

Annual Accountability Report
FY 2002- 2003



*South Carolina Employment
Security Commission*

*“...to provide quality, customer-driven workforce services
that promote financial stability and economic growth”*

-ESC Mission Statement

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Section I – Executive Summary

Mission and Values

The mission of the South Carolina Employment Security Commission is to provide quality, customer-driven workforce services that promote financial stability and economic growth.

The Employment Security Commission (ESC) has traditionally been responsible for paying unemployment insurance benefits, collecting unemployment taxes, finding jobs for people, and collecting federal employment statistics. While these functions haven't changed, customer needs and service delivery methods have. As the leading workforce development and labor exchange agency in the state, ESC continually adapts to the demands of new technology and the global economy. Our main goal is to match job seekers with employers quickly and effectively, and we offer a variety of services to assist both groups.

The thrust of our new focus can be summarized in two words - customer satisfaction. We believe in excellent customer service and effective results.

The Employment Security Commission values are:

- The customer comes first! ESC is the acronym, not only for Employment Security Commission, but also for “Effectively Serving Customers.”
- All employees will be partners in change, providing meaningful input into the improvement of the Agency's operations.
- Key results and performance will be linked to long-term planning.
- Open communication, both internal and external, will be promoted continually.
- The latest technology and resources will be used to continuously enhance customer service.
- New opportunities to build public and private partnerships will be sought continually.
- ESC will maintain a diverse, professional, well-trained, motivated, and dedicated workforce.

Key Strategic Goals for Present and Future Years

- Increased employee awareness of Agency's policies, programs and services
- Increased public awareness of Agency's programs and services
- Improved customer service
- Quality workplaces for all employees
- A prepared workforce
- Collaborative partnerships
- Improved communications

Opportunities and Barriers

Opportunities

- Ongoing efforts to enhance customer service, particularly for businesses
- Continue development of employee training programs
- Creation of a committee to study workforce planning needs of the Agency
- Alternative funding possibilities through grants to supplement federal funds
- Enhance linkage between the ESC-based S.C. Occupational Information System (SCOIS) and One-Stop Workforce Centers (SCOIS software provides detailed information on career and training opportunities)
- Continue improvement of internal communications through e-mail and the Agency's Intranet and Internet websites
- Increase emphasis on business development and employer relations
- Continue employer-focused outreach efforts, similar to the "Job Market Monday" feature with WIS-TV in Columbia
- Pursue a new and improved system for publicizing ESC and One-Stop Workforce Centers through SCETV's new digital South Carolina Channel to debut in Fall 2003
- Successful implementation of a new Unemployment Insurance (UI) tax system
- Establishment of an integrated automated scheduling and case management system for UI appeals
- Information technology funding for projects such as upgrading infrastructure and introducing voice recognition to assist in the prevention of fraud, as well as electronic funds transfer for benefit payments

Barriers

- Major cutbacks in state and federal funding
- Lower salaries than the private sector, making it difficult to retain qualified employees
- Heavy workloads and staff reductions
- Lack of a formalized needs assessment process or system
- Limited efforts to build effective statewide and local collaborative partnerships
- Lack of a systematic approach for monitoring employee and customer satisfaction
- Lack of an effective method for monitoring new and existing human resource management systems

Major Achievements Over the Past Year

- Internal communications have improved significantly with the January 2003 initiation of *On the Job Today*, an agency-wide newsletter e-mailed to each employee every Monday.
- Many divisional and departmental policy and procedures manuals were added to the Agency's Intranet site, thereby improving accessibility of information to employees.
- During the economic slowdown, the Agency sponsored or collaborated with partners on more than fourteen job fairs or business expos across the state, serving over 60,000 people.
- The success of the "Job Market Monday" partnership with WIS-TV in Columbia each Monday night continues to provide excellent exposure to ESC and the One-Stop Workforce System partnership in the Midlands and around the state.
- The Agency's Media Services section of the Communications Department won a Telly Award for video production for the second consecutive year.
- A toll-free information line for labor market information was operated and enhancements were made.
- Flexibility was emphasized within the Agency through extended operation hours, a "business casual" dress code, adjustable work schedules, and cross training.
- A committee was established to study workforce-planning needs of the Agency.
- Development of a UI tax system was continued with implementation expected in FY 2003-04.
- The capability to take initial claims via the Intranet, as well as the Internet, was implemented.
- The Agency's On-the-Job-Training Program was redesigned and a national Department of Labor Recruitment Award was received for efforts in the Job Corps Program.
- Assistive technology was installed in many One-Stop Workforce Centers to accommodate disabled clients.
- Bilingual personnel, signs, and literature were provided to assist the growing Spanish-speaking population in the state.
- The Agency remains a leader, nationally, in the promptness of decisions on lower authority appeals, with a quality rating of 100%. Approximately 99% of lower authority appeals decisions were issued within 30 days.
- A "Virtual One-Stop" System was developed to provide client management and federal reporting capabilities for the Workforce Investment Act (WIA) program.
- Many human resource management policies and procedures were implemented, addressing issues related to Occupational Safety and Health Administration (OSHA), wellness, security, and training.
- A comprehensive staff development and training initiative provided induction, professional development, supervisory, leadership/management, and technology training to Agency employees and partners.
- Comprehensive career and educational information was provided statewide through the Agency's SCOIS at 611 sites in schools, libraries, and One-Stop Workforce Centers.

Continuous Improvement

The Accountability Report serves as the foundation of the Agency's strategic planning process. This process involves the assessment of customer needs and the design of Agency programs and services as set forth in the plan, as well as an on-going evaluation of performance against established benchmarks and standards. A primary function of the Accountability Report is to inform. In this regard, the report provides a comprehensive overview of the Agency, which can be easily disseminated to employees, other state agencies and partnering organizations, and customers.

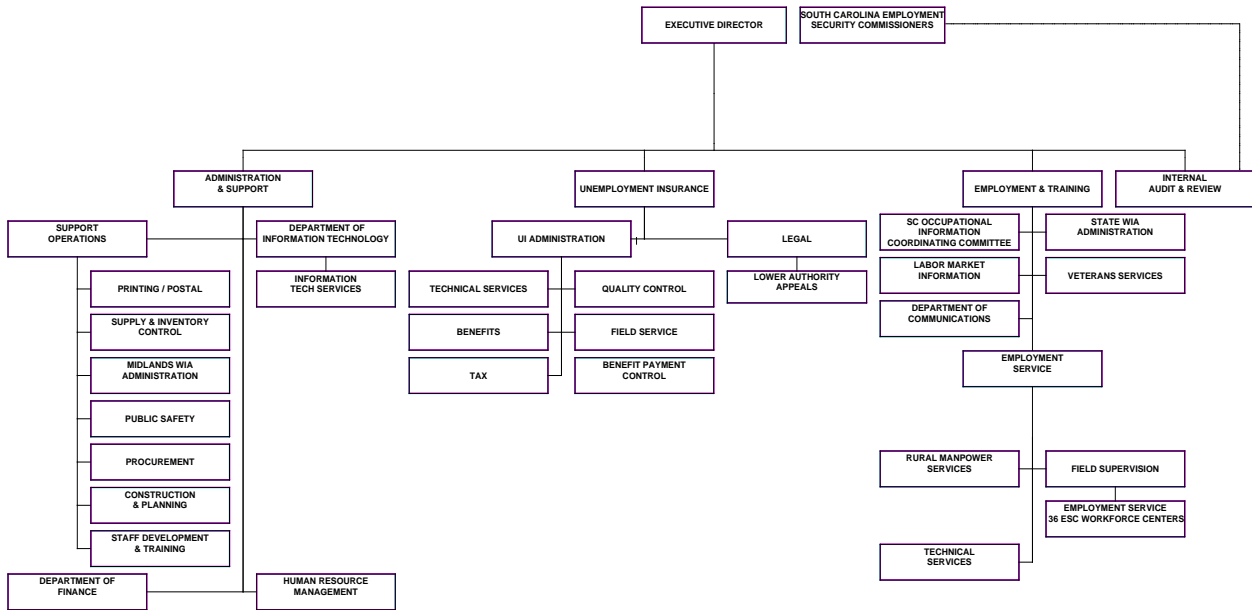
Section II -- Business Overview

The Employment Security Commission (ESC) is the leading workforce development and labor exchange agency in the state. ESC is responsible for the payment of Unemployment Insurance (UI) benefits, the collection of unemployment taxes, job placement and federal employment statistics. Our main goal is to match job seekers with employers quickly and effectively, and we offer a variety of services to assist both groups.

