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



**Fiscal Year 2018-19
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

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| OPERATING REQUESTS (FORM B1) | For FY 2018-19, 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 2018-19, 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 2018-19, 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 2018-19, 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.

| | <i>Name</i> | <i>Phone</i> | <i>Email</i> |
|---------------------------|------------------------|----------------|------------------------|
| PRIMARY CONTACT: | Tracey C. Hunt | (803) 737-2571 | thunt@dew.sc.gov |
| SECONDARY CONTACT: | Margaret D. Romaniello | (803) 737-7850 | mromaniello@dew.sc.gov |

I have reviewed and approved the enclosed FY 2018-19 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

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| | <i>Agency Director</i> | <i>Board or Commission Chair</i> |
| SIGN/DATE: | <i>Cheryl Stanton 9/15/17</i> | |
| TYPE/PRINT NAME: | Cheryl M. Stanton | |

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

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FORM D – PROVISIO REVISION REQUEST

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| NUMBER | 83.1 |
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Cite the proviso according to the renumbered list for FY 2018-19 (or mark "NEW").

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|--------------|---|
| TITLE | Consortium Contracts: Training-Development Sessions and Media Services |
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Provide the title from the FY 2017-18 Appropriations Act or suggest a short title for any new request.

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| BUDGET PROGRAM | Employment Services |
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Identify the associated budget program(s) by name and budget section.

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| RELATED BUDGET REQUEST | N/A |
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Is this request associated with a budget request you have submitted for FY 2018-19? If so, cite it here.

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

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| OTHER AGENCIES AFFECTED | N/A |
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Which other agencies would be affected by the recommended action? How?

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| SUMMARY & EXPLANATION | <p>The name of this internal department was changed due to increased data gathering responsibilities within the Department of Employment and Workforce. This request is needed to update the proviso with the proper title and name.</p> <p>The Business Intelligence Department (BID), previously known as the Labor Market Information Division, processes and analyzes data and provides reports for internal and external stakeholders.</p> <p>Federal regulation prohibits the Department from utilizing administrative grant funds in the disclosure of information to external stakeholders where the costs to the Department are more than nominal and the amount of staff time is more than incidental. See 20 C.F.R. §603.8. This proviso permits BID to utilize funds collected for providing reports to external stakeholders to help operate BID.</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.

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| FISCAL IMPACT | N/A |
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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.

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| PROPOSED PROVISO TEXT | <p>83.1. (DEW: <u>Business Intelligence Division Program Contracts</u> Consortium Contracts: Training Development Sessions and Media Services) All earmarked funds collected for the <u>Business Intelligence Division LMI</u> Training Development Sessions; Media Services and 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.</p> |
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Paste FY 2017-18 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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FORM D – PROVISO REVISION REQUEST

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| NUMBER | 83.5 |
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Cite the proviso according to the renumbered list for FY 2018-19 (or mark "NEW").

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| TITLE | UI Tax System Modernization |
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Provide the title from the FY 2017-18 Appropriations Act or suggest a short title for any new request.

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| BUDGET PROGRAM | Non-Recurring Appropriations |
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Identify the associated budget program(s) by name and budget section.

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| RELATED BUDGET REQUEST | N/A |
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Is this request associated with a budget request you have submitted for FY 2018-19? If so, cite it here.

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

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

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| 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 \$3,178,053 of other funds will be utilized to fund a portion the agency's unemployment tax system modernization project.</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.

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| 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 \$3,178,053 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.

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| PROPOSED PROVISO TEXT | <p>83.5. (DEW: UI Tax System Modernization)</p> <p>The Department of Employment and Workforce is authorized to expend up to \$1,743,930<u>3,178,053</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, 2017<u>2018</u>. 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 2017-18 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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FORM D – PROVISIO REVISION REQUEST

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| NUMBER | 83.6 <i>Cite the proviso according to the renumbered list for FY 2018-19 (or mark “NEW”).</i> |
| TITLE | Employment Training Outcomes Data Sharing <i>Provide the title from the FY 2017-18 Appropriations Act or suggest a short title for any new request.</i> |
| BUDGET PROGRAM | N/A <i>Identify the associated budget program(s) by name and budget section.</i> |
| RELATED BUDGET REQUEST | N/A <i>Is this request associated with a budget request you have submitted for FY 2018-19? If so, cite it here.</i> |
| REQUESTED ACTION | Amend <i>Choose from: Add, Delete, Amend, or Codify.</i> |
| 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 are impacted as they relate to eligible training providers, who will provide individual participant data required for matching against the Unemployment Insurance wage records with the S.C. Department of Employment and Workforce (DEW). <i>Which other agencies would be affected by the recommended action? How?</i> |
| SUMMARY & EXPLANATION | 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 (ETP) will provide personally identifiable information (PII) related to training programs offered for WIOA to the Department of Employment and Workforce. The PII information, which is confidential, 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. Changes from last year’s Proviso include: In the introductory paragraph, there is a change in tense and the deletion of introductory language, as WIOA is now in effect and requires integration of training and employment data. The word “longitudinal” is deleted from the first sentence, because the data is internal to the Department or is directly provided by a stakeholder. |

