

<b>AGENCY NAME:</b>	<b>Department of Employment and Workforce</b>		
<b>AGENCY CODE:</b>	<b>R600</b>	<b>SECTION:</b>	<b>083</b>



## Fiscal Year 2014-15 Accountability Report


### SUBMISSION FORM

<b>AGENCY MISSION</b>	To promote and support an effective, customer-driven workforce system that facilitates financial stability and economic prosperity for employers, individuals, and communities.
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Please identify your agency's preferred contacts for this year's accountability report.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
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I have reviewed and approved the enclosed FY 2014-15 Accountability Report, which is complete and accurate to the extent of my knowledge.

<b>AGENCY DIRECTOR</b> <i>(SIGN/DATE):</i>	
<i>(TYPE/PRINT NAME):</i>	Cheryl M. Stanton
<b>BOARD/CMSN CHAIR</b> <i>(SIGN/DATE):</i>	N/A
<i>(TYPE/PRINT NAME):</i>	N/A

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## **AGENCY'S DISCUSSION AND ANALYSIS**

The mission of the South Carolina Department of Employment and Workforce (DEW) is to promote and support an effective, customer-driven workforce system that facilitates financial stability and economic prosperity for employers, individuals, and communities.

Recognizing that one of the critical tools for setting organizational vision, values and performance expectations is an agency-wide strategic plan, for the first time ever the executive leadership team at the South Carolina Department of Employment and Workforce (in consultation with external partners and stakeholders) developed, published (internally and externally) and executed a strategic plan for all employees at DEW. Once the senior leadership team set this strategic direction, the plan was published on the agency internal website for every DEW employee to review and consult. In addition, the strategic plan was rolled out to the entire agency in an agency-wide meeting (in-person and virtually). The senior leadership of each department then used this strategic plan to set their priorities and goals for the year. Then managers of specific units within those Divisions then used the strategic plan to help guide their resources and day to day interaction. Executive management continued to review this strategic plan on a monthly basis to ensure that the agency priorities and goals remained consistent with the strategic plan.

In January of 2015, DEW held an agency-wide listening rally in which all staff were invited to attend in person or watch via a live video stream and broadcasting via the Intranet in which an executive leadership team, Rebeca Battle-Bryant, Bill Beckham, Erica Von Nessen, Drew Williams, and Neil Adcox shared their vision for the agency with DEW for the upcoming year. Director Stanton closed out the listening rally by offering updates on agency progress and answering questions from employees.

To reach the greater DEW employee community, the Executive Director has continued conducting highly effective listening tours over this past year where she sits down with small groups of twenty (20) or less and provides a hands-on approach to listening to employees' ideas, concerns, and successes. The Executive Director, Chief of Staff, and Assistant Executive Directors also take an active role in visiting the satellite offices throughout the state, visiting virtually all of the field offices in the last year. Moreover, the Executive Director regularly (on at least a weekly basis), walks around various parts of the Columbia campus to chat with employees at their desks.

In addition to the agency-wide strategic plan, DEW has created a process for prioritizing all information technology projects. Each month, the senior leaders of the agency (not just the Executive Staff) meet to review the progress of projects, determine whether new projects should be added, and to establish the order in which resources are assigned to the projects. This plan is in turn published to all information technology staff to ensure that they know what they should be working on, and what is to come next. DEW also sends regular communications to all DEW employees, including a monthly email newsletter (called the DEWsletter), weekly emails with all articles that have been published regarding the agency, workforce and economic development, and unemployment insurance. As needed, DEW and/or the Executive Director sends periodic emails with more detail about agency successes or events that impact the employees.

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DEW human resources personnel conducted three (3) sessions with forty three (43) employees (approximately 5% of the workforce) to develop a set of agency values, i.e. core concepts which drive both our business and our business decisions. In these sessions, agency employees at all levels were asked to define what drives DEW. Those responses are being reviewed and a selection of core values will be drawn from the most frequent responses.

Finally, DEW continues to maintain the virtual suggestion box – an anonymous system for submitting individual employee’s thoughts, concerns and ideas. The results of this process are discussed in more detail in Objective 4.

The Executive Committee continues to meet at least weekly as a group and each division conducts weekly management meetings. In addition, the Executive Director holds informal meetings daily with the individual Assistant Executive Directors, allowing for constant communication on both current and upcoming issues. Divisions often host employee morale events in which the Executive Director makes a concerted effort to attend.

DEW created a new Policies and Procedures Department to increase the understanding and collaboration between the WED and UI divisions. The department ensures that both state and federal regulations and guidance, as well as state developed policies and procedures, are aligned and well communicated between the WED and UI divisions and DEW’s workforce development partners.

In February, the Executive Director announced the agency’s new Business Intelligence Department (which integrated all of the agency’s data consultants from the former Labor Market Information, Bureau of Labor Statistics, federal Workforce Development training programs Performance and Reporting, Unemployment Insurance (UI) Statistical Reporting, and FIRE Reporting groups in one unit to better foster collaboration across all programs), as well as the Information and Business Solutions Division (which established an agency-wide project management office to support all agency projects). The purpose of these units is to foster further understanding and collaboration among all agency stakeholders and breakdown silos of information. This new Business Intelligence Director unites the former Labor Market Information, SCOIS, Unemployment Insurance (UI) Statistical Reporting, and FIRE Reporting groups.

