



SC Department of Employment and Workforce

Key Officials and Contact Information

Cheryl Stanton, Agency Head
Cstanton@dew.sc.gov
(803) 737-2617

Mark Hendrick, Governmental Affairs
Mhendrick@dew.sc.gov
(803) 737-0089 Office
(803) 319-4462 Mobile

Don Grant, CFO
Dgrant@dew.sc.gov
(803) 737-0367

Susan Roben, Controller
SRoben@dew.sc.gov
(803) 737-2543

Tracey Hunt, Budget Director
Thunt@dew.sc.gov
(803) 737-2571

Susan Boone, Chief Legal Officer
Sboone@dew.sc.gov
(803) 737-2176

Jamey Suber, Assistant Executive Director-Unemployment Insurance Division
JSuber@dew.sc.gov
(803) 737-2552

Amy Proveaux, Executive
Assistant
Aproveaux@dew.sc.gov
(803) 737-2617



SC Department of Employment and Workforce

Agency Overview

The S.C. Department of Employment and Workforce (DEW) is putting South Carolinians to work. The agency invests in building a pipeline of quality workers, matches workers with jobs, and is a bridge for individuals who find themselves out of work for no fault of their own. This promotes financial stability and economic prosperity for employers, individuals and communities.

DEW, one of 16 cabinet agencies, is a partner in the state's workforce system. This includes SC Works centers, satellite offices and Connection Points in 12 local workforce investment areas, where DEW and its partners provide services to meet the needs of the state's businesses, jobseekers and those looking to further their careers.

The agency's mission is to promote and support an effective, customer-driven workforce system that facilitates financial stability and economic prosperity for employers, individuals and communities.

The agency has two primary divisions – the Unemployment Insurance (UI) division and Workforce and Economic Development (WED) division.

Unemployment Insurance

UI is a nationwide program created to financially help eligible individuals, who are unemployed through no fault of their own, while they actively search for new work.

The program allows UI recipients to maintain purchasing power, therefore, easing the serious effects of unemployment on individual households, the community and the state. In South Carolina, a UI claim can provide up to 20 weeks of benefits. The average weekly benefit amount is \$236. The maximum weekly benefit is \$326.

Employers finance the UI program through tax contributions, and DEW is responsible for the collection, accounting and auditing functions of South Carolina's UI tax program. DEW administers the UI program according to guidelines established by the South Carolina Code of Laws, Title 41, and South Carolina Code of Regulations, Chapter 47.

Workforce and Economic Development

WED is responsible for the administration of federal programs which provide funding and services to help businesses meet their need for skilled workers and individuals secure training to prepare for work.

DEW in partnership with SC Works provides all jobseekers with career counseling, job referrals, testing and training services, and resume writing assistance. Free tools to assist employers include training opportunities, posting job openings, recruiting and screening candidates and reviewing job market trends.

With centers located throughout the state, employment representatives are available to help employers and jobseekers find the best resources and services to meet their needs.

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. Authority to expend these funds is granted by the state's Legislature.

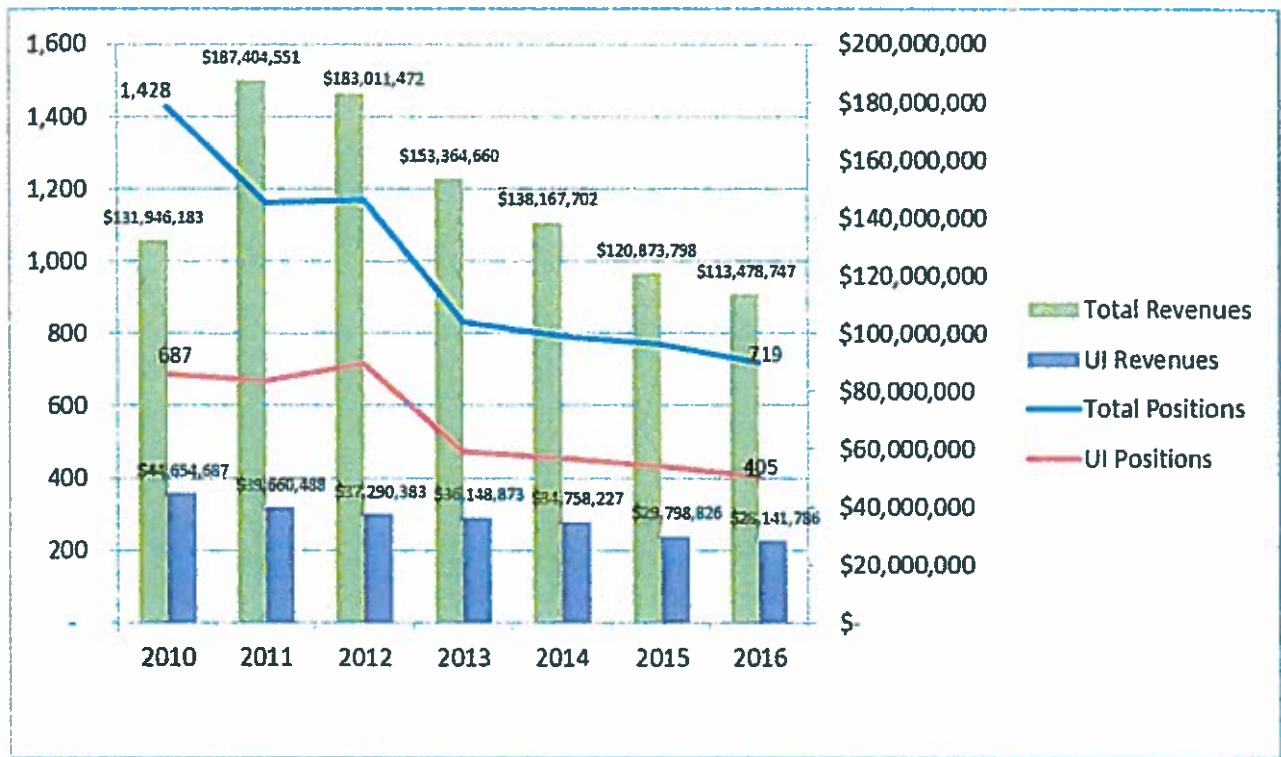
The S.C. Employment Security Commission was established by an act of the General Assembly on June 6, 1936. On April 10, 2010, the General Assembly passed another act changing the agency to the S.C. Department of Employment and Workforce. This action established DEW as a cabinet agency and ordered the transition of the Workforce Investment Act (WIA) program and the Trade Adjustment Assistance (TAA) from the S.C. Department of Commerce to the newly created agency.

