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UI Advisory Council makes stimulus package recommendation

PIERRE, S.D. – The South Dakota Unemployment Insurance Advisory Council met today to discuss federal aid options to help unemployed workers through the American Recovery and Reinvestment Act of 2009.

Option one of the stimulus package would provide \$5.9 million to the South Dakota Unemployment Insurance (UI) Trust Fund. To receive this funding, South Dakota must adopt an alternative base period for determining eligibility of UI claims. “The Council voted unanimously to recommend this option to Governor Rounds and the South Dakota Legislature,” said Secretary of Labor Pam Roberts, who also chairs the Council. “The Council’s recommendation is to implement this option effective July 1, 2010.”

The current base period is the first four of the last five quarters. Claimants must have earnings in at least two quarters of the base period. The proposed alternative base period would change the base period to the last four completed quarters for workers who cannot establish a claim using the current base period. Claimants must still have earnings in at least two quarters of the base period.

The federal stimulus package encourages states to adopt the alternative base period and allow unemployed workers to use more recent wages when filing a claim. For 2008, the Department of Labor estimated 420 more workers would have been eligible for UI benefits under the proposed alternative base period. To receive the \$5.9 million this year, the UI Trust Fund will pay additional benefits estimated at \$700,000 each year.

The Council was established to review the UI program as to its content, adequacy and effectiveness. It also has the duty to make recommendations for improvements. The current recommendation will be debated during the current legislative session.