



SOUTH CAROLINA
HOUSE OF REPRESENTATIVES
GOVERNMENT EFFICIENCY &
LEGISLATIVE OVERSIGHT COMMITTEE

Economic Development, Transportation, and Natural Resources
Subcommittee

Chairman Travis A. Moore

The Honorable Richard B. “Blake” Sanders

The Honorable Gary S. Brewer, Jr.

The Honorable W. Scott Montgomery, IV

The Honorable Wendell K. Jones

AGENDA

Friday, October 9, 2026

12:00 p.m.

Room 427 – Blatt Building

**Member participation virtual*

- I. Approval of Minutes of August 12, 2026 Meeting
- II. Discussion of the Executive Summary of the South Carolina Department of
Employment and Workforce
- III. Adjournment



**SOUTH CAROLINA
HOUSE OF REPRESENTATIVES
GOVERNMENT EFFICIENCY &
LEGISLATIVE OVERSIGHT COMMITTEE**

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MEETING MINUTES

Wednesday, August 12, 2026
9:00 a.m.
Room 110 – Blatt Building

Archived Video Available

- I. Pursuant to House Legislative Oversight Committee Rule 6.7, South Carolina ETV was allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly’s website (<http://www.scstatehouse.gov>) and clicking on Committee Postings and Reports, then under House Standing Committees click on Legislative Oversight. Then, click on Video Archives for a listing of archived videos for the Committee.

Attendance

- I. The Economic Development, Transportation, and Natural Resources Subcommittee meeting was called to order by Chair Travis A. Moore on Tuesday, July 28, 2026, in Room 110 of the Blatt Building. Representative Gary S. Brewer, Jr.; Representative Wendell K. Jones; and Representative Richard B. “Blake” Sanders were present for all or a portion of the meeting. Representative W. Scott Montgomery was not present.

Minutes

- I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings, but the minutes do not have to be verbatim accounts of meetings.

Approval of Minutes

- I. Representative Brewer made a motion to approve the meeting minutes from prior meeting. A roll call vote was held, and the motion passed.

Moton to approve meeting minutes.	Yea	Nay	Not Voting
Rep. Moore	✓		
Rep. Brewer	✓		
Rep. Jones	✓		
Rep. Montgomery			✓
Rep. Sanders	✓		

Discussion of the South Carolina Department of Employment and Workforce

- I. Before beginning today's testimony, Chair Moore asks if there are any agency representatives who may address the subcommittee today or at future meetings who have not been placed under oath. Dr. Bryann Grady, Assistant Director of Labor Market Information; William H. Floyd, Executive Director; Dr. Rebecca Battle-Bryant, Director of the Office of Statewide Workforce Development; Mike Brittingham, Chief of Staff; Katie Herrmann, Director of Human Resources; and Jacque Carlen, Chief Financial Officer, were all sworn.
- II. Assistant Director Bryann Grady begins his presentation to the subcommittee and discusses the following topics:
 1. Labor Market Information.

Throughout his presentation, Members ask Assistant Director Grady questions and he responds.

- III. Executive Director William H. Floyd begins his presentation to the subcommittee and discusses the following topics:
 1. Coordinating Council of Workforce Development.
 2. Statewide Education and Workforce Development Act.

Throughout his presentation, Members ask Executive Director Floyd questions and he responds.

- IV. Director of the Office of Statewide Workforce Development Dr. Rebecca Battle-Bryant begins her presentation to the subcommittee and discusses the following topics:

1. Office of Statewide Workforce Development.
2. South Carolina Education and Workforce Initiatives.
3. Unified State Plan for Education and Workforce.
4. Education and Workforce Portal.

Throughout her presentation, Members ask Dr. Battle-Bryant questions and she responds.

- V. Chief of Staff Mike Brittingham begins his presentation to the subcommittee and discusses the following topics:

1. Office of the Chief of Staff.

Throughout his presentation, Members ask Chief of Staff Brittingham questions and he responds.

- VI. Human Resources Director Katie Hermann begins her presentation to the subcommittee and discusses the following topics:

1. Office of Human Resources.
2. Metrics.
3. Employee Appreciation and Recognition.
4. Training.
5. Agency Wellness.
6. SHRM Involvement.

