational projections indicate that many of the fastest growing occupations will require postsecondary talent development. Most of the fastest growing occupations in South Dakota are also related to the health care field, followed by the social assistance and the computer technology fields.



South Dakota Projected Fastest Growing Occupations 2004-2014

Occupational Title	2004 Workers	2014 Workers	Percent Change
Network Systems and Data Communications Analysts	470	743	58.1%
Personal and Home Care Aides	989	1,486	50.3%
Computer Software Engineers, Applications	278	411	47.8%
Computer Software Engineers, Systems Software	232	341	47.0%
Diagnostic Medical Sonographers	190	276	45.3%
Physician Assistants	324	466	43.8%
Medical Assistants	961	1,383	43.9%
Dental Hygienists	423	597	41.1%
Social and Human Service Assistants	607	848	39.7%
Physical Therapist Assistants	257	360	40.1%
Dental Assistants	652	906	39.0%
Fitness Trainers and Aerobics Instructors	633	873	37.9%
Registered Nurses	8,885	12,005	35.1%
Network and Computer Systems Administrators	990	1,324	33.7%
Substance Abuse and Behavioral Disorder Counselors	433	581	34.2%

Source: Labor Market Information Center, South Dakota Department of Labor

In addition to job openings due to growth, the model used to produce projections also estimates job openings due to net replacement needs. Job openings due to growth are created by industry employment expansion. Job openings due to net replacement estimate the need in replacing workers who separate from an occupation, such as workers who vacate, change jobs or leave the labor force. Net replacement does not measure openings due to turnover, which measures people leaving a job as opposed to an occupation.

Together, the job openings due to growth and replacement provide a more complete picture of job opportunities. This total demand for workers is referred to as the 'new workers needed' statistic, which represents the hiring to meet job growth and net replacement needs.

With respect to the occupations needing the most new workers, there are over 40 occupations that will each require more than 100 workers per year through the year 2014; several of these occupations require postsecondary education. Overall, occupations requiring some type of postsecondary education are expected to grow at rate of 14.2 percent, generating over 65,000 new jobs from 2004-2014. Occupations that require on-the-job talent development are expected to grow 11.9 percent, generating about 100,000 new jobs for the same time period. 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.

High Demand Occupations



Shown below and on the next page are occupations for which workers are projected to be in greatest demand in South Dakota to 2014. The occupations are grouped by level of education, training and experience required.

On-the-job training

Employers provide up to one year of on-the-job training

	New Workers Needed Yearly	Job Outlook Rating	2006 Wage
Retail Salespersons	676		\$10.25
Waiters and Waitresses	519		\$6.46
Combined Food Preparation & Serving Workers	357		\$6.84
Customer Service Representatives	324		\$11.51
Janitors & Cleaners	322		\$9.20
Nursing Aides, Orderlies & Attendants	236		\$9.63
Child Care Workers	232		\$7.50
Counter Attendants, Food Service	227		\$7.29
Food Preparation Workers	223		\$7.68
Truck Drivers, Heavy & Tractor-Trailer	222		\$15.11

Legend

Job outlook is:

- fair
- favorable
- very favorable

A job outlook rating can be used to compare the demand and supply of workers. Based on the 2004-2014 occupational projections, there are 167 occupations which have a 'favorable' or 'very favorable' job outlook. Although the job outlook rating does not directly measure demand, it shows the occupations that will present the best job opportunities for workers.

Some post-secondary education

Employers prefer some post-secondary education (less than a bachelor's degree)

	New Workers Needed Yearly	Job Outlook Rating	2006 Wage/Salary
Registered Nurses	498		\$23.48
Teacher Assistants	176		\$20,498
Carpenters	166		\$13.10
Automotive Service Mechanics	111		\$15.24
Executive Secretaries & Administrative Assistants	110		\$13.83
General Maintenance & Repair Workers	99		\$12.38
Supervisors, Construction & Extraction, First-Line	79		\$21.75
Licensed Practical Nurses	78		\$14.41
Cement Masons & Concrete Finishers	66		\$12.64
Hairstylists & Cosmetologists	66		\$11.53

