



**South Carolina Department of Employment and
Workforce**

House Ways and Means
Transportation and Regulatory Subcommittee

Budget Hearing

Tuesday, January 15, 2019

11:00 a.m.

Room 318 Blatt Building



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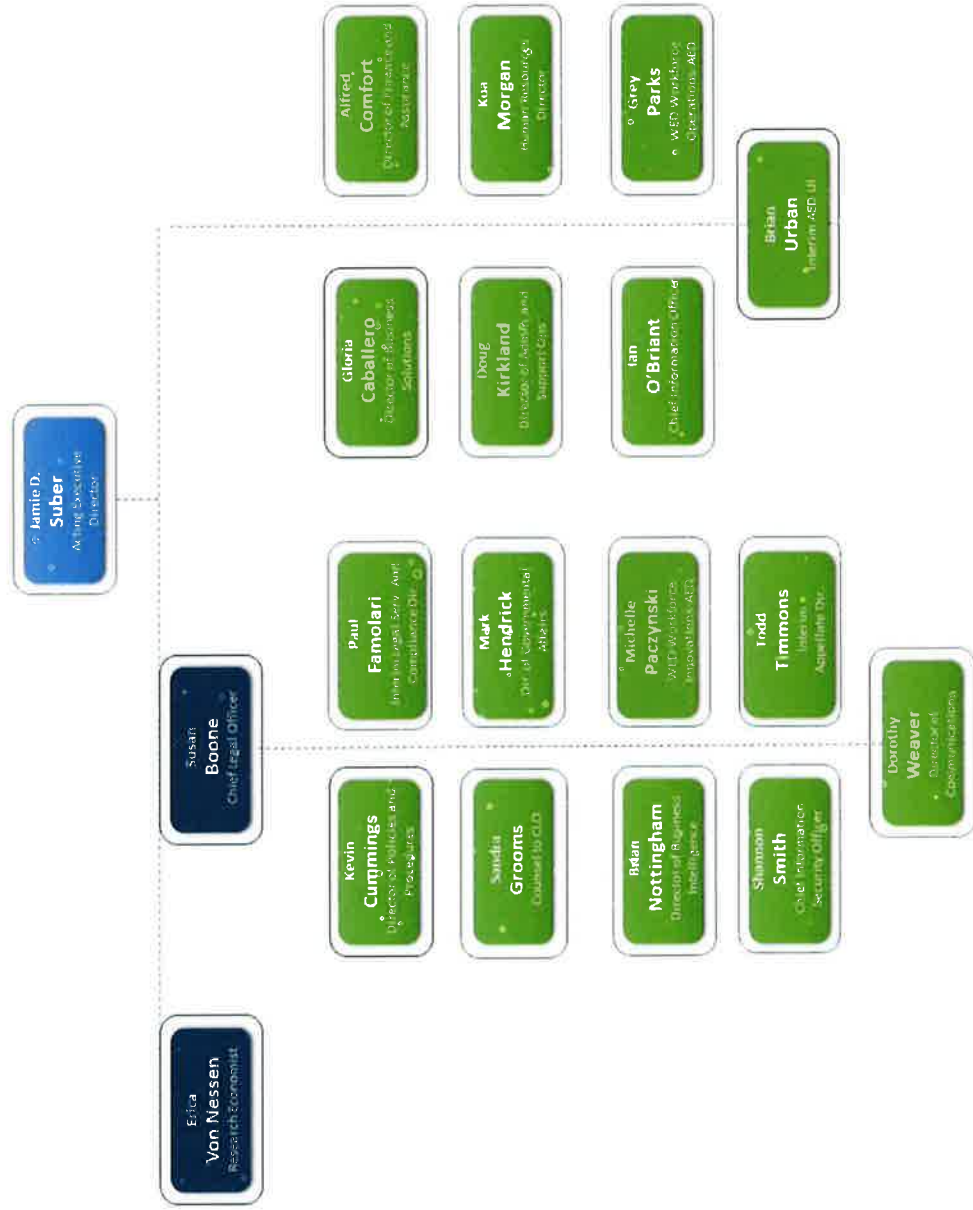
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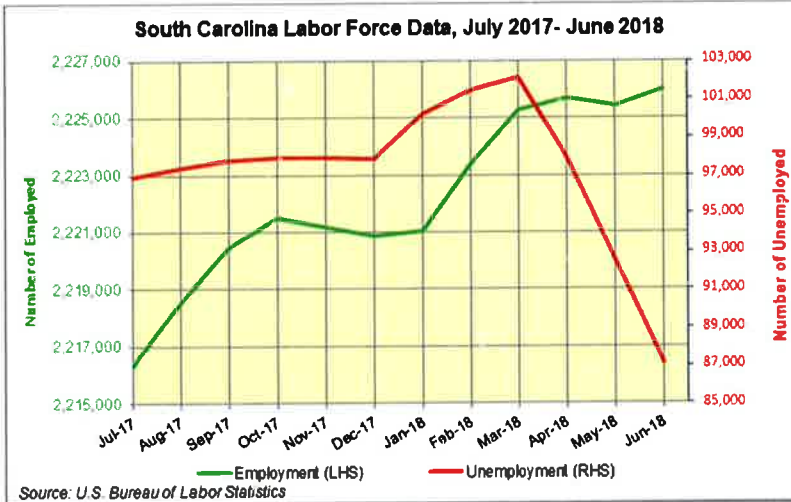


