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UNEMPLOYMENT INSURANCE  
ADVISORY COUNCIL MEETING

KNEIP BUILDING  
700 GOVERNORS DRIVE  
PIERRE, SOUTH DAKOTA

WEDNESDAY, JUNE 6, 2007

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WEDNESDAY, JUNE 6, 2007

CHAIR ROBERTS: We are going to go ahead and call the  
meeting to order. I'll have the secretary call the roll.

4 (Whereupon, roll call was taken and the following  
5 members were present: Chair Pamela Roberts, Jason Dilges,  
6 Carol Hinderaker, Homer Harding, Robert Anderson, Paul Aylward,  
7 David Owen and Mark Merchen.)

8 CHAIR ROBERTS: Did you guys all get a copy of the  
9 minutes from the last meeting of October 10th? And you have  
10 had a chance to review them? Is there a motion?

11 MR. OWEN: Move approval.

12 MR. ANDERSON: Second.

13 CHAIR ROBERTS: Discussion on the minutes. If not,  
14 all in favor say "aye."

15 (Whereupon, the motion passed unanimously.)

16 CHAIR ROBERTS: Motion carries. Opening comments, I  
17 don't really have much for opening comments other than the  
18 agenda, as you can see, should go fairly quickly. If you have  
19 agenda items, be sure and jump in. Paul, as I said, just told  
20 me he had five additional items. Would you like to add  
21 anything to the agenda at this time?

22 MR. AYLWARD: No. You scared me off. (Laughter)

23 CHAIR ROBERTS: If not, just welcome everybody. It's  
24 good to see you. And I'm just going to go ahead and turn it  
25 over to Don. We have like just a report on what's going on as

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1 far as what happened last session, what's going on with the  
2 trust fund and what's going on with the flooding. So we will  
3 let him proceed and be sure and jump in and ask questions as  
4 you wish.

5 MR. KATTKE: Thanks, Pam. 2007 legislation, we can go  
6 on to that one. We had one fairly small cleanup bill in 2007,  
7 Senate Bill 147, and just to take you back a year, in 2006 we  
8 had a big bill that brought South Dakota into, not into

9 compliance but into consistency with federal law about the  
10 wages that employers report for their UI for the wages for  
11 their employees. And the problem was that some of these  
12 pension sort of contributions, the employers had to report it  
13 on the state reports but they had to take it off on the federal  
14 reports. We had employers out there that really sort of had  
15 two sets of books and employers told us their software wouldn't  
16 even accommodate the state requirements, so they had  
17 bookkeepers basically doing it by hand.

18 So in 2006 there was a bill that took out employer  
19 payments to 401K plans and similar ones and that was pretty  
20 straightforward and then so that bill went through and we sent  
21 notice out to the employers, and after we did that, we found  
22 out there was another creature out there that nobody, meaning  
23 we that drafted the bill, even knew about called simple IRA  
24 plans that are like 401Ks but smaller, like 100 employees or  
25 less companies use them.

4

1 We got some input from CPAs that those clients use  
2 those plans, so we just took that one step further in 2007,  
3 again had a bill that exempts employers to these simple IRAs,  
4 retirement plans for the employees, so those are no longer  
5 wages subject to the tax and it gets so the employers now have  
6 the same figure they use on their state unemployment wage  
7 reports, they use that same number on their federal reports so  
8 that consistency is finally there. So that went through with a  
9 few comments along the way, but it finally passed and it was  
10 signed by the Governor, so that's in place as of July 1st.  
11 That was the only legislative item we had.

12 CHAIR ROBERTS: That's the bill.

13 MR. KATTKE: That's the actual bill and that

14 underlying sentence is the only real change, 408(p) plans  
15 technically are what they are in the IRS code, they are simple  
16 IRAs used by small employers. Any questions on that?

17 Trust fund status, the big bill changing the taxable  
18 wage base and increasing employer contribution rates for the  
19 high user employers, the ones that have the highest rates, was  
20 passed in 2006 and had an implementation date in 2007. So in  
21 March of this year, that's the normal cycle, timing cycle that  
22 employers are sent the notices of what their rates are for the  
23 calendar year, so March of 2007 the rate notices went out to  
24 all the employers in the state, and just sort of anecdotally,  
25 we expected a fair amount of feedback because of the changes

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1 that were in place.

