

**S.C. DEPARTMENT OF
EMPLOYMENT AND WORKFORCE
STATUS AND UPDATES**

PREPARED FOR THE SENATE SELECT COMMITTEE FOR REOPENING

S.C. DEPARTMENT OF EMPLOYMENT AND WORKFORCE REPRESENTATIVES

DAN ELLZEY, EXECUTIVE DIRECTOR

JAMIE SUBER, CHIEF OF STAFF

KEVIN CUMMINGS, DEPARTMENT MANAGER, TECHNICAL SERVICES, POLICIES AND REPORTING

PAUL FAMOLARI, DEPUTY GENERAL COUNSEL

MARK HENDRICK, DIRECTOR OF GOVERNMENTAL AFFAIRS

JAMIE MICHAELSON, CHIEF FINANCIAL OFFICER

GREY PARKS, ASSISTANT EXECUTIVE DIRECTOR, EMPLOYMENT SERVICES

MICHELLE PACZYNSKI, ASSISTANT EXECUTIVE DIRECTOR, WORKFORCE DEVELOPMENT

ERICA VON NESSEN, ECONOMIST



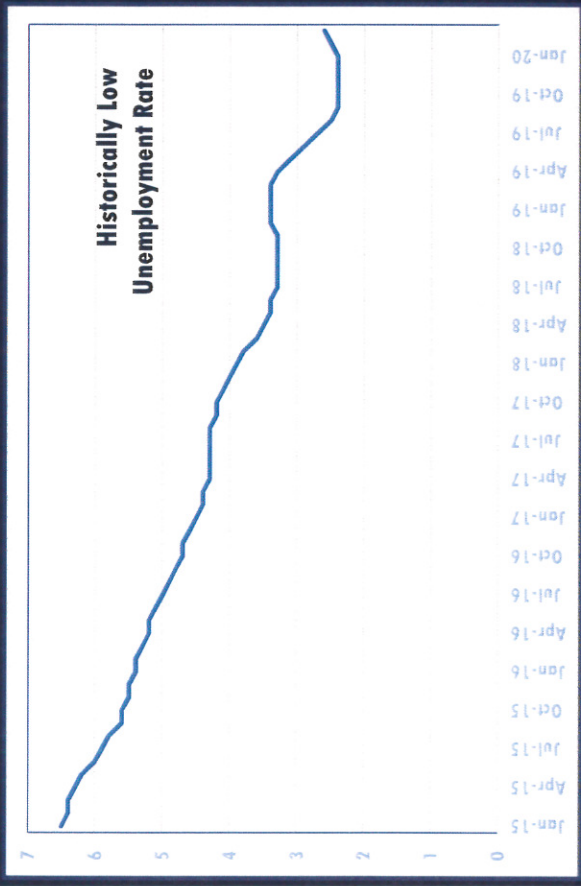


UNEMPLOYMENT OVERVIEW: PRE-PANDEMIC

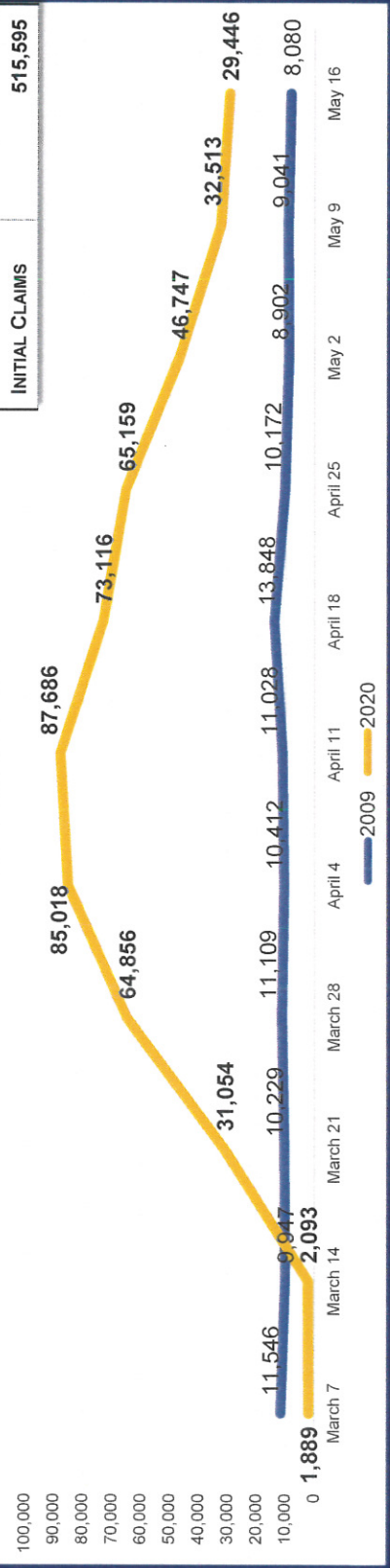
Early March 2020*

- 2,093 initial UI claims per week
- 2,334,652 employed
- 61,898 unemployed
- 2.6% unemployment rate
- Biggest problem: finding employees for employers
 - SC LPR: 58.4%
 - US LPR: 62.7%

* Measured based on employment status the week containing the 12th of the month—prior to significant pandemic impact in SC.



Initial Claims Filed