Organizational Chart



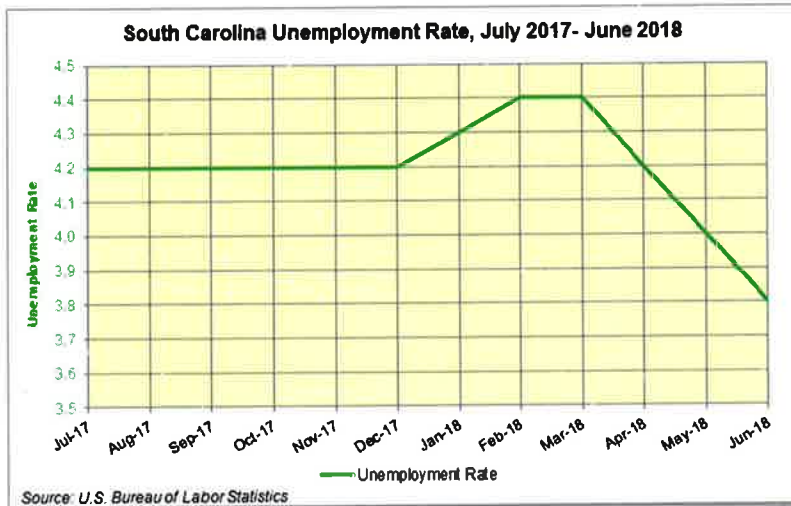
Overview

South Carolina's labor market has improved dramatically over the past several years with the labor force and employment levels reaching all-time highs. The unemployment rate dropped considerably, falling to the mark of 4.5 percent or below for the entire year of 2017. Each of the state's metropolitan areas grew in employment levels, and the state's industry employment is projected to grow by 11.9 percent over the period 2016 to 2026.



South Carolina MSA Job Growth, July 2017-2018	
MSA	July Over the Year Change In %
Florence MSA	1.81%
Greenville MSA	1.78%
Charleston MSA	1.49%
Sumter MSA	1.27%
Columbia MSA	0.52%

Source: Current Employment Statistics (CES), Seasonally Adjusted



Economic Indicators (July 2018)		
Top Job Growth by MSA (SA)		
	Over Month % Change	Over Year % Change
Columbia MSA	0.65%	0.52%
Florence MSA	0.33%	1.81%
Sumter MSA	0.25%	1.27%
Charleston MSA	0.00%	1.49%

With the high demand for skilled talent and the continued need to help individuals who have lost a job through no fault of their own, the S.C. Department of Employment and Workforce (DEW) spent the 2017-2018 year modernizing the UI benefits and tax systems, restructuring staff roles, bolstering the most effective workforce programs and partnering with stakeholders to create opportunities to help the state's jobless overcome barriers and workforce issues.

THE WORKFORCE SYSTEM AT WORK

With more than 2.2 million South Carolinians working and businesses continuing to hire at record levels, matching jobseekers and employers is an ongoing challenge. One solution, that is part of DEW’s strategic plan, is to assist individuals who may face challenges to employment. Most times these barriers do not represent unemployable individuals, but rather, dedicated, talented people who need unique training, certification or assistance to get them on the path to employment and consequently become some of South Carolina’s best workforce for business and industry.

SC Works Centers

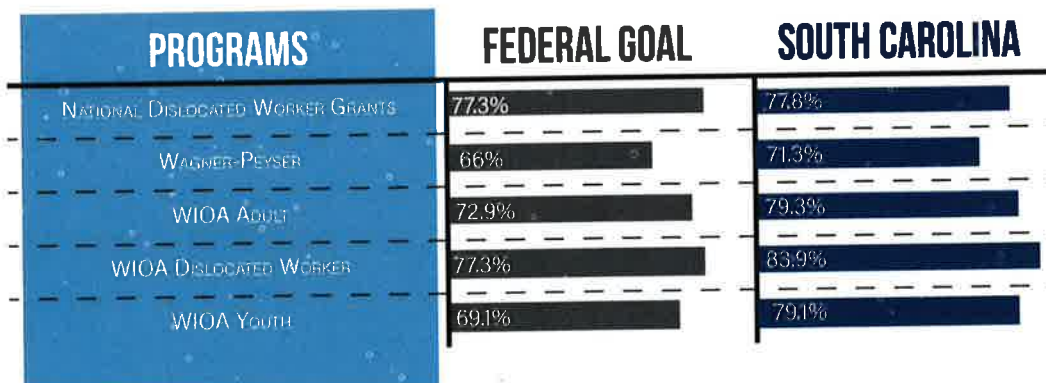
The SC Works system provides jobseekers with career counseling, job referrals, testing and training services, and resume-writing assistance. With centers located in every region of the state, employment representatives are available to help with resources, services and job opportunities to put people to work. Last year more than **317,000 individuals visited SC Works centers to utilize DEW programs.**

As reported in the 2018 Economic Analysis Report, “Job skills and knowledge that are most in demand by employers are of a general nature, such as active listening, reading comprehension and customer service.” Workshops, case managers, training opportunities, Job Ready U., work-ready assessments and other resources are available through the SC Works centers to help upskill the workforce and arm jobseekers with the skills that will prepare them for employment. Overall, the state is projected to have more than 284,000 annual job openings, and DEW is actively helping jobseekers and employers to fill these positions through these centers.

Last year, SC Works centers provided More than **3,200 employment workshops.** Topics are determined by the local areas based on industry and customer feedback. Some examples include:

- Interviewing Skills and Resume Writing.
- Disability Benefits and Employment.
- Financial Coaching.
- Work Ready Assessments.
- Employer Expectations.
- Creating a LinkedIn Profile.

As a result of these efforts and DEW’s other programs, individuals were better equipped to find jobs. In fact, in all of the federal measures of employment for South Carolina, the state exceeded the federal goal.



*THESE FIGURES REPRESENT BUSINESS ENGAGEMENT NUMBERS ENTERED INTO THE SC WORKS ONLINE SERVICES SYSTEM FOR PY'17 AND DO NOT INCLUDE BUSINESS ENGAGEMENT NUMBERS FROM PARTNER PROGRAMS. FEDERAL REPORTING OF THESE MEASURES IS NOT REQUIRED UNTIL OCTOBER 1 – THE ADDITION OF PARTNER BUSINESS ENGAGEMENT MAY INCREASE FEDERALLY REPORTED NUMBERS.

Business Engagement

DEW's business engagement group was created with the collaboration of the Local Workforce Development Boards to educate business about, and encourage them to take full advantage of, programs available to boost their workforce. Once needs are identified, representatives can determine resources and services to assist them.

Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to employers for hiring individuals from certain target groups who have consistently faced significant barriers to employment. WOTC helps targeted workers move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers, while participating employers are able to reduce their income tax liability. For-profit entities can receive a 40 percent tax credit when new hires have been employed for 400 hours or more.