2 MR. OWEN: That's what you call it these days,  
3 feedback?

4 MR. KATTKE: Yes, that's what we call it. There are  
5 other terms, but --

6 MR. MERCHEN: Not for the record, though.

7 MR. KATTKE: But we always get a fair number of calls  
8 because employers have claims and the rates go up and they  
9 change and employers don't understand and some have claims they  
10 object to and they are not happy about it. We get a fair  
11 amount of calls every year. This year I don't think was  
12 unusual in terms of the number of calls we got. We just didn't  
13 get a big backwash of employers being upset or concerned, and I  
14 think in large part again that's due to the work that was done  
15 in 2005 and '06 and '07 to educate everybody about what was  
16 coming, and so it went into place.

17 We did a fair amount of publicity telling employers  
18 what was going to happen and in March they got the ratings,

19 what did happen to their individual companies, and then at this  
20 point now we have first quarter employer contribution payments,  
21 those were due April 30th, so we know the rates are in place  
22 for the year. We can make a fairly educated guess, or Pauline  
23 can, actually, about what our revenue is going to be for the  
24 year. So you can see the projections up here in this slide of  
25 the total income for 2007, we are projecting at \$27.1 million,

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1 and how much of that is interest income, Pauline, do you know?

2 MS. HEIER: I think 900,000 to a million, right in  
3 there.

4 MR. KATTKE: About \$26 million of that is employer  
5 contributions and the other million is interest income on the  
6 trust fund, and that compares to 19.5 million for 2006.

7 CHAIR ROBERTS: That 27.1 million is an estimate based  
8 on one actual quarter?

9 MR. KATTKE: Right. That's a pretty good estimate  
10 because we get about 40 percent of our payments in the first  
11 quarter of the year. The benefits -- I think we are pretty  
12 comfortable that's going to be a pretty good number. The  
13 benefits one is harder to predict. We are estimating 24.1 and  
14 you can look at earlier on we had a higher estimate and if you  
15 can see the benefit track in 2004, 2005, and in 2006, we were  
16 talking about that coming out this afternoon, we were running  
17 along kind of like usual, and partly it's seasonal. The  
18 weather just never got bad in the fall of 2006 like you would  
19 expect it. Normally our claims jump way up about in November.  
20 And I'm not sure that's all of it, that's the one major thing  
21 we can put our finger on. In any case, the benefits were  
22 significantly lower. We think that was just sort of an  
23 anomaly, it's not going to be that much, so we are estimating

24 24.1 this year and then the trust fund going from 19.3 again  
25 in '06 to 22.3 again in '07. And that was --

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1 CHAIR ROBERTS: Something is wrong with my eye. I was  
2 not shaking my head at you.

3 MR. KATTKE: I thought that was one of those nonverbal  
4 communications. (Laughter) Continuing on, if you look at the  
5 trust fund number, then, when we were doing these projections  
6 for the legislature, I think those -- the actual number is a  
7 little higher than our projections were, but the rate of change  
8 is about the same. That's what we expected, is two to -- two  
9 or three or four million dollars increase per year when these  
10 changes went into effect, and that's what we are projecting,  
11 22.3 at the end in this year and 25.8 at the end of 2008.  
12 That's about as far out as we think we can reasonably project  
13 with very much accuracy.

14 In summary, I think it's fair to say that the work,  
15 the projections that we did and what we hoped would happen,  
16 thought would happen is actually coming true. That's the good  
17 news. The trust fund has turned around. Instead of keeping  
18 going down, it's turned around and started to gradually go up  
19 again. So any questions or comments on that?

20 MR. HARDING: Is there any impact on the fund do you  
21 suppose with the wage increase, minimum wage increase? Is that  
22 percentage going to impact the fund any?

23 MR. KATTKE: I expect it will some, sure, because you  
24 will have --

25 MR. HARDING: Negative or positive?

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1 MR. KATTKE: I think it will be positive because,  
2 again, you have the tax base was 7,000, this year it's 8,500,  
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3 that's what most employers pay on, it goes up in 500 increments  
4 to 10,000 in 2010, and if you have a certain segment of the  
5 population making more per hour, you are going to have more --  
6 maybe they were at 6,000 last year, now they are at seven  
7 because of that minimum wage increase, so I think it will be  
8 somewhat of an impact. I don't know how we would quantify it,  
9 though.

10 MR. OWEN: You get your money faster.

11 MR. KATTKE: We get our money faster and in some cases  
12 I think we get a little more, too.

13 MR. DILGES: You would also pay more out in benefits,  
14 too, right? It's based on earnings.

15 MR. KATTKE: True, so that's the other half of the  
16 equation.

17 MR. HARDING: Plus do you suppose since some of the  
18 predictions were made, there would be unemployment increased  
19 because of the lower income people, they would lay them off  
20 rather than increase them, you know, there's just little things  
21 like that that can have an impact.

22 MR. KATTKE: That's right. How much remains to be  
23 seen. I don't know if we will ever know how much it was. Any  
24 other questions on -- questions?