Throughout her presentation, Members ask Director Harmann questions and she responds.

- VII. Chief of Staff Mike Brittingham continues his presentation to the subcommittee and discusses the following topics:

1. Finance.
2. Procurement Office.
3. Accounting Office.
4. Budget and Grants Office.
5. Internal Audit.
6. Office of General Counsel.
7. Facilities.
8. Information Technology.
9. Information Security.

10. Enterprise Project Management Office.

Throughout his presentation, Members ask Chief of Staff Brittingham questions and he responds.

Adjournment

- I. There being no further business, the meeting is adjourned.



EMPLOYEES

832 FTEs

FUNDING

The majority of DEW's budget is funded through federal sources. The U.S. Department of Labor allocates funds from the Federal Unemployment Tax (FUTA) to the states to pay for administrative and operational costs. Employer-paid state unemployment taxes pay for state unemployment benefits.

General Funds FY 2025-26

\$12,984,847

Total Funds FY 2025-26

\$145,356,655

LEADERSHIP

SCDEW's director is appointed by the governor, with the advice and consent of the Senate. The director serves at the pleasure of the governor. (S.C. Code Ann. § 41-29-35).

SOUTH CAROLINA DEPARTMENT OF EMPLOYMENT & WORKFORCE

MISSION

To promote and support an effective, customer-driven workforce system that facilitates financial stability and economic prosperity for employers, individuals and communities.

VISION

To be viewed as an efficient, transparent, customer-friendly partner in providing quality workforce solutions.

MAIN GOAL

To match jobseekers with employers quickly, efficiently, and effectively, and we offer a variety of services to assist both groups. DEW, one of 21 cabinet agencies, is a partner in the state's workforce system. DEW and its partners provide a variety of workforce services for job seekers and employers at [SC Works Centers](#), [Connection Points](#) and satellite offices in 12 local workforce investment areas across all 46 SC counties.

SERVICES

SCDEW's director is appointed by the governor, with the advice and consent of the Senate. The director serves at the pleasure of the governor. (S.C. Code Ann. § 41-29-35).

Jobseekers

- Career counseling
- Job referrals
- Computer access
- Testing and training
- Résumé assistance
- Partner services
- Business consulting
- Second Chance Program (with SCDC)
- GED Incentive Program

Employees

- Training
- Job market trends
- Tax credit info
- Recruiting and screening
- Posting job openings
- Transitional assistance



South Carolina House of Representatives
Government Efficiency and Legislative Oversight Committee

Study of the Department of Employment and Workforce
EXECUTIVE SUMMARY

FINDINGS

During the study of the South Carolina Department of Employment and Workforce, the Economic Development, Transportation, and Natural Resources Subcommittee (Subcommittee) of the House Government Efficiency and Legislative Oversight Committee (Committee) adopts **39** findings.

Findings note information a member of the public or General Assembly may seek to know or on which they may desire to act.

MISSION AND PURPOSE

1. The South Carolina Department of Employment and Workforce (SCDEW) is a cabinet-level agency whose structure and mission have changed through successive legislative reorganizations over nearly 90 years to reflect the evolving needs of South Carolina's workforce and economy.
2. The South Carolina unemployment insurance program is designed to provide temporary, partial wage replacement to workers who lose their jobs through no fault of their own. Its governing statutory purpose, enacted in 1936, remains codified in state law today.

FUNDING

3. SCDEW is funded largely by the federal government, with 85% of its budget derived from federal grants administered through the U.S. Department of Labor and 15% from state general funds.
4. The federal administrative grant for SCDEW's unemployment insurance program has declined by about 30% in inflation-adjusted terms over the last 10 to 15 years while operating costs have increased, creating a funding gap that SCDEW described as manageable for now but increasingly difficult to sustain over time.

