**South Carolina General Assembly**

125th Session, 2023-2024

**H. 4710**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. West, G.M. Smith, Bannister, Davis, Guest, Forrest, Hewitt, M.M. Smith, Long, B. Newton, Thayer, Hager, Leber, Mitchell, Brittain, Gatch, Hixon, Pope, Chapman, Murphy, Brewer, Robbins, Caskey, T. Moore, Hardee, Erickson, Bradley and Blackwell

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Introduced in the House on January 9, 2024

Introduced in the Senate on February 13, 2024

Last Amended on February 7, 2024

Currently residing in the Senate Committee on **Labor, Commerce and Industry**

Summary: Maximum potential employment benefits

**HISTORY OF LEGISLATIVE ACTIONS**

 Date Body Action Description with journal page number

 12/14/2023 House Prefiled

 12/14/2023 House Referred to Committee on **Ways and Means**

 1/9/2024 House Introduced and read first time (House Journal‑page 130)

 1/9/2024 House Referred to Committee on **Ways and Means** (House Journal‑page 130)

 1/9/2024 House Member(s) request name added as sponsor: Murphy,
 Brewer, Robbins

 1/24/2024 House Member(s) request name added as sponsor: Caskey

 1/25/2024 House Committee report: Favorable with amendment **Ways and Means** (House Journal‑page 8)

 1/30/2024 House Member(s) request name added as sponsor: T.
 Moore, Hardee

 1/30/2024 House Requests for debate-Rep(s). Caskey, B. Newton, Forrest, West, McDaniel, Hiott, Carter, Felder, Pope, McCravy, Guest, B.L. Cox, M.M. Smith, Lawson, Moss, Neese, Hixon, Taylor, Oremus, Chapman, Hewitt, Leber, Cobb-Hunter, Weeks, King (House Journal‑page 34)

 2/6/2024 House Member(s) request name added as sponsor:
 Erickson, Bradley

 2/7/2024 House Member(s) request name added as sponsor: Blackwell

 2/7/2024 House Amended (House Journal‑page 30)

 2/7/2024 House Read second time (House Journal‑page 30)

 2/7/2024 House Roll call Yeas-113 Nays-1 (House Journal‑page 42)

 2/8/2024 House Read third time and sent to Senate (House Journal‑page 19)

 2/8/2024 Scrivener's error corrected

 2/13/2024 Senate Introduced and read first time (Senate Journal‑page 5)

 2/13/2024 Senate Referred to Committee on **Labor, Commerce and Industry** (Senate Journal‑page 5)

View the latest  [legislative information](https://www.scstatehouse.gov/billsearch.php?billnumbers=4710&session=125&summary=B)  at the website

**VERSIONS OF THIS BILL**

[12/14/2023](https://www.scstatehouse.gov/sess125_2023-2024/prever/4710_20231214.docx)

[01/25/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/4710_20240125.docx)

[02/07/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/4710_20240207.docx)

[02/08/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/4710_20240208.docx)

Indicates Matter Stricken

Indicates New Matter

Amended

February 07, 2024

H. 4710

Introduced by Reps. West, G. M. Smith, Bannister, Davis, Guest, Forrest, Hewitt, M. M. Smith, Long, B. Newton, Thayer, Hager, Leber, Mitchell, Brittain, Gatch, Hixon, Pope, Chapman, Murphy, Brewer, Robbins, Caskey, T. Moore, Hardee, Erickson, Bradley and Blackwell

S. Printed 02/07/24--H. [SEC 2/8/2024 11:45 AM]

Read the first time January 09, 2024

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statement of estimated fiscal impact

Explanation of Fiscal Impact

State Expenditure

This bill amends Section 41-35-50 and 41-35-120, relating to the maximum unemployment insurance benefits that beneficiaries can receive. Currently, maximum benefits in a benefit year are the lessor of one third of the wages for insured work from the beneficiary’s base period or twenty times his weekly calculated benefit. This bill changes the calculation of the maximum benefits to depend upon the seasonal adjusted statewide unemployment rate for the most recent six-month period. This bill sets the maximum benefits as follows:

Seasonal Adjusted Unemployment Rate Number of Weeks

Less than or equal to 5.5% 12 weeks

Greater than 5.5% up to 6% 13 weeks

Greater than 6% up to 6.5% 14 weeks

Greater than 6.5% up to 7% 15 weeks

Greater than 7% up to 7.5% 16 weeks

Greater than 7.5% up to 8% 17 weeks

Greater than 8% up to 8.5% 18 weeks

Greater than 8.5% up to 9% 19 weeks

Greater than 9% 20 weeks

This will result in fewer benefits paid when the unemployment rate is lower. The formula rate is the average of the preceding July, August, and September seasonally adjusted unemployment rates for the first six month of a calendar year and the average of the seasonally adjusted unemployment rate of January, February, and March of the year for the last six month of a calendar year. Based on the current

unemployment rate, which is below 5.5 percent, this bill will result in lowering the maximum benefits. This bill will impact unemployment insurance claims beginning October 1, 2024.