High Demand Occupations



Bachelor's degree

Employers prefer workers with a bachelor's degree

	New Workers Needed Yearly	Job Outlook Rating	2006 Wage/Salary
Elementary School Teachers	153		\$34,197
Secondary School Teachers	133		\$35,212
Accountants & Auditors	117		\$22.39
Residential Advisors	96		\$9.73
Middle School Teachers	61		\$36,172
Sales Representatives, Wholesale & Manufacturing, Technical & Scientific Products	56		\$28.60
Child, Family & School Social Workers	52		\$15.32
Medical & Clinical Laboratory Technologists	35		\$20.70
Preschool Teachers	35		\$12.22
Public Relations Specialists	35		\$18.17

Bachelor's degree & work experience preferred

Employers prefer workers with a bachelor's degree and related work experience

	New Workers Needed Yearly	Job Outlook Rating	2006 Wage
General & Operations Managers	156		\$45.14
Chief Executives	38		\$50.87
Property & Real Estate Managers	35		\$15.02
Management Analysts	34		\$33.30
Network Systems & Data Communications Analysts	33		\$22.25
Medical & Health Services Managers	28		\$34.07
Computer Systems Analysts	26		\$28.38
Financial Managers	26		\$40.74
Construction Managers	13		\$32.98
Sales Managers	12		\$46.53

High Wage Occupations



Shown below are the occupations with the highest average wages in 2006. The occupations are grouped by level of education, training and experience required.

On-the-job training

Employers provide up to one year of on-the-job training

	2006 Wage
Real Estate Sales Agents	\$29.12
Postal Service Clerks	\$22.39
Sales Representatives, Wholesale & Manufacturing	\$21.17
Postal Service Mail Carriers	\$21.06
Cargo & Freight Agents	\$19.61
Paving, Surfacing & Tamping Equipment Operators	\$18.32
Postal Service Mail Processors	\$17.70
Pump Operators	\$17.14
Earth Drillers	\$17.08
Title Examiners, Abstractors & Searchers	\$16.95
Average for all occupations for which on-the-job training is preferred	\$10.40

Bachelor's degree preferred

Employers prefer a bachelor's degree

	2006 Wage
Securities & Financial Services Sales Agents	\$62.49
Sales Engineers	\$33.27
Computer Software Engineers, Systems Software	\$32.13
Architects	\$31.88
Computer Hardware Engineers	\$31.30
Computer Software Engineers, Applications	\$30.82
Financial Examiners	\$29.33
Health and Safety Engineers	\$29.09
Mechanical Engineers	\$29.00
Electrical Engineers	\$28.79
Average for all occupations for which a bachelor's degree is preferred	\$19.50

Some post-secondary education

Employers prefer some post-secondary education (less than a bachelor's degree)

	2006 Wage
First-Line Supervisors/Managers of Non-Retail Sales Workers	\$31.14
Power Distributors & Dispatchers	\$30.15
Radiation Therapists	\$27.11
Power Plant Operators	\$25.71
Farm, Ranch & Other Agricultural Managers	\$25.63
First-Line Supervisors/Managers of Fire Fighting & Prevention Workers	\$25.62
First-Line Supervisors/Managers of Police & Detectives	\$25.03
Nuclear Medicine Technologists	\$24.69
Diagnostic Medical Sonographers	\$24.63
Dental Hygienists	\$24.60
Average for all occupations for which some post-secondary education is preferred	\$16.72

