

Unemployment Insurance (UI) Advisory Council Meeting Minutes
August 20, 2009
Kneip Building, Conference Room #3
700 Governors Drive
Pierre, SD

Members Present

Pam Roberts, Chair
Carol Hinderaker
Jason Dilges
Homer Harding
David Owen
Mark Merchen
Bob Riter, Jr.
Paul Aylward

Members Absent

Robert Anderson

Others Present

Don Kattke
Pauline Heier
Sharon Schnabel
Dawn Dovre
Shawn Lyons
Dawn Morris
Deb Mortenson
Bob Mercer
Julie Johnson
Mark Anderson
Kathie Volk
Gerry Davis

Chairwoman Roberts called the meeting to order and roll call was taken by Pauline Heier. A quorum was present.

Mark Merchen MOVED to approve the June 25, 2009 minutes. David Owen SECONDED. Motion Carried.

Dawn Dovre, the Department of Labor's Public Information Officer, gave a presentation on a new communication tool on the SD DOL website called E-lert. Subscribers receive an e-mail notice whenever updates are made to the website.

Don Kattke and Chairwoman Roberts gave a presentation on the current financial status and latest projections of the State UI Trust Fund. They also presented several short and long-term strategies to bring the UI Trust back to solvent levels. The options included expanding benefits to receive the second half of the UI modernization incentive; changing the employer surcharge so it would not trigger on and off each quarter, but remain in effect for four consecutive quarters; increasing the wage base; and changing the required reserve ratio balances used to determine employers' tax rates.

Chairwoman Roberts opened the floor for public comment.

Shawn Lyons, on behalf of the SD Retailer's Association, testified that retailers understand the economic situation in South Dakota but struggle with the concept of having to pay a surcharge since many do not use the system like other industry groups. Lyons also stated that retailers are not ready to impose new long-term taxes and prefer the short-term fix for 2010 of submitting legislation to qualify South Dakota for the

second half of the UI Modernization funding by enacting the training benefit along with the mandated surcharge already scheduled to go into effect.

Deb Mortenson from Associated General Contractors of South Dakota testified that contractors realize that the surcharge will be coming. She also encouraged the Council to wait and see what happens in the economy before making any long-term changes to the UI system. Mortenson also stated that contractors are not opposed to adopting the UI Modernization requirements and receiving the incentive funds.

Chairwoman Roberts closed the floor to public comment and opened the floor to discussion about the 4 options among the Council members. It was the consensus of the Council to recommend to the Governor and the 2010 legislature that legislation be passed to expand benefits to receive the \$11.7 million in UI Modernization funding by allowing UI exhaustees participating in State-approved or WIA funded training programs to receive additional UI payments of 26 weeks. The projected annual cost of this expanded benefit ranges from \$800,000 to \$1,600,000. The Council also recommends the current UI tax system be further analyzed in 2010 to develop long-term strategies for consideration by the 2011 legislative session.

Another meeting will be held to allow for public comment on the draft report to the Governor. That meeting is set for October 8, 2009 at 10:00 a.m. in Pierre.

Jason Dilges MOVED to adjourn the meeting. David Owen SECONDED. Motion Carried.