To ensure transparency with local partners, DEW first consulted with sister agencies, the Technical College System and individual Technical Colleges, legislators, businesses and business associations and the Governor’s Office in developing its first-ever, agency-wide strategic plan. DEW then published the strategic plan on its external website for all partners and stakeholders to review.

In addition, DEW has focused on increasing its communications with the business community, a key partner for the agency. The Executive Director and executive staff participated in business community speaking engagements including but not limited to the South Carolina Manufacturers Alliance, Society for Human Resource Mangers State Council (SHRM), South Carolina African Ministerial Alliance, all Technical College Presidents, all Technical College Continuing Education Deans, IT-o-logy and its members, South Carolina State Technical College System Chief Business Officers, South Carolina Council on Competitiveness, South Carolina Department of Education, South Carolina Council on Competitiveness, South Carolina Chamber of Commerce, United Way of South Carolina, and several local chambers of commerce.

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DEW also convened two summits with business services representatives from numerous state and local agencies (including DEW, the Department of Education, the Department of Commerce, the State Technical College System, Department of Vocational Rehabilitation, Department of Social Services, local areas and local economic developers) to discuss how all government officials who interact with businesses can cross-sell all services provided to businesses – not just the services that particular individual’s agency provides. This has resulted in better synergy across agencies, but also in materials for businesses that provides an integrated, comprehensive list of all government services for businesses in words that make sense to lay persons. In addition, the second summit set the tone for how the business services representatives would call on clients, provided agency specific programmatic information to other agencies, customized solutions for businesses rather than hand them off to another business representative, and coordinated outreach to prevent service duplication. Finally, business service representatives discussed encouraging businesses to use the State Jobs Database to provide a virtual workforce meeting place for job seekers and employers, which can streamline the randomness of the recruitment and search process. Moreover, this State Jobs Database can be better used for economic development, as prospective businesses considering a move to South Carolina are increasingly using this Jobs Database to research and evaluate the available workforce for the businesses’ prospective jobs.

DEW’s open dialogue has also continued with the Governor’s Office, South Carolina’s congressional leaders, and the South Carolina General Assembly. In the past year, the Executive Director has testified twice before the South Carolina Senate Labor, Commerce, and Industry Committee. The Executive Director frequently meets with members of the General Assembly to voice the immediate workforce needs in South Carolina and to update them on key DEW initiatives.

In January 2014, state agencies that impact workforce development – beyond those agencies that federal law requires to work together – met to discuss the issues facing them and their clients, as well as to learn more about what each partner agencies does and the various programs available to serve job seekers and business. These agencies included: DEW, the South Carolina Workforce Investment Board (SWIB), State Board for Technical and Comprehensive Education, Department of Social Services, South Carolina Department of Vocational Rehabilitation, Lieutenant Governor’s Office on Aging, Department of Education, Governor’s Office of Economic Opportunity, Job Corps, South Carolina Indian Development Council, Inc., Department of Juvenile Justice, Department of Corrections, and Department of Probation, Parole, and Pardon. Each agency represented agreed they serve the same customers (jobseekers and business/industry), have limited resources, and must all work together, at the state and local level, to drive a SC Works system that initiates employment and re-employment activities in local regions in a manner that is efficient and effective for our customers.

During the last year, strong relationships have been forged to allow the implementation of a State Partner MOU, which was signed into effect on February 11, 2015, with Governor Haley, that will assist South Carolina’s state and local workforce development partners with effective coordination and collaboration of programs, services, and governance structures. The strategic actions needed to effectuate this goal and to build upon the first step of partnership and cooperation includes coordinating agency business engagement activity, building and using data driven decision making and evaluation methods, and expand specific partnerships and collaboration.

DEW also is working with several individual agencies on certain pilot programs across the state:

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- DEW and the South Carolina Department of Corrections are working closely together to find jobs for ex-offenders by offering job placement services “behind the fence” prior to release to maximize their chances of obtaining employment upon release. The initial pilot has been extremely successful and the agencies will continue looking for a way to expand this service to other facilities. A behind the fence job fair was facilitated June 26, 2015, where ex-offender friendly businesses came on-site to hire 11 inmates before they were even released. To date, thirty transitioning ex-offenders have found work.
- The Department of Social Services (DSS), DEW and two (2) local Workforce Investment Boards have been partnering to offer employment services to Temporary Assistance for Needy Families (TANF) and Able Bodied Adults Without Dependents (ABAW)s. Rather than create two competing employment services programs, this partnership allows DEW and the DSS to use the economies of scale of one program to more efficiently and effectively serve this population with all other South Carolinians looking for jobs. We have recently provided DSS employees access to the DEW case management system to eliminate paper trails and provide real-time information to clients and to allow for better tracking of the process to improve the chances for job placement. DEW hopes to expand this statewide in 2015.
- Third, the South Carolina State Technical College System and DEW have strategically partnered to provide job placement services for South Carolina’s Manufacturing Certificate Program. This program provides 200-hours of a nationally recognized industry credential and DEW is going to the classrooms to assist with resume writing and interviewing skills, as well as register students in the state jobs database to improve their chances for gaining employment as soon as training ends. If this proves successful, we would like to work with all higher education institutions to use a similar process of registering upcoming graduates in our system before graduation so they can improve their chances of being employed in SC.
- Fourth, the South Carolina Department of Commerce and DEW have strategically partnered to engage defense firms to determine their interest in diversifying into new markets and assist them in accessing programs and services as needed. The United States Department of Defense’s (DOD) budget cuts pose a significant risk to the short-term and long-term sustainability of the defense firms in South Carolina. More than 800 South Carolina businesses are contracting with DOD to service the needs of the military. Applying a conservative multiplier of 2.0, the loss of one full-time defense contractor position would result in a total loss of two jobs (one direct and one in-direct). Proactively encouraging defense firms to reduce their dependency on DOD procurement activity by encouraging them to diversify into other growing industries will avert layoffs and help build the supply chain for several industries. In this past year, 115 defense firms have been contacted to date. Thirteen (13) companies have been approved for diversification assistance and an additional eight (8) companies have applications pending approval for supplemental funding. Those interested in diversification have been triaged to services and resources offered through SC Manufacturing Extension Partnership and other vendors experienced with leading successful transitional assistance.