INITIAL CLAIMS	March 15 – May 16
	515,595

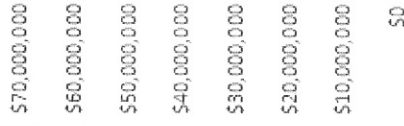
**NOW:
UNLIKE
ANYTHING
WE HAVE
EVER SEEN.**

FEDERAL AND STATE SUPPORT PROVIDED DURING PANDEMIC

Since March 15, 2020 more than **\$1.3 BILLION DOLLARS** has been paid to support South Carolinians.

	March 15 – May 20
REGULAR UI PAID	\$358 MILLION
PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA)	\$61 MILLION
FEDERAL PANDEMIC UNEMPLOYMENT COMPENSATION (FPUC)	\$926 MILLION
PANDEMIC EMERGENCY UNEMPLOYMENT COMPENSATION (PEUC)	LAUNCH WEEK OF MAY 25, 2020
TOTAL PAID	\$1.345 BILLION

Weekly Payments



Weekly payments from the Trust Fund may have begun to level off.



TRUST FUND BALANCE

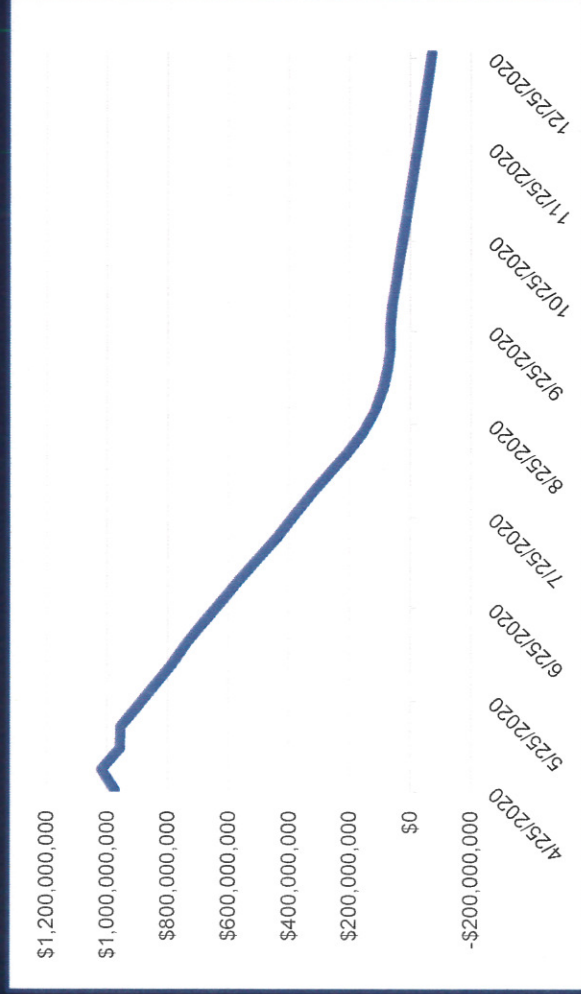
- **\$1,097,456,691: March 14, 2020 Trust Fund Balance**
- **\$922,570,426: May 20, 2020 Trust Fund Balance**
- **Prolonged unemployment because of closures and restrictive reopening requirements will further drain the trust fund balance.**

TRUST FUND PROJECTION

Pessimistic Scenario: Projected South Carolina Trust Fund Balance for planning purposes only.