25 MR. DILGES: Don, I know you mentioned on the total

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1 trust fund balance what you had projected and what's actually  
2 coming out are fairly similar. Was there anything or haven't  
3 you had the time to go into the income and benefits side and  
4 specifically -- I even remember by industry you did some  
5 estimations. Is your crystal ball turning out to be true or is  
6 it just too early to tell?

7 MR. KATTKE: We have not done those, those analysis  
Page 7

8 yet, Jason, but we could do that, I think, look at changes, for  
9 example, by industry, and how much revenue is changing.

10 MR. DILGES: I think that would be helpful. I'm  
11 anticipating probably by the time we get to next session that  
12 Mr. Owen's group and Mr. Lyons and Ms. Mortenson are going to  
13 all I want to know here is what we were told and here is what we  
14 agreed to, is that in fact happening, and should there be  
15 tweaks or not tweaks to the system. And I think as you have  
16 shared with us, we have done a pretty good job so far, at least  
17 in aggregate it looks pretty good, but I think those details  
18 might maybe even for our next meeting might be helpful, if you  
19 have enough data so far. I recognize we just started this a  
20 quarter ago.

21 MR. KATTKE: As you go further into the year, the  
22 better the information is and with the year at least half over  
23 by the time of the next meeting, we can take a look at those by  
24 industry, sure.

25 CHAIR ROBERTS: Any other questions?

10

1 MR. OWEN: I don't know that we are ever -- that's not  
2 a question, I'm running at my mouth, but you drug me here so  
3 I'm going. Don, as you have studied that, particularly with  
4 the construction industry that we talked so much about, are we  
5 ever going to be able to discern whether these policies have  
6 had any impact in behaviors or is weather just such an  
7 overarching, driving force in that that it would be hard to  
8 figure out if companies are trying to avoid having folks take  
9 claims and some behavioral changes because of the rates and cap  
10 going up? Are you ever going to be able to determine that,  
11 looking at the data? We can talk to the industry and we  
12 should, but it seems to me that this is a weather-driven deal.



13 MR. KATTKE: I don't know the answer to that. We can  
14 dig down and see if we could see any trends and reach any  
15 conclusions about what's going on, but you are right, weather  
16 is a part of that and just economics and public policy, how  
17 many roads you are building and all those things are all parts  
18 of that equation. I don't know, what do you think, Pauline?

19 MS. HEIER: Yeah, I don't know if we could really come  
20 up with anything.

21 MR. KATTKE: The best we can do is say we will look at  
22 it. It would be interesting to know.

23 MR. MERCHEN: The number of employers that are having  
24 deficits in their accounts, that might be an interesting thing  
25 to watch, because that was part of the behavioral goal, was to

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1 minimize the amount of overdrawng, and is that trend changing?

2 MR. KATTKE: How many of those and how much, what's  
3 the total, right.

4 MR. OWEN: So if we keep this up, AARP is going to be  
5 happy a lot sooner than we thought.

6 CHAIR ROBERTS: I had an e-mail from Sam as we were  
7 coming out of this meeting and he wanted to be here and wasn't  
8 able to. Let's get this on the Web site yet today if we can.

9 MR. DILGES: What's that trigger again, Paul? 30  
10 million?

11 MR. AYLWARD: Yeah.

12 CHAIR ROBERTS: Was it 30?

13 MR. OWEN: Thirty, I think it came out of committee at  
14 20 and somebody boosted it up.

15 CHAIR ROBERTS: That could have been. Yeah. I  
16 thought it was actually 25.

17 MR. KATTKE: It wound up at 30.

18 CHAIR ROBERTS: Good, yeah.

19 MR. KATTKE: It will be 2010 at that rate.

20 CHAIR ROBERTS: Anyway, he's obviously keeping a watch  
21 on that and we will be in touch with him. Any other questions  
22 or comments on this information? Thank you. It looks like  
23 it's going well. I can't see any point at this point, at this  
24 time to pull the trigger and change anything. That's what the  
25 department is thinking anyway, that things are trending in the

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1 right direction, it doesn't look like we have overadjusted. I  
2 just want to again compliment this group and all the hard work  
3 that you did, and Don did say that we were expecting at least a  
4 lot more questions in March or the whole first quarter, and so  
5 thank you, all of you. I think you guys did a good job of  
6 talking to your membership and letting them know what was  
7 coming and I think the results are a testament to that, so  
8 thank you very much. Anybody have anything different to say?  
9 I guess I just think that this crew kind of did their work last  
10 year and we might be in a watching phase this year as far as  
11 the trust fund anyway.

