

Staff Notes
4th Meeting of ESC Ad Hoc Study Subcommittee
January 5, 2010

At the first meeting, we received a presentation from the Research Division of the DOC regarding UI policy in SC.

At the second meeting, staff presented information on the state and federal UI tax structure for SC, other state tax laws, and funding for SC's UI trust fund. Staff of the ESC presented options for addressing the solvency of the trust fund.

At the third meeting, the subcommittee reviewed options for restructuring the ESC. Staff of ESC presented specific recommendations for administrative actions that could be taken to address the insolvency of the trust fund.

January 5, 2010

Today we will hear from officials with the State Tech Board in response to a survey that was to be distributed to the Presidents of the Tech Colleges. We will also hear from representatives of private training programs in SC.

First, let me mention a few things for the benefit of the audience.

All documents being reviewed and received by the subcommittee are published on the statehouse webpage under the citizens' interest page.

Also a mailbox for the subcommittee has been established for persons wishing to comment on the work of the subcommittee. Information on the mailbox can be found at the Ad Hoc Study Subcommittee folder at the homepage.

Attached are several letters received by the subcommittee.

We anticipate the release of the LAC report this month. Last month, at one of our meetings, the subcommittee went into executive session to receive a progress report on this report from LAC staff.

Also, at the second meeting, there were a number of questions raised about the different employee circumstances that affect an unemployed person's UI benefits. All of your questions were forwarded in writing to ESC for their response.

Also for your information, staff with B&C Board's Information Technology Office have been meeting with officials of ESC, DOC, and other stakeholders to discuss shared information needs. We look forward to their assessment and suggestions.

**ESC Ad Hoc Study Subcommittee Meeting
December 17, 2009
Topics of Discussion**

Structure

- 1) Pure Cabinet Agency or Hybrid Cabinet Agency
- 2) Oversight Committee
 - Membership and Number
 - Composition- House, Senate, Executive
 - Nominations for Agency Head to Governor or Governor Makes Nomination and Committee confirms
 - Timetable for nominations and deadline for actions
 - Public Utilities Review Committee
 - Regular Meetings, Monthly, Quarterly
- 3) ESC Agency Head, Deputies, and ESC Area Directors "At Will"
 - Additional Information
- 4) Appeals Process
 - Administrative Law Court
 - Fiduciary Responsibility
 - Commissioners
 - Job Description
 - Number Present at Hearings
 - Number of Commissioners
 - Attendance Records
 - Funding for Commissioners
 - Current Expenditures
 - Salaries and Per Diem
 - Alternative Methods
 - Salary Review Committee
 - Decision Making Criteria
- 5) WIA "Tent" and Technical Colleges
- 6) Administrative Options Presented by ESC

Other Topics At Last Meeting

- a) Actuarial Services
- b) Balances in employers accounts (cannot be disclosed)
- c) ESC information technology portal for employers
- d) Where are the jobs in South Carolina?
- e) Improving recruitment, screening, professionalism and quality - Agency Leadership
- f) Multi-State Information Technology Consortium

Tim Rogers

From: Senior Express of Columbia [info@seniorexpressusa.com]
Sent: Monday, December 07, 2009 2:24 PM
To: ESC Ad Hoc Subcommittee
Cc: dave@seniorexpressusa.com
Subject: Unemployment Insurance tax structure is unfair

The Honorable Kenny Bingham, Chairman
Employment Security Commission Ad Hoc Study Committee
518 Blatt Building
Columbia, SC

Dear Chairman Bingham:

The current unemployment insurance tax structure is not only unfair to our state's small businesses but also has contributed to the insolvency of the Unemployment Insurance Trust Fund.

The analysis of the Department of Commerce's economist, Rebecca Gunnlaugsson, confirms what we have long believed—that small businesses in South Carolina have been paying more than their fair share into our unemployment insurance system and thus subsidizing big businesses that are abusing the system. In addition, the analysis and comparison to other states make it very clear that other modifications of the system in general are needed.

It is clear that the small businesses of this state did not cause this crisis and therefore expect to be treated fairly in helping the state dig out from this financial mess. Any temporary Unemployment Insurance additional fees or taxes levied on the business community should be in proportion to individual business utilization, not uniform across the board. Those that drove us into this ditch should shoulder most of the burden for getting us out of it.

