

SC Department of Employment and Workforce

August 26, 2020



Prepared for: Ways and Means CARES Act Ad Hoc Committee



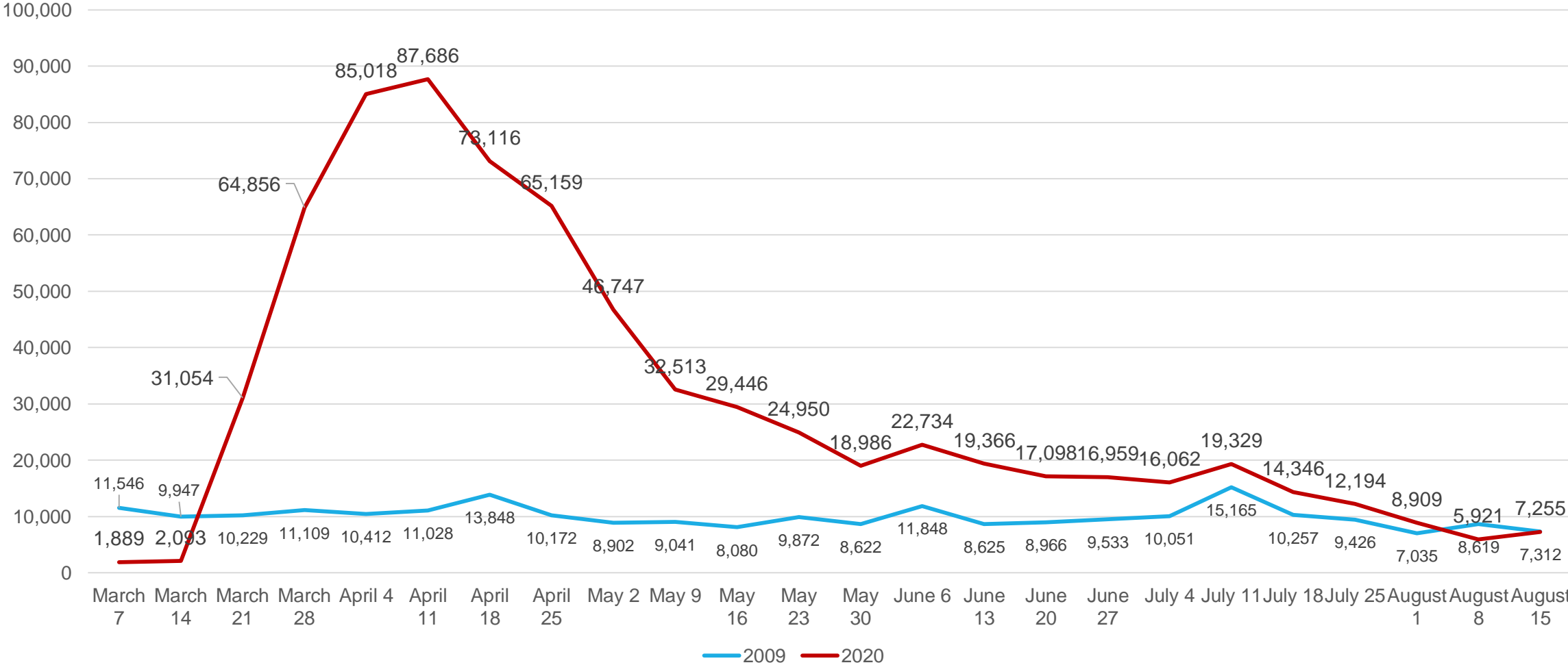
A decorative graphic in the top-left corner consisting of a network of white dots connected by thin white lines, set against a dark blue background.

What is the status of unemployment insurance claim activity in South Carolina?

