

**For Immediate Release:** Thursday, August 20, 2009

**Media Contact:** Dawn Dovre, 605.773.3094

## **Advisory Council discusses unemployment system recommendations**

**PIERRE, S.D.** – The Department of Labor’s Unemployment Insurance (UI) Advisory Council met today to review the state of the unemployment insurance system in South Dakota as to its content, adequacy and effectiveness. The Council is tasked with reporting their findings and recommendations in the 2009 annual report to the governor and 2010 legislature.

The UI Trust Fund is paying out as much as \$1.5 million a week in August, an increase of 233 percent compared to the \$457,000 paid for the same week a year earlier.

“The benefit payments being paid by the Trust Fund remain at historic highs,” said State Labor Secretary Pam Roberts. “The effects of the national recession continue to be felt in South Dakota.”

The Trust Fund is projected to hit a negative \$6.7 million balance in December 2009. The negative balance will likely continue into the second quarter of 2010.

South Dakota has long had a provision in state law that automatically imposes a surcharge on all employers when the Trust Fund balance dips below certain levels.

The projected balance at the end of September will trigger the start of a 1.5 percent surcharge. The extra tax could total up to \$150 per full-time employee per year. The first payments would be due from employers no later than Jan. 31, 2010.

“We are projecting the surcharge will continue to be assessed for the first two quarters of 2010 and then again the second and third quarters of 2011, although projections can fluctuate because they are based on one snapshot in time,” said State Labor Secretary Pam Roberts. “Options to prevent the surcharge from triggering again in 2011 need to be explored.”

The Council’s meeting agenda included discussion of options including the American Recovery and Reinvestment Act (ARRA) modernization incentives, surcharge changes, wage base increases and required reserve balance revisions.

A hearing will be held on Oct. 8 at 10 a.m. in Pierre to allow the public an opportunity to comment on the draft report. For more information, visit [www.sdjobs.org](http://www.sdjobs.org).