ESC works in concert with the federal government to preserve national economic stability. Funds come from payroll taxes paid by employers. These funds underwrite UI claims and the public employment service. (Administrative funds, it should be noted, are federal dollars that come from a portion of the tax paid by state employers.) ESC is also an active partner with business and industry, working with employers to hold down tax rates, and working hard to reduce the time that any worker is out of a job. At the state and local levels, special employer advisory committees actively work with ESC to ensure that all employment security programs are designed to meet the needs of business, and to ensure that the private sector has a strong voice in issues affecting employment and training of South Carolinians.

Organizational Structure

SOUTH CAROLINA EMPLOYMENT SECURITY COMMISSION
ORGANIZATION CHART
June 30, 2003



Number of Employees

At the end of FY 02-03, ESC had 1066 full-time employees and 167 temporary employees.

Operation Locations

ESC operates a network of offices serving all forty-six counties of the state. This includes thirty-five workforce centers, eleven itinerant points, two administrative offices, and a warehouse. In addition, a limited number of staff are assigned to provide services at six other locations.

The locations of the workforce centers are: Abbeville (Branch Office), Aiken, Anderson, Barnwell, Beaufort, Bennettsville, Camden, Charleston, Chester, Clinton, Columbia, Florence, Gaffney, Georgetown, Greenville, Greenwood, Hampton, Hartsville, Kingstree, Lancaster, Lexington, Liberty, Marion, Moncks Corner, Myrtle Beach/Conway, Newberry, Orangeburg, Rock Hill, Seneca, Spartanburg, Summerville, Sumter, Union, Walterboro, and Winnsboro. The itinerant point locations are: Allendale, Bishopville, Chesterfield, Denmark,

Dillon, Edgefield, Manning, McCormick, Ridgeland, Saluda, and York. Additionally, staff is assigned to provide services at non-agency facilities in Anderson, Charleston, Hartsville, Marion, and Spartanburg.

The Administrative Offices - the Robert E. David Building, the C. Lem Harper, Sr. Building, and the warehouse - are located in Columbia, SC.

Base Budget Expenditures and Appropriations

Major Budget Categories	01-02 Actual Expenditures		02-03 Actual Expenditures		03-04 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$39,809,298		\$41,432,209		\$48,096,449	
Other Operating	\$15,071,573	\$212,374	\$13,774,749	\$193,663	\$13,583,801	\$177,827
Debt Service	\$327,523		\$951,917		\$394,666	
Permanent Improvements	\$96,528		\$1,201,131			
Case Services	\$2,578,975		\$4,395,364		\$3,300,000	
Distributions to Subdivisions	\$36,065,446		\$44,210,820		\$35,183,195	
Fringe Benefits	\$10,897,884		\$11,580,635		\$17,011,615	
Non-recurring						
Total	\$104,847,288	\$212,374	\$117,546,825	\$193,663	\$117,569,726	\$177,827

Other Expenditures

Sources of Funds	01-02 Actual Expenditures	02-03 Actual Expenditures
Supplemental Bills	\$0	\$0
Capital Reserve Funds	\$0	\$0
Bonds	\$0	\$0

Interim Budget Reductions

Total 01-02 Interim Budget Reduction	Total 02-03 Interim Budget Reduction
\$14,569	\$18,111

Description of Services

Job Seeker Services

Individuals seeking to locate employment have full use of all services available to them in their job search. Job seekers who register with a workforce center are included in a database of available job seekers and matched with current job openings in the area. The system also refers qualified individuals to the employer for interviewing. Each workforce center is equipped with a resource area designed to give applicants self-service access to the latest technology for Internet job searches, the best resources for producing professional resumes, tools to evaluate their work skills and needs, and access to employer information. Information is also available to all applicants regarding training services, as well as referrals to other agencies and services designed to help individuals re-enter the workforce.

Employer Services

Employers have access to a full array of services to assist them with their workforce needs. Employers are encouraged to post job openings with ESC, which builds a database of job openings in the state. A job matching system is in place to match applicants with employers based on the requirements of the job. Specialized services such as recruiting, screening, and scheduling interviews of potential applicants are provided to employers. Employers experiencing or anticipating layoffs may receive additional services to help prepare their workforce for the separation. These services may include group orientations, on-site registrations, or on-site filing for Unemployment Insurance (UI) benefits.

Administering the State Unemployment Insurance (UI) System

The UI system is funded through an unemployment insurance tax levied against employers, to assist workers who may become unemployed. Workers who are unemployed or partially unemployed may apply for UI benefits. Application for benefits can be accomplished several ways – by visiting the nearest workforce center, electronically via the Internet, or by the worker’s employer (if he or she is still job-attached). After the initial application is taken, the employer is notified of the claim being filed. Statements are taken from the applicant and the employer as to the reason for separation and then a determination is issued. Should either party disagree with the final decision, they may initiate an appeal process. Once the benefit year begins, claimants file weekly by phone or by mail. Each claimant’s status will be reviewed periodically as he or she continues to receive benefits.

Administering the Workforce Investment Act Within South Carolina

ESC serves as the administrative entity for the Workforce Investment Act (WIA) in South Carolina and works in conjunction with the State Workforce Investment Board to provide planning and policy development for WIA and the Welfare to Work (WtW) program. WIA made provisions for the “one-stop” delivery system within twelve local areas that were established in the state. Each area has developed a system to provide core, intensive, and training services to customers seeking employment, designed to make them self-sufficient. Access to core services is available to all customers. Intensive services and training may be available to those customers that need extra help in finding a job or re-entering the workforce.

One-Stop Workforce Center Operator

WIA legislation provided that at least one comprehensive one-stop workforce center be designated in each of the twelve areas. The workforce center coordinates with various other agencies (partners) to provide the full array of services required under the Workforce Investment Act. Additional sites (satellite locations) can be established, if the need is determined by the Workforce Investment Board (WIB) in that area. The entity that operates a comprehensive workforce center or satellite location is determined by a competitive bidding process. Each area WIB seeks bids from those entities that can operate a one-stop workforce center, complying with WIA legislation. There is a total of fifty-two one-stop workforce centers in the state, seventeen of which are comprehensive sites and thirty-five of which are satellite sites. Of the seventeen comprehensive one-stops in the state, ESC currently operates thirteen. In addition, of the thirty-five satellite sites, ESC operates twenty-four of those. In the satellite offices, all basic services are provided. Additional services may be available on a limited basis.

Labor Market Information Services

ESC, in conjunction with the Bureau of Labor Statistics, provides a broad array of statistical data in various formats. The data provided are for use by job seekers, employers, educators, planners, economists, students, and others. Data are presented in publications, articles, news releases, pamphlets, and the Internet. Special data requests are often received. Types of data available include unemployment statistics, recent industrial employment numbers, occupational data, and wage survey results.

The South Carolina Occupational Informational Coordinating Committee (SCOICC) is also housed in the Agency. SCOICC operates the South Carolina Occupational Information System (SCOIS). This system was designed to address the need for career information in the state. It is available in all workforce centers, many school districts, and various other sites. Users may access computer software that offers resources to assess their skills and interests. This assessment is matched with potential occupations. Additionally, the user may review all available information pertaining to that occupation and locate facilities that offer the specific training required.

Other Specialized Services

Certain segments of the workforce also receive specialized services in the workforce centers. Veterans are given preference with registration, referrals to job openings and have designated program specialists to assist them. The Agency also monitors the employment and living arrangements of migrant and seasonal farm workers very closely. In addition, the Department of Labor has designated ESC as the coordinator for the Alien Labor Certification (ALC) and Work Opportunity/Welfare-to-Work Federal Tax Credit programs.

Economic Development Services

ESC is one of the main providers of data to economic development agencies around the state. The Agency distributes data on the general economic status of the state to various colleges and universities, as well as the general public, on a monthly basis. Companies considering relocation to South Carolina can find the data needed to make an informed decision.

Section III - Elements of Malcolm Baldrige Award Criteria

1.0 Leadership

The senior leadership of the Employment Security Commission consists of three levels: the executive staff, the senior leadership team, and the senior management team. The executive staff is comprised of the executive director and the three deputy executive directors. The senior leadership team is comprised of the executive staff and the seven department heads. The senior management team is comprised of the senior leadership team and the twenty-six management staff.