12 MR. DILGES: Is there any updates or is this the  
13 proper time to talk about the federal trust fund and how that's  
14 sitting?

15 CHAIR ROBERTS: I think it's a proper time. You know,  
16 we still as a group, my group, the 50 Secretaries of Labor,  
17 continue to push for a one-time disbursement from that federal  
18 trust fund, but we have never -- we have not gotten any --  
19 actually the National Governors Association has also taken that  
20 on as a policy statement, do a one-time disbursement, but if  
21 they were not willing to do it back a couple years ago when  
22 everybody's trust funds were in -- were more in flux because of

23 the economy, it's really not being talked about a lot any more.  
24 I heard the talk a lot more a couple years ago,  
25 although the policy for both those associations remains the

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1 same, that we would like for them to do a one time. What the  
2 feds response is that's the positive of the whole, you  
3 understand that, on their balance sheet and that's what keeps  
4 them -- that's their positive money, they like having that  
5 money in the trust fund and not disburse it to states. Does  
6 that answer your question?

7 MR. OWEN: They have got it and they are keeping it.

8 CHAIR ROBERTS: They don't want to give it away and  
9 have their balance sheet look worse.

10 MR. DILGES: They will give it to us when they are  
11 broke.

12 CHAIR ROBERTS: Any other questions or comments? If  
13 not, let's move on to the next slide, then.

14 MR. KATTKE: Flood disaster update. I wanted to take  
15 a few minutes to share with you what's going on with -- what we  
16 can, what we know about the flood in Aberdeen, just kind of  
17 update you a little bit on the floods that came through the  
18 state starting down in Yankton, tornadoes down there, more and  
19 more rain and that whole weather pattern drifted pretty much up  
20 the James River Valley over Mitchell, Huron, Aberdeen, sort of  
21 veered off to the northeast over Britton, which is Marshall  
22 County.

23 That was May 4th, and I have lost track of all the  
24 dates, but the disaster was declared sometime a few days after  
25 that, and then the Governor made the decision to open the

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1 disaster centers I believe it was May 14th, and at that point  
2 they were in Aberdeen, Redfield, Huron, Mitchell and Yankton,  
3 the whole track of that storm. So that opened, I think, if my  
4 memory is correct, it opened on Monday, the 14th, and on that  
5 Wednesday night -- does that sound right, Jason -- the  
6 presidential disaster declaration of individual assistance came  
7 into play.

8           From that point on until now, I've spent a fair amount  
9 of hours, not near as much as Sharon and Pauline have, in the  
10 Aberdeen one, because what's going on there in the Aberdeen  
11 center is you have a lot of federal staff, FEMA is staffing  
12 that center, and there's SBA people and there's a few other  
13 people wandering around there. Then there's a lot of  
14 individual state groups of state agencies for people to get  
15 help right when they are in the center, for example, Department  
16 of Social Services has a person there, human services,  
17 Department of Health, Department of Labor, the housing, South  
18 Dakota Housing Authority has some staff on site and there's  
19 probably a couple others I'm missing.

20           Then the Department of Labor, since we have a fairly  
21 large presence in Aberdeen in terms of staff, started out  
22 providing sort of the support staff because you have got a fair  
23 number of people who walk in the front door and the intent was  
24 to not walk in and have people sort of find their way among all  
25 these agencies. So what you have got is a system where there's

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1 a number of people greeting folks and there's an intake center,  
2 a registration center. Then they go to these different  
3 agencies and sort of walk through everyone that may be of  
4 assistance to the person or what their needs are, and they do  
5 an exit interview as they leave to make sure they got what they

6 needed when they came in.

7           And so the labor staff, when we started out the  
8 decision was made to have not too many, if anything, not too  
9 few, not too many, you want to hit the right number, but if you  
10 err on the high side, have plenty of people there. So we wound  
11 up with labor having thirty some people per day for each of two  
12 shifts, and that's gradually come down, I think it's about 20  
13 or something like that that's working there as kind of support  
14 staff.

15           The interesting thing I think we found is sort of the  
16 feedback or comments we have heard from all the people that  
17 have gone through there and the people that have worked in  
18 there, and one of the notable things is that the positive and  
19 the complimentary feedback you get from not all of the state  
20 agencies but also from the FEMA staff, who in the past few  
21 years have not had the best reputations around the country, but  
22 you have these people that are one on one sitting across from  
23 somebody whose basement has been flooded and these are what  
24 they would call like on-call or staff of FEMA calls up when  
25 they need help at these centers, and they do a great job. They

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1 live all over the country and they come in and work disasters  
2 temporarily and do a terrific job with people and that's their  
3 skill and they are good at it.

