

# SC Department of Employment and Workforce

August 24, 2020

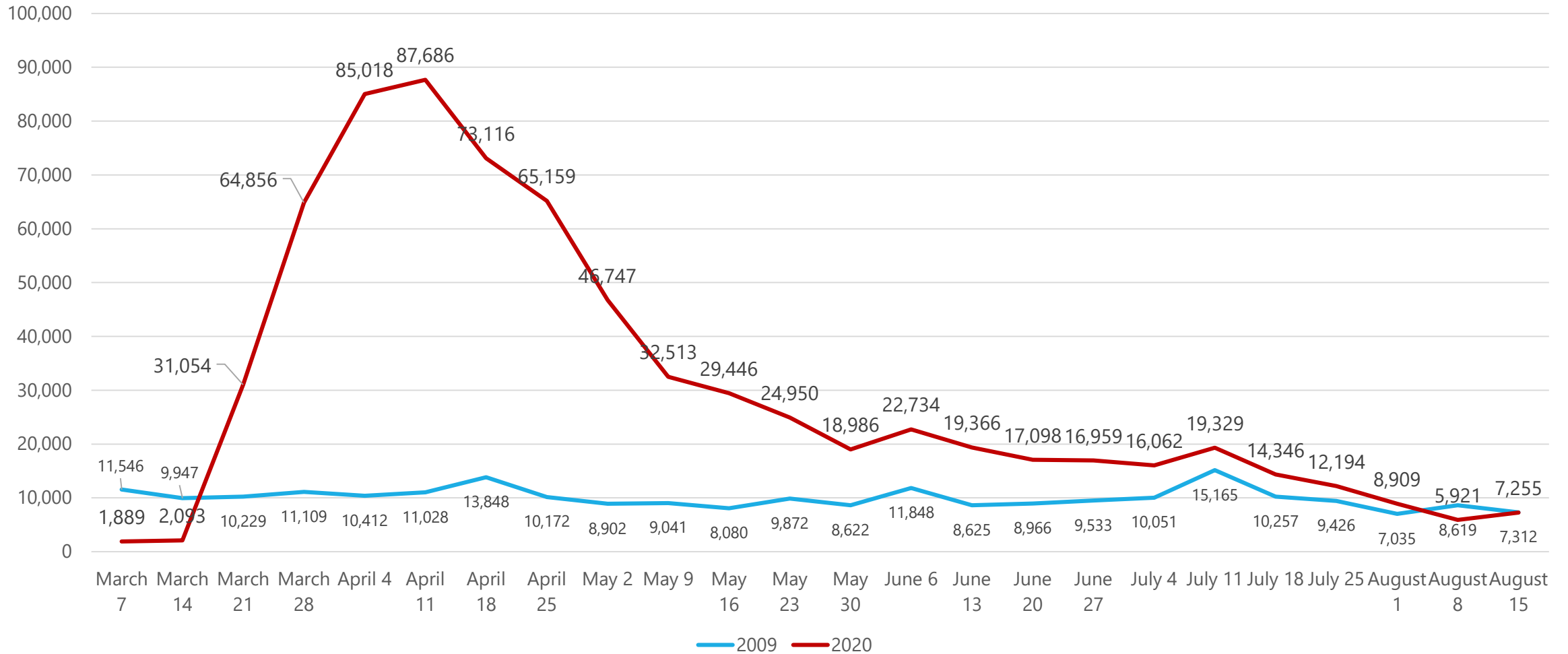


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Prepared for: South Carolina Board of Economic Advisors