Department of Employment and Workforce. DEW is responsible for managing South Carolina’s unemployment insurance system, including the UITF. DEW anticipates this bill will result in approximately $30,000 in non-recurring expenses to upgrade software and ensure that employers, claimants, and the public have materials related to the change in the maximum benefits due to this bill The agency indicates these expenses can be managed using existing Federal Funds.

Additionally, DEW indicates this bill may result in an undetermined savings in Other Funds expenditures beginning in FY 2024-25 due to the lower aggregate unemployment insurance benefits paid from the UITF. For reference, in FY 2022-23, there was a total of $135,600,000 in benefits paid from the UITF. As the unemployment rate was below 5.5 percent over this time period, this bill would have capped benefits at twelve weeks, resulting in a potential savings of $34,600,000 or approximately 25 percent of the benefits paid. If the unemployment rate were higher, then the expenditure savings would be lower.

State Revenue

The UITF is funded through the unemployment insurance tax on businesses. DEW calculates the tax rates annually to maintain solvency for the UITF. The solvency of the UITF is determined by the Average High-Cost Multiple (AHCM). The AHCM is the estimated ratio of the fund balance to total taxable wages divided by average ratio of unemployment benefits paid to total taxable wages of the three highest calendar years in the last twenty years or in the last three recessions.

DEW anticipates this bill will not modify the solvency of the UITF. Also, DEW indicates the 2024 tax rates have been assigned already. However, beginning in tax year 2025, this bill may result in a decrease in Other Funds revenue as the tax rates may be set at lower rates while still maintaining the fund’s solvency, due to a potential decrease in the total payouts from the UITF.

State Expenditure

This bill amends Section 41-35-50, relating to the maximum unemployment insurance benefits that beneficiaries can receive. Currently, maximum benefits in a benefit year are the lessor of one third of the wages for insured work from the beneficiary’s base period or twenty times his weekly calculated benefit. This bill changes the calculation of the maximum benefits to depend upon the seasonal adjusted statewide unemployment rate for the most recent six-month period. This bill sets the maximum benefits as follows:

Seasonal Adjusted Unemployment Rate Number of Weeks

Less than or equal to 5.50025% 12 weeks

Greater than 5.5% up to 6% 13 weeks

Greater than 6% up to 6.5% 14 weeks

Greater than 6.5% up to 7% 15 weeks

Greater than 7% up to 7.5% 16 weeks

Greater than 7.5% up to 8% 17 weeks

Greater than 8% up to 8.5% 18 weeks

Greater than 8.5% up to 9% 19 weeks

Greater than 9% 20 weeks

(Please note there is an overlap between the rate threshold for the 12 weeks of benefits at or below 5.50025 percent and the minimum threshold of greater than 5.5 percent for 13 weeks of benefits. We anticipate this overlap will be corrected.)

This will result in fewer benefits paid when the unemployment rate is lower. The formula rate is the average of the preceding July, August, and September seasonally adjusted unemployment rates for the first six month of a calendar year and the average of the seasonally adjusted unemployment rate of January, February, and March of the year for the last six month of a calendar year. Based on the current unemployment rate, which is below 5.50025 percent, this bill will result in lowering the maximum benefits.

Department of Employment and Workforce. DEW is responsible for managing South Carolina’s unemployment insurance system, including the UITF. DEW anticipates this bill will result in approximately $30,000 in non-recurring expenses to upgrade software and ensure that employers, claimants, and the public have materials related to the change in the maximum benefits due to this bill The agency indicates these expenses can be managed using existing Federal Funds.

Additionally, DEW indicates this bill may result in an undetermined savings in Other Funds expenditures beginning in FY 2024-25 due to the lower aggregate unemployment insurance benefits paid from the UITF. For reference, in FY 2022-23, there was a total of $135,600,000 in benefits paid from the UITF. As the unemployment rate was below 5.50025 percent over this time period, this bill would have capped benefits at twelve weeks, resulting in a potential savings of $34,600,000 or approximately 25 percent of the benefits paid. If the unemployment rate were higher, then the expenditure savings would be lower.

State Revenue

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DEW anticipates this bill will not modify the solvency of the UITF. Also, DEW indicates the 2024 tax rates have been assigned already. However, beginning in tax year 2025, this bill may result in a decrease in Other Funds revenue as the tax rates may be set at lower rates while still maintaining the fund’s solvency, due to a potential decrease in the total payouts from the UITF.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

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A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 41‑35‑50, RELATING TO MAXIMUM UNEMPLOYMENT INSURANCE BENEFITS ALLOWED, SO AS TO SET THE DURATION OF UNEMPLOYMENT BENEFITS BASED ON SEASONAL ADJUSTED STATEWIDE UNEMPLOYMENT RATES.

 Amend Title To Conform

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 41‑35‑50 of the S.C. Code is amended to read:

 Section 41‑35‑50. The maximum potential benefits of any insured worker in a benefit year are the lesser of:

 (1) twenty times his weekly benefit amount;

 (2) one‑third of his wages for insured work paid during his base period.