Business Engagement (July 2017-June 2018)	
Employer Service	Number of Businesses that used the service
Employer Information and Support Services	8,616
Workforce Recruitment Assistance	5,285
Strategic Planning/Economic Dev. Activities	24
Activities to Engage Untapped Labor Pools	17
Training Services	326
Incumbent Worker Training Services	126
Rapid Response	103
Planning Layoff Response	82

*These figures represent business engagement numbers entered into the SC Works Online Services system for PY'17 and do not include business engagement numbers from partner programs. Federal reporting of these measures is not required until October 1 – the addition of partner business engagement may increase federally reported numbers.

From July 1, 2017 to June 30, 2018, **42,217 certifications were issued totaling \$114,219,000 in potential tax credits for South Carolina businesses.**

Trade Adjustment Assistance

The Trade Adjustment Assistance (TAA) program was created to provide support to workers who have been found adversely impacted by increased imports, a shift of production, or a service that moved to another country. The goal of the TAA program is to help workers become re-employed in a suitable job as quickly as possible by providing benefits and services tailored to their needs, including:

- Training.
- Income Support – Trade Readjustment Allowances (TRA).
- Job Search Allowances.
- Relocation Allowances.
- Older Worker Wage Subsidy.
- Health Coverage Tax Credit.

For the July 2017 to June 2018 year, just shy of **1,000 individuals were served through this program with approximately 500 participating in training.**

Programs with Partners and Purpose

DEW prioritizes collaboration in order to develop innovative initiatives with workforce stakeholders. In addition, the agency fosters and implements programs to reach South Carolinians with barriers to employment. Examples include:

State Workforce Development Board (SWDB)

On behalf of the Governor, the State Workforce Development Board (SWDB) collaborates with DEW and

workforce system stakeholders to create a competitive workforce advantage for South Carolina by ensuring that a quality and effective system exists in order to improve the prosperity of businesses and the lives of South Carolinians. From July 2017 to June 2018, the **board awarded just over \$2.4 million in grants to 12 organizations and partnerships to fund initiatives** including:

- Innovation grants that align workforce, education and training practices.
- Digital literacy grants to help bolster the digital skills gap.
- Grants to assist out-of-school youths complete education and hone employability skills.

S.C. Jobs for America's Graduates



The South Carolina Jobs for America's Graduates program is one way the state is working to recognize the talent of students with barriers to graduation and/or employment, help them stay engaged, and identify a plan and vision for career opportunities. For

eight consecutive years, this program has won a national award for exceeding all performance outcome measures; benefiting South Carolina by matching students with meaningful careers while helping businesses fill positions from the local talent pipeline.

Back to Work

In 2015, DEW began the pilot Back to Work program in Columbia to help homeless individuals enter the workforce through an intensive six-week employment boot camp. Year over year this program has seen exponential success helping formerly homeless individuals prepare for and find employment and gain independence. In 2017 the program expanded to Greenville and in the first part of 2018, building on the success of Columbia and Greenville, program sites grew by 200%, adding four new locations.

Back to Work Graduates 2017-2018		
City	Partner Agency	Graduates
Greenville	Phoenix Center	30
Greenwood	MEG's House	8
Midlands	Transitions Housing	94
Waccamaw	New Directions Homeless Shelter	4
Lower Savannah	Victory Tabernacle Deliverance Temple	4
Trident	Home of Hope	3
64% are employed or in training		

The program provides a combination of transitioning participants to housing, as well as the necessary career guidance and soft skills training to maintain gainful employment and self-sufficiency, which creates a comprehensive approach for long-term success.

Second Chance Initiative

Through a partnership with the S.C. Department of Corrections, DEW created the Second Chance initiative to help returning citizens learn a skill and understand how to successfully search for a job. By helping individuals prepare for employment they gain confidence, purpose and direction, helping to reduce the rate of recidivism.

Through this initiative, DEW provides a full-time employee, coaching and materials to assist returning citizens in work-skills training. Ninety days prior to release, ex-offenders are taught employment and soft skills in class for one hour each day. During the last 30 days, participants work directly with a DEW counselor to become registered in the SC Works Online System, craft a resume and apply for jobs online once released.

Second Chance Program (June 2017-July 2018)		
	Enrolled	Completed
Manning Correctional	692	338
Camille Griffin Graham Correctional	201	113

An average of 67% of those who have completed the program are employed.

A critical component of the success of this initiative is DEW's Federal Bonding Program and the Work Opportunity Tax Credit with which participants are armed and equipped to discuss with employers. These programs give the businesses the tools to confidently employ this underutilized workforce.

Veterans

Veterans frequently bring soft skills acquired through military training with them to a job as well as specialized skills learned through on-the-job training which makes them some of an employer's most valuable and devoted workforce. It is important to support veterans as they move into civilian life and find their next career.

Each year, DEW helps approximately 5,000 veterans find employment, and in 2017 the veteran unemployment rate was 3.9 percent, a 1.1 percent decline. Through the WOTC program, veterans represented almost 4,000 certifications totaling more than \$14 million in potential tax credits for businesses.

UI AND THE DEW EXPERIENCE

With the implementation of two new systems in 2017-2018, DEW has been able to provide exceedingly better customer service. By equipping the customer with more capability and account control, they can seek help from the agency with more information and understanding of the process. In addition, these systems have given DEW the opportunity to construct an organizational change management program that creates new opportunities for staff. These improvements and others help the efficiency of the agency and bolster its effectiveness in the state.

Business Tax Rate Reduction and Trust Fund Rebuild

In November of 2018, DEW announced the sixth consecutive year of UI tax rate cuts for businesses in South Carolina. **The 2019 tax rate represents an average reduction of 18.8 percent over last year's rate, putting \$52 million back into businesses pockets.** These cuts have been made **while rebuilding the trust fund** to a level that will withstand an economic downturn.

Southeast Consortium Unemployment Benefits Initiative (SCUBI) System

In September 2017, DEW launched its new unemployment benefits system, SCUBI. The new system allows UI claimants greater access to real-time information on their claims, which helps to reduce the number of calls and

wait times at the agency's call center. Empowering the claimant with account control helps to ensure that benefit payments are made properly and timely.