# Initial Claim Comparison

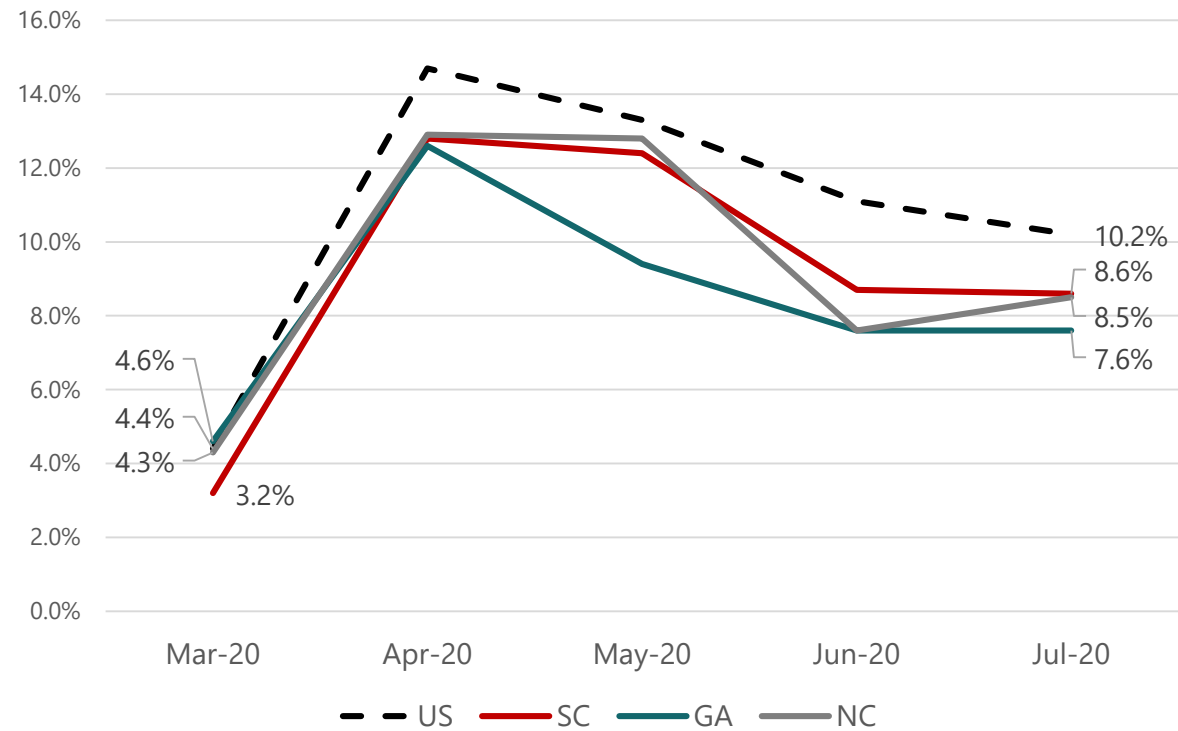


# Employment Situation

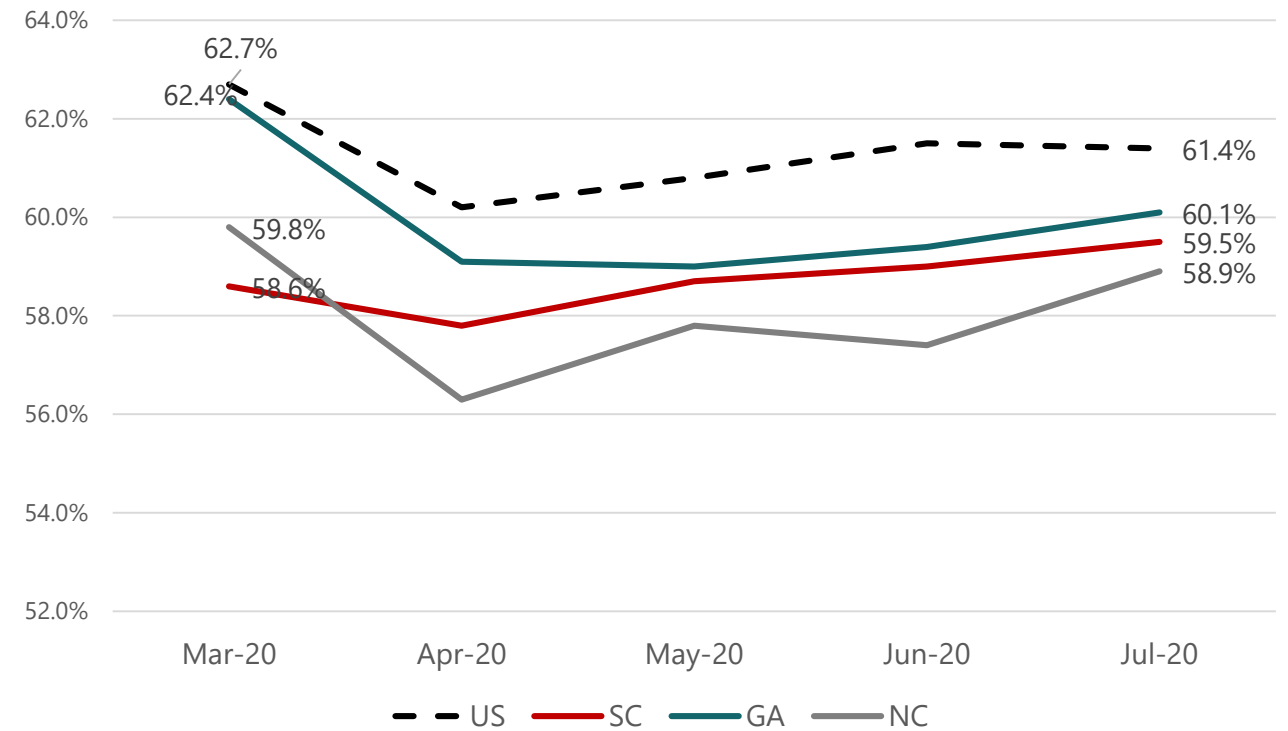
Month	Employed	Unemployed	Unemployment Rate
February 2020	2,333,224	58,631	2.5%
April 2020	2,073,470 (-259,754)	303,360 (+244,729)	12.8% (+10.3 percentage pts)
July 2020	2,242,832 (+169,362)	211,965 (-91,395)	8.6% (-4.2 percentage pts)
NET CHANGE Feb-Jul	-90,392	+153,334	+6.1 percentage pts

