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Henry McMaster
Governor

G. Daniel Ellzey
Executive Director

TO: SENATE RE-OPEN SC SELECT COMMITTEE

FROM: G. DANIEL ELLZEY, SCDEW EXECUTIVE DIRECTOR

SUBJECT: DEPARTMENT OF EMPLOYMENT AND WORKFORCE UPDATE

DATE: AUGUST 11, 2020

The South Carolina Department of Employment and Workforce has seen an unprecedented level of unemployment claim activity since the beginning of the pandemic. To date, the agency has been able to keep more than \$3.7 billion flowing to eligible South Carolinians through five unemployment benefit programs.

Program	Benefits Paid	Claimants Paid Week Ending 8/1/2020
State Unemployment Insurance (UI)	\$835.8 million	147,081
Federal Pandemic Unemployment Compensation (FPUC)	\$2.6 billion	(\$600 supplement)
Pandemic Unemployment Assistance (PUA)	\$211.9 million	63,341
Pandemic Emergency Unemployment Compensation (PEUC)	\$42.1 million	13,646
Extended Benefits (EB)	\$6.9 million	2,143
Total (March 15th – August 10th)	\$3.7 billion	226,211

The historically high benefit payments for state unemployment insurance have had a significant impact on the agency's trust fund.

Trust Fund Balance 3/14/2020	\$1,097,456,691
Benefits Paid 3/15-8/10 2020	-\$835,849,941
Federal Reimbursement of Waiting Week	+\$75,604,657
Revenue: Tax Collections, Interest, and Adjustments	+\$181,063,287
Trust Fund Balance 8/10/2020	\$518,274,694

The above balance does not yet include the \$500 million CARES Act funding distribution appropriated by the General Assembly. This external funding will reduce the future unemployment tax burden on the state's businesses. Through August 1st, the agency believes that a minimum of \$599.9 million is claimable for CARES Act funding. This is likely to continue to grow as claim levels remain higher than their Great Recession peaks. Below is the agency's conservative estimate on unanticipated costs that are currently claimable for CARES Act funding as of August 1st.

Unanticipated Benefit Costs (3/15-8/1)	\$722,336,263
Federal Reimbursement of Waiting Week	-\$75,604,657
Benefits Paid to Employees of Reimbursables	-\$46,862,278
Minimum Claimable for CARES Act	\$599,869,328

The \$599.9 million estimate will continued to grow through the end of 2020. Using the agency's current trust fund projections, the ultimate claimable amount from the CARES Act could range from \$764.5 million to \$1,126.6 million depending on specific economic conditions that come to pass through the end of December.

As you are probably aware, the President took four executive actions this past weekend, one of which is a proposal concerning enhanced unemployment insurance benefits. As of the drafting of this correspondence, we still have a number of questions about how this could be implemented and are awaiting guidance from federal agencies.

Thank you for your work, and please let me know if the agency can ever be of assistance to you or your constituents.

Sincerely,



G. Daniel Ellzey
 Executive Director
 South Carolina Department of Employment and Workforce