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,

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