



# S.C. DEPARTMENT OF EMPLOYMENT AND WORKFORCE

## UNEMPLOYMENT INSURANCE TRUST FUND

### By the Numbers:

**\$1.1  
BILLION**

January 1, 2020  
Balance

**\$976.6  
MILLION**

State UI Benefits  
Paid March 15 –  
September 30, 2020

**749,708**

Initial Claims for  
Benefits Filed March  
15-September 26, 2020

**12.8%**

Peak Unemployment  
Rate in S.C. April 2020

**\$920  
MILLION**

CARES Act funding  
authorized by General  
Assembly for Trust Fund

**\$172.4  
MILLION**

Estimated Savings for  
Businesses due to Capped  
2021 Tax Rates

In 2020, the General Assembly took two important steps in helping South Carolina businesses coming out of the pandemic.

1. They capped the 2021 tax rates for each tax rate class at their 2020 levels. Without this action, tax rates for all businesses in classes 2-19 would likely have doubled in order to cover the benefit charges that are expected for 2021. That action will likely result in a \$172.4 million savings for the business community in 2021 compared to what they would have paid without this action.
2. They provided the UI Trust Fund up to \$920 million in CARES Act funding to rebuild the balance towards the solvency goal as required by state law and as recommended by the U.S. Department of Labor. Without this funding, the balance in the trust fund would be significantly lower than the target level leading to new solvency surcharges being placed on businesses between 2022 and 2025.

Unlike the aftermath of the Great Recession when the state first had to pay back a \$1 billion federal unemployment loan and then another \$1 billion in reserves, the rebuild amount required coming out of the pandemic is likely to be minimal to none, depending on exact economic conditions.

### Reimbursables



When COVID-19 spread, some of the hardest hit were nonprofits, and state and local governments, or “reimbursable employers.”

These organizations opt out of quarterly tax payments to the Unemployment Insurance Trust Fund and pay back the fund on a dollar-for-dollar basis when used.

The CARES Act promised reimbursable employers a 50-50 split with the federal government for any unemployment benefits paid March 15, 2020 – December 31, 2020. However, reimbursables would be required to pay 100% of their tax bill and then provide the 50% reimbursement at later date.

To correct the problem, Congress passed the *Protecting Nonprofits from Catastrophic Cash Flow Strain Act* which allows statewide agencies to simply bill reimbursable employers 50% of their tax payments.

### Integrity Efforts



Protecting the UI Trust Fund balance from fraud has always been a top priority for DEW; however, the introduction of the federal programs created new opportunities for criminals to attempt to steal money from South Carolinians.

DEW is actively combating fraud by:

- On-boarding additional fraud analysts.
- Cross referencing data with state and federal databases.
- Actively participating in identity proofing.
- Identity verification questions added to UI system.
- First payment on Pandemic Unemployment Assistance (PUA), and Lost Wages Assistance (LWA) sent as a check as an added fraud measure.
- Allowing anonymous reporting of fraud on the agency’s website.



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### The rate of the tax classes won't go up, but you may move to a different tax class.

Here are some things to understand about your rate class:

1. Businesses will not be impacted by a surcharge to rebuild the Unemployment Insurance Trust Fund in 2021. Reference the other side for more information or visit [dew.sc.gov/employers/tax/tax-rate](http://dew.sc.gov/employers/tax/tax-rate).
2. Minimizing layoffs and unemployment claims is the best way for you to keep your unemployment insurance taxes low.
3. If an individual files an unemployment claim, be sure that you respond to all agency requests for information regarding the job separation. This will ensure that only individuals who are eligible for unemployment benefits receive them and that your account and tax rate are not adversely impacted.

• **DEW ADVISED THAT THE GOVERNOR'S EXECUTIVE ORDER** include the removal of charges on contributory employers when unemployment benefits were paid as a result of COVID-19. In addition, these layoffs do not impact your assigned tax rate class for 2021.

### Reasons a businesses' tax rate class may be different from 2020.

- Your business has unemployment claims that occurred during the period July 1, 2017 through June 30, 2020 that were not COVID-19 related.
- Your employee filed for unemployment insurance benefits, and our agency did not receive a response to our request for information, creating a discrepancy between the claim and your records.

### Employer Self-Service (ESS) Portal



The Employer Self Service (ESS) Portal allows employers to manage UI benefits for their company and employees. Through the ESS, employers can:

- Upload wage information.
- Respond to wage audits.
- Address overpayments by ACH checks.
- File appeals.
- View benefits charges.
- Report an offer of work.

Find out more at: [dew.sc.gov/employers](http://dew.sc.gov/employers)

### State Information Data Exchange System (SIDES)



The State Information Data Exchange System (SIDES) helps employers respond to UI requests and improve the UI information exchange process nationwide. SIDES benefits include:

- Timely responses, avoiding late penalty assessments.
- Ensuring the proper decision on claimant eligibility.
- Reducing staff time, paper work, and postage costs.
- Reducing follow up requests and phone calls.
- Protecting sensitive employer and claimant data.
- Nationally standardized electronic data format.

Find out more at: [info.uisides.org](http://info.uisides.org)