4           Just to share a few numbers with you -- and the other  
5 thing I will note is the other thing that surprised me is I  
6 envisioned this thing as the disaster is declared and FEMA  
7 comes into town and sits in the disaster center for a few weeks  
8 and people come in and tell them their story and then they pack  
9 up and go back home. That's not at all what it is. It's a  
10 very proactive operation.

11 FEMA was going and state agencies were going like door  
12 to door in Aberdeen identifying neighborhoods where there was a  
13 lot of flooding, and what they began to find out through  
14 anecdotal things, word of mouth, is that some people couldn't  
15 come to the disaster center, some people saw like other houses  
16 condemned and thought, boy, if I go tell anybody, my house is  
17 going to get condemned, but they may have a cracked basement,  
18 so staff were going door to door trying to talk to people to  
19 have them come to the center or to let their house be  
20 inspected, and they are going community to community in these  
21 mobile vans, a van that FEMA brings in, sort of a mobile  
22 disaster center, just really going out to the people rather  
23 than hoping they would come into the center. They are really  
24 doing, I think, a very thorough job.

25 The last report I have as of June 1st, last Friday, is

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1 that there were 2,459 families that had registered at the  
2 centers, and people are coming in, I was up there Monday I was  
3 in the center, of this week, and people are still coming in  
4 like 200 a day into the center in Aberdeen. We kind of thought  
5 it might be 10 days, two weeks, but there is still people  
6 coming in there, coming in there, and I think word is getting  
7 out or I think some of it people are maybe two weeks later they  
8 are going down into their basement and pulling back the  
9 sheetrock and they see the mold, they say uh-oh and they go  
10 into the disaster center and register in case they need help.  
11 Over 2,000 people have been in there.

12 The way the process works is people get registered and  
13 then they go to SBA, Small Business Administration, who makes  
14 the loans to people who have repayment ability, and the people  
15 who absolutely don't have it then go on to FEMA for grants, and

16 FEMA has made grants so far of \$2.8 million. In fact I was at  
17 a meeting yesterday in Aberdeen about housing needs and they  
18 confirmed that on average it's \$2700 a household is the grant  
19 that they are making and what they are doing is granting funds  
20 for people who can't get SBA loans to really clean up their  
21 basements so they don't have health problems and to provide  
22 absolutely necessary things like water heaters, washers, those  
23 type of things, so they are not paying people to rebuild their  
24 deluxe basement dens, but they are helping people that don't  
25 have the money just to provide necessities like the water

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1 heater they need to wash their clothes.

2 Pauline, Sharon, do you have any comments with your  
3 experience with the disaster?

4 MS. SCHNABEL: I would recommend if any of you get a  
5 chance to volunteer in a circumstance like that, to go ahead  
6 and volunteer. It's a great experience for people who work  
7 there as well as hopefully for the people that come in the door  
8 and get some help, and some emotional support, too, but it's a  
9 great thing to do personally speaking, too.

10 CHAIR ROBERTS: Just kudos to our staff statewide. We  
11 had people in each one of those communities, but especially  
12 Aberdeen because they had the brunt of the people coming in,  
13 and our staff not only had to be the people that were kind of  
14 greeting and helping and staffing that center, now with our  
15 individual assistance program, which the feds have authorized,  
16 we have our own program, too, that's really being impacted, and  
17 are you starting to get a lot of calls on that yet?

18 MR. KATTKE: Not too many. Part of the individual  
19 assistance package from that program that was authorized by the  
20 President is federal unemployment for disaster unemployment

21 assistance. It's really available to people that get  
22 unemployed because of the disaster and it's people that are not  
23 eligible for regular state unemployment, so when people call  
24 us, we check their eligibility and if they don't have  
25 eligibility for regular unemployment, then they switch over to

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1 this disaster program.

2 It's really tended primarily for self-employed people,  
3 like we have had farmers file claims in the nineties when we  
4 had those programs. We got a fair number of calls like with  
5 daycare operators in Aberdeen that tended to be in basements,  
6 garden level apartments, flooded out, they closed. We got six  
7 or eight of those that called us. And we are doing some  
8 marketing this week just to make sure the word gets out to  
9 everybody that may be impacted and let them file a claim to see  
10 if they are eligible.

11 MR. MERCHEN: Were there any employers that were  
12 significantly disrupted as a result?

13 MR. KATTKE: Very few. I don't remember the name  
14 exactly, but one down in Clark and none in Aberdeen that I  
15 heard about.

16 MS. SCHNABEL: The Pizza Hut in Redfield is still  
17 closed.

18 MR. KATTKE: There's one here and there, but no mass  
19 closings.

20 MR. OWEN: We won't see -- there isn't an issue where  
21 we are going to see a higher level of claims because of this?