# Unemployment Rate and Labor Force Participation

Unemployment Rate

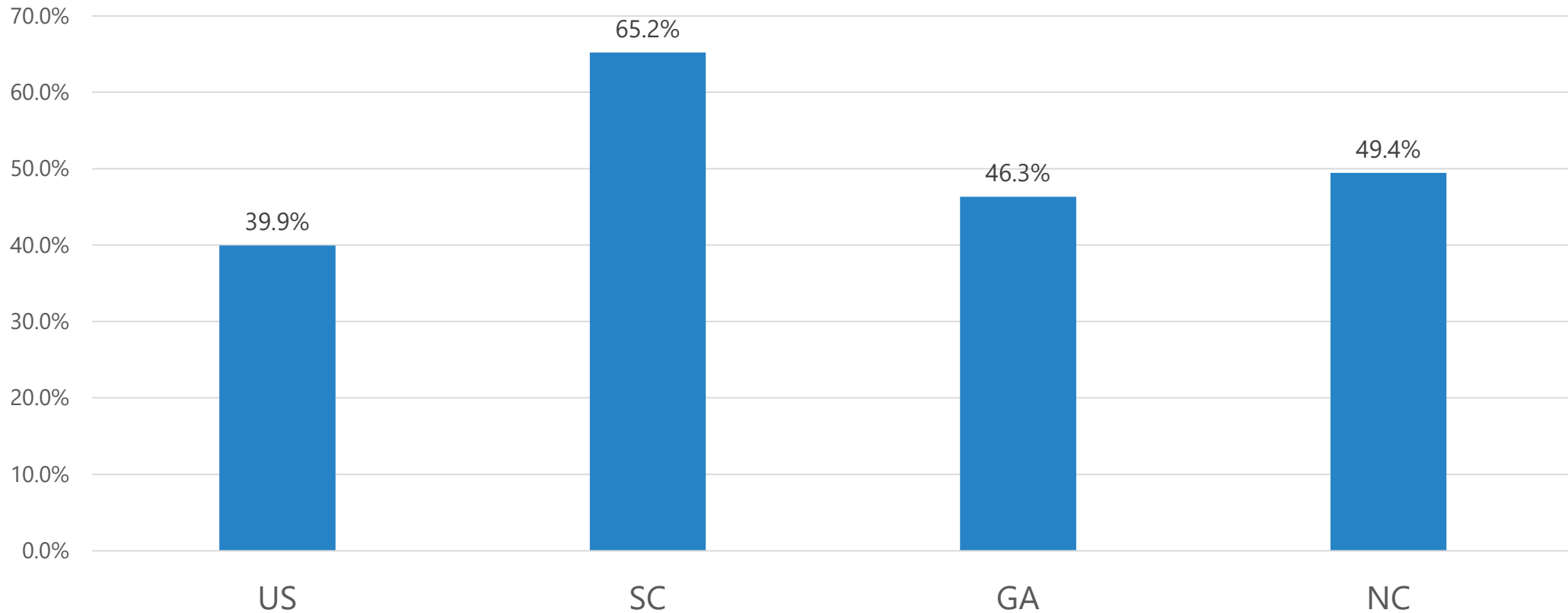


Labor Force Participation Rate



- SC labor force participation rate was less adversely impacted compared to the US or surrounding states. The unemployment rate has not recovered as significantly compared to GA.

# Employment Recovery



- Through July 2020, SC has recovered 65.2% of employment lost between February and April. This is significantly higher than the national average as well as GA and NC.





# Job Loss and Economic Impact

- Through July 2020, SC is still down approximately 90,392 employed persons. With an average weekly wage of \$892, that is a potential loss of \$80.6 million per week to the state's economy.
- Federal programs and unemployment insurance have introduced large volume of dollars in support and stimulus.
  - SC PPP Receipt: \$4.46 billion