The previous Subsection (A) is deleted. The Workforce and Labor Market Information System (WLMIS) is a collaborative system that reflects the joint efforts of different agencies and organizations in the workforce system as it relates to data and information usage. While the Department will follow the guidance of the Workforce Information Advisory Council, a Federal Advisory Committee of workforce and labor market information experts, the Department does not have the authority to enforce a Governance Policy over the other participants in the workforce system as it pertains to WLMIS.

The previous Subsection (B)/current Subsection (A) is edited as follows:

The date of July 1, 2017 has passed and is deleted. The Department now enters into data sharing agreements with ETPs prior to the ETP entering student data, into the Palmetto Academic Training Hub (PATH) portal. PATH is added into the proviso as it was in development during FY 2016-2017. It is anticipated that PATH will produce performance measures for the 2017-2018 program year.

Additionally, there is a change in tense and language is added to the second sentence to reflect the current process and include examples from Employment and Training Administration (ETA) 9171- Eligible Training Provider Definitions, which are the federal guidelines provided by the US Department of Labor (DOL). The word “performance” was added to clarify what outcomes are matched with the student information. The phrase “tuition assistance” was deleted, because this information is not provided by the ETPs during their upload of student information.

The remaining language of the Subsection is deleted, because ETPs may not have access to the North American Industry Classification System (NAICS) codes for their student’s employment. Additionally, in South Carolina, the Standard Occupation Classification (SOC) system codes are not required to be reported by employers. Therefore, the Department does not have this information for the students that are matched within PATH.

New Subsection (B) is added to address the need agencies have for outcome data from the Department and to establish a process for exchange of data. Under 20 C.F.R. Part 603, the Department must maintain the confidentiality of wage data. However, there are limited exceptions within the regulation, including the agencies need for use in the performance of official duties. To qualify for the exception, the public official for the agency must enter into an agreement with the Department. The federal regulation has requirements for what the agreement must contain, including descriptions of the agency’s need and what costs must be covered.

Subsection (C) – (E) are deleted.

Subsection (C) is deleted because the Department has previously entered into data sharing agreements pursuant to 20 CFR Part 603 and currently shares data with the Vocational Rehabilitation Department and the Commission on Higher Education.

The Department has communicated with the Center for Educator Recruitment, Retention and Advancement. At this time, they do not have any requests for data from the Department, and the Department has discussed what is needed for data sharing, if they require it in the future.

The Department has met with representatives of the Education Oversight Committee (EOC). EOC does not collect data on an individual basis, and without individual data to match against the Department’s wage data, the Department cannot identify which

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individuals would be relevant for any specific data needs EOC may have. The Department has discussed this with EOC and provided them with information on what data is available and how the Department and the Office of Revenue and Fiscal Affairs (RFA) may be able to work together to assist EOC.

Subsection (D) is deleted. The South Carolina Student Loan Corporation has transferred the servicing of its loan portfolio to outside servicing agencies and does not originate federal student loans. It does not have data to meet this subsection.

Subsection (E) is deleted. The Department has previously entered into data sharing agreements and currently shares data with the Department of Social Services and the Department of Labor, Licensing and Regulation, pursuant to 20 C.F.R. Part 603.

Finally, per last year's proviso, the Department submitted copies of data agreements on July 3, 2017, and, therefore, this portion of the proviso is stricken.

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

No DEW fiscal impact is anticipated for this year.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

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83.6. (DEW: Employment Training Outcomes Data Sharing)

The Department of Employment and Workforce, in developing the Workforce and Labor Market Information System (WLMIS) improvements required of the Workforce Innovation and Opportunity Act (WIOA) (P.L. 113-128), will require integration of training and employment data for the purposes of improving longitudinal assessment of employment outcomes for the various training providers eligible to receive funding appropriated or authorized by this Act.

~~—(A)— As the entity with authority for the oversight and maintenance for the WLMIS, the department shall establish a Governance Policy for the management, development, security, partner collaboration, and sharing responsibilities no later than July 1, 2017.~~

~~(BA)~~ **No later than July 1, 2017, the** ~~The~~ **department must enter develop a model into a data-sharing agreement with eligible training providers (ETPs)- prior to the ETP entering student data into the Palmetto Academic Training Hub (PATH). As specified by the WIOA Act, this agreement will require ETPs will to 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. It will further require reporting of personally identifiable information (PII) to match training and employment data to determine placement in companies and jobs by the North American Industry Classification (NAIC) System and Standard Occupation Classification (SOC) System and other information necessary for the department to accurately and completely assess the effectiveness and return on investment of all training programs offered by the entity.**

(B) State agencies needing data from DEW must meet an exception permitting disclosure, pursuant to 20 C.F.R. Part 603. Prior to providing data to a state agency, DEW must enter into a data sharing agreement with the requesting state 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 for costs, as described in federal and state law, for the data sharing requests.