The new system also provides faster, more up-to-date information to businesses on claims filed against their accounts. Faster and more accurate business responses to the agency's inquiries help to keep benefit costs, and ultimately, tax rates down.

In addition to the benefits for claimants and businesses, the new system has also provided huge efficiencies for the agency in the first nine months of the system's launch.

- **17,148** hours saved from the automation of initial unemployment claim review.
- **11,600** hours the system saved through an "auto adjudicate" feature for eligible claims.
- **695** hours saved from the system's ability to file wage audit notice information electronically.

Estimates of projected savings are **\$865,000** for the first year from these efficiencies alone.

State Unemployment Tax System (SUITS)

In March 2018, the agency launched its new tax system for businesses, SUITS. The new platform allows businesses more immediate account accessibility and efficient business processing. They can now view account statements, file wage reports, make payments and view account history within the SUITS portal.

- In the first two quarters of filing with the new system, DEW saw an increase of approximately **79% in wage reports filed electronically** rather than by paper which creates an environment for reduced data entry errors, fewer hours needed to "key" manual reports and the ability to collect funds more quickly than with the previous system.
- Employers showed an **86% self-service adoption rate** for account updates, which were done manually by staff prior to implementation.
- More than **90% of tax payments** have been processed **using electronic payment methods**, virtually eliminating paper checks.
- The **estimated annual savings** from increased electronic filing, self-service account registration and self-service account maintenance is more than **\$2 million**.

The DEW Experience

As a provider of workforce services and UI benefits, great customer service is a priority for the DEW experience, and part of the transition with new and better technology is the framework to help people through the change. To this end, DEW created a customer service team to identify all areas of the agency that touch customers, assess stakeholders' feedback and prioritize efforts to improve customer service. This team identified best practices and standard expectations of service and then began to implement educational opportunities, tools and resources for long-term improvement and success.

DEW has also expanded the use of the call center's Interactive Voice Response (IVR) system. By tracking requests and questions, changes can be made to the set up and messaging to guide individuals quickly through the system. To ensure that customer service expectations are met, calls are regularly monitored and work flow is tracked to identify areas for improvement and training. A call out feature is also used to remind claimants of deadlines and requirements of the benefits process.

Career Pathways

In conjunction with the modernization of both the tax and benefits system in South Carolina, DEW incorporated organizational change management (OCM), to assist with both the technology upgrades as well as the personnel transitions. By including the conversion from jobs to career pathways, changes are easily enveloped into the whole process. By implementing this OCM with a role-based structure, employees can see a track that includes cross-training, increasing responsibility and career opportunities, which in turn gives them a sense of purpose, teamwork and investment in success.

This initiative began in advance of system changes, and **Career Pathways was highlighted as State Spotlight best practice by the National Association of State Workforce Agencies**. Ongoing, units and departments have moved along a transition timeline, and final changes were executed for all units in 2017-2018 with success.

Training

As part of the system upgrades, the Career Pathways initiative and customer service training, DEW hosted its second annual UI Integrity Symposium. This annual event has proved to be a key source of transparent communication, cross-departmental networking and collaboration, and personal career development.

Having been so successful in its implementation as well as execution of its mission and training objectives, the **UI Symposium was featured as a State Spotlight best practice by the National Association of State Workforce Agencies**.

South Carolina's Employment Situation October 2018

Another record number of people working, unemployment rate holding steady at 3.3 percent

The number of individuals working across the state climbed higher in October, increasing by 3,430 people to a record level of 2,231,027. Unemployment levels decreased by 521 to 76,220. The state's labor force increased by 2,909 to a level of 2,307,247.

The state's seasonally adjusted unemployment rate was unchanged over the month, remaining at a record low of 3.3 percent.

Since October of 2017, employment gains totaled 9,552, and the labor force declined by 12,162. The level of unemployed declined by 21,714 people.

Nationally, the unemployment rate was unchanged over the month at 3.7 percent.

Nonfarm Employment by Industry (Seasonally Adjusted¹)

In October 2018 seasonally adjusted, nonfarm payrolls increased by 19,000 over the month to a record high level of 2,134,100.

- The increase in employment was primarily due to changes in Leisure and Hospitality (+8,900); Professional and Business Services (+7,400); Trade Transportation, and Utilities (+3,700); Manufacturing (+1,000); and Financial Activities (+400).
- The industries reporting declines during the same period were Education and Health Services (-1,400); Other Services (-700); Construction (-200); and Information (-100).
- Government remained stagnant during this period.

From October 2017 to October 2018, South Carolina's economy has added 37,800 seasonally adjusted, nonfarm jobs.

- Industries with noticeable gains were Trade, Transportation, and Utilities (+13,200); Professional and Business Services (+6,700); Leisure and Hospitality (6,400); Manufacturing (+5,600); Education and Health Services (+5,400); Government (+1,700); Financial Activities (+700); and Other Services (+100).
- Declines were reported in Construction (-1,700) and Information (-500).

Nonfarm Employment by Industry (Not Seasonally Adjusted²)

Not seasonally adjusted, nonfarm payroll employment increased by 25,700 from September to October 2018 for a total of 2,140,100 as businesses return to normal following Hurricane Florence.

- Industries contributing to the increase are: Professional and Business Services (+10,900); Leisure and Hospitality (+5,500); Trade, Transportation, and Utilities (+4,600); Government (+3,100); Manufacturing

(+1,000); Financial Activities (+700); Education and Health Services (+300); Construction (+300); and Information (+200).

- Industries declining during the month were Other Services (-900). Mining and Logging remained flat.

Since October 2017, not seasonally adjusted, nonfarm jobs were up 38,000 overall in South Carolina.

- Industries marking strong annual gains were Trade, Transportation, and Utilities (+13,700); Professional and Business Services (+6,900); Leisure and Hospitality (6,000); Manufacturing (+5,800); Education and Health Services (+5,500); Government (+1,600); Financial Activities (+700); and Mining and Logging (+200).
- The industries reporting declines were Construction (-1,900) and Information (-500); while Other Services remained flat.