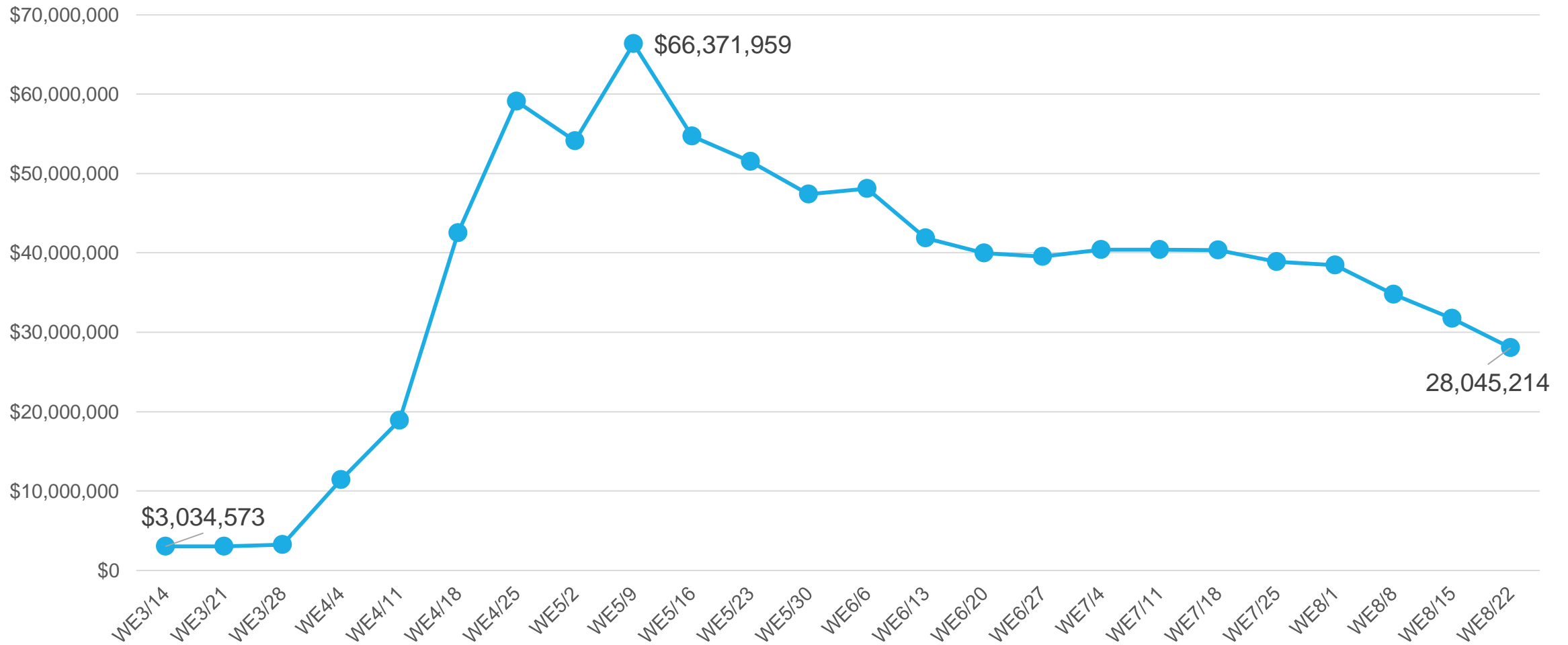
Improvement

- Number of new initial claims for state unemployment peaked April 11th: 87,686
 - Week ending August 15th: 7,255—more in line with experience during 2009
- Number of continued claims for state unemployment peaked May 9th: 263,590
 - Week ending August 15th: 159,476
 - Still a large number on federal programs (PUA, PEUC, EB): 96,000+
- Payments from trust fund have declined from peak of over \$66 million in May to \$28 million week ending August 22nd.