Bachelor's degree & work experience preferred

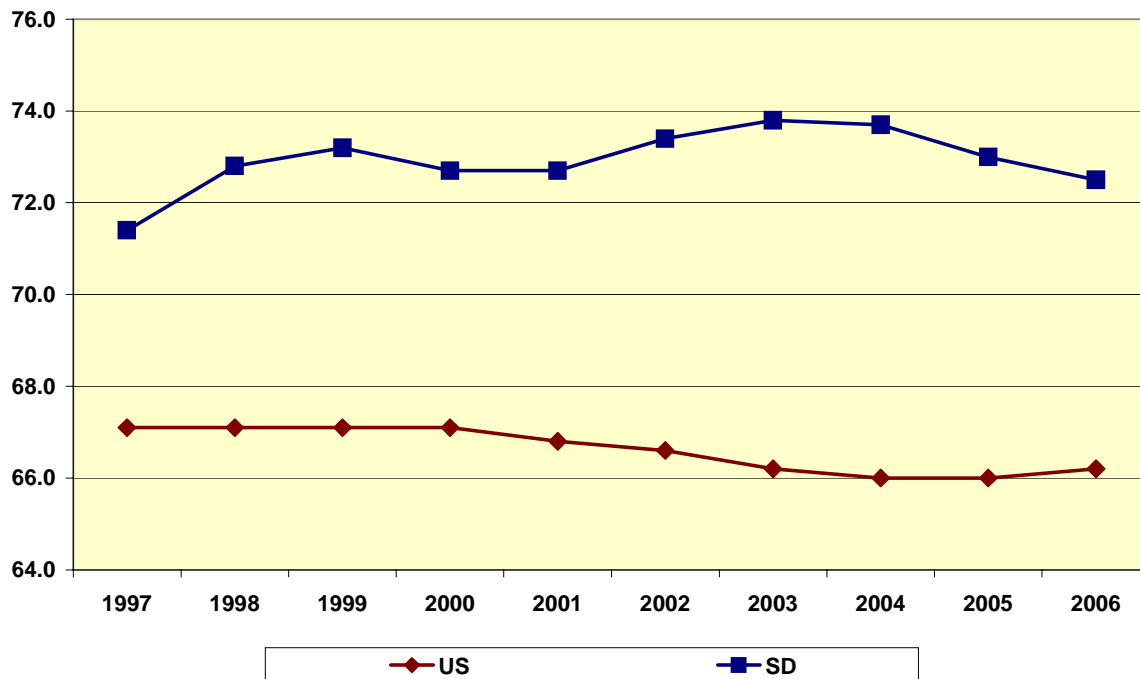
Employers prefer a bachelor's degree and related work experience

	2006 Wage
Chief Executives	\$50.87
Sales Managers	\$46.53
General & Operations Managers	\$45.14
Marketing Managers	\$43.27
Computer & Information Systems Managers	\$42.13
Engineering Managers	\$41.57
Financial Managers	\$40.74
Purchasing Managers	\$36.97
Transportation, Storage & Distribution Managers	\$36.02
Public Relations Managers	\$35.70
Average for all occupations for which a bachelor's degree & work experience are preferred	\$35.88



The most current annual Current Population Survey figures show South Dakota's labor force participation rate was 72.5 percent in 2006. In other words, over 72 percent of all residents age 16 years and over were in the labor force, either working or looking for work. This compares to a 2006 national average of 66.2 percent. Nebraska's rate equaled that of South Dakota, and only four other states (Colorado, Iowa, North Dakota and Minnesota) had 2006 labor force participation rates higher than South Dakota's.

**Labor Force Participation Rates
South Dakota and the United States**



Source: Geographic Profile of Employment and Unemployment, Bureau of Labor Statistics, US Department of Labor

The youth in the state were also active participants in the labor force. In 2006 approximately 63.3 percent of South Dakota's youth (age 16-19 years) were in the labor force, compared to the national rate of 43.7 percent. South Dakota's participation rates exceeded those for the U.S. for all age groups in 2006.