¹Seasonally Adjusted: Seasonal adjustment removes the effects of events that follow a more or less regular pattern each year (i.e. tourist-related hiring and school closings in the summer). These adjustments make it easier to observe the cyclical and other nonseasonal movements in data over time.

²Not Seasonally Adjusted: Effects of regular or seasonal patterns have not been removed from these data.

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FY 19-20 Budget Priorities Summary

Budget Priorities			
Priority No.	Priority Type (non-recurring/ recurring/other)	Priority Title	Priority Description
1	Recurring	Increase for Work Readiness Program	<p>SC Ready to Work is administered by the SC Department of Employment and Workforce (DEW) through a contract with WIN Learning. DEW is responsible for managing the multi-agency workforce and economic development effort and providing technical assistance as needed.</p> <p>South Carolina must continuously improve the skill set of its workforce to be competitive in a global market and to meet the needs of existing business and industry. The program measures the quality and capability of our workforce and provides the means to better prepare and align our workforce with existing business and industry. This request is for one program year in which 20,000 (projected) South Carolinians will take work readiness assessments.</p>

Funding				
Non-recurring	Recurring	Other	Federal	Total
	\$500,873			\$500,873

AGENCY NAME:	Department of Employment and Workforce		
AGENCY CODE:	R600	SECTION:	83



**Fiscal Year 2019-20
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS (FORM B1)	For FY 2019-20, my agency is (mark "X"):		
	<input type="checkbox"/>	Requesting General Fund Appropriations.	
	<input type="checkbox"/>	Requesting Federal/Other Authorization.	
	<input checked="" type="checkbox"/>	Not requesting any changes.	
NON-RECURRING REQUESTS (FORM B2)	For FY 2019-20, my agency is (mark "X"):		
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.	
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.	
	<input checked="" type="checkbox"/>	Not requesting any changes.	
CAPITAL REQUESTS (FORM C)	For FY 2019-20, my agency is (mark "X"):		
	<input type="checkbox"/>	Requesting funding for Capital Projects.	
	<input checked="" type="checkbox"/>	Not requesting any changes.	
PROVISOS (FORM D)	For FY 2019-20, my agency is (mark "X"):		
	<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.	
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).	
	<input type="checkbox"/>	Not requesting any proviso changes.	

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Shaji Kuriakose	(803)737-2571	skuriakose@dew.sc.gov
SECONDARY CONTACT:	Alfred Comfort	(803)737-0367	comforta@dew.sc.gov

I have reviewed and approved the enclosed FY 2019-20 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:		
TYPE/PRINT NAME:	Cheryl M. Stanton	

This form must be signed by the agency head – not a delegate.

AGENCY NAME:	Department of Employment and Workforce		
AGENCY CODE:	R600	SECTION:	83

FORM B2 – NON-RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Be Pro Be Proud Workforce Initiative
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Provide a brief, descriptive title for this request.

AMOUNT	\$950,000
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What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:
	<input type="checkbox"/> Change in cost of providing current services to existing program audience
	<input type="checkbox"/> Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/> Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/> Non-mandated program change in service levels or areas
	<input checked="" type="checkbox"/> Proposed establishment of a new program or initiative
	<input type="checkbox"/> Loss of federal or other external financial support for existing program
	<input type="checkbox"/> Exhaustion of fund balances previously used to support program
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
<input type="checkbox"/> Request for Non-Recurring Appropriations	
<input type="checkbox"/> Request for Federal/Other Authorization to spend existing funding	
<input type="checkbox"/> Related to a Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:
	<input checked="" type="checkbox"/> Education, Training, and Human Development
	<input type="checkbox"/> Healthy and Safe Families
	<input type="checkbox"/> Maintaining Safety, Integrity, and Security
	<input type="checkbox"/> Public Infrastructure and Economic Development
<input type="checkbox"/> Government and Citizens	

ACCOUNTABILITY OF FUNDS	<ul style="list-style-type: none"> • Be Pro Be Proud is a workforce initiative aimed at educating high school students, parents, and non-traditional students about the high paying and high demand jobs available in the skilled and vocational trades. • South Carolina has over 60,000 available jobs, most of which are in the skilled trade professions. This initiative is aimed at recruiting the workforce to fill those available jobs by promoting the jobs themselves as well as the degree and certificate programs that lead to these high paying jobs. • Be Pro Be Proud is a mobile demonstration center in order to access all areas of the state, including Abbeville plaintiff districts and rural areas, and provides hands-on displays as well as promotional marketing and online resources to connect students to the necessary training and employers. • By promoting the high wages and demand for these jobs SC can increase
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AGENCY NAME:	Department of Employment and Workforce		
AGENCY CODE:	R600	SECTION:	83

participation and career readiness attainment in the K-12 system.

- The initiative is modeled on a very successful program in Arkansas.
- The website for Arkansas's program will provide a good example of the program's potential <https://beprobeproud.org/>.
- The Governor can be found speaking in favor of the program as part of a demonstration on the State House grounds this spring at this link <https://www.youtube.com/watch?v=prH5U0pS4DA>.

What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS

South Carolina Department of Employment and Workforce (DEW) will administer this program.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

If funds are not received the DEW will not be able to administer the program.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. Does this non-recurring appropriation request create an annualization or need for recurring funds?

AGENCY NAME:	Department of Employment and Workforce		
AGENCY CODE:	R600	SECTION:	83

FORM D – PROVISIO REVISION REQUEST

NUMBER	83.5
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Cite the proviso according to the renumbered list for FY 2019-20 (or mark "NEW").

TITLE	UI Tax System Modernization
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Provide the title from the FY 2018-19 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	Unemployment Insurance
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2019-20? If so, cite it here.

