

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



Fiscal Year 2020-21 Agency Budget Plan

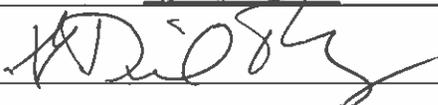
FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS (FORM B1)	For FY 2020-21, my agency is (mark "X"): <input checked="" type="checkbox"/> Requesting General Fund Appropriations. <input type="checkbox"/> Requesting Federal/Other Authorization. <input type="checkbox"/> Not requesting any changes.
NON-RECURRING REQUESTS (FORM B2)	For FY 2020-21, 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 2020-21, 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 2020-21, 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:	Shaji Kuriakose	(803)737-2571	skuriakose@dew.sc.gov
SECONDARY CONTACT:	Alfred Comfort, III	(803)737-0367	comforta@dew.sc.gov

I have reviewed and approved the enclosed FY 2020-21 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<i>Agency Director</i>	<i>Board or Commission Chair</i>
SIGN/DATE:		
TYPE/PRINT NAME:	G. Daniel Ellzey	

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

Fiscal Year 2020-21 Budget Request Executive Summary

Agency Code: R600
 Agency Name: Department Of Employment And Workforce
 Section: 83

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Unemployment Insurance Supplemental Program Funding	690,520				690,520	4.40				4.40
2							0					0.00
3							0					0.00
4							0					0.00
5							0					0.00
6							0					0.00
7							0					0.00
8							0					0.00
9							0					0.00
10							0					0.00
11							0					0.00
12							0					0.00
13							0					0.00
14							0					0.00
15							0					0.00
16							0					0.00
17							0					0.00
18							0					0.00
19							0					0.00
20							0					0.00
21							0					0.00
22							0					0.00
23							0					0.00
24							0					0.00
25							0					0.00
26							0					0.00
27							0					0.00
28							0					0.00
29							0					0.00
30							0					0.00
TOTAL BUDGET REQUESTS			690,520	0	0	0	690,520	4.40	0.00	0.00	0.00	4.40

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Unemployment Insurance Supplemental Program Funding
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$690,520 Federal: Other: Total: \$690,520
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What is the net change in requested appropriations for FY 2020-21? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	4.4
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input checked="" type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens	

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ACCOUNTABILITY OF FUNDS	<p>The agency objective associated with this request are 1.3.2, 2.1.5, 2.3.1 - 2.3.3, 4.1.1 - 4.1.4, 4.2.2, 4.2.3, 4.3.1 – 4.3.3, 5.1.2, and 5.2.1. In accordance with S.C. Code of Laws, Title 41, DEW administers the administration of the State’s Unemployment Insurance Program through establishing and maintaining UI Trust Fund solvency and providing re-employment services to SC citizens during their time of need from unemployment to employment. DEW is responsible for the collection of Employer tax contributions, the payout of UI benefits to eligible citizens and maintaining employer/claimant compliance with program requirements. The agency is committed to continuing to grow stakeholder awareness and cultivating a culture of trust through transparency.</p>
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What specific strategy, as outlined in the FY 2019-20 Strategic Planning and Performance Measurement template of agency’s accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>SCDEW would utilize these funds to supplement programmatic support in excess of federal funding levels.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>SCDEW is requesting general funds from the General Assembly for the expenditures associated with utilizing program grant funds allocated to the Appellate Panel (Panel). Those funds will be reallocated to support UI programmatic expenditures to administer the program. The Panel was created by the General Assembly in 2010 as separate and distinct from SCDEW’s divisions, and their salaries are set by the Agency Head Commission. <i>See</i> S.C. CODE ANN. § 41-29-300(B) (4). The Panel was created during the height of the Great Recession when the federal government provided additional funding to offset the cost to SCDEW of the resulting increased appeal volume. That additional federal funding has been eliminated due to the economic recovery and lower appeal volume. While SCDEW has made cost-saving adjustments involving its staff and processes, it has no authority to make such adjustments with the Panel. As a result, the cost of supporting the legislatively required Panel is fixed, even though their appeal volume has decreased, and now takes up a larger percentage of the federal funds SCDEW receives to pay for appeals functions.</p>
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM D – PROVISIO REVISION REQUEST

NUMBER	83.5
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Cite the proviso according to the renumbered list for FY 2020-21 (or mark "NEW").

TITLE	UI Tax System Modernization
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Provide the title from the FY 2019-20 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	Unemployment Insurance
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2020-21? If so, cite it here.