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As discussed above, for the first time in agency history, DEW has implemented a formal Strategic Plan. The framework of this plan and the five (5) key strategies it is based on have been distributed internally to agency employees and are also available for internal personnel to view on SCDEW’s iConnect Intranet.

DEW created mechanisms and processes designed for each of the agency’s divisions to executive the strategic plan. Many of these specific goals have been achieved. While these successes are too voluminous to describe each here, examples of DEW’s success include:

- In June 2015, DEW paid off the \$1 Billion debt South Carolina owed to the federal government. DEW made these payments early, resulting in a savings of \$13 million in interest payments for South Carolina businesses. And such payoff occurred even though DEW gave businesses an across the board 9% cut in taxes for calendar year 2015.
- For the first time in DEW’s history, it collected more in overpayments than overpayments that were detected in calendar year 2014. Not only did DEW collect more money in overpayments than ever in its history, it also reduced overpayments by over 366 percent from 2012 to 2014.
- For the first time in DEW’s history, DEW conducted a Business Impact Analysis to implement a Business Continuity Plan.
- Implemented process to cross match unemployment insurance claimants against information regarding individuals who are in local jails (and thus not able and available for work to be eligible for UI benefits), resulting in \$54,932 Appriss savings as of June 30, 2015.
- DEW has sold 4 empty properties as of June 30, 2015, resulting in \$5,014,276 returned to South Carolina (both the agency and to the then-Budget and Control Board).
- The embodiment of South Carolina’s exceptional customer service was recognized in September 2014 when one of its case managers for veterans, Eric McAbee, was awarded the National Association of State Workforce Agency’s national James F. Walls Employee Award which honors an employee whose conduct demonstrates outstanding dedication to customers and colleagues, and extraordinary service to the local community; and when one of its information technology employees, David Kyre, was awarded NASWA’s national Merrill Baumgardner Award for honoring an individual who has demonstrated excellence in the field of information technology in a state workforce agency. South Carolina received two of the eight (or 25% of the) national awards given to workforce employees.
- DEW staff provided significant technical assistance to South Carolina counties to ensure that an additional 32 counties were qualified as Work Ready Certified from July 2014 through June 2015.
- DEW revamped its UI benefit processing system to consistently exceed – for the first time in years – the federal time lapse requirement of 87%. But viewing that as a floor for success, DEW also developed and implemented a Quality Assurance/Quality Control program for the unemployment insurance benefit process to quantitatively evaluate the quality of various aspects of the claim process including: initial claims reviews; calls; fact finding; and adjudication.

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- Requiring all employees – from the Executive Director to the most junior employees – to attend the first three (of six) daylong sessions of customer service training, called “Change Your Framework.”

Monthly meetings of senior staff are scheduled in order to review progress against the Strategic Plan. As described in more detail above, senior management of each Division – and managers/supervisors of units within those Divisions – set the year’s priorities and initiatives based on that strategic plan. DEW ultimately executed the strategic plans’ goal with two initiatives: (1) the Succeed SC Task Force and (2) the Sector Strategies Initiative.

(1) **Succeed SC** -- In her state of the state address in January 2015, Governor Haley challenged South Carolina’s workforce stakeholders to re-engineer how workforce services are offered to job seekers and businesses, identifying it as the SucceedSC initiative. Under DEW leadership, SucceedSC was designed to align workforce partners to assist jobseekers by triaging them to resources that will prepare them for today’s high growth, high demand positions, which could include state-funded training grants. SucceedSC also provides opportunities for businesses or a consortium of businesses to collaborate with local Technical Colleges in the development of curriculum to train individuals on skills that meet the business’s needs

DEW established sub-committees to assist with the development of the SucceedSC Program. They are as follows:

- **Cultural Task Force**- Whose role is to revise service models within the workforce system
- **EvolveSC Task Force**- Whose role is to develop processes for businesses to access workforce resources
- **Regional Forums Task Force**- Whose role is to plan and execute four outreach forums (which occurred in May through July 2015)
- **Ticket-to-Tech Task Force**- Whose role is to build processes by which jobseekers can access training to become certified for high-demand jobs
- **Training Task Force**- Whose role is to identify what training should be offered, if it is available and where

Even though the General Assembly did not appropriate state funds to SucceedSC, many components of the model are being incorporated into the public workforce system. For example, the Governor and DEW conducted Regional Forums in each of the areas to connect Faith and Community Based Organizations, Non-profits, local and state government services, and businesses who engage in workforce development. Moreover, the State Workforce Investment Board (SWIB) has obligated \$500,000 of State Reserve funds to pilot EvolveSC. As a result, businesses will have the opportunity to learn about workforce services that can address their workforce needs. High-growth, high-demand occupations and the supporting trainings have been identified and will be utilized moving forward to train the existing and the emerging workforce.

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(2) *Sector Strategies* – DEW has procured a national consultant to facilitate the following services by March 31, 2016:

1. Facilitate brainstorming sessions with key government, education, training, economic development, labor, and business leaders to identify regional sector strategies.
2. Identify revenue resources that would directly support sector strategies.
3. Identify policy and process improvements that will drive the implementation of regional sector strategies.
4. Provide training to regional partners on implementing sector strategies

Governor Haley, Director Stanton, as well as key business and state leaders, began this process on May 13, 2015 when they met with Rick Maher, an expert in sector strategies. Highlights from Mr. Mayer presentation include discussion on the talent pipeline, workforce as an asset for regional prosperity, on the seven (7) critical success factors of sector strategies, about the state’s sector strategies project objectives.

DEW redesigned its processes and policies to emphasize that the unemployment insurance process as the initial step within the reemployment process, rather than as an end itself. The unemployment insurance and employment services (Workforce and Economic Development) departments work hand in hand as individuals are afforded a bridge from one program into the other. The Reemployment and Eligibility Assessment (REA) Program utilized a pilot program in two local areas across the state (Lowcountry and Worklink) to truly integrate these programs. This REA pilot program has demonstrated significant increases in job opportunities for REA participants and positively impacting the solvency and stability of the Unemployment Insurance Trust Fund.

To increase collaboration between the Unemployment Insurance (UI) Division and the Workforce and Economic Development (WED) Division, the Assistant Executive Directors of both UI and WED routinely attend one another’s staff meetings. Additionally, they have scheduled and jointly attended tours and staff meetings at locations throughout the state where UI and WED associates are co-located for the purpose of sharing the vision of the agency with regard to unemployment and re-employment strategies.

AS previously discussed, DEW created a new Policies and Procedures Department to increase the understanding and collaboration between the WED and UI divisions. The department ensures that both state and federal regulations and guidance, as well as state developed policies and procedures, are aligned and well communicated between the WED and UI divisions and DEW’s workforce development partners.

As discussed in more detail above, DEW also constituted the new Business Intelligence unit that combines all data consultants across the agency – including those specializing in workforce development information and unemployment insurance – to ensure that the workforce and UI data can be analyzed together, and that all employees in the agency can access that data.

DEW also developed a WIA/WED portal to allow employment services case managers (in DEW and at its local partners) to know when they are working with an UI claimant and when that individual’s



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benefits will expire to help make good decisions to get those claimants employed as quickly as possible. This portal relays to the case managers real time information regarding unemployment benefits that may significantly impact program eligibility and benefit eligibility status.

We are continuously look for ways to automate processes and improve businesses' accessibility to make quick and easy filings through SC Business One Stop (SCBOS). In an effort to improve customer service and streamline processes, SCDEW continues to build on our existing relationship with SCBOS. The development of e-mail and automatic phone calls has provided an enhanced communication process which allows SCDEW to communicate to both Claimants and Employers to promote consistent messaging for proper reporting of Benefit Claims. This concept was further utilized to disseminate information related to wage reporting and tax payments in an effort to preserve benefit claims and trust fund integrity. SCDEW and SCBOS worked in conjunction to develop the automation of wage reporting and tax payment for multi-filing. Finally, additional payment options were developed and delivered to employers to assist in payments into the trust fund.

Last year DEW submitted an RFP for a new interactive voice response system (IVR) for a modern virtual call center, which was used for the release of a state-wide RFP that resulted in the award of three companies on state contract. DEW then participated on the RFP evaluation process on behalf of the Division of Administration to make modern virtual call centers available to state agencies for the first time. Once the state awarded these contracts on May 22, 2015, DEW began negotiations with the vendors to implement the new technology as soon as possible. With this new technology we anticipate the ability to provide better customer service to all stakeholders.

In addition, DEW consolidated its 15 call centers across the state (some of which had only 4-6 call center employees) into 6 call centers statewide. This consolidation was done with no disruption in service to claimants and businesses, as well as no layoff of DEW employees.

For the first time in DEW history in 2014, DEW collected more overpayments that it detected were paid out – which were more overpayments collected than any time in the agency's history. One of DEW's key business process improvements for this initiative was the increased use of and improvements to the involuntary wage withholdings – i.e. recovering up to 25 percent of the paycheck of an individual who owes DEW money for having received improper payments until the overpayment is fully recovered. DEW recovered \$1,438,879 through this process in 2012, \$942,502 in 2013, a record \$3,077,564 in 2014, and an amazing \$2,549,499 through June 2015.