REQUESTED ACTION	Amend
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	Department of Administration
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>Per requirements set forth in Section 903 (c) (2), SSA, the agency is requesting spending authority necessary to use the proceeds from the sales of real properties containing Reed Act equity.</p> <p>Federal law prescribes the allowable uses and procedures to be followed by states when disposing of property containing federal grant equity. Section 903 (c) (2), SSA, requires state appropriation acts to authorize the use of Reed Act funds, limit the use of the funds exclusively for UI program use, and to specify the purpose and the amount to be used for such purposes. This request for \$2,749,690 of other funds from future sale proceeds will be utilized to fund a portion the agency's unemployment tax system modernization project, including maintenance costs.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

AGENCY NAME:	Department of Employment and Workforce		
AGENCY CODE:	R600	SECTION:	83

FISCAL IMPACT	<p>The total requested amount of spending authority was determined based on proceeds from sales already executed as well as the potential amount of Reed Act proceeds associated with properties currently listed for sale on state surplus.</p> <p>Only amounts actually received via the sale of Reed Act properties will be used for this purpose and no general funds will be requested for these efforts.</p> <p>Up to \$2,749,690 of other funds will be utilized to fund a portion the agency's unemployment tax system modernization project.</p>
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Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISOR TEXT	<p>83.5. (DEW: UI Tax System Modernization)</p> <p>The Department of Employment and Workforce is authorized to expend up to <u>\$3,178,0532,749,690</u> of funds made available to the State under Section 903 of the United States Social Security Act, as amended. The funds must be used under the direction of the Department of Employment and Workforce, for the purpose of acquiring software, equipment, and necessary services to replace the agency's unemployment tax information system with a modern technology solution. No part of the funds herein authorized may be obligated after a two-year period beginning on July 1, 20182019. The amount obligated pursuant to this provision shall not at any time exceed the amount by which (a) the aggregate of amounts transferred to the accounts of the State pursuant to Section 903 of the Social Security Act exceeds (b) the aggregate of the amounts obligated for administration and paid out for administration and paid out for benefits and required by law to be charged against the amounts transferred to the account of this State.</p>
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Paste FY 2018-19 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

AGENCY NAME:	Department of Employment and Workforce		
AGENCY CODE:	R600	SECTION:	83

FORM D – PROVISO REVISION REQUEST

NUMBER	83.6
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Cite the proviso according to the renumbered list for FY 2019-20 (or mark "NEW").

TITLE	Employment Training Outcomes Data Sharing
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Provide the title from the FY 2018-19 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	N/A
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2019-20? If so, cite it here.

REQUESTED ACTION	Amend
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	S.C. Department of Education, Center for Educator Recruitment, Retention and Advancement, Education Oversight Committee, S.C. Commission on Higher Education, State Board for Technical and Comprehensive Education, and South Carolina Vocational Rehabilitation Department
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>Currently, the federal Workforce Innovation and Opportunity Act (WIOA) requires the integration of training and employment data for the purposes of improving longitudinal assessment of employment outcomes for various training providers eligible to receive funding appropriated or authorized by this Act. Eligible training providers will be able to provide personally identifiable information (PII) related to training programs offered for WIOA to the Department of Employment and Workforce. The PII information will be matched against Unemployment Insurance wage records, which are also confidential. As a result, it will be possible to develop a system of records matching that could encompass many educational and training programs in the state to determine their effectiveness and assess their return on investment.</p> <p>The revision to Proviso 83.6 is requested to ensure conformity with federal regulation, which requires SCDEW to charge the costs for disclosures of SCDEW data, including disclosures to public officials and state agencies, to the requestor of the information with limited exception. See 20 C.F.R. 603.8.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT	None.
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Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT	<p>83.6. (DEW: Employment Training Outcomes Data Sharing)</p> <p>The Workforce Innovation and Opportunity Act (WIOA) (P.L. 113-128), requires integration of training and employment data for the purposes of improving assessment of employment outcomes for the various training providers eligible to receive funding appropriated or authorized by this Act.</p> <p>(A) The department must enter into a data-sharing agreement with eligible training providers (ETPs) prior to the ETP entering student data into the Palmetto Academic Training Hub (PATH). ETPs will submit data related to the types of training programs offered, individual student coursework, including personal identifying information (PII) to match training, employment data and performance outcomes, program completion and time to complete, and program costs, as outlined in federal guidance.</p> <p>(B) State agencies needing data from the Department of Employment and Workforce must meet an exception permitting disclosure, pursuant to 20 C.F.R. Part 603. Prior to providing data to a state agency, the department must enter into a data sharing agreement with the requesting agency, as described in 20 C.F.R. Part 603. Requesting state agencies must identify a need in the administration of the official duties for department data, as required by 20 C.F.R. Part 603. The department shall charge state agencies, excluding the Department of Commerce, for costs, as described in federal and state law, for the data sharing requests. The Department of Commerce shall not be charged for costs associated with this provision.</p>
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Paste FY 2018-19 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

AGENCY NAME:	Department of Employment and Workforce		
AGENCY CODE:	R600	SECTION:	83

**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION
CONTINGENCY PLAN**

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	\$15,061 <i>What is the General Fund 3% reduction amount (minimum based on the FY 2018-19 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.</i>
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ASSOCIATED FTE REDUCTIONS	No FTE elimination would be required by the reduction. <i>How many FTEs would be reduced in association with this General Fund reduction?</i>
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PROGRAM/ACTIVITY IMPACT	DEWs only general funds appropriation supports the Work Ready program. The South Carolina Department of Employment and Workforce administers a statewide work ready program. DEW is responsible for managing the multi-agency workforce and economic development effort, tracking the progress of counties reaching certification levels and providing technical assistance as needed. Public and private sector leaders to include local educators, elected officials, chambers of commerce, economic developers, workforce development boards, government agencies and businesses are the drivers of the program. The impact will equate to administering approximately 1,900 fewer assessments for job seekers and businesses of South Carolina.
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What programs or activities are supported by the General Funds identified?

AGENCY NAME:	Department of Employment and Workforce		
AGENCY CODE:	R600	SECTION:	83

SUMMARY

General fund reduction of \$15,061 would equate to approximately 1,900 fewer assessments being administered during the 2019-2020 fiscal year. This is based on the current pricing of \$8.00 per assessment.

Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

The Agency has undertaken two significant and years long projects to replace the tax (SUITS) and benefits (SCUBI) systems. These two systems will yield a more modern, effective and efficient workforce system for the state of South Carolina. Implementation of the new system will yield a potential savings of approximately \$5MM. Although the maintenance costs of the new system will be roughly half of that amount, the remainder will be available to resource other workforce related functions.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

AGENCY NAME:	Department of Employment and Workforce		
AGENCY CODE:	R600	SECTION:	83

FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE Modernization of South Carolina Benefits and Tax System.

Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS This improved system will focus on the integrity of unemployment benefits claims submitted for the state of South Carolina and taxes assessed & collected from employer. This directly impacts citizens and businesses because of the calculated tax rate settings are based on the claims submitted. Improper payments affect the tax rate settings for citizens and businesses. Through identifying improper payments with this new technology, the rate would thus decrease saving time and money for citizens and businesses.

What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST
Mark "X" for all that apply:
 Repeal or revision of regulations.
 Reduction of agency fees or fines to businesses or citizens.
 Greater efficiency in agency services or reduction in compliance burden.
 Other

METHOD OF CALCULATION

No general funds were used to develop or purchase this system. The previous program was hosted on a mainframe with 2 other programs that cost approximately \$5MM annually. The maintenance costs of the new system will be roughly half that amount.

A preliminary analysis of only three business processes in SCUBI (the agency's UI benefits modernization system) shows that with 17,148 hours saved through claim automation, 11,600 hours saved with auto adjudication and 695 hours saved from the electronic filing of wage audit notices – all in the first nine months – projected savings for the agency in the first year are \$865,000 from these features alone. There are many other additional benefits from the new system that are not currently calculated in the number.

Three efficiencies realized in the first two quarters since the launch of the State Unemployment Insurance Tax System (SUITS) show an 86% self-service adoption rate by employers, a 79% increase in electronic wage report filings and more than 90% of tax payments being processed using an electronic payment method which virtually eliminates paper checks, all of which constitute an estimated annual savings of more than \$2 million. Again, there are many other additional benefits from the new system that are not currently calculated in that number.

Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES N/A

AGENCY NAME:	Department of Employment and Workforce		
AGENCY CODE:	R600	SECTION:	83

Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	N/A
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	<p>In 2013, SC received \$50 million in supplemental budget request (SBR) funds from the U.S. Department of Labor to take over as the lead procurement state for the Southeast Consortium of Unemployment Benefits Integration (SCUBI) project to build and implement an integrated Unemployment Insurance Benefits system for South Carolina, North Carolina, and Georgia.</p> <p>The agency also implemented a new tax system called SUITS (State Unemployment Insurance Tax System) using property proceeds.</p> <p>The legacy systems were designed and implemented decades ago, they are obsolete and in danger of complete failure. The legacy systems have poor agility – integrating new technology is complex & inefficient, minimal scalability – limited capacity to handle significant increase in claims filed in the recent recession, inhibited productivity – technology that improves staff productivity and services such as document management systems, forms management, & ad-hoc reporting tools cannot be quickly implemented. Changing the platform and design of these mission-critical systems changes the states’ focus from spending all their money keeping the system running to improving the systems, services, & quality. A Modern UI Benefits and Tax System will greatly reduce maintenance cost and integrating changes will be much easier to accommodate. Moreover, there are staff efficiencies we have realized in both systems. Finally, the modernized UI benefits and Tax system incorporates security of information in its foundation.</p>
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Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?



Proviso Request Summary

FY 2019-2020

Transportation and Regulatory Subcommittee

Proviso # in FY 19-20 Act	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
83.1	Business Intelligence Division Program Contracts	The purpose of this proviso is to allow Business Intelligence Program Contracts within the agency to carry-forward unexpended earmarked funds into the next fiscal year.	NO CHANGE
83.2	Federal and Earmarked Prior Year Payments	The purpose of this proviso is to allow the agency to pay federal and earmarked prior year obligations with current year funds.	NO CHANGE
83.3	Transparency of Funding Appropriation	In order to promote accountability and transparency, the Department of Employment and Workforce must provide and release to the public via the agency's website, a report of all aggregate amounts of taxes, fees and	NO CHANGE

		payments that were charged, collected and paid by that state agency in the prior fiscal year.	
83.4	Negotiation of Interest	The purpose of this proviso is to allow any interest assessment funds received by the Department of Employment and Workforce Interest Assessment Fund pursuant to Section 41-33-810 of the 1976 Code to be transferred to the Unemployment Compensation Fund.	NO CHANGE
83.5	UI Tax System Modernization – Sale of Surplus Real Property	Per requirements set forth in Section 903 (c) (2), SSA, the agency is requesting spending authority necessary to use the proceeds from the sales of real properties containing Reed Act equity.	AMEND
83.6	Employment Training Outcomes Data Sharing	Currently, the federal Workforce Innovation and Opportunity Act (WIOA) requires the integration of training and employment data for the purposes of improving assessment of employment outcomes for various	AMEND

		<p>training providers eligible to receive funding appropriated or authorized by this Act. The Department of Employment and Workforce must enter into a data-sharing agreement with eligible training providers (ETPs) prior to the ETP entering student data into the Palmetto Academic Training Hub (PATH). ETPs will submit data related to the types of training programs offered, individual student coursework, including personal identifying information (PII) to match training, employment data and performance outcomes, program completion and time to complete, and program costs, as outlined in federal guidance.</p>	
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Transportation and Regulatory Subcommittee - Proviso Request Summary FY 2019-20

Proviso # in FY 19-20 Act	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
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83.4	Negotiation of Interest	The purpose of this proviso is to allow any interest assessment funds received by the Department of Employment and Workforce Interest Assessment Fund pursuant to Section 41-33-810 of the 1976 Code to be transferred to the Unemployment Compensation Fund.	NO CHANGE
83.5	UI Tax System Modernization - Sale of Surplus Real Property	Per requirements set forth in Section 903 (c) (2), SSA, the agency is requesting spending authority necessary to use the proceeds from the sales of real properties containing Reed Act equity.	AMEND
83.6	Employment Training Outcomes Data Sharing	Currently, the federal Workforce Innovation and Opportunity Act (WIOA) requires the integration of training and employment data for the purposes of improving assessment of employment outcomes for various training providers eligible to receive funding appropriated or authorized by this Act. The Department of Employment and Workforce must enter into a data-sharing agreement with eligible training providers (ETPs) prior to the ETP entering student data into the Palmetto Academic Training Hub (PATH). ETPs will submit data related to the types of training programs offered, individual student coursework, including personal identifying information (PII) to match training, employment data and performance outcomes, program completion and time to complete, and program costs, as outlined in federal guidance.	AMEND

SECTION 83 - R600 - DEPARTMENT OF EMPLOYMENT AND WORKFORCE (PROVISOS FY 2018-2019)

83.1. (DEW: Business Intelligence Division Program Contracts) All earmarked funds collected for the Business Intelligence Division Program Contracts through the Department of Employment and Workforce may be retained by the agency to be used for the exclusive purpose of operating these programs. All funds not expended in the prior fiscal year may be carried forward for use in the current fiscal year.