ADMINISTRATION AND OPERATIONS

5. SCDEW provides employment and workforce services in all 46 counties through 39 SC Works centers, 209 connection points established at libraries, colleges, universities, faith-based organizations, and nonprofits, two mobile career coaches, and an online virtual engagement center staffed by live representatives.
6. South Carolina law currently requires SCDEW to deliver certain unemployment insurance notices, including notices that trigger appeal deadlines, via U.S. Postal Service regardless of whether the recipient interacts with the agency electronically, a requirement SCDEW estimates could be replaced with opt-in electronic correspondence at a savings of hundreds of thousands of dollars to close to \$1 million annually.

7. SCDEW cut turnover among its customer service representatives, once the highest-turnover position in the agency, from over 70% to under 30% by tying a cash bonus directly to performance, part of a broader retention effort built after the agency discovered it had no real mechanism to learn why employees were leaving until they had already resigned.
8. As part of the state's annual budget process, each agency must identify a 3% reduction in general fund appropriations in case strategic cuts are required. For SCDEW, a 3% reduction in FY 2026-27 amounts to \$389,545.

BENEFITS AND QUALIFIERS

9. For unemployment insurance purposes, SCDEW classifies employers as either "reimbursing" or "contributory" and administers a 20-class tax structure, which ties each employer's annual tax rate to the amount of unemployment insurance benefits drawn by its former employees, for the approximately 164,000 contributory employers.
10. SCDEW's unemployment insurance disqualification provisions create a discrepancy in which claimants discharged for illegal drug use or gross misconduct, including theft of items valued at more than \$50 and criminal assault of another employee, face a lesser effective disqualification than claimants discharged for general misconduct.

TRUST FUND AND TAXES

11. In 2024, SCDEW collected \$217 million in unemployment insurance taxes from approximately 165,000 employers and paid \$160 million in benefits to 45,000 eligible claimants.
12. The Unemployment Insurance Trust Fund became insolvent during the Great Recession, requiring South Carolina to borrow nearly \$1 billion from the federal government to continue paying benefits. The Fund has since been rebuilt to full solvency, and South Carolina is currently one of only 18 states nationwide with a fully solvent Trust Fund.

13. South Carolina's statutory formula for maintaining Unemployment Insurance Trust Fund solvency would have required the state to hold nearly \$2 billion in reserve by 2030, a level SCDEW projected would exceed the maximum realistic benefit payout in any foreseeable recessionary year and would trigger a mandatory solvency surcharge if the Trust Fund fell short.
14. In 2024, approximately 84% of all employers paid no unemployment insurance taxes into the Unemployment Insurance Trust Fund, and the share of exempt taxable wages has nearly doubled since 2014, raising concerns about the long-term adequacy of Trust Fund contributions.
15. The three-year lookback period used to calculate employer Unemployment Insurance tax rates can place a small business directly into Tax Class 20 as a result of a single unemployment insurance claim, and the penalty requiring an employer with an active lien to pay all future taxes at the Tax Class 20 rate has grown from a 10% increase over Tax Class 19 when the current tax code was enacted in 2011 to a 250% increase today.

METRICS AND STATISTICS

16. The Work Opportunity Tax Credit, which provides employers up to \$9,600 in tax credits for hiring individuals facing barriers to employment, generated \$75 million in potential tax credits for employers doing business in South Carolina in 2025 on an annual state administrative budget of just \$250,000, and has had no federal authorization since December 31, 2025.
17. SCDEW's unemployment insurance program ranked first in the southeast region across nearly every federal performance measure in 2024, was one of only nine programs out of 53 nationwide to meet the first payment timeliness standard, and ranked in the top ten nationally in most measures.
18. South Carolina's unemployment insurance improper payment rate declined from a pandemic peak of 25% in 2021 to 6.82% for the period ending June 30, 2025, ranking 12th lowest nationally and well below the federal 10% threshold, and the fraud rate declined to 0.36% in 2024, the fifth lowest rate nationally, compared to a pre-pandemic rate of 4% to 6%.
19. In 2024, SCDEW recovered nearly twice as much in claimant unemployment insurance overpayments as it established in new overpayments, the fourth-best overpayment recovery rate nationally, and is on pace to set a new collection record in 2025.

20. SCDEW's unemployment insurance appeals process is among the fastest in the nation, with lower authority appeals averaging 17 days to resolution in 2024 against a national average of 190 days, and the legislatively elected Appellate Panel maintaining an average case age of 22 days against a federal expectation of 40 days and a national average of 150 days.