DEW also continued to improve tax collection business processes to increase the collection of taxes owed by businesses. Most notably, DEW focused its debt collection efforts on specialized debt collection criteria, secured employer audit software automating the validation of proper reporting and tax payments by businesses, and separated the collection function and cashiering function to assure integrity of proper tax processing. DEW also worked to clear certain backlog of collection activities which – by way of example of just one process improvement – increased the collection of penalties and interest owed by delinquent businesses. Penalties and interest collections began to consistently exceed prior year revenues beginning in February of 2014, with peak monthly collections of \$503,814 in July of 2014, which was \$309,512, or 159% higher than July 2014 collections. Collections for the fiscal year 2014-15 totaled approximately \$3.2M, which is 21% higher than the fiscal year 2013-14 totals, and 48% higher than the fiscal year 2012-13 totals, due to improved collections activities.

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At the request of the Governor’s Regulatory Review Task Force, DEW procured independent unemployment insurance experts (CSG Government Solutions) to review the claims process from initial filings to the Lower Authority Appeals process to see how business process improvements can be made for both claimants and employers. CSG Government Solutions provided DEW with an As-Is UI Claims Summary Report along with a detailed and Comprehensive Analysis of the UI Claims Process with Performance Improvement recommendations. Due to resource limitations and the future implementation of the new UI Benefits System DEW strategically utilized the provided recommendations as DEW found feasible. DEW continues to implement more of the recommendations, particularly as technology improvements become available.

DEW’s Business Intelligence division provides current and accurate data to identify where South Carolina’s limited resources can have the greatest impact with regard to training and services offered and needed. This data shows what and where the unfilled jobs are in South Carolina, as well as the skills required to obtain the jobs, which helps identify industries and occupations most in need our Federal and state resources.

With the integration of all agency data consultants, DEW is aligning various agency databases to streamline availability of information, while protecting vital personal information. DEW partners with sister agencies to merge data to obtain a more comprehensive picture of the state workforce system and to obtain performance measure across multiple realms. DEW also provides on its public website monthly reports on comprehensive data for South Carolina. An individual can run this information state-wide, by county, and by local workforce investment, simply by accessing DEW’s data base.

DEW also has convened its workforce partners and certain training providers (both private and the Technical Colleges) to leverage data from the Business Intelligence unit re-design the state’s Eligible Training Provider List (ETPL) to provide meaningful information to job seekers, business and industries, and to provide relevant performance metrics on the effectiveness of such training programs.

DEW also has created customized information packets for businesses that outline the tax credits they are eligible to receive including Work Opportunity Tax Credits (WOTC), federal bonding and On the Job Training reimbursements. These customized reports are a partnership document which includes information not only on DEW, but also the Workforce Investment Act (WIA), technical colleges and Apprenticeship Carolina highlighting all of the business resources available for workforce development.

DEW recognizes it is only as good as its employees. To that end, DEW – particularly its Executive Director – invests considerable resources into its own workforce. DEW employees not only help compile the strategic plan, but also receive a copy of it. The agency’s strategic goals and action plan are available on demand for all employees to access via the agency intranet, iConnect. In addition, a section of the agency newsletter, the DEWsletter, focusses on completed initiatives providing detailed information to employees on a monthly basis.

In 2014, DEW implemented an agency-wide customer service program entitled, Change Your Framework. This Framework customer service training focuses on the improvement of customer service practices, internally and externally, by assisting employees with improving personal behaviors and life skills, and by working to improve employee engagement within the workplace. Framework works to provide employees with tools to interact more positively with coworkers, decreasing intradepartmental

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and interdepartmental conflict, encouraging tolerance and productive communication, and improving working conditions for all. The Framework consists of six, all-day training sessions that leverage effective, cutting-edge adult learning practices. At this time, 94% percent of DEW employees have completed Framework Days 1, 2, and 3. Day 4 of Framework will begin in September, 2015. DEW continues to provide periodic sessions of Day 1, 2, and 3 to incorporate new staff into the Framework model.

DEW is also developing objectives and success criteria regarding customer service for the Employee Performance Management System (EPMS) process.

DEW continues to work to break down silos throughout the agency through many methods, but particularly in developing relationships between employees at all levels. The Framework customer service training classes are intentionally departmentally diverse, providing managers, executive staff, and all employees the opportunity to hear ideas and discuss issues with a wide variety of viewpoints. Quarterly management training also provides opportunities for managers, who support agency initiatives, to discuss and find solutions to problems that may be cross-functional. In addition, DEW is currently procuring leadership development training for cross-functional selection of management employees on best practices in management itself, as well as participation in an off-site Leadership training as a development opportunity for members of the Executive Committee.

New opportunities for cross-training for front-line staff continue to be developed and delivered. In the Workforce and Economic Development (WED) Division, a Career Development Facilitator course is offered yearly that provides staff with instruction on working directly with job seekers to help them find work and, perhaps more importantly, keep that work once they find it. The Career Development Specialists are given preference in registration for the class, as their jobs are most directly related to the content, but all staff members are welcome to participate with approval of their direct supervisor. At this time, DEW has certified 44 DEW staff members and is now conducting the 2015 course.