- No Change

83.2. (DEW: Federal and Earmarked Prior Year Payments) The Department of Employment and Workforce shall be allowed to pay federal and earmarked prior year obligations with current year funds.

- No Change

83.3. (DEW: Transparency of Funding Appropriation) In order to promote accountability and transparency, the Department of Employment and Workforce must provide and release to the public via the agency's website, a report of all aggregate amounts of taxes, fees and payments that were charged, collected and paid by that state agency in the prior fiscal year. For the purpose of efficiency and conservation of resources, this report shall be incorporated into the Trust Fund Report due by October first as required by Section 41-33-45 of the 1976 Code. In addition to the requirements of Section 41-33-45, the Trust Fund Report shall include, but not be limited to: (1) SUTA taxes collected per Tier; (2) unemployment benefit claims paid; (3) how many unemployment claims were made in error; (4) loan repayments made to the federal government; and (5) the amount of funds left in the agency's account at the end of the fiscal year. The report must be posted online by October first of the current fiscal year. Additionally, the report must be delivered to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee by October first. Funds appropriated to and/or authorized for use by the department shall be used to accomplish this directive.

- No Change

83.4. (DEW: Negotiation of Interest) For the current fiscal year and upon final repayment of all Title XII advances from the Federal Unemployment Account received by the state beginning in December of 2008, any interest assessment funds received by the Department of Employment and Workforce Interest Assessment Fund pursuant to Section 41-33-810 of the 1976 Code shall be transferred to the Unemployment Compensation Fund.

- No Change

83.5. (DEW: UI Tax System Modernization) The Department of Employment and Workforce is authorized to expend up to \$3,178,053 of funds made available to the State under Section 903 of the United States Social Security Act, as amended. The funds must be used under the direction of the Department of Employment and Workforce, for the purpose of acquiring software, equipment, and necessary services to replace the agency's unemployment tax information system with a modern technology solution. No part of the funds herein authorized may be obligated after a two-year period beginning on July 1, 2018. The amount obligated pursuant to this provision shall not at any time exceed the amount by which (a) the aggregate of amounts transferred to the accounts of the State pursuant to Section 903 of the Social Security Act exceeds (b) the aggregate of the amounts obligated for administration and paid out for administration and paid out for benefits and required by law to be charged against the amounts transferred to the account of this State.

- Amend

83.6. (DEW: Employment Training Outcomes Data Sharing) The Workforce Innovation and Opportunity Act (WIOA) (P.L. 113-128), requires integration of training and employment data for the purposes of improving assessment of employment outcomes for the various training providers eligible to receive funding appropriated or authorized by this Act.

(A) The department must enter into a data-sharing agreement with eligible training providers (ETPs) prior to the ETP entering student data into the Palmetto Academic Training Hub (PATH). ETPs will submit data related to the types of training programs offered, individual student coursework, including personal identifying information (PII) to match training, employment data and performance outcomes, program completion and time to complete, and program costs, as outlined in federal guidance.

(B) State agencies needing data from the Department of Employment and Workforce must meet an exception permitting disclosure, pursuant to 20 C.F.R. Part 603. Prior to providing data to a state agency, the department must enter into a data sharing agreement with the requesting agency, as described in 20 C.F.R. Part 603. Requesting state agencies must identify a need in the administration of the official duties for department data, as required by 20 C.F.R. Part 603. The department shall charge state agencies, excluding the Department of Commerce, for costs, as described in federal and state law, for the data sharing requests. The Department of Commerce shall not be charged for costs associated with this provision.

- Amend



Carry Forward Info

General fund in the amount of \$50,087.30 was carried over from fiscal year 2018 to 2019.

FM area	SC01												
Current	USD												
Budget Category	Payment												
Entry Docu	Doc. Date	Doc Year	Line	Version	Process	Created on	Year	Fund	Comt Item	Grant	Funded Program	Amount LC	Curr
1000567333	08/16/2018	2019	000117	0	Carry For. Recv	08/16/2018	2019	10010000	561000	NOT RELEVANT	8900.000000X000	50,087.30	USD



FTE Breakdown

Position Type	Filled Count
FTE	610
Temporary Grant	26
Temporary	29
	665

*Filled positions as of 12/28/2018

WORK MATTERS

SOUTH CAROLINA DEPARTMENT of EMPLOYMENT & WORKFORCE

3,200+
Employment Workshops
are provided through SC Works centers each year.



125,000
people added to the labor force in the last three years.



10.2% Tax Drop
The 2018 tax rate represented an average reduction of 10.2 percent over the previous year's rate – a 36.4 percent drop, saving businesses more than \$700 million over the last five years – all while rebuilding the trust fund.



2,228,000
people working across the state as businesses continue to hire at record levels.



\$865,000
in projected savings from the new benefits system efficiencies for the first year, including approximately 30,000 hours in time saved.



\$2.4 Million in Grants
recently awarded by the State Workforce Development Board to 12 organizations and partnerships to fund workforce initiatives.

5,000
Vets find employment each year with the help of DEW.



245,900 Jobs
Employment projections show that by 2026 all industries are projected to grow by 11.9 percent.



SUITS
\$2 Million+
in estimated annual savings from electronic filing and self-service account management in the State Unemployment Insurance Tax System (SUITS).

\$114,219,000
potential tax credits through Work Opportunity Tax Credits issued last year to South Carolina businesses.



dew.sc.gov