Going forward, I supports obvious changes in how Unemployment Insurance rates are determined—expanding the experience-rating band on both ends to properly reward businesses for not using the system and penalizing businesses that overuse the system, increasing the number of incremental rating steps, making rate increases or decreases more timely depending on utilization, and increasing the taxable wage base to \$14,000.

In addition, I support a complete review of unemployment benefits eligibility. I have serious reservations about relatively short-time temporary workers, who have no expectation of job permanency, qualifying for unemployment benefits. Likewise, I don't believe that Unemployment Insurance should be used by businesses as part of their compensation package for scheduled temporary layoffs.

Regards,
David Smith
General Manager, Senior Express of Columbia

Phone: (803) 926-RYDE (7933)
Email: dave@seniorexpressusa.com
Web: www.seniorexpressusa.com

CONFIDENTIALITY NOTICE: This email, including any attachments, contains information from Senior Express USA that may be confidential or privileged. The information is intended to be for the use of the individual or entity named above. If you are not the intended recipient, you are not authorized to read, copy, retain or distribute this message. If



The SC Small Business Chamber of Commerce

1717 Gervais Street, Columbia, SC 29201

(803) 252-5733 fax (803) 799-0678

www.scsbc.org

December 7, 2009

The Honorable Kenny Bingham, Chairman
Employment Security Commission Ad Hoc Study Committee
518 Blatt Building
Columbia, SC

Dear Chairman Bingham:

The current unemployment insurance tax structure is not only unfair to our state's small businesses but also has contributed to the insolvency of the Unemployment Insurance Trust Fund.

The analysis of the Department of Commerce's economist, Rebecca Gunnlaugsson, confirms what we have long believed—that small businesses in South Carolina have been paying more than their fair share into our unemployment insurance system and thus subsidizing big businesses that are abusing the system. In addition, the analysis and comparison to other states make it very clear that other modifications of the system in general are needed.

It is clear that the small businesses of this state did not cause this crisis and therefore expect to be treated fairly in helping the state dig out from this financial mess. Any temporary Unemployment Insurance additional fees or taxes levied on the business community should be in proportion to individual business utilization, not uniform across the board. Those that drove us into this ditch should shoulder most of the burden for getting us out of it.

Going forward, the Small Business Chamber supports obvious changes in how Unemployment Insurance rates are determined—expanding the experience-rating band on both ends to properly reward businesses for not using the system and penalizing businesses that overuse the system, increasing the number of incremental rating steps, making rate increases or decreases more timely depending on utilization, and increasing the taxable wage base to \$14,000.

In addition, we support a complete review of unemployment benefits eligibility. We have serious reservations about relatively short-time temporary workers, who have no expectation of job permanency, qualifying for unemployment benefits. Likewise, we don't believe that Unemployment Insurance should be used by businesses as part of their compensation package for scheduled temporary layoffs.

I plan on being at your December 9th Study Committee meeting and would welcome the opportunity to discuss this matter at that time.

Sincerely,

Frank Knapp, Jr.
President & CEO

Tim Rogers

From: Jimmy Chao [Jimmy@Chaoinc.com]
Sent: Tuesday, December 08, 2009 12:29 PM
To: ESC Ad Hoc Subcommittee
Cc: Diane Sumpter (E-mail); Dawn Jennings (E-mail)
Subject: Unemployment Insurance

Honorable House Committee members:

We, a small business, support obvious changes in how Unemployment Insurance rates are determined- expanding the experience-rating band on both ends to properly reward businesses for not using the system and penalizing businesses that overuse the system, increasing the number of incremental rating steps, making rate increases or decreases more timely depending on utilization, and increasing the taxable wage base to \$14,000.

In addition, we support a complete review of unemployment benefits eligibility. We have serious reservations about relatively short-time temporary workers, who have no expectation of job permanency, qualifying for unemployment benefits. Likewise, we don't believe that Unemployment Insurance should be used by businesses as part of their compensation package for scheduled temporary layoffs.

Jimmy Chao, P.E.



Chao & Associates, Inc
7 Clusters Court - Columbia, SC 29210
TEL: (803) 772-8420 - FAX: (803) 772-9120