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SOUTH DAKOTA LEGISLATURE
LEGISLATIVE RESEARCH COUNCIL

Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
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April 1, 2016

Ms. Marcia Hultman, Secretary
Department of Labor and Regulation
700 Governors Drive
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Secretary Hultman:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2016 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 29, 2016.

While the guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

The 2016 South Dakota Legislature approved Senate Bill 43 An Act to increase the unemployment insurance penalty for failure to pay contributions or make reports and Senate Bill 170 An Act to appropriate money for the ordinary expenses of the legislative, judicial, and executive departments of the state, the expenses of state institutions, interest on the public debt, and for common schools. These bills generate additional revenue and appropriate $456,260 in on-going other fund expenditure authority to Department of Labor and Regulation's Division of Administration and to the Division of Unemployment Insurance Service to replace diminishing federal grant awards for administration of the unemployment insurance program.

It is the intent of the Joint Committee on Appropriations that the Department of Labor and Regulation work with the Unemployment Insurance Advisory Council established in SDCL 61-2-7.1 to develop and recommend to the 92nd Legislature a methodology for assessing the adequacy of the Unemployment Insurance Trust Fund balance and to allow employer contribution rates to be computed based on the financial health of the trust fund. This methodology shall allow employer contribution rates to be modified based on a target maximum and minimum trust fund balance.

Furthermore, it is the intent of the Joint Committee on Appropriations that the Department's policy recommendations for unemployment insurance trust fund adequacy and employer contribution rates be retroactive to January 1, 2017.

Thank you for your cooperation.

/S/ Senator Deb Peters
Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin
Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management