~~—(C)— No later than July 1, 2017, the department must develop a model data sharing agreement with the Department of Education, the Center for Educator Recruitment, Retention and Advancement, and the Education Oversight Committee, the Vocational Rehabilitation Department, and the Commission on Higher Education to capture and match data as enumerated in item (B) of this provision. This agreement will ensure collaborative sharing of matched data with each partner agency for the purpose of program assessment and effectiveness in compliance with state and federal laws.~~

~~—(D)— The department and the South Carolina Student Loan Corporation shall, by July 1, 2017, enter into a data sharing agreement to determine the average debt load carried by individuals who participate in training programs with eligible training providers. This agreement will ensure collaborative sharing of matched data for the purpose of program assessment and effectiveness in compliance with state and federal laws.~~

~~—(E)— No later than July 1, 2017, the department must develop a model data sharing agreement with the Department of Social Services to capture data related to New Hire status and social service data and with the Department of Labor, Licensing and Regulation to capture licensing and licensing-related data. This agreement will ensure collaborative sharing of matched data for the purpose of program assessment and effectiveness in compliance with state and federal laws.~~

~~—The Department of Employment and Workforce shall submit copies of the data~~

PROPOSED
PROVISO TEXT

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~~sharing agreements to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, the Chairman of the Senate Labor, Commerce and Industry Committee, and the Chairman of the House Labor, Commerce and Industry Committee.~~

Paste FY 2017-18 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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

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| TITLE | Agency Cost Savings and General Fund Reduction Contingency Plan |
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| AMOUNT | <p>\$15,026</p> <p><i>What is the General Fund 3% reduction amount (minimum based on the FY 2017-18 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.</i></p> |
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| ASSOCIATED FTE REDUCTIONS | <p>No FTE elimination would be required. The reduction would directly lower the number of assessments available for South Carolina citizens and businesses.</p> <p><i>How many FTEs would be reduced in association with this General Fund reduction?</i></p> |
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| PROGRAM/ACTIVITY IMPACT | <p>DEW's 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.</p> <p><i>What programs or activities are supported by the General Funds identified?</i></p> |
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| SUMMARY | <p>This decision package is in response to the request for all state agencies to assess the impact of a 3% general fund reduction. Based on the current pricing of \$8.00 per assessment, a \$15,026 reduction would equate to approximately 1,900 fewer assessments being administered during the 2018-2019 fiscal year.</p> <p>The total amount issued for the previous year was \$500,873. The 3% reduction of this total is \$15,026.</p> |
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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.

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| AGENCY COST SAVINGS PLANS | <p>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 \$5,646mm. 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.</p> <p>In addition, SCDEW has eleven surplus buildings actively held for sale. The maintenance on these buildings combined is \$133,975 a year. Such savings would also be made available to resource other workforce related functions.</p> <p>An additional approximately \$300,000 in savings have occurred from the transfer of general services from the Department of Administration to SCDEW.</p> |
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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?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

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| TITLE | SCUBI Project (Southeast Consortium for Unemployment Benefits Integration) |
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Provide a brief, descriptive title for this request.

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| 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. 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 decrease saving time and money for citizens and businesses. |
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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.

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| FACTORS ASSOCIATED WITH THE REQUEST | Mark "X" for all that apply: <input type="checkbox"/> Repeal or revision of regulations. <input type="checkbox"/> Reduction of agency fees or fines to businesses or citizens. <input checked="" type="checkbox"/> Greater efficiency in agency services or reduction in compliance burden. <input type="checkbox"/> Other |
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| METHOD OF CALCULATION | Under South Carolina law, tax rate schedules adjust automatically each year based on a formula that considers the: <ul style="list-style-type: none"> •Projected benefit costs for the year ("base rate") •Projected amount required to return the Trust Fund to an adequate balance by 2020 ("solvency surcharge") Tax rates are set each year to fund these components. Each employer is also responsible for a Departmental Administrative Contingency Assessment (DACA) surcharge of 0.06 percent which is added to the base rate and interest surcharge: $Total\ Tax\ Rate = Base\ Rate + Solvency\ Surcharge + DACA$ |
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

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| REDUCTION OF FEES OR FINES | N/A |
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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?

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| REDUCTION OF REGULATION | In order to remain eligible for benefits, claimants must actively search for work each week a claim is submitted for unemployment insurance benefits. Our modification to current regulation would require claimants to increase the number of work searches from two a week to four a week. |
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

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| 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 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. 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> |
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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?