1. How do senior leaders set, deploy and communicate: a) short and long term direction; b) performance expectations; c) organizational values; d) empowerment and innovation; e) organizational values; f) organizational and employee learning; and g) ethical behavior?

1.1a-g – In fiscal year (FY) 2000-2001, the Agency established a strategic planning process to facilitate a systematic approach for future improvement efforts. Senior leadership continues to set, deploy, and communicate short-term and long-term directions that are part of the strategic plan. This is accomplished primarily through an Annual Administrative Planning Session, which was also initiated in FY 2000-2001. Follow-up planning sessions have allowed senior

leadership to come together and work toward building a more effective vision for the Agency. In addition, the planning sessions allow senior leadership to identify progress over the past year and discuss goals and future implementation. The senior leadership team is continuing to work toward effectively communicating, throughout the Agency, the vision and goals set forth in the planning sessions.

Performance expectations are clearly defined and communicated to individual employees and departments. Use of the Employee Performance Management System (EPMS) allows employees to know what is expected of them and how they will be evaluated on their job performance. Reviews of departments and divisions are also in place. Over the past year, division and departmental meetings have continued weekly to communicate short-term performance expectations and also to facilitate more frequent progress reviews.

The Agency's organizational values are based on the following: promoting total employee involvement, producing superior products, seeking additional public and private partnerships, promoting greater use of technology, accepting daily change, encouraging teamwork, and striving for increased community involvement. Senior leadership communicates a focus on these values by stressing their importance to employees throughout the year, and through further development of action plans during the administrative planning session. The overall Agency plan, including organizational values, has been added to the Agency's Intranet for review by all employees.

In order to help employees better serve the Agency and its customers, the senior leadership team promotes training opportunities, both internally and outside the Agency, for all employees. Internally, the Staff Development and Training Department was commissioned to develop a training track to facilitate specialized training for employees in subjects related to the overall ESC mission and customer focus. This training program consists of induction training, supervisory training, and management training. The training program began July 1, 2002 and twenty employees completed the training.

Standards for ethical behavior are communicated to each employee upon hiring. Employees are given a written copy of the Guide for State Employees developed by the State Ethics Commission. Employees then sign an acknowledgement form certifying that they understand the issues involved. An employee handbook further details ethical behavior.

2. What is the process used by senior leaders to focus on customer service/effectiveness? Internal Customer Satisfaction?

1.2 Senior leadership continues to actively promote a focus on customers by reinforcing improved customer service as one of the Agency's overall goals. Senior leadership continues to evaluate Agency programs, services, organizational structure, and financial resources in order to ensure that services are meeting the needs of customers and are continually being improved. The Employee Recognition Awards Program, instituted at the end of FY 2001-2002, provides for instant recognition of employees who provide excellent service to customers. Over the past year, continued enhancements to customer service were made.

3. What is the process used for review of key organizational measures by senior leaders?

1.3 - Organizational measures reviewed by senior leadership include the following: customer satisfaction; mission accomplishment; human resource effectiveness; procurement effectiveness; process management; asset management effectiveness; administrative support effectiveness; employee satisfaction and involvement; staff development; and local and federal grant effectiveness. These measures are reviewed through written reports, and through weekly and quarterly department and division meetings. Actual results are reported in Category 7 (Business Results).

4. What is the process used by senior leaders to self-assess management effectiveness and that of other managers (including employee feedback)?

1.4 - Over the past year, senior leadership continued to take action on a wide range of issues identified by employees. As a direct result of employee feedback, senior leadership has addressed specific issues and made improvements in day-to-day operations and services. Weekly division meetings have provided more frequent updates and performance reviews. As a result, senior management has instituted a more integrated approach for delivering services by breaking down barriers between departments.

5. How does the organization address the current and potential impact on the public of its products, programs, services, facilities and operations, including associated risks?

1.5 - Senior leadership continues to examine and address the current and potential impact of Agency services on the economy and the population of South Carolina. During FY 2002-2003, extended local office hours were continued in some areas to better serve the public during the economic downturn. More local decision-making authority for public service improvement is also encouraged. Senior leadership continues to actively monitor legislation at the state and federal level, which would affect services to the public. Senior leadership also continually reviews current trends and labor market data to stay abreast of issues impacting the Agency's service to the public.

6. What is the process for selecting key organizational priorities?

1.6 - Key organizational goals and priorities are communicated through the strategic planning process and the development of action plans. This is reinforced and revisited through weekly division meetings and through consistent communication between senior leadership and staff on a frequent basis. Divisions, departments, units, and employees are required to evaluate their individual roles and progress toward accomplishing Agency goals.

7. What is the extent of participation in improving the community?

1.7 - The Agency and its senior leadership actively support and strengthen communities by strongly encouraging employee involvement in civic clubs, chambers of commerce, Workforce Investment Boards, economic development groups, and various other community oriented groups or committees. The Agency also is represented on the board of Koban Columbia, Inc., a non-profit organization designed to provide opportunities to "at-promise"

youth and their families. For local area directors, the Agency provides assistance with organizational membership fees. Staff is encouraged to be involved in programs that will provide exposure for ESC and the services provided to job seekers, businesses, and the community at large. In addition, the Agency participates in and sponsors local and regional job fairs to provide assistance within various communities around the state.

2.0 Strategic Planning

1. What is your strategic planning process, including participants?

2.1 The Employment Security Commission continues to build upon a systematic strategic planning process which began in FY 2000-2001. The process was designed to involve all employees, from senior leadership to entry-level staff. Input was also received during FY 2001 from employer councils and Workforce Investment Boards, as well as an Agency-appointed Baldrige Self-Assessment team to improve goals for FY 2002-2003. By collecting input from a variety of sources, the Agency strives to achieve balance in all aspects of performance. Since its inception, the strategic planning process has aided senior leadership in determining a specific mission with clearly defined goals.

Initial development began with each department creating a one-year and a five-year plan. Departments were challenged to identify services provided, customers, performance goals and objectives, strategies to be used, and key external factors affecting operations. Each first-line supervisor was asked to meet with his/her staff to determine the unit's role, and to develop an action plan. Then, departments compiled individual unit plans to develop the departments' overall one-year and five-year plans. This included identifying organizational structure, a mission statement, and departmental goals and objectives. Departments were also asked to identify the business they were in, including services, customers, competitors, and growth. The departments identified external influences, including economic and budgetary factors. Departments examined their available capabilities, their outside image, strengths, and future assumptions. The allocation of resources -- including people, equipment, space, and information -- was also examined in this initial phase. The Agency is continuing to further develop strategies for human resources, finance, and information technology, along with other resource plans to be included in the future. Finally, departments identified programs and projects necessary to achieve their goals and objectives. Through this process, senior leadership is able to determine if resources are effectively allocated to meet set goals and objectives.

2. How do you develop and track action plans?

2.2 - The Agency's strategic plan centers around five overall agency goals. Since the inception of the strategic plan, action plans are continually identified and delegated to the appropriate division or department for implementation. During the past fiscal year, a general review and analysis meeting was held to monitor progress toward implementation of departmental goals and objectives that support the overall strategic plan. At this meeting, each

department gave oral and written progress reports to senior leadership. Since that time, weekly progress reviews take place at division meetings. These meetings allow the continual reinforcement of goals and objectives to all staff.

As the strategic plan is updated and further developed during FY 2002-2003, additional benchmarks and metrics will be identified and modified on an ongoing basis. Overall action plans continue to be developed and refined at the Annual Administrative Planning Session, which is the most significant tool for reviewing and refining the Agency's strategic plan. The strategic planning process will continue to be updated yearly and made more specific so each division and department will have clearer guidelines on how their progress will be measured.

3. How do you communicate and deploy your strategic objectives, action plans and performance measures?

2.3 - After the Annual Administrative Planning Session, the Agency's overall strategic plan, including objectives, action plans, and performance measures, are communicated and disseminated to the various divisions and departments. Meeting at the division and department level also allows for greater communication of agency goals. Efforts are currently underway to establish a more systematic approach for communication of the plan to all employees.

4. What are your key strategic objectives?

2.4 - Our key strategic objectives center around fulfilling the Agency's mission: operating a labor exchange system that helps the unemployed citizens of South Carolina return to work, pays unemployment benefits, and works with the business community to fill openings with qualified applicants.

5. If you have a strategic plan posted on your agency's Internet home page, please provide the web site address.

2.5 - The strategic plan is not currently listed on the Agency's Internet home page.