22 MR. KATTKE: No.

23 CHAIR ROBERTS: Because this is special federal money  
24 paying for the special program, so it's not impacting our trust  
25 fund, so that's a good thing.



1 MR. KATTKE: Department of Labor administrative costs  
2 and the benefits is all federally funded.

3 MR. DILGES: You might see the opposite as the  
4 rebuilding progresses.

5 CHAIR ROBERTS: Thanks to all you folks up in  
6 Aberdeen. Good job. Worked weekends, working nights, I mean,  
7 the centers are open --

8 MR. KATTKE: They were up there on Memorial Day  
9 working away.

10 CHAIR ROBERTS: Thank you very much.

11 MR. MERCHEN: That's the South Dakota way.

12 MR. KATTKE: That's the other thing, a lot of the FEMA  
13 people have commented on that, that unlike, without naming  
14 locations, other areas of the country they have been in, but  
15 what they notice here is that people come in and they talk to  
16 them a little bit and they say, well, probably somebody else  
17 has got it worse and they go on, they don't file a claim. That  
18 just astounds them, that kind of attitude they see here they  
19 don't see in other places.

20 MR. DILGES: If I could, that's a great point. I was  
21 in on the discussions when we met with FEMA. The Governor had  
22 identified that he wanted those agencies that Don mentioned to  
23 be there and available with or without the declaration from  
24 FEMA, and the FEMA people said, because one of the programs was  
25 that social services is offering emergency monetary assistance

1 in terms of emergency food allowances and clothing allowances  
2 and prescription drugs, and the one FEMA guy said, you know, we  
3 would really strongly discourage that because then you will get  
4 a lot of people that haven't been impacted will just show up

5 and try and get money, and the Governor pretty much dismissed  
6 it.

7           And then they went up to Aberdeen I think and met with  
8 some families and there were clearly some people that were very  
9 displaced and in very tough shape, like Don said, they were in  
10 basement apartments that they couldn't live there any more and  
11 they had three or four children, they didn't have any place to  
12 go, all their belongings were ruined, and they tried to give  
13 them some money and they said, well, you know, there's some  
14 people that live near me and they have got it much worse than  
15 we do, why don't you just save your money and give it to those  
16 people. It's just amazing how South Dakotans would be that way  
17 in terms of so unselfish, but there's many stories that I hope  
18 come out of this in terms of South Dakotans helping each other.

19           I should also note that I think at the maximum we had  
20 allotted over 500 state employees were being activated to  
21 assist. They all volunteered to do this. The first afternoon  
22 when we met, Don's folks identified 75 people just in Aberdeen  
23 on Friday afternoon at 3:30 for a Monday shift, which I thought  
24 was just incredible. Fabulous.

25           CHAIR ROBERTS: Good job. Thanks, Jason. Any

22

1 questions or comments for Don or anybody else on the flooding?

2           MR. AYLWARD: Well, we had a FEMA community relations  
3 person came into our office, and just kind of to add to what  
4 Jason and Don said, they were actually looking for people to  
5 help. They said, we talked to people and that's the same story  
6 I got from him, is they said, no, we have this, but I'm okay.  
7 So they actually were soliciting -- they were going to a lot of  
8 businesses, but they wanted to know if we had members up and  
9 down the disaster counties and so we actually put out some

10 fliers that they had to kind of solicit people that needed  
11 help.

12 CHAIR ROBERTS: Good.

13 MR. AYLWARD: They were actually out actively looking  
14 for people to help.

15 CHAIR ROBERTS: I've heard nothing but positive. It's  
16 a good thing. Any other questions or comments? If not, then  
17 we will move to the next slide, which is basically  
18 recommendations for our report. And typically what we do for  
19 the report is we put together kind of a state of the -- state  
20 of the unemployment insurance system and then follow up with  
21 any issues that we think need to be addressed like possibly for  
22 the legislative session or beyond. So anyway, does anybody  
23 have any suggestions for that report?

24 What we will do is put together a draft and before our  
25 next meeting we will get it out to you so that you can review

23

1 it and we can get ready to finalize that. Does anybody have  
2 any issues that we would like to -- that you would like to  
3 bring to the council? At this time we would also open it up  
4 for public input, if you have issues or suggestions for the  
5 council to review this year as we get ready to prepare our  
6 report to the Governor and the legislature. I guess I will  
7 open it up first for the public. Is there anybody in the  
8 audience that has anything they would like to bring to the  
9 council? If not, how about council members, is there any  
10 issues that you think we need to look into?

11 MR. HARDING: The general outline, Pam, is the report  
12 like Don will put out is the status of the fund, how our  
13 projections and percentages are working out and all that?