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

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

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 \$1,738,150 of other funds from future sale proceeds will be utilized to fund a portion the agency's unemployment tax system modernization project, including maintenance costs.</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 \$1,738,150 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.

PROPOSED PROVISIO TEXT	<p>83.5. (DEW: UI Tax System Modernization)</p> <p>The Department of Employment and Workforce is authorized to expend up to \$2,749,690 <u>1,738,150</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, 2018 <u>2020</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 2019-20 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

NUMBER	83.6
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Cite the proviso according to the renumbered list for FY 2020-21 (or mark "NEW").

TITLE	Employment Training Outcomes Data Sharing
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Provide the title from the FY 2019-20 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	N/A
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2020-21? If so, cite it here.

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

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
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>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 will be able to provide personally identifiable information (PII) related to training programs offered for WIOA to the Department of Employment and Workforce. The PII information 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.</p> <p>The revision to Proviso 83.6 is requested to ensure conformity with federal regulation, which requires SCDEW to charge the costs for disclosures of SCDEW data, including disclosures to public officials and state agencies, to the requestor of the information with limited exception. See 20 C.F.R. 603.8.</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	None.
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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.

PROPOSED PROVISIO TEXT	<p>83.6. (DEW: Employment Training Outcomes Data Sharing)</p> <p>The Workforce Innovation and Opportunity Act (WIOA) (P.L. 113-128), requires integration of training and employment data for the purposes of improving assessment of employment outcomes for the various training providers eligible to receive funding appropriated or authorized by this Act.</p> <p>(A) The department must enter into a data-sharing agreement with eligible training providers (ETPs) prior to the ETP entering student data into the Palmetto Academic Training Hub (PATH). ETPs will 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.</p> <p>(B) State agencies needing data from the Department of Employment and Workforce must meet an exception permitting disclosure, pursuant to 20 C.F.R. Part 603. Prior to providing data to a state agency, the department must enter into a data sharing agreement with the requesting 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, excluding the Department of Commerce, for costs, as described in federal and state law, for the data sharing requests. The Department of Commerce shall not be charged for costs associated with this provision.</p>
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Paste FY 2019-20 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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SUMMARY

General fund reduction of \$15,140 would equate to approximately 1,900 fewer assessments being administered during the 2020-2021 fiscal year. This is based on the current pricing of \$8.00 per assessment.

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.

AGENCY COST SAVINGS PLANS

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

TITLE	Modernization of South Carolina Benefits and Tax System.
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	<p>This improved system will focus on the integrity of unemployment benefits claims submitted for the state of South Carolina and taxes assessed & collected from employer. 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 thus decrease, saving time and money for citizens and businesses.</p>
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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.

FACTORS ASSOCIATED WITH THE REQUEST	<p>Mark "X" for all that apply:</p> <table border="1"> <tr> <td><input type="checkbox"/></td> <td>Repeal or revision of regulations.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Reduction of agency fees or fines to businesses or citizens.</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Greater efficiency in agency services or reduction in compliance burden.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other</td> </tr> </table>	<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
<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								

METHOD OF CALCULATION	<p>No general funds were used to develop or purchase of these systems. The retirement of legacy benefits and tax systems has allowed the agency to eliminate nearly \$3M of the annual software, hardware, support, consulting, and personnel costs associated with the operations of a mainframe computing environment.</p> <p>Three improved business processes - claim intake automation, auto adjudication, and the electronic filing of wage audit notices - in SCUBI (the agency's UI benefits modernization system) have saved 46,827 in staff hours to complete tasks and has constituted an estimated annual savings of more than \$1,007,813 for the agency. There are many other additional benefits from the new system that are not currently calculated in the number.</p> <p>The agency has gained enormous efficiencies with new State Unemployment Insurance Tax System (SUITS). The increase in self-service by employers, an increase in electronic wage report filings, and more tax payments being processed using an electronic payment have saved 32,663 in staff hours, and has resulted in an estimated annual savings of more than \$2 million. Again, there are many other additional benefits from the new system that are not currently calculated in that number.</p>
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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?

REDUCTION OF REGULATION	N/A
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	<p>The retirement of legacy benefits and tax systems has allowed the agency to eliminate nearly \$3M of the annual software, hardware, support, consulting, and personnel costs associated with the operations of a mainframe computing environment. Furthermore, the built-in business continuity and disaster recovery features of the new benefits and tax systems allows the agency to seek a much more modest fail-over and backup computing strategy, which allows the agency to eliminate an approximate \$225,000 annual expense for the operation of a backup mainframe data center.</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?