FRAUD AND SCHEMES

21. Since 2021, SCDEW has identified and stopped more than 200 fictitious employer schemes involving stolen Social Security numbers and fabricated employment records, preventing an estimated \$6 million in fraudulent benefit payments, representing a dramatic increase from only one or two such fraudulent schemes encountered in the preceding two decades.
22. Pending federal policy changes to core employment service programs present significant operational uncertainty for SCDEW's Employment Services division, with particular concern for the agency's ability to serve populations with the greatest barriers to employment.
23. SCDEW has secured 32 criminal indictments against nine people for unemployment insurance fraud, is building an AI tool to flag fraudulent claims before they are paid, and separately has recouped "staggering" results in collecting overdue employer taxes.

WORKFORCE DEVELOPMENT

24. SCDEW's Workforce Development Division administers the state's WIOA Title I programs, part of the SC Works system, which in the program year that ended June 30, 2026, received \$29 million in federal funding for just three of the six programs created under the Workforce Innovation and Opportunity Act.
25. South Carolina's workforce system is governed at the state level by the governor, SCDEW, and a State Workforce Development Board, and at the local level by chief local elected officials, fiscal entities, and workforce development boards whose members are unpaid volunteers.
26. SCDEW's supply gap analysis found that the state is not training enough workers in several key industries, and that the state's teacher shortage is not a training problem, although SCDEW admits it does not know what is really driving challenges with teacher retention.
27. South Carolina has not redrawn its 12 workforce regions since 1998.
28. SCDEW's federal bonding program insures employers against loss from hiring workers with barriers to

employment, issuing roughly 20 bonds a year from an existing inventory of \$5,000 to \$25,000 coverage.

29. SCDEW's new occupational data reveals that only 19% of South Carolina residents working in the state are employed in a field that matches their college degree or certificate, a finding that SCDEW says undercuts the assumption that a training program can produce a fixed number of graduates and expect them to fill a specific job shortage.
30. SCDEW's expanded workforce development authority traces directly back to a prior study this Committee conducted of the South Carolina Department of Commerce, which found that workforce development responsibilities were scattered across agencies without adequate coordination.
31. South Carolina loses out-of-state college graduates to other states at twice the rate it did a decade ago, and according to SCDEW, paid internships, not training programs alone, are the state's best tool for keeping college graduates in state.
32. SCDEW's veterans employment program operates under federal grant requirements that significantly restrict which veterans and military spouses may receive intensive case management from dedicated veterans' employment representatives, creating difficulties that limit the program's flexibility.

CYBERSECURITY AND ARTIFICIAL INTELLIGENCE

33. SCDEW is planning for the impact of AI on the workforce but admits it does not yet know which occupations AI will affect most or what AI literacy should mean for its programs.
34. The General Assembly has committed \$13.1 million to build a single, AI-powered portal that would allow state residents to log in and get personalized answers about jobs, training, and wages. Nearly two years after the interim website launched, the portal has gone out for bid.
35. SCDEW faces attempted cybersecurity intrusions daily and has restricted employee use of AI tools out of concern that confidential claimant and employer data could be exposed to outside systems.

CUSTOMER SERVICE

36. A South Carolina job seeker eligible for multiple workforce programs has to repeatedly tell the same story to different case managers, in different systems,

because four state agencies serve the same customers through four systems that do not talk to each other. SCDEW is now negotiating a fix.

37. SCDEW has built return on investment data covering every public postsecondary credential in South Carolina, which tracks how much graduates earn and how long it takes them to recoup their tuition. But the agency does not flag underperforming programs to the General Assembly and confirmed no process currently exists for it to do so.

ECONOMIC DEVELOPMENT

38. Although South Carolina is the fastest growing state in the country, many of the state's counties lose population annually, representing a "vicious cycle" the unemployment rate alone may not fully capture.
39. SCDEW partnered with the Southern Carolina Alliance, a seven county Lowcountry economic development alliance, to form a regional manufacturing workforce collaborative aimed at ending duplicative employer outreach across the region.