In the Unemployment Insurance (UI) Division, development continues for on-demand Adjudication training professionals. The management of the adjudication team, other members of the benefits division and training have been working on creating an online course to teach staff how to effectively and efficiently adjudicate UI claims. Once complete, the adjudication course will be available for any staff member interested in learning more about adjudication.

As the agency works to become more efficient, DEW has used vacancies as an opportunity to view positions and departments holistically for the betterment of the agency. Over the reporting period, the agency has created three new departments and reimagined positions to integrate services and foster more collaboration. The retention rate as a key indicator does not effectively tell the story of our great strides in efficiency and customer service. Currently, the average tenure of all DEW employees is 8.68 years of service to the agency. We are investing more time with managers to provide additional assistance in the selection process to ensure the best possible fit and career progression, reengineered our exit interview process to monitor and identify trends, introduced a stay interview process, and have begun measuring and discussing nationally recognized key indicators of employee engagement.

In addition, the Executive Director reviews weekly reports of all separations agency-wide and the reason for each separation. The human resources department conducts exit interviews with all separating employees to ensure there are no systemic or employee relation issues that need to be addressed.

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The December 2013 implementation of the virtual suggestion box (where DEW employees can offer suggestions to the Executive Committee either anonymously or with their name) continues to be effective by facilitating positive change for the agency. Since its inception, DEW has received 157 suggestions from DEW employees. Of those, 58 of them have been completed and 44 of them are in progress.

One suggestion of note submitted in August of 2014, asked that the agency define its core values in addition to the slogan, mission statement, and vision to help guide employee actions and create priorities. DEW embraced this suggestion and incorporated it heavily into our 2014 Strategic Plan that launched shortly after the suggestion. Another helpful suggestion was to have a virtual board in every HUB to show how many calls are in the queue and when an employee has logged in and out for lunch so our HUB managers can manage the employee logins and the queue more effectively and efficiently. Because of that suggestion, multiple monitors are now located in all of our HUBs. Most recently, an employee reached out looking for ways to show support for the Emmanuel 9 and have a positive impact on their families and the Charleston community. From that suggestion, DEW started the SCDEW Support Charleston project, which allowed DEW employees to purchase Indigo blue, rubber bracelets with all the proceeds going to the families of the victims and Mother Emmanuel Church (close to \$2000). Suggestions have also shaped DEW's physical appearance, improved employee relations, and improved our work environment holistically.

In 2014, DEW hired a Chief Information Security Officer (CISO) as well as a Senior Information Technology Auditor. Both of the individuals who staff these positions have backgrounds in Computer Science, Information Security, and technology frameworks.

DEW has adopted a Security First initiative. To that end, each week the Executive Director begins the weekly Executive Staff Meeting with a Security Tip. Each division and function leaders takes such Security Tip to his or her respective senior staff meeting, and the tips are progressing pushed down to all employees. Moreover, one security tip each month is highlighted in the Security First section of DEW's monthly DEW'sletter to all employees and its local workforce partners.

A Security First Committee has been established and meets quarterly to discuss developments that may impact the Agency. All information security policies are currently under review and several policies that comply with the new state information security standards have been created and implemented.

During the second quarter of 2015, DEW integrated mandatory security testing into the software development life cycle. All applications developed by (or for) the agency must undergo an iterative security review prior to being implemented in production and are then periodically reviewed by the security team. In June of 2015, we also implemented and deployed Secunia third-party patch management solution provided by DIS. This solution monitors all user workstations to provide reporting and remediation for out of date third-party software (any program not written and deployed by Microsoft.)

In late 2014, DEW partnered with Deloitte Consulting to develop a complete Business Continuity Plan (BCP) for the agency. This work began with a Business Impact Analysis to review each primary function of the agency and to establish acceptable time frames for recovery as well as points of recovery. The work on this plan was completed in June 2015.

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DEW also is partnering with the new-formed Department of Administration to create an Information Technology Disaster Recovery (DR) Plan which will provide greater assurance that the agency will be able to continue to serve our stakeholders in the event of a business disruption. This plan currently is subject to DOA approval and implementation.

DEW continues to reduce error rates on agency improper payments. Improper payment errors result primarily from either work search errors or benefit year earnings errors.

DEW is currently reviewing a recommendation to require all work searches be done on line through the SCWorks System. If this can be done, modifications can be made to the current system to increase the number of required work searches on line and to place an issue on any claim that doesn't meet the minimum criteria for work search, effectively preventing payment on the front end. Concerning benefit year earnings errors, the new cross-match systems that have been implemented over the past eighteen months have significantly reduced amounts paid out in this category. We are currently implementing a new software product that holds promise as an additional mechanism to identify claimants who have not accurately reported weekly earnings. This should be installed and in the test phase by year-end 2015.

DEW continuously looks for ways to enhance the use of existing space. In June of 2015, eight of our fourteen Unemployment Insurance Hubs consolidated into six Hubs. The Agency's Construction and Planning Department re-configured space in six Hub locations which facilitated moving staff from eight other locations. Our Construction and Planning Department also re-configured space on the 4th floor of our main Central Office Complex building and removed walls to open up larger areas. This open space has accommodated more cubicles which consolidated staff from several rooms, but also fosters greater collaboration and work across units. We will be continuing this process when possible on all floors of our main building.