Initial Claim Comparison



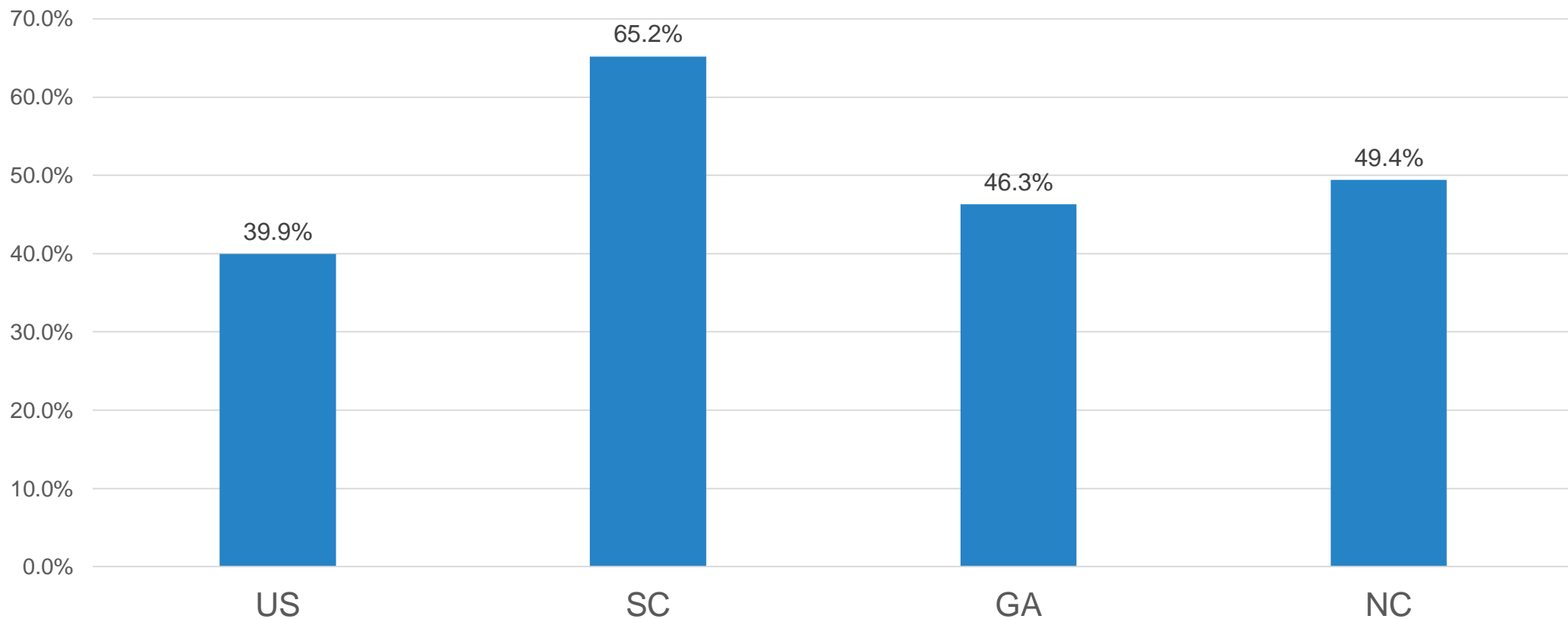
Weekly Payouts State UI Benefits





What is driving these improvements?

Employment Recovery



- Through July 2020, SC has recovered 65.2% of employment lost between February and April. This is significantly higher than the national average as well as GA and NC.

Employment Situation

Month	Employed	Unemployed	Unemployment Rate
February 2020	2,333,224	58,631	2.5%
April 2020	2,073,470 (-259,754)	303,360 (+244,729)	12.8% (+10.3 percentage pts)
July 2020	2,242,832 (+169,362)	211,965 (-91,395)	8.6% (-4.2 percentage pts)
NET CHANGE Feb-Jul	-90,392	+153,334	+6.1 percentage pts



End of \$600 Federal Supplement

- Federal Pandemic Unemployment Compensation (FPUC), the extra \$600 per week, ended as of July 31st.
- Expiration of FPUC may have changed individuals' incentives for return to work
 - Average state benefit: \$260/week
- Presidential action has created the Lost Wage Assistance (LWA) program that states are currently evaluating to determine if they will participate.



What role has DEW played in economic stabilization?

Payments to Date (3/15 – 8/24)