2006 Annual Average Labor Force Participation Rates

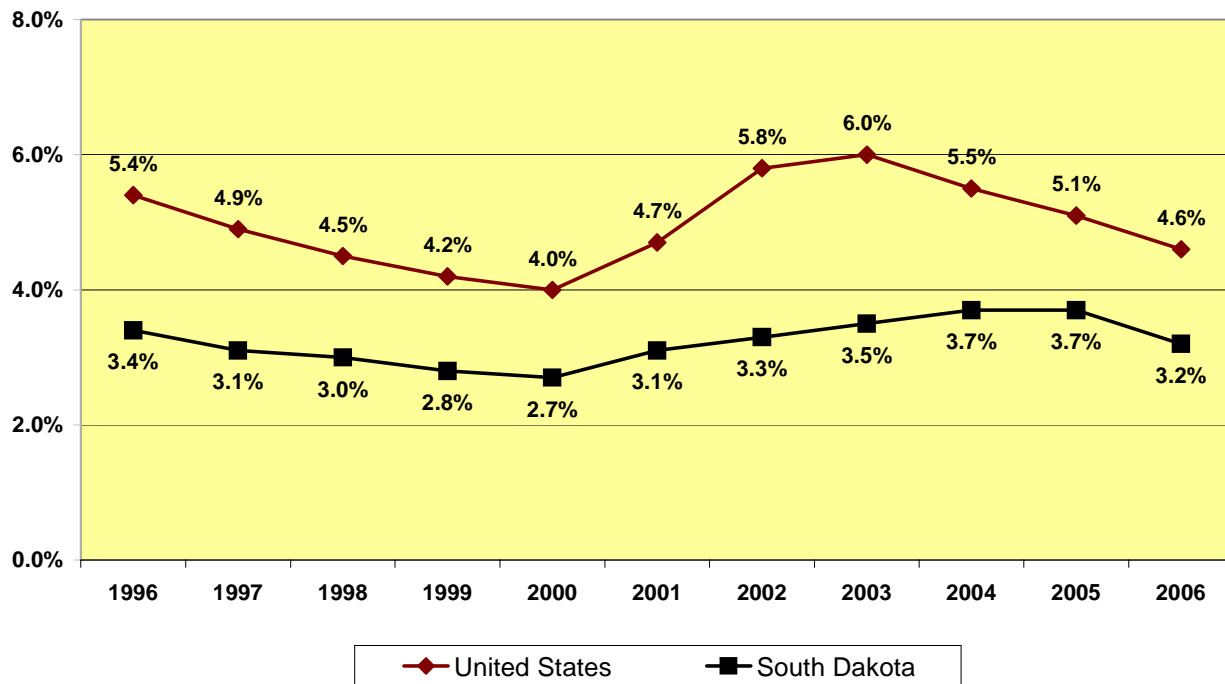
	Total	16-19	20-24	25-34	35-44	45-54	55-64	65+
United States	66.2	43.7	74.6	83.0	83.8	81.9	63.7	15.4
South Dakota	72.5	63.6	84.6	89.6	90.3	89.1	72.4	23.4

Source: Geographic Profile of Employment and Unemployment, Bureau of Labor Statistics, US Department of Labor



Since the labor force participation rate is very high in South Dakota, it is not unexpected that the unemployment rate would be low. In 2006, the annual average unemployment rate was 3.2 percent, compared the national rate of 4.6 percent. The state typically enjoys low unemployment rate due to the rural nature of the state and close connection to the agricultural economy.

Seasonally Adjusted Unemployment Rates South Dakota and the United States



Source: US Department of Labor, Bureau of Labor Statistics

The latest population estimates show there were 781,919 South Dakota residents as of July 2006. Demographics of the state population have changed since the 2000 Census in that the number of younger residents is decreasing, corresponding with an increased number of older residents.

South Dakota Population Data

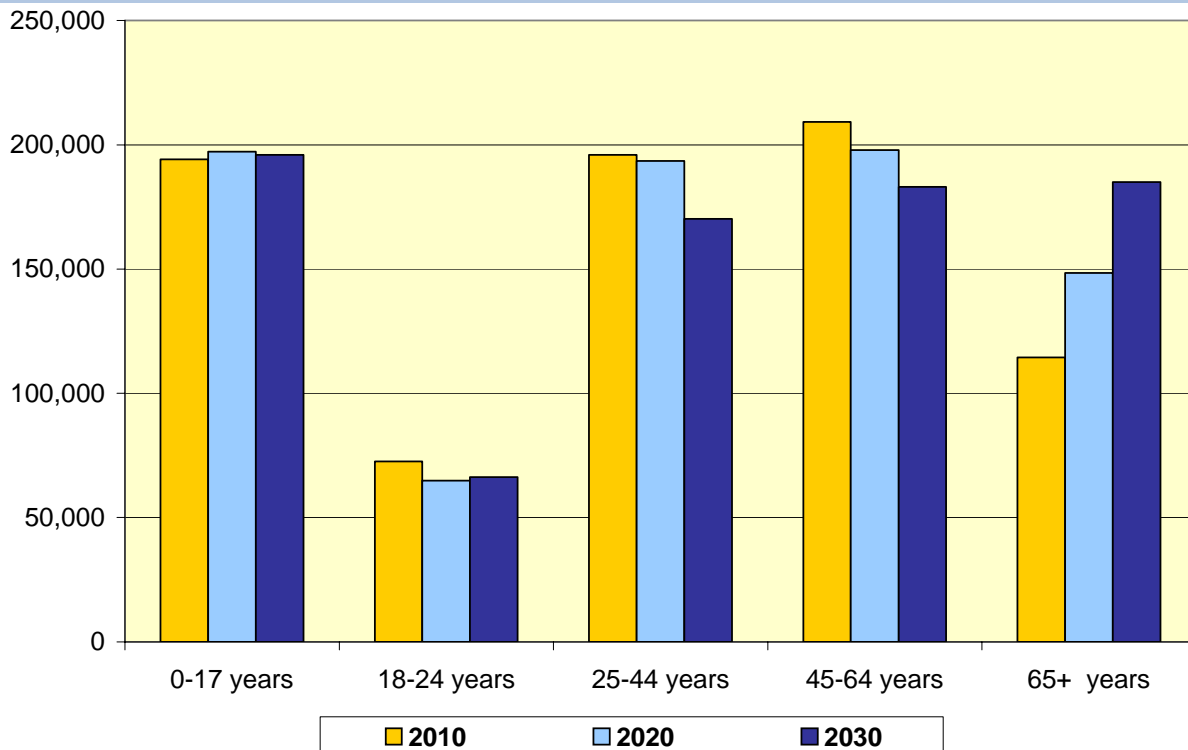
Age Group	2000	Percent of Total	2006	Percent of Total
0-17 years	202,649	26.8%	194,681	24.9%
18-24 years	77,634	10.3%	83,134	10.6%
25-44 years	206,399	27.3%	195,426	25.0%
45-64 years	160,031	21.2%	197,495	25.3%
65+ years	108,131	14.3%	111,183	14.2%
Total	754,844	100.0%	781,919	100.0%