  - SC Stimulus Checks: \$4.17 billion
  - Unemployment Benefits: \$3.82 billion *(see next slide for details)*

# Payments to Date (3/15 – 8/20)

Program	Total Paid
Regular, State UI	\$874.9 million
Federal Pandemic Unemployment Compensation (FPUC)	\$2,665.1 million
Pandemic Unemployment Assistance (PUA)	\$226.7 million
Pandemic Emergency Unemployment Compensation (PEUC)	\$49.7 million
Extended Benefits (EB)	\$8.0 million
<b>TOTAL</b>	<b>\$3,824.3 million</b>





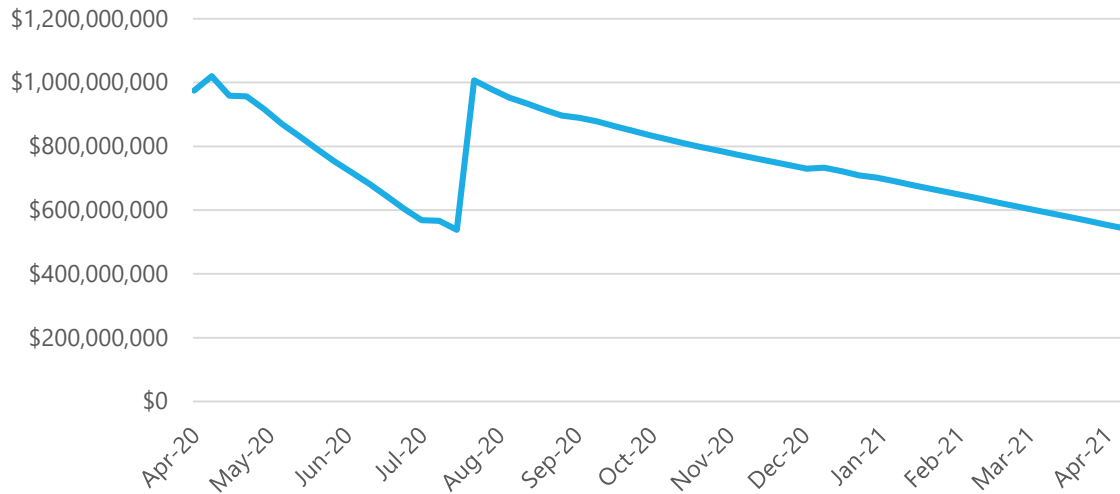
# End of \$600 Federal Supplement

- Federal Pandemic Unemployment Compensation (FPUC), the extra \$600 per week, ended as of July 31<sup>st</sup>.
- Expiration of FPUC may have changed individuals' incentives for return to work
  - Average state benefit: \$260/week
- Presidential action has created the Lost Wage Assistance (LWA) program that states are currently evaluating to determine if they will participate.

