SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S. 0468 Introduced on January 13, 2021
Author:	Alexander
Subject:	Extended Benefits
Requestor:	Senate Labor, Commerce, and Industry
RFA Analyst(s):	Miller
Impact Date:	February 3, 2021

Fiscal Impact Summary

This bill is not expected to have an expenditure or revenue impact unless there is a significant increase in the unemployment rate and the Federal government does not cover the cost of extended benefits (EB) payments, which according to the Department of Employment and Workforce (DEW) is improbable.

However, if there is a significant increase in the unemployment rate and the Federal Government does not cover the full cost of EB payments, this bill could result in a non-recurring increase in General Funds, Other Funds or Federal Funds expenditures depending upon how the Unemployment Trust Fund is funded back to its actuarial full funding level.

Additionally, if there is a significant increase in the unemployment rate, this bill could result in an increase in Trust Fund revenues to bring the Trust Fund back to its actuarial full funding level.

Explanation of Fiscal Impact

Introduced on January 13, 2021
State Expenditure
This bill suspends the required fourteen weeks between the end of one extended benefit (EB) period and the beginning of the next extended benefit period from November 1, 2020 through December 31, 2021. This would allow the State to trigger "on" extended benefits earlier than it ordinarily could.

According to the Department of Employment and Workforce (DEW), in the past two economic downturns, the federal government has covered the full cost of EB payments for contributory employers and 50 percent of the costs for reimbursable employers. DEW stated that if the Federal government does not cover 100 percent of the contributory charges, those will come from the Trust Fund and cannot be charged back to employers on their experience rating. This would mean that the Trust Fund would require funding after the fact to bring it back to its actuarial full funding level, either from the General Fund, potential future rounds of stimulus funds, or from longer term increases in employer contribution rates. . Therefore, bill could have an impact on the General Fund or employer contribution rates. However, unless there is a significant economic setback, DEW indicates it is very unlikely that this EB trigger will be activated. It would require the state to experience a significant increase in the unemployment rate to trigger back on to EB.

DEW specified that the most recent data shows that the SC insured unemployment rate 13-week moving average is 2.35 percent, significantly below the 5 percent and 6 percent triggers. The state's total unemployment rate three-month moving average is 4.6 percent, which is also significantly below the 6.5 percent trigger. The unemployment rates for January and February are not released publicly until March due to annual Bureau of Labor Statistics (BLS) benchmarking processes. Thus, there is insufficient time for the state to trigger back on to EB through the Total Unemployment Rate (TUR) measure prior to the 13-week elapsed time that would already occur without the legislation. It is unlikely the legislation would be needed for the remainder of the year given the current economic trajectory. Therefore, this bill is not expected to have an expenditure impact unless there is a significant increase in the unemployment rate and the Federal government does not cover the cost of EB payments.

State Revenue

If EB are triggered and the Federal government does not cover 100 percent of the contributory charges, the Trust Fund will be required to cover those charges. This would mean that the Trust Fund would require funding after the fact to bring it back to its actuarial full funding level, either from the General Fund, potential future rounds of stimulus funds, or from longer term increases in employer contribution rates. However, unless there is a significant economic setback, DEW indicates is very unlikely that this EB trigger will be activated. Therefore, this bill is not expected to have a revenue impact, unless there is a significant economic setback.

Local Expenditure

N/A

Local Revenue

N/A

Frank A. Rainwater, Executive Director

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