Source: U.S. Census Bureau



Most of the growth population growth was centered in 45-64 years age group, corresponding to the aging population in South Dakota. Population projections released by the U.S. Census Bureau indicate that by the year 2010, the only age cohort to increase their population will be those 45 years and older. This trend causes growing concern regarding future labor force participation rates, as the baby boomers start leaving the labor force, combined with reduced birth rates across the nation.

**South Dakota Population Projections
Select Age Cohorts**



Source: U.S. Census Bureau

Projections for South Dakota through the year 2030 follow the same pattern, with minimal growth or decreased population in all age cohorts except age 65 years and older. In the year 2030, there will be an estimated 186,000 residents aged 65 years or older, comprising almost one-fourth of the state's total population.



Our state's economy is driven by the traditional industries of agriculture, financial services and manufacturing, but gaining momentum are the professional and technical services industries, and knowledge-based industries such as biotechnology, nanotechnology and business processes.

However, along with this growth, South Dakota is facing significant current and future workforce supply and demand challenges. The state anticipates sizeable increases in turnover due primarily to upcoming retirements, intensified competition for qualified employees, and technological changes that result with rapidly changing workplace skill requirements.

Therefore, an educated and trained workforce is the key to South Dakota's future. Workforce development is a high priority, which includes a committed partnership of government, education and business entities. Government organizations provide the vision and collaboration to create an attractive education and business environment. Educational institutions provide the pathway to knowledge and skills and create and encourage a challenging and innovative environment. And businesses provide for investment and opportunity. This collaboration is known as the Workforce 2025, an initiative of Governor M. Michael Rounds. The combined efforts of this partnership focus on ensuring a qualified and highly capable workforce to allow for economic growth and expansion.

One specific focus of Workforce 2025 will be aimed at keeping our youth in the state by making them fully aware of the opportunities available, engaging non-traditional students in a postsecondary career path leading to professional employment in a targeted industry, and increasing the graduation rate and postsecondary degree attainment of students from the American Indian Reservations.

It is extremely important that students, both traditional and nontraditional, and other career decision-makers have access to career information so informed choices can be made. Career information is essential to help match individuals' skills and abilities to appropriate career opportunities in the labor market.

A key focus of workforce development will be on giving people the tools needed to identify their work interests and aptitude as well as knowledge of the career opportunities available to prepare them for participation in the workforce. An efficient labor market exchange will



Assessing Workforce Needs, cont.

A labor exchange initiative launched just a year ago has been effective in matching worker skills to employer needs. Dakota Roots is a workforce development initiative aimed at connecting former South Dakotans to career opportunities with the state's leading businesses. It will expand the South Dakota workforce by encouraging those with ties to the state to return – to live, grow and build. This joint partnership between the Department of Labor, the Department of Tourism and State Development, and the Office of Governor Rounds was launched October 20, 2006. Over 1,300 individuals have registered with the outreach program, expressing their desire to return home to South Dakota, as of October 2007.

Dakota Roots, along with continued workforce development efforts of the Workforce 2025 partnership, will be the catalyst for continued workforce development and economic growth in South Dakota.