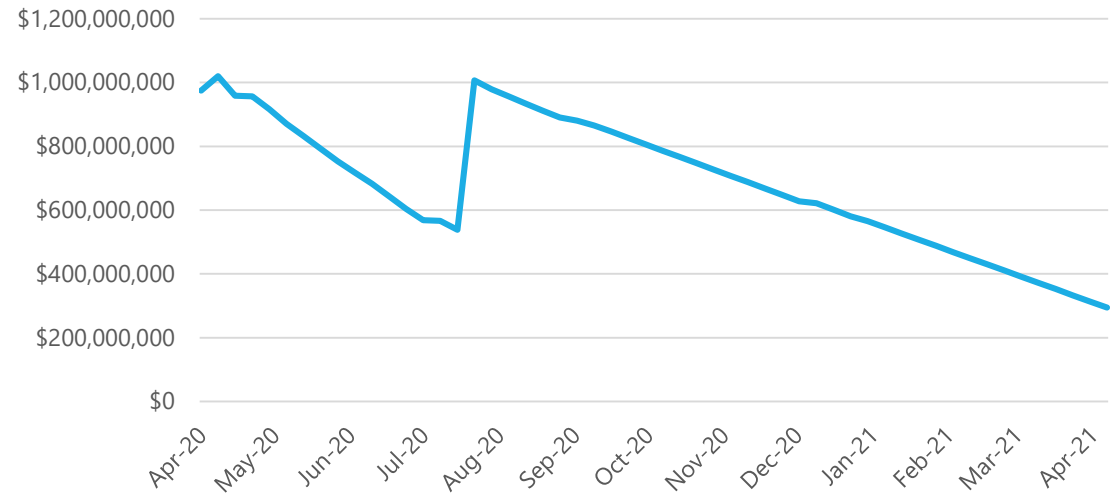
# Trust Fund Balance 8/19: \$991.2 million

Projections as of 8/19/2020

Optimistic



Pessimistic



# Trust Fund Projections

## Optimistic

Time Period	Trust Fund Starting Balance	Benefit Payments	Revenue and Adjustments*	Trust Fund Ending Balance	Cumulative Amount needed to Rebuild to \$1.1B
Jan 1 – Aug 15, 2020	\$1,093.7 million	\$881.0 million	\$794.6 million	\$1,007.3 million	\$92.7 million
Aug 16 – Dec 31, 2020	\$1,007.3 million	\$307.8 million	\$33.2 million	\$732.7 million	\$367.3 million
Jan 1 – Apr 30, 2021	\$732.7 million	\$193.2 million	\$5.0 million	\$544.5 million	\$555.5 million

## Pessimistic

Time Period	Trust Fund Starting Balance	Benefit Payments	Revenue and Adjustments*	Trust Fund Ending Balance	Cumulative Amount needed to Rebuild to \$1.1B
Jan 1 – Aug 15, 2020	\$1,093.7 million	\$881.0 million	\$794.6 million	\$1,077.3 million	\$92.7 million
Aug 16 – Dec 31, 2020	\$1,007.3 million	\$419.9 million	\$34.0 million	\$621.4 million	\$478.6 million
Jan 1 – Apr 30, 2021	\$621.4 million	\$332.2 million	\$5.0 million	\$294.2 million	\$805.8 million

# Possible Future Tax Rates

Tax Rate Class Example	2020 Cost per Worker	2021 Cost per Worker
2	\$32.34	\$62.43
12 (new employers)	\$77.00	\$163.37
19	\$292.74	\$518.24

- Costs for 2021 and going forward are expected to be significantly higher than rates experienced in 2020, an average of 95% higher for 2021.
  - Businesses may be in a weaker financial position coming out of this year and some may not be able to absorb higher tax costs.
- The \$500 million appropriation will allow the state to avoid borrowing and reduce the amount of taxes that will be needed for future trust fund rebuilding—likely CY2022-2025.