Since June 2014, DEW has sold four (4) properties and currently has an additional thirteen (13) properties up for sale.

In 2015, the agency expanded the Division of Information Technology into the Division of Information and Business Solutions, to provide a high quality of service in information technology, as well as applying a standard enterprise project management methodology to the agency's priority initiatives. This effort allows the agency to consistently approach the effective management of priority initiatives, whether they be software development, business process improvement, or even renovation and construction. Aligning with the agency's strategic plan, this expanded division will help facilitate the agency's concrete steps within a cycle of continuous improvement.

DEW has emphasized the need to improve processes and procedures to ensure compliance with federal performance measures.

For instance, as the state oversight agency for the Workforce Investment Act (WIA) Program, DEW continuously reviews the WIA expenditures in each of the twelve (12) workforce areas to evaluate timely fund utilization, as well as the utilization of funds for participant services versus staff and operating costs. In negotiating resource sharing agreements with local workforce areas, DEW is focused on efficiency and non-duplication of partner resources in the operation of SC Works Centers across the state. Customer traffic is evaluated and mobile staffing and virtual service options are utilized where

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feasible. To date, all federal workforce programs are meeting or exceeding United States Department of Labor (DOL) performance goals:

- The Workforce Investment Act program is exceeding the DOL goal in five of the nine performance measures and is meeting the goal in the remaining 4 measures.
- The Wagner-Peyser program is exceeding the DOL goal in two measures and is meeting the goal in the third measure.
- The Trade Adjustment Assistance program is exceeding the DOL goal in one measure and is meeting the goal in the other two measures.

Both the Bureau of Labor Statistics (BLS) and Projections programs have met all Department of Labor deliverables. As of June 30, 2015, data response requirements for the Annual Refile Survey exceeded expectations with a response rate of 84.40% units and 90.43% employment. The projections programs obtained and incorporated local area feedback to aide in improved projection estimates.

DOL acceptable levels of performance and core measures for Lower Authority Appeals (LAA) are 60% or greater for 30 day time lapse, 80% or greater for 45 day time lapse, and average case age of 30 days or less. On average, all goals were met for the July 2014 through June 2015 period. The average for July 2014 through June 2015 is as follows:

30 day – 75.5%  
 45 day – 94.1%  
 Case Age – 18.6 days

DOL acceptable levels of performance and core measures for Higher Authority Appeals (HAA) are 50% or greater for 45 day time lapse, 80% or greater for 75 day time lapse, and the average age of 40 days or less. HAA exceeded all those performance goals each month during the July 2014 through June 2015 period. The average for July 2014 through June 2015 is as follows:

45 day – 70.9%  
 75 day – 96.3%  
 Case Age – 24.6 days

The DEW Data Governance Committee was formed in May 2015 to define and regulate the uses of agency data so that DEW uses all terms consistently across programs. The Committee is comprised of members from across the business and technology divisions of the agency, and has as one its primary goals to increase cross functional understanding and knowledge of agency processes, data streams, and business terms. This is an ongoing process, and will serve to ensure that agency staff speaks consistently across divisional lines with stakeholders and constituents.

DEW worked extremely hard to maximize opportunities that SC Work Ready Communities presents. To become a work ready community, a county has to reach or exceed goals in WorkKeys testing, the average three-year graduation rate and business support. We are proud to report that as of September 1, 2015, South Carolina has thirty six (36) counties that are now certified Work Ready Communities (CWRC), which is more counties certified than any other state in the nation. Additionally, more than 2,000 businesses in South Carolina support CWRCs. Lastly, DEW is negotiating a statewide contract

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with ACT to ensure maximum utilization of purchased CWRC resources and to extend the WorkKeys contract to ensure that all forty-six (46) counties are certified by year's end.

In June 2015, DEW made the final payment on the \$1 billion dollar loan South Carolina borrowed from the federal government. DEW's careful fiscal management in repaying this loan resulted in \$13 million in savings in interest payment for South Carolina business, while also reducing tax rates for businesses by 9 percent in 2015 – and while ensuring that South Carolina businesses (unlike businesses in every state that owed money to the federal government) did not have to pay a federal unemployment tax surcharge.

Since June 2014, DEW's surplus real estate properties increased from ten to seventeen. Four (4) properties have now been sold with a total real estate value of approximately \$6 million and net proceeds to DEW after selling expenses and proviso requirements of approximately \$5 million. Proceeds from property sales are being held in a special fund to be used for the agency's tax system modernization project, which will greatly improve the agency's efficiency levels and customer service to the businesses of South Carolina.

As previously stated, DEW paid off South Carolina's nearly \$1 billion debt to the federal government, five months ahead of schedule. A final payment of \$120 million was made in June of 2015. Early payments over the last four years have collectively saved businesses nearly \$13 million in interest. In addition, the agency is looking to pay its final interest bill on the federal debt by September of 2015, and will return the residual amount of interest assessment funds to the state's Trust Fund upon satisfying the interest payable.

