



SOUTH DAKOTA  
DEPT. OF LABOR  
& REGULATION

# Unemployment Insurance Advisory Council Meeting

JUNE 26, 2017

# UI Director's Report

- South Dakota was one of the top performing states at the National UI Appeals Review.
- The maximum weekly benefit amount for initial claims filed on and after July 2 will increase to \$390.

# FY 2018 Federal UI Program Proposals

- Make the **Reemployment and Eligibility Assessments (RESEA)** program a permanent program that operates in conjunction with the UI program.
- This activity saves costs by reducing improper payments and getting claimants back to work more quickly.

# FY 2018 Federal UI Program Proposals

- Propose a program integrity package to help states continue to improve their prevention, detection and recovery of improper payments.
  - Require states cross-match claims against the National Directory of New Hires and with the Social Security Administration's (SSA) prisoner database.
  - Require states to use the State Information Data Exchange System (SIDES) to exchange information with employers on the reasons for a claimant's separation from employment.
  - Allow states to retain 5 percent of overpayment recoveries for program integrity use.

# FY 2018 Federal UI Program Proposals

- Require states to maintain an AHCM of 0.5 for two consecutive January 1sts. States failing to maintain an AHCM of 0.5 would be subject to the same FUTA tax credit reductions that states below a zero fund balance face currently.
- Establish a Fed/state paid parental leave benefit program within the UI program to begin in 2020. The program would provide six weeks of benefits for mothers, fathers and adoptive parents.

# Delinquent Employer Penalty

- The penalty for late payments and/or reports increased from \$5 to \$25 effective July 1, 2016. The maximum total penalty for any quarter is \$300.
- FY 2016 – collected \$154,638
- FY 2017 (through May 2017) – collected \$474,240

# 2017 Legislative Session

- HB 1049
  - revised one of the good cause provisions for voluntarily quitting employment. This bill added physician’s assistants and certified nurse practitioners to the list of healthcare providers who can complete and sign a UI medical statement.
- HB 1097
  - revised UI contribution rates to provide a tax break to employers while ensuring an adequate Trust Fund balance and created an administrative fee to address administrative funding shortfalls.

# 2018 Legislation Proposals

- Provide statutory authority for the DLR to write off old uncollectible employer UI debt.



# UI Trust Fund – Actual 2016

## UI Financials - Quarterly Summary (in Millions)

<b>CY 2016</b>	<b>1st Qtr</b>	<b>2nd Qtr</b>	<b>3rd Qtr</b>	<b>4th Qtr</b>	<b>Total</b>
Contributions/Interest In	\$4.8	\$16.3	\$11.8	\$8.0	\$40.9
Benefits Paid Out	\$11.7	\$5.8	\$4.2	\$5.9	\$27.6
<b>Trust Fund</b>	<b>\$92.2</b>	<b>\$102.8</b>	<b>\$110.5</b>	<b>\$112.4</b>	<b>\$112.4</b>

# UI Trust Fund – Projected 2017

as of June 16, 2017

## UI Financials - Quarterly Summary

(in Millions)

CY 2017	Actual	Projected	Projected	Projected	Total
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
Contributions/Interest In	\$4.7	\$16.5	\$12.1	\$7.9	\$41.2
Benefits Paid Out	\$13.5	\$6.9	\$4.1	\$5.8	\$30.3
<b>Trust Fund</b>	<b>\$102.1</b>	<b>\$112.0</b>	<b>\$120.0</b>	<b>\$122.1</b>	<b>\$122.1</b>

\*Actual data through April 2017.

# UI Trust Fund

- To trigger reduced rate tax table (Schedule B), June 30, 2017 trust fund balance should be \$107.2 million.
- Projected June 30, 2017 trust fund balance is \$112.0 million.
- June 30, 2017 AHCM: 1.67

# UI Trust Fund – Projected 2018

as of June 16, 2017

## UI Financials - Quarterly Summary

(in Millions)

CY 2018	Projected	Projected	Projected	Projected	Total
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
Contributions/Interest In	\$4.3	\$13.8	\$10.1	\$6.8	\$35.0
Benefits Paid Out	\$13.6	\$6.6	\$4.5	\$6.3	\$31.0
Trust Fund	\$112.6	\$119.8	\$125.5	\$126.0	\$126.0

\*Projected using Schedule B.

# Items for Council Consideration