The act also resulted in the replacement of three legislatively appointed commissioners with three legislatively appointed Appellate Panel members, who act as the higher authority appeals body for the agency for Unemployment Insurance. An Executive director, appointed by the governor through a legislatively mandated process, is responsible for daily agency operations. DEW is dedicated to the motto: *See it. Own it. Work it. DEW it.* We know that each and every employee plays a role in the success of the agency and accomplishing the mission. At its core, *See it. Own it. Work it. DEW it.* means that as employees of DEW, if we know of an issue, we take ownership of that issue and work to come up with a solution.

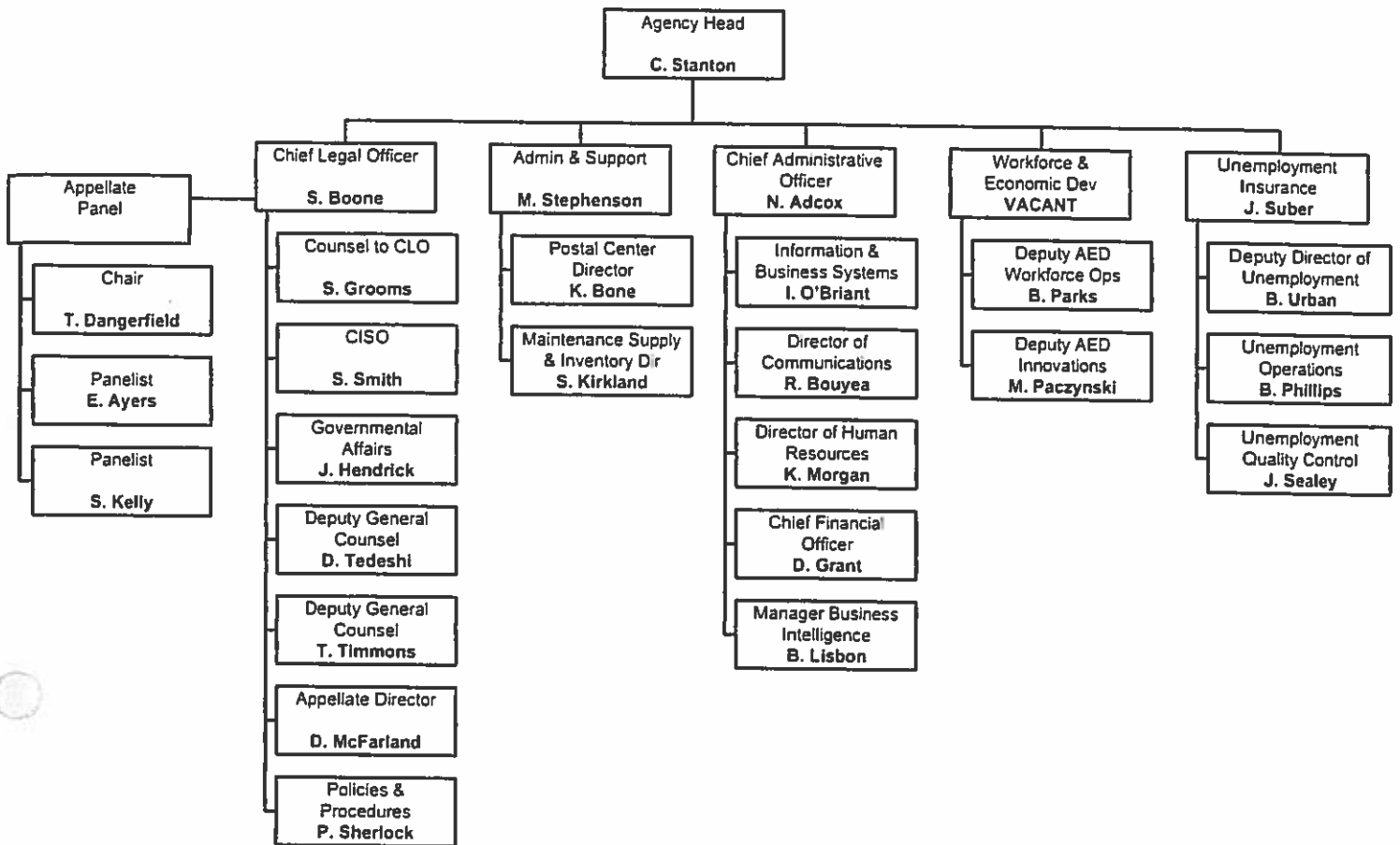
Overall federal funding for DEW's workforce programs continues to experience significant declines due to federal spending reductions, coupled with the counter-cyclical nature of UI funding. UI program funding has declined by approximately \$16.5 million (37%) from 2010