3.0 Customer Focus

1. How do you identify key customers and stakeholders, and what are their key requirements?

3.1 Key customers and stakeholders are identified through the annual planning process. Some ESC customers are identified based on federal and state legislation that defines services and eligibility. The US Department of Labor (USDOL) provides the funding for most of the program activities and determines much of the service mix. Many of the performance measures and deliverables are specified through contracts and grants with the USDOL. Other customers are identified based on their individual needs for employment-related information and services. These include the following: job-seekers, including employed, unemployed and underemployed; businesses; unemployment insurance customers; state government agencies;

federal government agencies; local government agencies; colleges, universities, technical schools and other educational entities; economic development officials; chambers of commerce; Workforce Investment Boards (WIBs); one-stop partner organizations, both private and public; the legislature; Agency employees; and the general public. Although concentration is on South Carolina citizens, information and services are also available through web-based applications, providing access to job and labor market information to any individual or company. Customer and stakeholder requirements are identified through surveys, focus groups, interviews, direct customer feedback, monitoring of forums, monitoring of legislative activity, workshops, conferences, and observation.

2-3 How do you keep your listening and learning methods current with changing customer/business needs?

- ***What is your process for obtaining customer information?***
- ***How are needs communicated to relevant parts of the organization?***
- ***How is information obtained and used to improve services/products? How are priorities determined?***
- ***Do you have a complaints management process? How does it work?***

3.2 – 3.3 - ESC offers multiple information and access points to our customers including the Internet, job fairs, toll-free numbers, and numerous other outlets to improve our listening and learning methods. Through continuous feedback, the Agency determines the most effective means of reaching the public it serves. Working with partner organizations under the Workforce Investment Act (WIA), one-stop workforce centers are designed to meet the specific requirements of each local area and its customers through job placement, training, providing labor market information, and other workforce development services. Summits are held with the twelve Workforce Investment Board chairpersons to identify needs around the state. Youth Council and Faith Based Council meetings are also held to get specialized input for services. Besides partner input, the following methods are used to gather customer recommendations: focus groups of employers and job-seekers; surveys on the Agency website; advisory groups; surveys in publications; self-appraisal surveys; required surveys of program participants under WIA and other special programs which track outcomes of customers; required surveys of businesses; customer service sections within the Agency; training evaluation forms; participation of staff in local chambers of commerce, Jaycees and other similar group activities to gauge community needs; and attendance at state and national conferences to stay attuned to the best practices in customer service. Customer comments are solicited in person, by written survey, by telephone and through other technology. One example is the survey of both program participants and businesses under the Workforce Investment Act. That survey is a phone-driven survey, operated by the Employment & Training Institute (ETI), which uses the methodology of the American Customer Satisfaction Index (ACSI). ETI is currently surveying employers and WIA participants and has a subcontract to review Employment Services. By using ACSI, results can be compared with other governmental agencies and private organizations. Agency information and emphasis is communicated through an internal weekly e-mail newsletter, "On the Job Today".

The Agency has a complaint management process that includes EEO complaints as well as ES and UI complaints. Posters are located at workforce centers alerting customers of complaint procedures. Offices are staffed with specialists to assist with complaint intake. Additionally, all WIA participants are given a grievance rights handout outlining procedures and contact information regarding complaints.

4. How do you measure customer/stakeholder satisfaction?

- ***What is the process used to develop key measures? What are they?***
- ***How are they communicated/used?***

3.4 – The Agency continually evaluates customer requirements and satisfaction results that guide the level and delivery of services.

USDOL has established seventeen core performance measures which must be satisfied under the Workforce Investment Act (WIA). These measures are part of the USDOL WIA regulations and are incorporated in each Local Workforce Investment Area's (LWIA) five-year plan. Additionally, local Workforce Investment Boards (WIBs) set general policy guidelines for the operation of one-stop workforce centers in their specific areas. Agency staff serves on these boards along with business leaders, educational representatives, and local elected officials. To meet the needs of the business community and provide a skilled workforce, WIBs evaluate customer needs and determine the best possible service mix and operation design for their area. Under WIA, questionnaires and the ACSI are used to solicit feedback from businesses and program participants. Program and performance data are provided to these oversight groups based on the actual services provided to customers during a fiscal year. ESC regularly monitors each area to ensure understanding of and compliance with governing federal regulations and local area policies. In the Unemployment Insurance program, ESC is evaluated annually according to federally mandated performance measures, with results compared regionally and nationally. In FY 2001-2002, South Carolina was recognized by the USDOL as the best overall state in terms of UI performance in the Southeastern Region. FY 2002-2003 results have not yet been released.

ESC places priority on customer service, making structural changes to better serve customers and increase emphasis on marketing services. Staff is dedicated specifically to marketing and customer support. The Agency has a secret shopper contract to objectively evaluate services in workforce centers. Toll free numbers and fax- on-demand features have been added to provide easy access to information. Agency products and brochures, developed by the Labor Market Information Department, are evaluated by the customers who receive these services. The Agency continues to train employees how to deal effectively with customers. Employees are cross-trained in other programs to handle customer requests more efficiently. All customer complaints receive individual attention and follow-up.

5. How do you build positive relationships?

- ***What is your process for building relationships?***
- ***Do you use different methods for different customer groups?***
- ***If so, what are they?***

3.5 – The Agency has different services and accommodations available to build positive relationships with various customer groups. ESC operates programs that specifically deal with specialized groups such as: veterans, disabled veterans, Native Americans, youth, those needing adult education and literacy activities, and the senior community and older Americans. Outreach efforts are in place to provide agency services to migrant and seasonal farm workers. Services have also been established for customers with barriers, including Limited English Proficient (LEP) individuals and those covered by the Americans with Disabilities Act (ADA). Assistive technology equipment has been purchased to assist those with barriers. Accommodations have been provided for the technologically savvy and for those customers preferring paper documents. The Agency has a statewide employer representative to coordinate with the South Carolina Employer Committee (a business-minded focus group) to identify employer/business needs and to improve relationships between the Agency and businesses. The Statewide Partners Group meets quarterly to address improving relationships and includes the senior management of the partners in the one-stop system. The Agency tracks new applicants and renewals, as well as applicants placed and applicants employed. More concentration has been placed on referrals to supportive services, and in providing employment after services rather than in the direct placement goals of the past. Efforts to build positive relationships include recognition of those providing outstanding service and for those with outstanding achievements by International Association of Workforce Professionals (formerly International Association of Personnel in Employment Security) through nominations and awards. This professional organization, whose name was recently changed, is an example of building positive relationships. The organization expanded its membership to include partner organizations and other interested parties.

WIA awards also recognize exemplary performance and achievements of Local Workforce Investment Areas (WIAs), partners and participants. These awards highlight the need for all levels to work together to achieve our objectives.

4.0 Information and Analysis

1-3 How do you decide which operations, processes and systems to measure? How do you ensure its reliability for use in decision-making?

- *Process for developing key measures?*
- *Linked to strategic goals?*
- *How is data accuracy determined and maintained? How is it used in decision-making?*

4.1 - 4.3 – The USDOL establishes measurement systems for all employment security agencies throughout the United States and measures are set for the various funded programs within the Agency. Senior leadership, after ensuring compliance with USDOL mandates, further defines which operations, processes, and systems to measure. In some program areas the agency participates with other states, consortiums, and private companies in the establishment of common solutions to meet the operations and process system measurements as defined. These measures are part of the agency's overall strategic plan.

Within ESC, internal operations data are reviewed by management to ensure that accurate indicators of services are provided. Through established monitoring systems, the quality, reliability, and availability of data are reviewed to ensure accuracy in accountability necessary for decision-making. Operational data are continually utilized in making programmatic decisions for UI, E&T, LMI, and WIA programs. Specialized departments such as UI Technical Services, E&T Technical Services, and State Workforce Investment Administrative Department (SWIAD) are utilized to provide supervision to these programs. Services provided include, but are not limited to:

- Interpretation and dissemination of federal regulations and directives
- Preparation and distribution of procedures, policy manuals, and forms
- Establishment of Plan of Service objectives and goals for each office, with periodic reviews and reports being forwarded to management on accomplished progress
- Evaluations, training, and/or special studies conducted as necessary

Operational data gathered from individual program areas are currently available to senior leadership, managers, and end-users on request. This data is reviewed weekly, monthly, quarterly, and annually, based on various programmatic requirements, and is used for decision-making purposes.