With the trust fund loan completely paid off, the agency looks to continue to path to restoring reserve funding to an amount sufficient to continue paying unemployment claims without borrowing for at least one year during an economic downturn.

In 2014, DEW staff initiated meetings to address the requirement under S.C. Code Ann. §41-31-45(C) to promulgate regulations to establish the fund adequacy target for the trust fund once the unemployment insurance trust fund returned to solvency. Staff from the Unemployment Insurance Division, Office of General Counsel, and Executive Staff met frequently to discuss the different methods to establish solvency. Various scenarios regarding the impact of the project time for reaching the fund adequacy target were considered, including how changes in the economy would impact the solvency surcharge. Once a plan was developed, multiple stakeholders from the community were contacted to provide input on the impact of the plan established in the draft regulation. The Notice of Drafting was published in the State Register on August 22, 2014. During the public comment period, there were no requests for public hearing on the regulation. The regulation was filed for General Assembly review on February 3, 2015. The Senate LCI Regulatory subcommittee requested withdrawal, and DEW resubmitted the amended regulation establishing the rebuilding period for the fund adequacy target over a period of five years dependent on the percentage the unemployment trust fund balance is below the fund adequacy target. The regulation expired on June 3, 2015 and went in to effect on June 26, 2015.

DEW, through the Fraud, Investigations, Recovery, and Enforcement (FIRE) Unit has developed and/or implemented a number of programs that involves a review *more frequently than quarterly* designed to deter fraud, identify fraudulent claims, and prevent improper payments.

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On a *real time basis*, DEW utilizes a database, Appriss, of active Social Security Numbers (SSN) provided by the Social Security Administration (SSA) to cross-match against all initial claim submissions. This is used to verify claimant identity and prevent misuse of Personally Identifiable Information (PII). A second check against this database is also done *daily* against all continuing claims. In addition, on a *daily* basis, the National Incarceration Database cross-match is compared to all active claims to identify and prevent any active claimants currently incarcerated from filing a benefits claim. As of June 30, 2015, Appriss savings were \$54,932.

On a *weekly* basis, DEW utilizes the S.C. New Hire cross-match and the National New Hire cross-match to identify active claimants who have failed to report employment. Additional cross-matches done on a *weekly* basis include the following:

- The death database for SSA – used to prevent fraudulent filing using a deceased individual’s SSN.
- The S.C. pension cross-match with PEBA – used to identify pensioners who are not eligible to file for benefits.
- The IP (Internet Protocol) address cross-match on initial claims – This is used to identify and prevent fraudulent claims filed using PII information obtained through identity theft. It also enables DEW to flag IP addresses known to be associated with fraudulent claims.
- The direct deposit account cross-match provides DEW with the ability to identify claims associated with stored value card activity. (Stored value cards are payment cards that have a monetary card stored on the card itself, not in an external account maintained by a financial institution).
- An email account cross-match identifies shared email addresses used for claims. This helps DEW identify and prevent payments on fraudulent claims filed using stolen PII information.
- The common address cross-match enables DEW to identify and prevent payments from being made on fraudulent claims that share mailing addresses.
- The internal employee cross-match is used to compare all personnel on the DEW payroll with UI Benefit claims submitted.

DEW currently cross matches employer submitted wage data (SCATS) against the state FEIN to obtain a list of claimants employed by state agencies (to include political subdivisions of the state). This population is then reviewed to determine which current state employees have outstanding overpayment debt (fraud and/or non-fraud). If an identified state employee is eligible for wage withholding, action is initiated by the Collections Department. State employees whose overpayment balances are the result of fraud are referred to Investigative Services for review.

Finally, *twice each month* DEW scans all initial claims to identify individuals who claim to work in high risk occupations, where fraudulent claims have traditionally been submitted.

Amounts associated with various collection and recovery efforts undertaken by the FIRE Unit in the past fiscal year, July 1, 2014, through June 30, 2015, are as follows:

- DEW collected \$7,413,377 through the Federal Treasury Offset Program (TOP).
- DEW collected \$4,232,492 through the State Offset Program (SOD).



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- DEW collected \$4,157,638 through the Involuntary Wage Withholding Program (IWW).

The Budget and Control Board (now the Department of Administration) and the Division of General Services, maintains and processes all leases for the agency. Real Property Services conducts a search for available properties through a solicitation process and negotiates a lease. The request for space submitted ensures that funds authorized for leasing costs are used in the most efficient manner.

The Chief Financial Officer (CFO) meets at least monthly with the Executive Director to review monthly financial reporting packages, which include financial status updates on over 40 grants and other funds. In addition, 3 (three) future year cash flow and reserve forecasting models are reviewed, and continuously monitored and updated throughout each month as staffing levels are adjusted and new projects are approved. The CFO and Controller also hold monthly meetings with Unemployment Insurance (UI) and Workforce and Economic Development (WED) divisions to discuss major funding sources, funding needs, and projections for grants funding the various programs being administered by those divisions.

South Carolinians will continue to view the South Carolina Department of Employment and Workforce as an efficient, transparent, customer-friendly partner in providing quality workforce solutions as DEW continues our commitment to See it. Own it. Work it. DEW it.