ASSUMPTIONS:

- Continue to see elevated number of claims paid through end of August.
- Revenues lower than expected due to business closures.
- Anticipated Borrowing: November 2020
- Faster return-to-work may result in less benefits paid and possibly reduced or no borrowing.



IMPACT ON BUSINESSES

- **If borrowing required, unknown if there will be federal forgiveness.**
 - No loan forgiveness after Great Recession
 - Can borrow interest free through 12/31/2020
- **Regardless of whether we borrow or not, a huge rebuild of the Trust Fund will be required.**
 - State law requires Trust Fund rebuilding once any loans are repaid and economic contractions pass
 - Rebuild likely to begin in calendar year 2022 if no borrowing required
 - New target balance likely \$1.1 - \$1.3 billion
 - Results in higher unemployment taxes
- **CARES Act money for trust fund would reduce the UI tax burden on businesses in the years to come.**



CARES ACT FEDERAL FUNDING

- **Administrative Costs: \$14.2 million**
 - Spent: \$11.8
- **Trust Fund Contributions: \$55 million as reimbursement for first week payments**



REIMBURSABLE EMPLOYER ISSUE

- **Governmental entities and nonprofits.**
 - E.g., municipalities, school districts, hospitals, and charities (YMCA, Boys & Girls Club, food banks).
 - There are 657 reimbursable employers in South Carolina. They have been billed \$15,682,037 through the first half of second quarter of 2020. They were billed \$6,665,908 in all of 2019.
- **Do not pay UI taxes – instead, these employers reimburse the UI Trust fund dollar for dollar for all UI benefits paid to ex-employees.**
- **CARES Act provides “emergency relief” to these employers by reimbursing them 50% of the UI benefits they pay into the Trust Fund.**
 - Relief is available for benefits paid for weeks of unemployment between March 15 and December 26. USDOL, however, will recapture any funds not used by states in early 2021.
 - USDOL rules force these employers to pay the full amount of benefits paid before receiving any federal aid.

- **Examples**

- **Spartanburg Regional Medical Center** – \$1,454,096 in second quarter of 2020 so far; \$46,223 in all of 2019.
- **Miracle Hill Ministries** – \$80,442 in second quarter of 2020 so far; \$12,509 in all of 2019.



REOPENING THE STATE

- **RECALL RESISTANCE: THE UNINTENDED CONSEQUENCES OF THE \$600 PAYMENT**
 - EMPLOYEES DRAWING UNEMPLOYMENT INSURANCE
 - SELF EMPLOYED DRAWING PUA
 - RECALL TASKFORCE
- **WORKING WITH ACCELERATE SC**
- **REEMPLOYMENT: FILLING JOBS AND GETTING PEOPLE BACK TO WORK**



REEMPLOYMENT

- **STATE WORKFORCE SYSTEM**
 - STATE WORKFORCE DEVELOPMENT BOARD
 - LOCAL WORKFORCE DEVELOPMENT BOARDS
 - LWDB REEMPLOYMENT PLANS
- **SC WORKS CENTERS**
- **VIRTUAL SERVICES**
- **TARGETED MESSAGING AND JOB MATCHING**
- **RETRAINING WORKERS**



WORKFORCE DEVELOPMENT

- **EMPLOYMENT SERVICES**
 - SMART TRAINING
 - SOFT SKILLS TRAINING
 - 2020 HIGH SCHOOL GRADUATES
- **WORKFORCE INNOVATION OPPORTUNITY ACT (WIOA)**
 - \$38 MILLION
 - PEOPLE WITH BARRIERS
- **LOCAL WORKFORCE DEVELOPMENT AREAS COVID-19 ASSISTANCE GRANTS**
 - \$1.2 MILLION FOR \$100,000 ASSISTANCE GRANTS FOR TRAINING AND CASE MANAGEMENT
- **NATIONAL DISLOCATED WORKER GRANT**
 - \$459,540 IN FEDERAL FUNDS TO SUPPORT SHORT-TERM DISASTER RELIEF EMPLOYMENT AND TRAINING OPPORTUNITIES
- **PROVISION OF PPE FOR SC WORKS CENTERS**
 - STATE WORKFORCE DEVELOPMENT BOARD OBLIGATED \$200,000 FOR PPE SUPPLIES FOR THE 49 SC WORKS CENTERS



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QUESTIONS?