4. What is the process for selecting and obtaining comparative data?

4.4 - South Carolina is compared to the other 49 states (and to the other employment entities in Washington, D.C., Puerto Rico, and the Virgin Islands) by the USDOL, which "grades" the performance of each agency in various programs. This measurement system defines the data that must be collected to provide performance reporting. The Agency is also compared to the eight other states within our region and has won the USDOL's Regional Office Award for Best Overall Performance in eight of the last twelve years. Internally, we compare similar offices at local levels to provide an informative overview of performance, with awards given to the best at each level.

5.0 Human Resources

1. How do you encourage and motivate employees to develop and use their full potential?

5.1 - The Agency encourages and motivates employees through innovation and flexibility. Numerous policies and procedures are utilized as tools to motivate, such as a recognition program to show appreciation for contributions to the Agency's success. In support of human resource policies, the Agency continues to promote a balanced workforce and encourage the attainment of affirmative action goals. Other programs include the following: Employee Innovation System, Bonus Plan, and Performance Pay. Flexible and compressed workweek schedules have proven to be very successful. This allows employees to adjust their work schedules to accommodate their employment and personal lives, while encouraging sound leave management.

2. How do you identify and address employee training needs?

5.2 - The Agency utilizes environmental scanning to acquire information about events, trends, and relationships in its external environment to gain useful knowledge in planning future courses of action. Development of core curriculum is influenced by this process. Training needs are also developed through collaboration between employees and their supervisors, with the intention of securing and improving positions in the future. Individual employee goals are matched with the Agency's missions and goals. Employee self-motivation has been a key in successful training programs. The ultimate goal has been to focus on training the Agency's workforce so that it remains knowledgeable, skilled, and motivated. Specifically, the Agency has prioritized training needs that revolve around programmatic skills and knowledge, management/leadership development, human resource management practices, anti-harassment training, diversity training, and safety.

3. *How is high performance supported by the EPMS?*

5.3 - The EPMS attempts to improve supervisor-employee communications and relations while serving as the primary tool for management to document employee performance, increase productivity, and reward performance. The goal is to increase the overall effectiveness and productivity of the Agency by improving the work performance of its individual employees. Generally, an evaluation session is a time for accountability, for assigning consequences with actions, for detecting flaws and making improvements, and for planning future goals.

To achieve high levels of performance, employees must first understand the mission of the Agency. In the planning stage, the employee and supervisor first review the employee's position description for accuracy and understanding. At this time, the position description can be updated or modified to ensure these two factors. During the planning stage, an employee may ask for the supervisor's expectations and express his or her own expectations. Also, during the planning stage, the supervisor or the employee may recommend a performance objective that can be accomplished over the course of the rating period. The employee and the supervisor should meet to discuss the employee's progress sometime during the rating period.

4. *How do you determine employee satisfaction, well-being, and motivation?*

5.4 - Approaches for enhancing employees' work environment might include: counseling; career development and employability services; recreational or cultural activities; non work-related education; sick leave for family responsibilities; work safety training; flexible work hours; and retiree benefits (including extended health care).

Specific factors that might positively affect employee well-being, satisfaction, and motivation include: effective employee problem or grievance resolution; safety factors; opportunities for employees to express their views of management; employee training, development, and career opportunities; employee preparation for changes in technology or the work organization; work environment and other work conditions; workload; cooperation and teamwork; recognition; benefits; communications; job security; compensation; and equal opportunity.

Measures and/or indicators of well-being, satisfaction, and motivation include: safety; absenteeism; turnover; grievances; other job actions; insurance costs; workers' compensation

claims; and results of surveys. Results relative to such measures and/or indicators are reported in Item 7.3.

5. How do you maintain a safe and healthy work environment?

5.5 - The Agency has written safety policies and procedures for the workplace, in addition to a safety manual and ongoing training for employees. All buildings have “Right to Know Centers”. Safety inspections of the facilities and operations are scheduled regularly. Agency personnel with special expertise are involved with inspections when appropriate. Information contained in safety policies and procedures includes such items as general office safety and security, and specific staff actions that are necessary in the event of an emergency, such as evacuation routes and communication plans.

Each floor of the Robert E. David Building has a safety officer and an assistant safety officer. Agency personnel are highly trained in safety policies and procedures. New employees are introduced to the safety policies and procedures during their initial orientation session.

ESC facilities must comply with OSHA standards. Facilities are periodically inspected for compliance. All Agency buildings are in compliance with the Americans with Disabilities Act. In addition, the buildings have been tested for air quality, water quality, and asbestos.

6. What is your involvement in the community?

5.6 - The Agency supports employee participation in a variety of local, regional, and national organizations such as the International Association of Workforce Personnel (IAWP), Society for Human Resources (SHRM), the United Way, local churches and schools, the United Negro College Fund, Rotary Club, KOBAN Columbia, chambers of commerce, Habitat for Humanity, the American Red Cross, and others. After normal business hours, a large number of employees volunteer in their communities and participate in local events and organizations. The Agency sponsors blood drives, collects needed items for disabled and disadvantaged children, and participates in fundraisers for organizations such as March of Dimes, United Way, and the Annual Community Health Charities. For the third year in a row, over \$20,000 was raised for non-profit organizations through payroll deductions alone.

6.0 Process Management

1. What are your key design and delivery processes for products/services?

- ***Process for including functional representation in developing products/services?***
 - ***Process for incorporating customer expectations in the design and delivery of products/services?***

6.1 – The Agency is responsible for the effective management and operation of UI Benefits, Employment and Training, WIA, and LMI programs. The Agency has thirty-six local offices throughout South Carolina. These offices are charged to deliver exceptional quality service to

claimants, job seekers, employers, and the community as a whole. Promoting the economic well-being and job readiness of our workforce is the primary objective for the offices. ESC also has a central administrative office that provides the necessary support for the local offices and the management of all programs.

Because the state and nation experienced a downturn in the economy, the Agency's services in job placement, training, and benefit administration have greatly increased. However, the public's expectations for these services continued to be high. Incorporating new technology into the Agency's design and delivery process was vital to the continued success of the Agency.

Expanded features on the Agency's web site have proved beneficial. A greater number of customers can access the Agency's services without having to visit a local office. Self-registrations increased customer participation and expedited the Agency's services in areas such as:

- Job seekers with access to various employment information regarding job openings and statistical data, on-line registration with the Agency, and state/national job banks
- Unemployed workers with information regarding the UI program or on-line benefit claim registration
- Employers with information regarding job openings and registrations, quarterly reports, statistical employment data, and dual registration of their business with ESC and the SC Department of Revenue (DOR) via the business one-stop system

Other areas in which the agency continues to incorporate new technology and customer expectations/requirements are:

- Electronic Funds Transfer (EFT) application for employers' quarterly taxes
- Employer magnetic media wage reporting (SCWages) *and* claim filing (Benclaim) systems
- Expanded statewide utilization of media projects via radio, television, and newsprint as service delivery tools
- Extended operational hours to accommodate customer access and services
- Technical modifications to the Agency's software, hardware, and workstations for ADA (Americans with Disabilities Act) customers
- Partnerships with major employers for statewide job fairs and business expositions

ESC's continued technological advances promote the Agency's goals of facilitating financial stability and economic growth in an ever-changing economy. The advances in services meet and, many times, even exceed customer expectations and satisfaction.

2. How do you ensure key performance requirements are addressed in daily operations?

6.2 – The UI Division has a well-deserved reputation for processing claims promptly and accurately. The division has won the USDOL's Regional Office Award for Best Overall Performance in eight of the last twelve years. The Agency continuously strives to improve

the processes and performance levels, as measured by the USDOL, in the areas of UI and E&T. The speed, accuracy, and quality with which these services are provided make the difference between a successful and an unsuccessful agency.

The Agency has undertaken a number of initiatives this year designed to improve customer service and satisfaction while handling an increased workload. The Rapid Response Team and Emergency Response Team (comprised of Agency staff statewide) were established and utilized to ensure that quality customer services are provided in a timely manner during emergency situations. Another improvement was a change in procedure for the employer-filed claims process that moved from the local office to the administrative office's UI Benefit Department. This move aided not only the local offices by eliminating extra duties, but also aided the customers (employers and claimants) by expediting the payment process.

3. What are your key support processes, and how are they continuously improved?

6.3 – Employees within ESC's administrative office serve as the Agency's key support and management staff. They are responsible for ensuring that all work processed and submitted by the local offices meets the federal guidelines established by USDOL. They are also responsible for any process revision and/or training deemed necessary.