 If the resulting amount is not a multiple of one dollar, the amount must be reduced to the next lower multiple of one dollar, except that no insured worker may receive benefits in a benefit year unless, subsequent to the beginning of the next preceding benefit year during which he received benefits, he performed “insured work” as defined in Section 41‑27‑300 and earned wages in the employ of a single employer in an amount equal to not less than eight times the weekly benefit amount established for the individual in the preceding benefit year.

 (A) The number of weeks an individual is allowed to receive unemployment benefits depends on the seasonalseasonally adjusted statewide unemployment rate that applies to the six‑month basereference period in which the claim is filedthat includes the effective date of the claim. One six‑month basereference period begins on January first and one six‑month basereference period begins on July first. For the basereference period that begins January first, the average of the seasonalseasonally adjusted unemployment rates for the State for the preceding months of July, August, and September apply. For the basereference period that begins July first, the average of the seasonalseasonally adjusted unemployment rates for the State for the preceding months of January, February, and March apply. The Department of Employment and Workforce must use the most recent seasonalseasonally adjusted unemployment rate determined by the U.S. Department of Labor, Bureau of Labor Statistics, and not

the rate as revised in the annual benchmark.The number of weeks an individual is allowed to receive unemployment benefits depends on the seasonally adjusted statewide unemployment rate that applies to the three‑month reference period in which effective date of the claim falls. One three‑month reference period begins on January first, the second three-month reference period begins on April first, the third three-month reference period begins on July first, and the fourth three-month reference period begins on October first. For the reference period that begins January first, the average of the seasonally adjusted unemployment rates for the State for the preceding months of August, September, and October apply. For the reference period that begins April first, the average of the seasonally adjusted unemployment rates for the State for the preceding months of November, December, and January apply. For the reference period that begins July first, the average of the seasonally adjusted unemployment rates for the State for the preceding months of February, March, and April apply. For the reference period that begins October first, the average of the seasonally adjusted unemployment rates for the State for the preceding months of May, June, and July apply. The Department of Employment and Workforce must use the most recent seasonally adjusted unemployment rates determined by the U.S. Department of Labor, Bureau of Labor Statistics, and not the rate as revised in the annual benchmark.

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| 17 | Seasonally Adjusted Unemployment Rate | Number of Weeks |
| 18 | Less than or equal to 5.5%  | 12 weeks |
| 19 | Greater than 5.5% up to 6% | 13 weeks |
| 20 | Greater than 6% up to 6.5%  | 14 weeks |
| 21 | Greater than 6.5% up to 7% | 15 weeks |
| 22 | Greater than 7% up to 7.5% | 16 weeks |
| 23 | Greater than 7.5% up to 8% | 17 weeks |
| 24 | Greater than 8% up to 8.5% | 18 weeks |
| 25 | Greater than 8.5% up to 9% | 19 weeks |
| 26 | Greater than 9% | 20 weeks |

 (B) The total benefits paid to an individual equals the individual's weekly benefit amount allowed under Section 41‑35‑40 multiplied by the number of weeks allowed under subsection (A).

 (C) The department shall promulgate regulations to ensure compliance with job search requirements and to prevent fraud. These regulations may include verification of attendance at job interviews.

SECTION 2. Section 41-35-120(2) of the S.C. Code is amended to read:

 (2)(a) Discharge for misconduct connected with the employment. If the department finds that he has been discharged for misconduct connected with his most recent work prior to filing a request for determination of insured status or a request for initiation of a claim series within an established benefit

year, with ineligibility beginning with the effective date of the request, and continuing for the next twenty weeksmaximum duration of benefits applicable to the claim, in addition to the waiting period, with a corresponding and mandatory reduction of the insured worker's benefits to be calculated by multiplying his weekly benefit amount by twentythe maximum duration of benefits applicable to the claim. For the purposes of this item, “misconduct” is limited to conduct evincing such wilful and wanton disregard of an employer's interests as is found in deliberate violations or disregard of standards of behavior which the employer has the right to expect of his employee, or in the carelessness or negligence of such degree or recurrence as to manifest equal culpability, wrongful intent, or evil design, or to show an intentional and substantial disregard of the employer's interest or of the employee's duties and obligations to his employer. No finding of misconduct may be made for discharge resulting from an extreme hardship, emergency, sickness, or other extraordinary circumstance.

 (b) If the department finds that he has been discharged for cause, other than misconduct as defined in item (2)(a), connected with his most recent work prior to filing a request for determination of insured status or a request for initiation of a claim series within an established benefit year, then the department must find him partially ineligible. The ineligibility must begin with the effective date of the request, and continuing not less than five nor more than the next nineteen weeksone week less than the maximum duration of benefits applicable to the claim, in addition to the waiting period. A corresponding and mandatory reduction of the insured worker's benefits, to be calculated by multiplying his weekly benefit amount by the number of weeks of his disqualification, must be made. The ineligibility period must be determined by the department in each case according to the seriousness of the cause for discharge. Discharge resulting from substandard performance due to inefficiency, inability, or incapacity shall not serve as a basis for disqualification under either subitem (a) or (b) of this item.

SECTION 3. This act takes effect upon approval by the Governor and is applicable for unemployment insurance claims with an effective date on or after October 1, 2024.

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