14 CHAIR ROBERTS: Right.  
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15 MR. HARDING: That's what will be in that report.

16 CHAIR ROBERTS: More of a written synopsis of what we  
17 have had today.

18 MR. OWEN: I would just encourage the continuation of  
19 charts we are all familiar with and how the predictions turned  
20 out.

21 CHAIR ROBERTS: Have charts in the report?

22 MR. OWEN: Some of that same data set we used to make  
23 decisions clear back for the 2006 session. As you now see the  
24 money start to roll, and I was kind of thinking about it during  
25 this session, it's kind of like after this session people

24

1 finally got the higher bills for the one, what, 14 months  
2 early, it was like we were running and screaming and behind us  
3 was the crew on a dead horse, it takes forever to get there,  
4 but we are used to looking at some of that, and it's been a  
5 long time, so just to see how the assumptions are coming to  
6 fruition as clearly as we can would be very helpful. And I  
7 think you do that anyway.

8 CHAIR ROBERTS: Sounds good. So for the next  
9 meeting -- any other issues or suggestions from the council  
10 members? What I'm thinking for the next -- go ahead.

11 MS. HINDERAKER: I was just going to say we have some  
12 steps built into that bill that passed and maybe one of the --  
13 if we have indeed been successful in communicating what was  
14 going to happen in 2007 and thereby we don't have a lot of  
15 complaints, we need to keep that communication going with our  
16 employers and know what's coming down the road on the steps  
17 that are built into that so that it doesn't -- a year goes by  
18 and they go, what, I didn't remember this. So we may need some  
19 communication in that way.

20 CHAIR ROBERTS: Suggestions or comments? I guess  
21 maybe we should talk about doing a press release possibly at  
22 some point, definitely news item issues that we would like to  
23 come to --

24 MR. MERCHEN: Do employers get like annually just an  
25 update, this is what's new this year about your filing? Do

25

1 they get that regularly? I guess that would be kind of the  
2 same thing.

3 CHAIR ROBERTS: We have like a labor report.

4 MR. OWEN: I'm sure they read every line.

5 MS. HINDERAKER: But we have a very positive story to  
6 tell with this legislation that we did not have to -- the  
7 trigger didn't kick in and force something that we didn't want  
8 to happen in the state for all employers, and we may as well  
9 use that positive story as a lead-in to communicate those steps  
10 that are coming along with the legislation. We certainly don't  
11 have to -- we don't have to apologize for it, we don't have to  
12 defend it, but we need to communicate it so that there aren't  
13 surprises a year or 18 months down the road, and we may as well  
14 use the success of this legislation to tell that story.

15 CHAIR ROBERTS: Good comment. So we will proceed with  
16 that. We will draft up some articles and probably for the fall  
17 to put in as they get their notices in December, is that when  
18 they get their notices?

19 MR. KATTKE: In March.

20 CHAIR ROBERTS: Oh, yeah. Probably do that, then,  
21 during the legislative session for your legislative reports  
22 possibly, yeah. We will get those to our constituency groups.  
23 I think they probably read your newsletters better anyway. We  
24 also have a labor report that goes out to all employers we will

25 make sure it gets into. Good suggestions. Anything else that

26

1 you guys can come up with?

2 Then what I see coming down the pike for the next  
3 meeting, and maybe we will do it closer towards the end of  
4 September, we want our annual report to be completed and  
5 submitted by probably the first part of October. So we will  
6 send you the draft, we will put together some industry numbers  
7 and review those at the next meeting. Anything else that you  
8 can come up with you think we need to cover at the next  
9 meeting?

10 MR. OWEN: The only thing that stays with me while we  
11 are here is we had such an active dialogue with people who had  
12 claims and we were all focused on the contractors and all that  
13 kind of stuff. I would be curious if this remains a sticking  
14 point with them, now that we are started into this and they are  
15 getting bigger bills and all that, if there's a perception that  
16 it's okay, they understood it. I really do give the Governor,  
17 you, the staff, this process credit. We couldn't have been  
18 more analytical over a longer period of time and I think did a  
19 good process to reach out, but the one group that's been on the  
20 center of this microscope has been both highway contractors and  
21 others and maybe a special invitation to them to come in  
22 September and chat it up.

23 CHAIR ROBERTS: We will do that. We will make a  
24 contact with them and they can either maybe write us or we will  
25 do a personal visit with them and report back or see if they

27

1 want to come here, all of those options to them.

2 MR. OWEN: I don't know if I would put a check mark on

3 there that says are you happy.