The Labor Market Information (LMI) Department was restructured to emphasize and improve customer service and marketing. Changes were made to facilitate better customer performance. Some of the changes include: more emphasis on providing information, support, and marketing efforts to local offices and WIBs (Workforce Investment Boards); prompt response to data and information requests; and the enhancement of the website to provide user-friendly labor market information. Customer surveys are conducted to gather feedback on services provided. This information is utilized in making future program improvements.

The UI Division's Quality Control Department continuously performs various audits on the Agency's local and administrative office practices. Weekly and annual reviews are conducted to ensure USDOL compliance. Reports, statistics, and graphs are generated to notify appropriate parties of any problem areas. Recommendations for training, changes, and improvements are forwarded, with follow-ups made by the UI Technical Services Department when necessary. The quality control function proves to be a valuable tool in the Agency's efforts to improve overall performance in the UI field.

The Annual Administrative Planning Session is used to review accomplishments and establish new goals and priorities for the new fiscal year. Continual review of program and system performance measures, coupled with targeted training of programmatic and administrative staff, allows the Agency to quickly adapt to changing customer priorities and economic conditions. Maintaining constant contact and open communication with federal partners and state leadership ensures proper interpretation and input on guidelines, regulations, and legislation.

4. What are your key supplier/contractor/partner support processes and how are they continuously improved?

6.4 - Many of the Agency's local offices have become the designated comprehensive one-stop workforce centers for Local Workforce Investment Areas (LWIA). Under the WIA system, the Agency develops partnerships with other state and local entities to provide a full range of services. Local one-stop service delivery is enhanced through partner services, including those of Vocational Rehabilitation, Welfare-to-Work, Adult Education, and local technical colleges. Workforce Investment Boards evaluate customer needs and determine the best possible service.

Employers are a key supplier to the Agency. The Agency has designated local and administrative office staff to serve as employer representatives who work with local employers to ensure customer service and satisfaction, technological adaptation of filing requirements, and adherence of the Agency's rules and regulations. Surveys are sent to employers which allow them to rate the Agency's performance. This information is used to make improvements.

The Agency continues to sponsor annual employer workshops and the Job Creator Awards. These events and awards help improve relationships with the business community. Nominations are made by the six sponsoring agencies and the twelve local WIBs, and the Governor presents the awards.

ESC and SCOIS continue to sponsor the annual Groundhog Job Shadow Day. Figures from the SC Department of Education show that employer participation increased 14% and student participation increased 17% from last year's level, indicating the interest and value of the program to all involved.

The Agency partners with other agencies through interagency data exchange agreements:

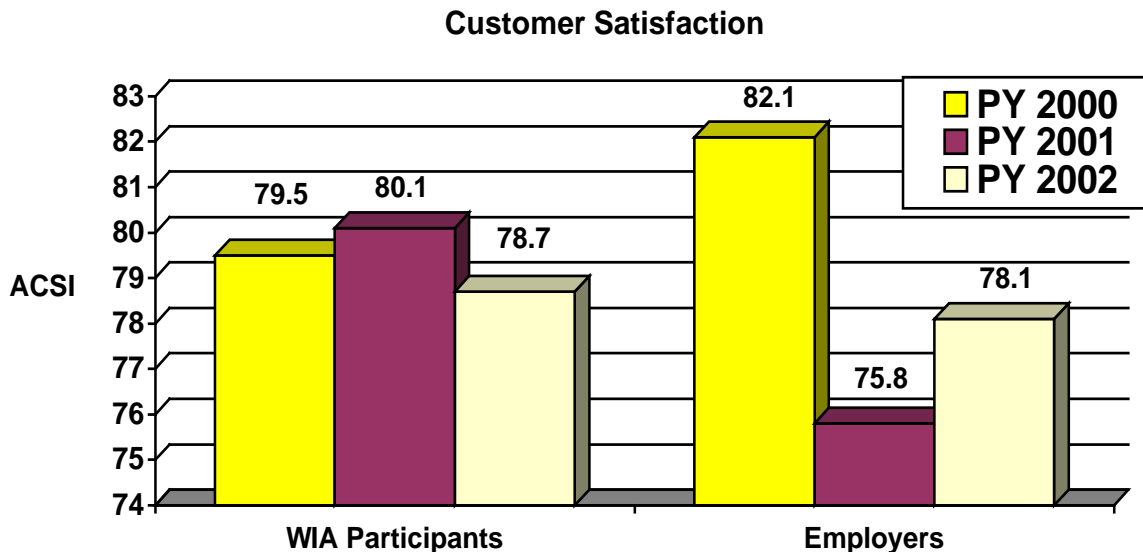
- SC Department of Social Services (DSS) provides ESC with employers' new hire information which is used in determining job referral and placement results. This same report is utilized to cross-match the UI benefit system. This allows for earlier detection of potential overpayments. DSS also provides weekly child support listings that are processed against the Agency's system, which adjusts the benefits checks accordingly.
- Department of Revenue partners with ESC to allow annual income tax benefits to be deducted and applied against UI benefits overpayments. DOR also allows deductions for federal and state withholding taxes on benefit checks.
- Social Security Administration (SSA) partners with ESC to process the Agency's weekly tape of all new benefit claims for social security verification.

7.0 Business Results

Customer Satisfaction

For the past three program years, the Employment and Training Institute has conducted a customer satisfaction survey as mandated by the Workforce Investment Act (WIA). This survey measures customer satisfaction for both WIA participants and employers and it uses

the methodology of the American Customer Satisfaction Index (ACSI). By using ACSI, results can be compared with other governmental agencies and private organizations. The graph below depicts the survey results for the past three program years. The agency exceeded the performance goals for both WIA participant and employer measures for all three years. The results for PY 2002 are preliminary figures. The final figures will be available in January 2004.



Mission Accomplishment

Employment Service

Job Referrals and Services Provided to Customers

The primary goal of the Agency's labor exchange function is to assist individuals in obtaining employment. During the last program year, 326,031 individuals were registered for this purpose, a slight decrease from last year. Of those registered, almost 31% - or 99,860 individuals - were employed after receiving services.

Two groups of customers were given special emphasis for Agency services: customers receiving Unemployment Insurance benefits (claimants) and veterans. The Agency's goal for claimants is to ensure that at least 20% of those receiving unemployment benefit checks return to work. This could be the result of a direct job referral or from other services provided by the Agency. This past year, 30% became employed.

The Agency's goal for veterans is to place 15% more of them than non-veteran applicants. During the last program year, non-veteran applicants were employed at a rate of 29.33%,

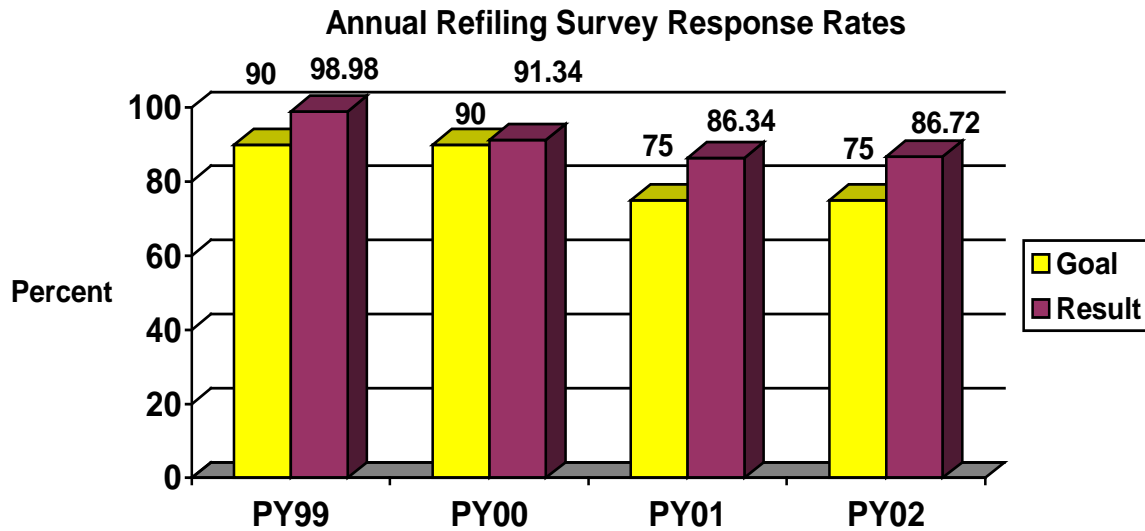
establishing the goal for veterans at 33.73%. The actual employment rate for veterans was 43.46%, well above the established goal.