to 2016. UI staff positions have been reduced from by approximately 282 positions (41%) over the same time period.

Beginning in June 2013, the Agency began streamlining its service delivery model to become more efficient, provide improved customer service, and increase the use of technology to provide critical services to individuals and businesses in the State. These changes have also facilitated positive changes in the Agency's financial condition and results, primarily via reducing recurring costs, and increasing the financial resources available for process and technology improvements. The Agency has also consolidated its UI Hub call center locations to become more efficient and reduce overhead costs. This has also enabled the Agency to continue to sell vacated facilities, and utilize those sales proceeds to fund the UI tax system modernization.



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ETE Count as of 01/05/17.
 Filled - 636
 Vacant - 141



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Executive Summary of Accountability Report

During Fiscal Year 2015-16, South Carolina's workforce picture has brightened considerably. The state's unemployment rate had dropped to a 15-year low, as a record number of people, nearly 2.2 million, were working across the state.

The state's unemployment rate for veterans remains one of the lowest in the nation. To help those seeking employment, the agency provided nearly 5 million services to more than 1 million individuals, placing more than 109,000 into jobs.

DEW also has developed partnerships to help match people to jobs, provide training and access to educational programs. One initiative DEW is launching is the SC Talent Pipeline, also known as Sector Strategies, to ensure that businesses have a pool of ready and skilled workers to fill their positions.

Working hand-in-hand with this initiative is the SC Work Ready Communities program. Recently South Carolina became the first state in the nation to have all counties certified as Work Ready Communities. This lets existing and future employers know that each county's workforce has the skills needed to fill and perform their jobs.

The agency also was able to cut Unemployment Insurance taxes for the second consecutive year saving taxpayers more than \$151 million over that period. The agency is also able to rebuild the Trust Fund while providing the tax relief and by aggressively collecting overpayments.

For the coming year, DEW continues to build upon the strategic and operational planning of the previous fiscal year. Having previously established and approved a strategic plan, this fiscal year was about communicating the plan, executing the previously identified action items and receiving feedback about additional items needed.

The agency identified five major areas of focus and incorporated them into the strategic plan. These focus areas are Security, Mission, Employees, Customer Service and Efficiency.

South Carolina Department of Employment and Workforce

2013 - 2016 Appropriation/Authorization to Actual Expenditures

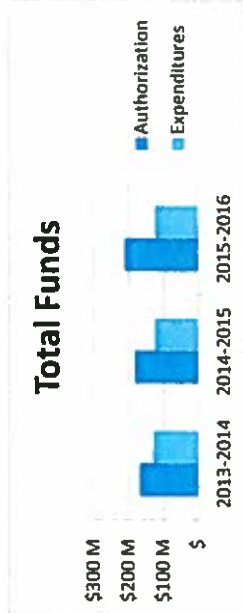
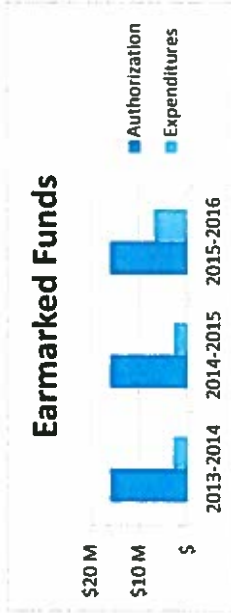
Year	General Funds		
	Appropriation	Authorization	Expenditures
2013-2014	\$362,786	\$362,786	\$362,786
2014-2015	\$365,389	\$365,389	\$365,389
2015-2016*	\$374,038	\$54,355	\$54,355
			100.0%

* The remainder of General Funds, \$319,683, was transferred to the Department of Education.