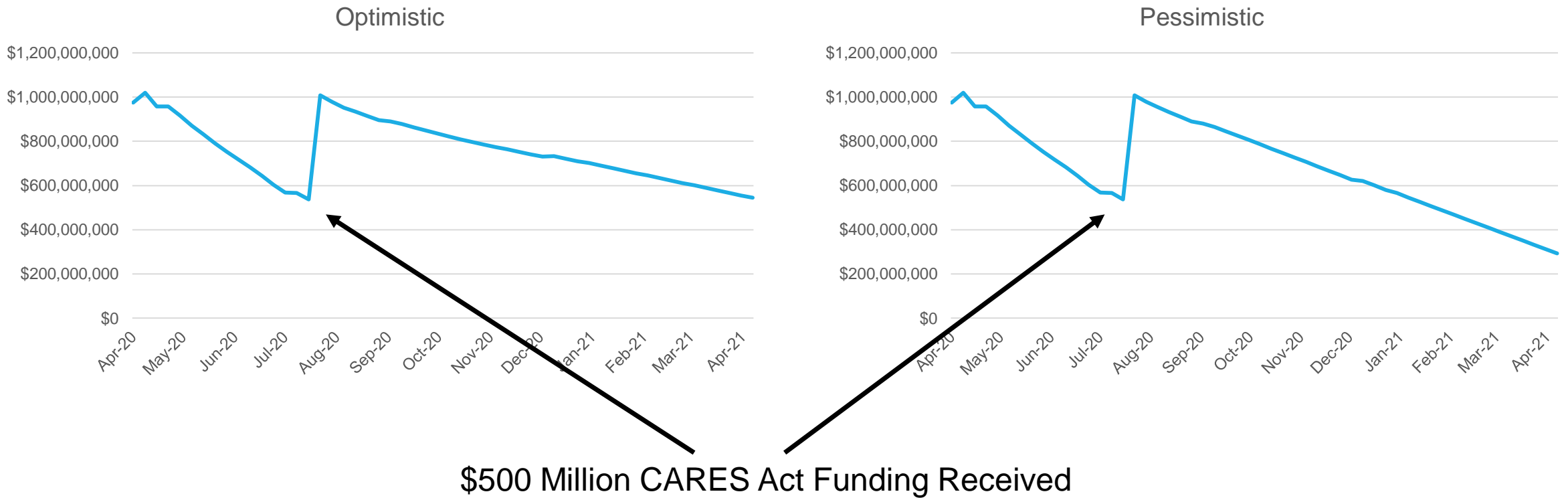
Program	Total Paid
Regular, State UI	\$890.0 million
Federal Pandemic Unemployment Compensation (FPUC)	\$2.667 billion
Pandemic Unemployment Assistance (PUA)	\$232.6 million
Pandemic Emergency Unemployment Compensation (PEUC)	\$55.8 million
Extended Benefits (EB)	\$8.7 million
TOTAL	\$3.854 billion



How has this impacted the UI Trust Fund?

Trust Fund Balance 8/24: \$979.6 million

Projections as of 8/19/2020



Trust Fund Projections

Optimistic

Time Period	Trust Fund Starting Balance	Benefit Payments	Revenue and Adjustments*	Trust Fund Ending Balance	Cumulative Amount needed to Rebuild to \$1.1B
Jan 1 – Aug 15, 2020	\$1,093.7 million	\$881.0 million	\$794.6 million	\$1,007.3 million	\$92.7 million
Aug 16 – Dec 31, 2020	\$1,007.3 million	\$307.8 million	\$33.2 million	\$732.7 million	\$367.3 million
Jan 1 – Apr 30, 2021	\$732.7 million	\$193.2 million	\$5.0 million	\$544.5 million	\$555.5 million

Pessimistic

Time Period	Trust Fund Starting Balance	Benefit Payments	Revenue and Adjustments*	Trust Fund Ending Balance	Cumulative Amount needed to Rebuild to \$1.1B
Jan 1 – Aug 15, 2020	\$1,093.7 million	\$881.0 million	\$794.6 million	\$1,077.3 million	\$92.7 million
Aug 16 – Dec 31, 2020	\$1,007.3 million	\$419.9 million	\$34.0 million	\$621.4 million	\$478.6 million
Jan 1 – Apr 30, 2021	\$621.4 million	\$332.2 million	\$5.0 million	\$294.2 million	\$805.8 million

Possible Future Tax Rates

Tax Rate Class Example	2020 Cost per Worker	2021 Cost per Worker
2	\$32.34	\$67.14
12 (new employers)	\$77.00	\$176.85
19	\$292.74	\$559.97

- Costs for 2021 and going forward are expected to be significantly higher than rates experienced in 2020, an average of 110% higher for 2021.
- The \$500 million appropriation will allow the state to avoid borrowing and reduce the amount of taxes that will be needed for future trust fund rebuilding—likely CY2022-2025.