	PY 98	PY 99	PY 00	PY 01	PY 02
New Applications and Renewals	292,624	287,506	306,484	326,562	326,031
Applicants employed	70,671	76,570	67,921	85,292	99,860
Applicants Placed	64,644	66,050	49,877	36,744	38,121
Veterans Placed	7,881	7,656	5,824	4,075	4,315
Percent of claimants employed from total number registered	19.40	21.40	18.90	24.70	30.00

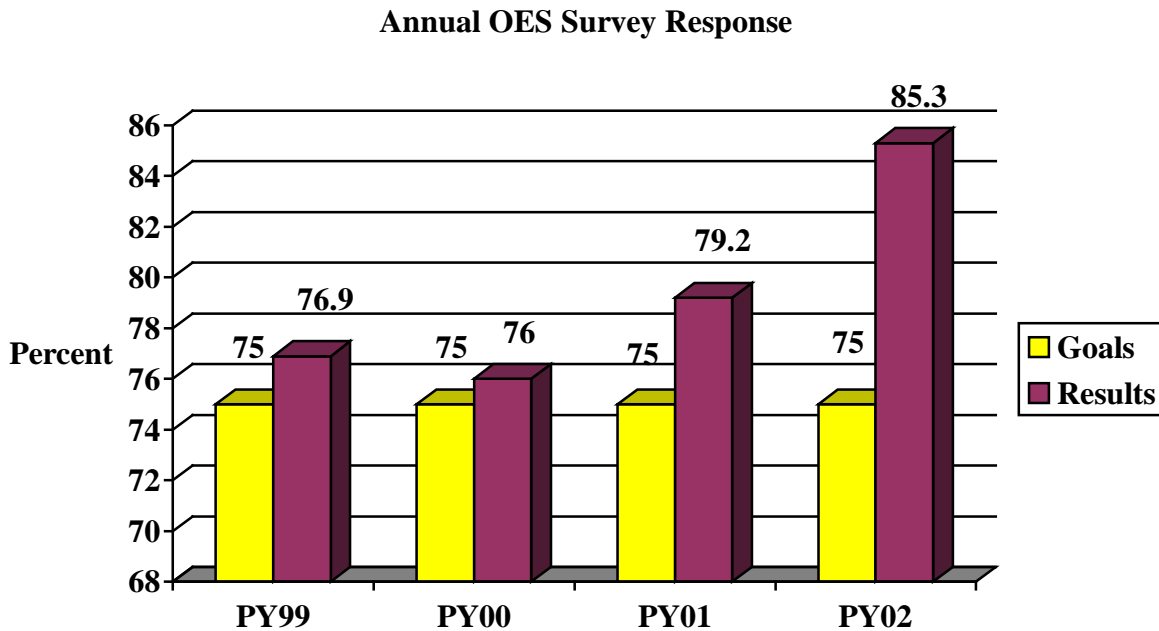
Labor Market Information

The Labor Market Information (LMI) Department is responsible for a wide variety of statistical and analytical programs in association with the U.S. Bureau of Labor Statistics (BLS), the Employment and Training Administration (ETA), and numerous outside contractors. LMI produces and provides data and analysis through publications, the LMI website, the Palmetto Economic Analysis Research System (PEARS), mail, and phone. The department's Customer Service Unit handles many of the requests from the public. LMI's staff also conducts special studies and makes presentations to groups upon request. The department serves a substantial number of public and private customers, and provides operational reports and analysis as needed.

Each year, Labor Market Information staff surveys a segment of the state's businesses to verify and update information on their locations and operations. Information from this Annual Refiling Survey is used by the Agency's Unemployment Insurance Division. This information is also used to measure changes in the state's labor market.

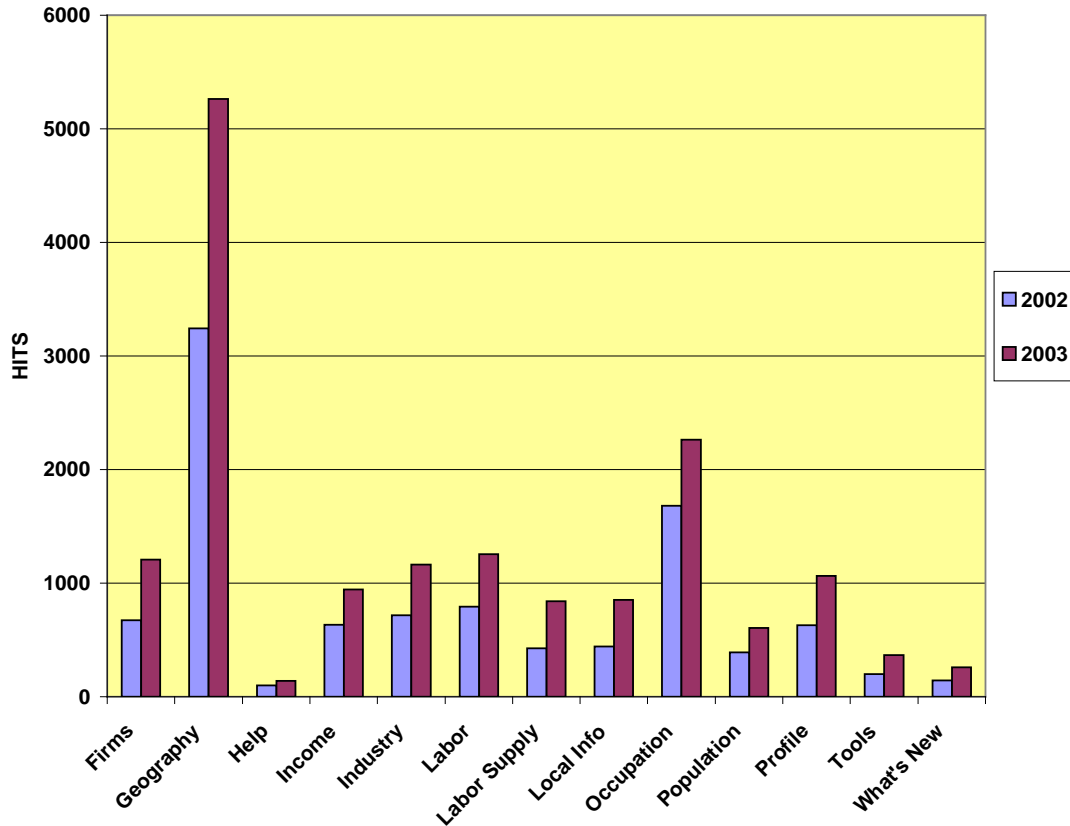


The Occupational Employment Statistics (OES) survey is an annual federal/state survey for the collection of current occupational employment and wage data from employers. Through this nationwide program, occupational employment and wage data are estimated for each Metropolitan Statistical Area (MSA), state and territory in the U.S.



The web-based Palmetto Economic Analysis and Research System (PEARS), implemented in 2000, is the primary data delivery system for LMI. The system is used by workforce development service providers, one-stop workforce centers, businesses, individuals, the state, counties, educators, economic developers, and many others to obtain information about the state's labor market and economy. The system is available to all customers with Internet access.