Year	Federal Funds		
	Appropriation	Authorization	Expenditures
2013-2014	150,592,722	150,592,722	125,025,191
2014-2015	165,595,325	165,595,325	121,364,357
2015-2016	194,365,071	194,365,071	115,038,507
			73.3%
			59.2%

Year	Earmarked Funds		
	Appropriation	Authorization	Expenditures
2013-2014	\$16,017,884	\$16,017,884	\$2,871,668
2014-2015	\$16,017,884	\$16,017,884	\$2,750,568
2015-2016	\$16,017,884	\$16,017,884	\$6,859,873
			17.9%
			17.2%
			42.8%

Year	Total Funds		
	Appropriation	Authorization	Expenditures
2013-2014	\$166,973,392	\$166,973,392	\$128,259,644
2014-2015	\$181,978,598	\$181,978,598	\$124,480,314
2015-2016	\$210,756,993	\$210,437,310	\$121,952,736
			76.8%
			68.4%
			58.0%



FY 17-18 Budget Priorities Summary
 South Carolina Department of Employment and Workforce

Priority No.	Type (Non-Recurring/Recurring/Other)	Title	Description	Funding				FTEs			
				Recurring	Non-Recurring	Other	Federal	Total	State	Other	Federal
1	Recurring	Increase for Work Readiness Program	<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. Governor Haley has challenged the public workforce system to address the talent pipeline skills gap, requiring DEW, Department of Education, Department of Commerce and the State Technical College System to develop comprehensive strategies to improve the workforce. 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.</p> <p>This request is for one program year in which 75,000 (projected) work readiness assessments will be administered to South Carolinians and 20 (projected) occupational assessment licenses will be provided for businesses statewide.</p>	\$ 498,854				\$ 498,854			
2	Non-Recurring	Unemployment Insurance - SCUBI Project (Southeast Consortium for Unemployment Benefits Integration)	<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 existing systems were designed and implemented 30 years 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. Consortium members have experienced many minor outages due to system failures or power outages which have resulted in lost productivity of tens of thousands of dollars each hour of outage. 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 System will greatly reduce maintenance cost and integrating changes will be much easier to accommodate. Finally, the modernized UI benefits system incorporates security of information in its foundation.</p> <p>This request is related to information security and technology and is listed in the State IT Plan with the title, 'Southeast Consortium for Unemployment Insurance Benefits Integration'. The purpose of this consortium is to develop a replacement for the 40-year old legacy system with a more modern solution. Benefits Unemployment Insurance is a primary function of the agency. The current system is almost 40 years old, and does not meet current needs. The system storage function has exceeded the design of the overall software system.</p> <p>SCDEW included \$23m in increased recurring spending authority in its approved state budget for the 2016-2017 fiscal year, which was the estimated amount of spending authority needed at that time.</p> <p>This is not a time and materials contract. It is a deliverables based contract. Payments are made as specific milestones are completed and approved. 70% of the project deliverables have been met and only 26% of the related federal grant funds have been expended. Because the contract is structured to pay only for delivered product (and not simply time & materials), SC has paid for the deliverables approved to date. For the project to be completed within the grantor-imposed time restrictions, the agency projects that up to \$23.33m of additional federal spending authority will be needed during the 2017-2018 state fiscal year to pay for the deliverables approved by the states during that year (as per the contract). The \$50m in grant funds must be liquidated by 9/30/2017.</p>	\$ 23,333,003				\$ 23,333,003			



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Agency Accomplishments

- ✓ More people are working now than any time in our state's history
- ✓ Lowest unemployment rate in nearly 16 years
- ✓ Repaid federal loan early and have placed over \$500 in reserve
- ✓ Realigned the agency's workforce services to better serve customers
- ✓ Unemployment rate down to 4.7%
- ✓ Increased collection rate of improper payments by 86% over the last rating period
- ✓ Reduced UI tax on businesses for third consecutive year, with tax rates being cut 30.9%, on average, since 2013
- ✓ Improved business processes across all programs to begin meeting nearly every federal performance measure
- ✓ First state in the nation to have every county fully certified as an ACT work ready community
- ✓ National award for *Jobs for American Graduates* program for sixth consecutive year
- ✓ Partnered to launch the Second Chance program to find inmates reentering society jobs
- ✓ Recognized as a national best practice for getting returning vets and families jobs