RECOMMENDATIONS

During the study of the South Carolina Department of Employment and Workforce, the Economic Development, Transportation, and Natural Resources Subcommittee (Subcommittee) of the House Government Efficiency and Legislative Oversight Committee (Committee) adopts **12** recommendations.

With any study, the Committee recognizes these recommendations (e.g., continue, curtail, improve areas potentially, and/or eliminate agency programs, etc.) will not satisfy everyone nor address every issue or potential area of improvement at the agency. Recommendations are based on the agency's self-analysis requested by the Committee, discussions with agency personnel during multiple meetings, and analysis of the information obtained by the Committee. This information, including, but not limited to, the Initial Request for Information, Accountability Report, Restructuring Report, and videos of meetings with agency personnel, is available on the Committee's website.

WORKFORCE DEVELOPMENT

1. The General Assembly should consider establishing a legislative review of the Statewide Education and Workforce Development Act (Act 67 of 2023) to evaluate whether the governance framework envisioned by the legislation has been fully implemented and is effectively advancing the State's workforce and economic development objectives.
2. The Department of Employment and Workforce, in coordination with the Coordinating Council for Workforce Development, should establish a recurring statewide stakeholder forum to communicate implementation of the Unified State Plan, report progress toward statutory performance measures, discuss emerging workforce and economic trends, and identify opportunities or barriers affecting statewide workforce development. The forum should provide members of the General Assembly, workforce partners, educational institutions, economic development organizations, employers, and other stakeholders with a consolidated overview of the State's workforce strategy and implementation efforts.
3. The Committee recommends that SCDEW establish a formal process for flagging low return postsecondary credential programs to the General Assembly on an annual basis, rather than requiring the Committee or another body to request that analysis on its own initiative.
4. The Committee recommends that SCDEW update its employment services performance reporting to separately identify job postings manually entered by staff and job postings that populate the SC Works Online System through spidering, so that total employer participation in the SC Works system is accurately and transparently reflected in all future reports to the General Assembly.

ARTIFICIAL INTELLIGENCE

5. The Committee recommends that SCDEW develop a comprehensive AI Strategy to guide the agency's internal use of AI. The Committee recommends that SCDEW collaborate with the South Carolina Department of Administration to develop and implement an agency-specific artificial intelligence strategy aligned with the South Carolina State Agencies' Artificial Intelligence Strategy.

CUSTOMER SERVICE

6. The Committee recommends that SCDEW evaluate whether the current geographic boundaries of the twelve Local Workforce Development Areas (LWDAs) remain appropriate based on labor market alignment, economic development regions, population and workforce demographics, employer demand, service accessibility.

EMPLOYEE SURVEY

7. The Committee recommends that SCDEW request the Office of the State Inspector General (SIG) conduct an employee satisfaction survey.

PROGRAMS AND SERVICES

8. The Committee recommends that SCDEW evaluate employer awareness and utilization of the Federal Bonding Program to identify barriers to participation and determine whether additional outreach or education could increase employer use of the program. As part of this evaluation, SCDEW should assess employer awareness, participation trends, industry utilization, geographic distribution, and the effectiveness of current outreach efforts.

MODERNIZATION OF LAWS

9. The Committee recommends that the General Assembly amend Section 41-31-160 of the South Carolina Code, as recommended by SCDEW, to provide a penalty for employers who fail to report Standard Occupational Classification codes for their employees.
10. The Committee recommends that the General Assembly repeal Section 41-35-126 of the South Carolina Code, as recommended by SCDEW, and rely exclusively on the compelling family circumstances provision of Section 41-35-110(B)(2)(iii) to address unemployment insurance eligibility for military spouse relocations.
11. The Committee recommends that the General Assembly amend Title 41 of the South Carolina Code to authorize SCDEW to send certain communications by electronic means in lieu of physical mail where communication by mail is currently required by statute.
12. The Committee recommends that the General Assembly amend sections 41-35-110 and 41-35-120 of the Code as recommended by SCDEW to align the penalty for discharge due to illegal drug use with the penalty for misconduct, and to repeal the gross misconduct statute.