4 MR. AYLWARD: Call Don Kattke.

5 CHAIR ROBERTS: Call David Owen. (Laughter) We will  
6 try and get -- and basically probably that industry is what you  
7 want to hinge on.

8 MR. OWEN: They are kind of carrying the brunt, which  
9 is fair.

10 CHAIR ROBERTS: You got a report for us today?

11 MS. MORTENSON: We will have one in September.

12 MR. OWEN: If you have any comments, I'd love to know  
13 what you are hearing because you are going to hear it before we  
14 do.

15 MS. MORTENSON: Frankly, real briefly, not much. I'm  
16 half afraid to ask the question. I'm sure we will have a good  
17 report for you.

18 CHAIR ROBERTS: Good suggestion. Anything else from  
19 anybody? If not, looks like we have pretty much made it  
20 through our agenda. As I said, let's go ahead and set the next  
21 meeting, if you guys --

22 MR. OWEN: Need a motion to adjourn?

23 CHAIR ROBERTS: Then we are going to adjourn, I think,  
24 if there are no other items. All I can say is we deserve a  
25 short meeting after the last three years. I'm thinking let's

28

1 look in September, like the third week.

2 MR. HARDING: Is this going to be the one in San  
3 Francisco or New Orleans?

4 CHAIR ROBERTS: Yeah, I think so. (Laughter) Once  
5 the trust fund gets up there.

6 MR. DILGES: 29.9 we are going to Hawaii.

7 MR. OWEN: As soon as it hits 30, then it goes back to

8 25 is the problem.  
9 CHAIR ROBERTS: If you guys are willing to pay your  
10 own bills, we'll do it.  
11 MR. OWEN: Killjoy.  
12 MR. HARDING: That's no fun.  
13 CHAIR ROBERTS: I'm looking actually that fourth week,  
14 the week of the 23rd, 24th, 25th.  
15 MR. DILGES: I'm gone.  
16 CHAIR ROBERTS: You are gone that whole week? Let's  
17 go back to the second.  
18 MR. KATTKE: You're in September?  
19 CHAIR ROBERTS: I'm in September and I'm gone that  
20 week of the 18th, so the week before would be like September --  
21 I'm looking at -- I'm looking at Thursday, September 13th.  
22 MR. AYLWARD: Board meeting.  
23 CHAIR ROBERTS: How about Monday or Tuesday, the 10th  
24 or the 11th?  
25 MR. OWEN: Works here.

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1 CHAIR ROBERTS: Do you like -- I'm looking at  
2 September 11th, that's not going to work for me at 1 o'clock,  
3 but could we do it at 10:30, is that too early? I don't think  
4 it's going to be a very long meeting.  
5 MR. DILGES: The later the better.  
6 CHAIR ROBERTS: I hate to do it at 3:00. How about  
7 Monday --  
8 MR. DILGES: We can do it at noon.  
9 CHAIR ROBERTS: Noon is fine with me. I have a 1:30 I  
10 can't get out of.  
11 MR. DILGES: We can make Pam spring for lunch.  
12 CHAIR ROBERTS: If we did it on Monday, September 10th



13 at 1 o'clock, is that good with everybody? Let's just set  
14 that. By then we will get you the draft of kind of the state  
15 of the UI system.

16 MR. HARDING: What time?

17 CHAIR ROBERTS: 1 o'clock. I went back to 1 o'clock  
18 because of Jason's budget meeting. All right, anything else?  
19 I would entertain a motion.

20 MR. AYLWARD: I move to adjourn.

21 MR. DILGES: Second.

22 CHAIR ROBERTS: Any discussion? If not, all in favor  
23 say "aye."

24 (Whereupon, the motion passed unanimously.)

25 CHAIR ROBERTS: Motion carries. You guys are an easy

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1 group today.

2 (Whereupon, the proceedings were concluded at 1:47  
3 p.m.)

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C E R T I F I C A T E

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3 STATE OF SOUTH DAKOTA     )  
4 COUNTY OF HUGHES         ) ss.

5             I, Carla A. Bachand, RMR, CRR, Freelance Court  
6 Reporter for the State of South Dakota, residing in Pierre,  
7 South Dakota, do hereby certify:

8             That I was duly authorized to and did report the  
9 testimony and evidence in the above-entitled cause;

10            I further certify that the foregoing pages of this  
11 transcript represents a true and accurate transcription of my  
12 stenotype notes.

13

14            IN WITNESS WHEREOF, I have hereunto set my hand on  
15 this the 7th day of June 2007.

16

17

18

19

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Carla A. Bachand, RMR, CRR  
Freelance Court Reporter  
Notary Public, State of South Dakota  
Residing in Pierre, South Dakota.

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My commi ssi on expi res: June 10, 2012.