



**Joint Committee on Appropriations**  
SENATOR DEB PETERS, CO-CHAIR  
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

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 92<sup>nd</sup> 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