

## **South Dakota Department of Labor and Regulation Reemployment Assistance Advisory Council 2019 Annual Report**

The Reemployment Assistance (RA) Advisory Council's primary responsibility is to aid the Department of Labor and Regulation (DLR) in reviewing the reemployment assistance program as to its content, adequacy and effectiveness, and to make recommendation for improvements. The Council is composed of Governor-appointed members representing the interests of employers, employees and the public. Council members include DLR Secretary Marcia Hultman (chair), Robert Anderson, Kari Karst, David Owen, Pamela Roberts, Dr. Nathan Sanderson, Dan Schmidt, and Douglas Severson. Former councilmember, Tim Fitzgerald, resigned in September. His position is currently vacant.

This document serves as the report of meetings, discussions, and recommendations of the RA Advisory Council, pursuant to SDCL 61-2-7.1. The report is available to any interested person or groups and can be found on the DLR website at [dlr.sd.gov](http://dlr.sd.gov).

Council action began with a meeting on July 30, 2019. The Council was apprised of the status of legislation proposed during the 2019 legislative session which affected the program. HB 1034 provided a tax break to employers by lowering all tax rates in Schedule B by .05 percent. The change to the reduced rate tax table, Schedule B, goes into effect January 1, 2020. HB 1035 changed the name of the unemployment insurance program to the reemployment assistance program, which became effective July 1, 2019.

During the July 30, 2019, meeting, the Council received an update on the financial condition of the State Unemployment Insurance (UI) Trust Fund. The UI Trust Fund balance on June 30, 2019, was \$128.3 million. In order to trigger the reduced rate tax table for the following year, the June 30 balance must have an average high cost multiple (AHCM) of 1.6 or higher. The AHCM was 1.78; Schedule B will be in effect for 2020. The Council also received an update on the amount of funding collected from the administrative fee.

The Council held their second meeting on October 15, 2019 meeting. At the meeting, the Council reviewed the current financial projections (Attachment A) based on the most recent benefit payment and revenue information.

The Council had no recommendations for change to the Governor or the Legislature at the final 2019 Council meeting. Monitoring of the Trust Fund will continue.

Respectfully submitted on October 15, 2019, by the RA Advisory Council.

Attachment A – Trust Fund Projections for the October 15, 2019, Council Meeting

**RA Financials - Quarterly Summary**

(in Millions)

<b>CY 2019</b>	<b>Actual 1st Qtr</b>	<b>Actual 2nd Qtr</b>	<b>Projected 3rd Qtr</b>	<b>Projected 4th Qtr</b>	<b>Total</b>
Contributions/Interest In	\$4.1	\$13.6	\$9.3	\$6.0	\$33.0
Benefits Paid Out	\$11.9	\$5.4	\$3.3	\$4.5	\$25.1
<b>Trust Fund</b>	<b>\$120.0</b>	<b>\$128.3</b>	<b>\$134.5</b>	<b>\$136.0</b>	<b>\$136.0</b>

<b>CY 2020</b>	<b>Projected 1st Qtr</b>	<b>Projected 2nd Qtr</b>	<b>Projected 3rd Qtr</b>	<b>Projected 4th Qtr</b>	<b>Total</b>
Contributions/Interest In	\$4.1	\$12.5	\$8.5	\$5.7	\$30.8
Benefits Paid Out	\$13.1	\$6.1	\$3.7	\$4.6	\$27.5
<b>Trust Fund</b>	<b>\$126.9</b>	<b>\$133.4</b>	<b>\$138.3</b>	<b>\$139.4</b>	<b>\$139.4</b>