PEARS Overview Aug 2002 to Dec 2002 and Jan 2003 to July 2003

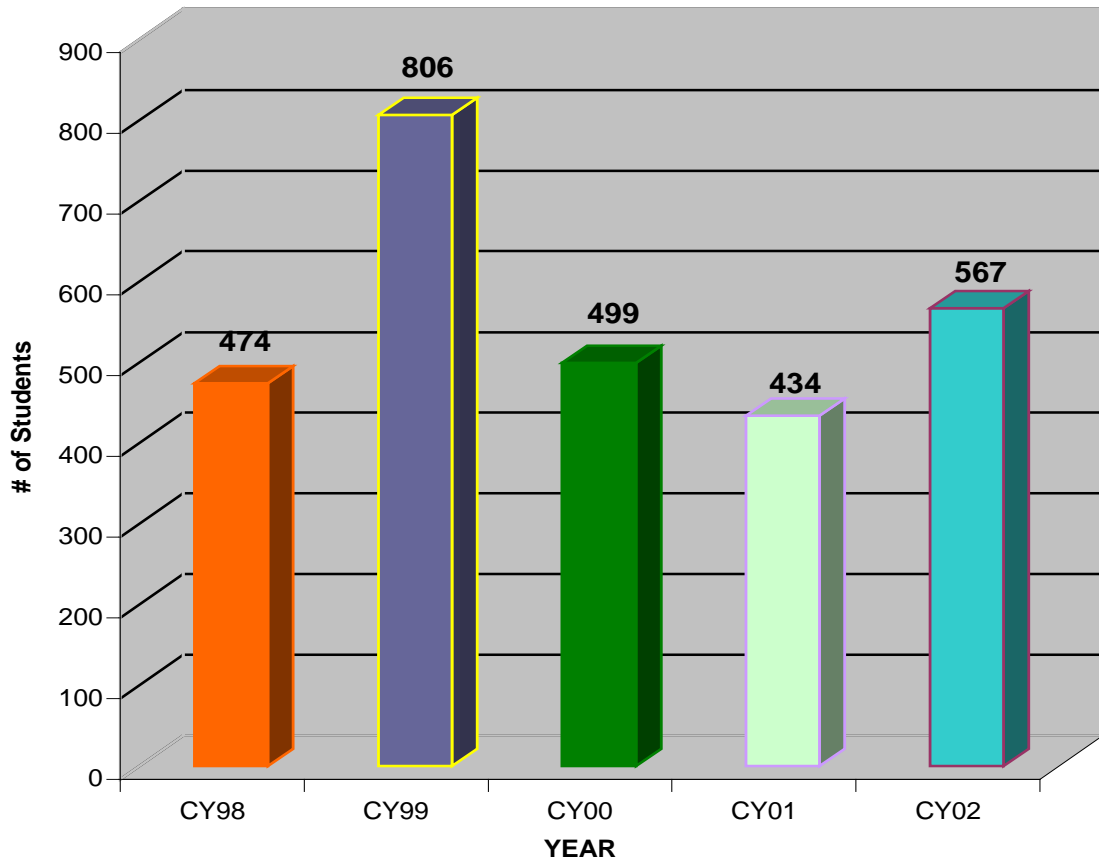


A broad range of economic and labor market information is also provided via the LMI website, www.scec.org/lmi. A number of information products, including job outlook posters, a data chartroom, and state/area information spotlights are provided for downloading or viewing at the site. Monthly labor force and non-farm employment press releases are also posted to the site for customers and the media. The "What's New" section of the site offers an instant look at the latest LMI products and services available.

The Labor Market Information (LMI) Training Institute is a national program that provides training and information services to workforce information professionals and consumers across the country. Funding is provided by grants from the U.S. Department of Labor as well as training fees. The Institute is led by a board of directors from twelve states. The South Carolina Employment Security Commission serves as the lead state, responsible for administration of the Institute.

The Institute provides classroom training in sites around the United States, as well as distance learning. It operates the LMI net web site (www.lmi-net.org) and produces the quarterly *LMI Horizons* newsletter.

STUDENTS TRAINED BY LMI INSTITUTE



The South Carolina Occupational Information System (SCOIS)

The South Carolina Occupational Information System (SCOIS) is a program of the South Carolina Occupational Information Coordinating Committee (SCOICC). SCOICC is a consortium of ten state agencies: the Governor's Office; Department of Education; Budget & Control Board; State Board for Technical & Comprehensive Education; Commission on Higher Education; Department of Social Services; Department of Commerce; Department of Vocational Rehabilitation; Department of Labor, Licensing and Regulation; and the Employment Security Commission, which acts as the fiscal agent. The SCOICC operates a statewide network of career development resources called SCOIS.

SCOIS maintains a computer network (CD and Internet delivery) of user sites in high schools, middle schools, elementary schools, technical centers, colleges, and various private and state agencies - places where people go to find out about careers and jobs. Each site pays an annual subscription fee for software updates.

Maintaining current numbers of sites and acquiring new sites are top priorities. The decline in the South Carolina's economy over the past few years has led to the inability of some sites to be able to pay the annual SCOIS user fee. Over the past two years there has been a decrease in the number of SCOIS sites.

<u>PROGRAM YEAR</u>	<u>NUMBER OF SCOIS SITES</u>
1998	620
1999	630
2000	650
2001	645
2002	611

SCOIS is a major provider of professional development in the field of career development. Over the years, numerous workshops have been held to train teachers, counselors, administrators and others how to use career development resources. One program in which training has been provided over the past five years is *The Real Game* Program Series. The *Real Game* program offers career development activities for ages kindergarten through adult.

<u>PROGRAM YEAR</u>	<u>WORKSHOPS HELD</u>	<u>CUSTOMERS TRAINED</u>
1998	12	241
1999	15	376
2000	11	247
2001	16	322
2002	8	120

Budget cuts occurring in PY 2001 and PY 2002 have resulted in a decrease in the number of professional development workshops held and, consequently, a decrease in the number of individuals receiving this training.

Unemployment Insurance (UI)

Payment of Claims - The program mission is to promote economic and employment stability and relieve the hardships of unemployment through the payment of employer financed insurance benefits to eligible unemployed and underemployed individuals. The program objective is the accurate determination of employer liability, customer friendly unemployment insurance claims services, quality determinations of initial and continuing claimant eligibility, timely benefit payments on a continuing basis, and quality control programs to insure efficient and effective program performance.

South Carolina Employment Security Commission Accountability Report 2002 - 2003

Total Initial Claims	July 1998 - June 1999	313,598
	July 1999 - June 2000	282,844
	July 2000 - June 2001	405,861
	July 2001 - June 2002	448,806
	July 2002 - June 2003	466,365

Total Weeks Claimed	July 1998 - June 1999	1,314,188
	July 1999 - June 2000	1,194,657
	July 2000 - June 2001	1,772,416
	July 2001 - June 2002	2,806,119
	July 2002 - June 2003	3,069,388

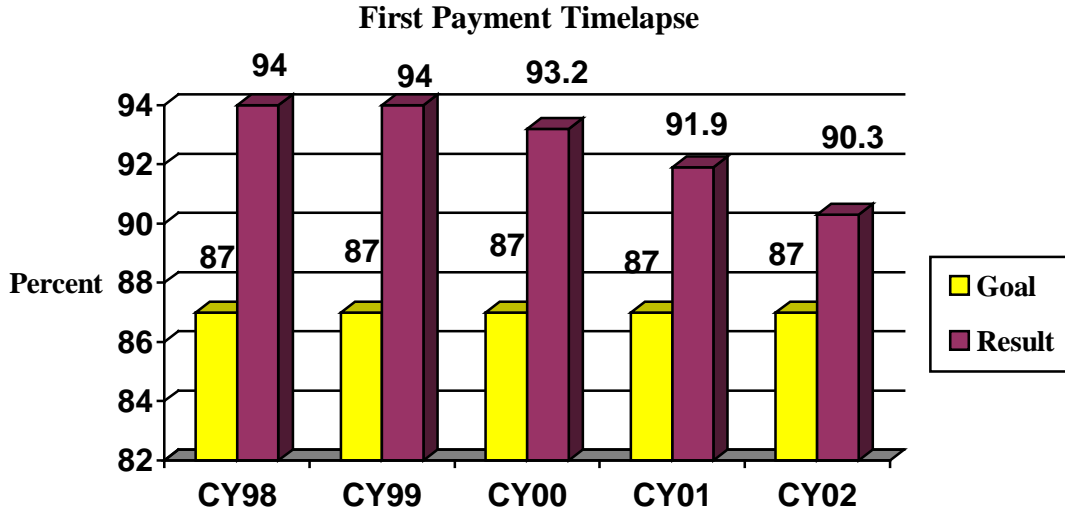
National performance measures have been established through a collaborative process between the U.S. Department of Labor and the employment security agencies of the fifty-two states and its territories. There are more than thirty uniform performance measures. The most critical areas of unemployment insurance processing are shown below.

Program Performance Assessment – The Agency’s UI program ranked high based on national performance measures, especially when compared with the UI programs of the other fifty-one states. The combined performance scores resulted in the agency finishing each of the past two years well above the national average. South Carolina scored in the top 1/3 of the states in forty different measurements and was in the top ten in thirty different measurements.

BENEFITS Calendar Year	Top 10 States	Top 1/3 States	Above National Average
CY 1998	45.0%	68.0%	93.3%
CY 1999	62.7%	81.3%	95.3%
CY 2000	72.1%	95.3%	100.0%
CY 2001	41.0%	54.8%	94.5%
CY 2002	37.3%	62.6%	96.0%

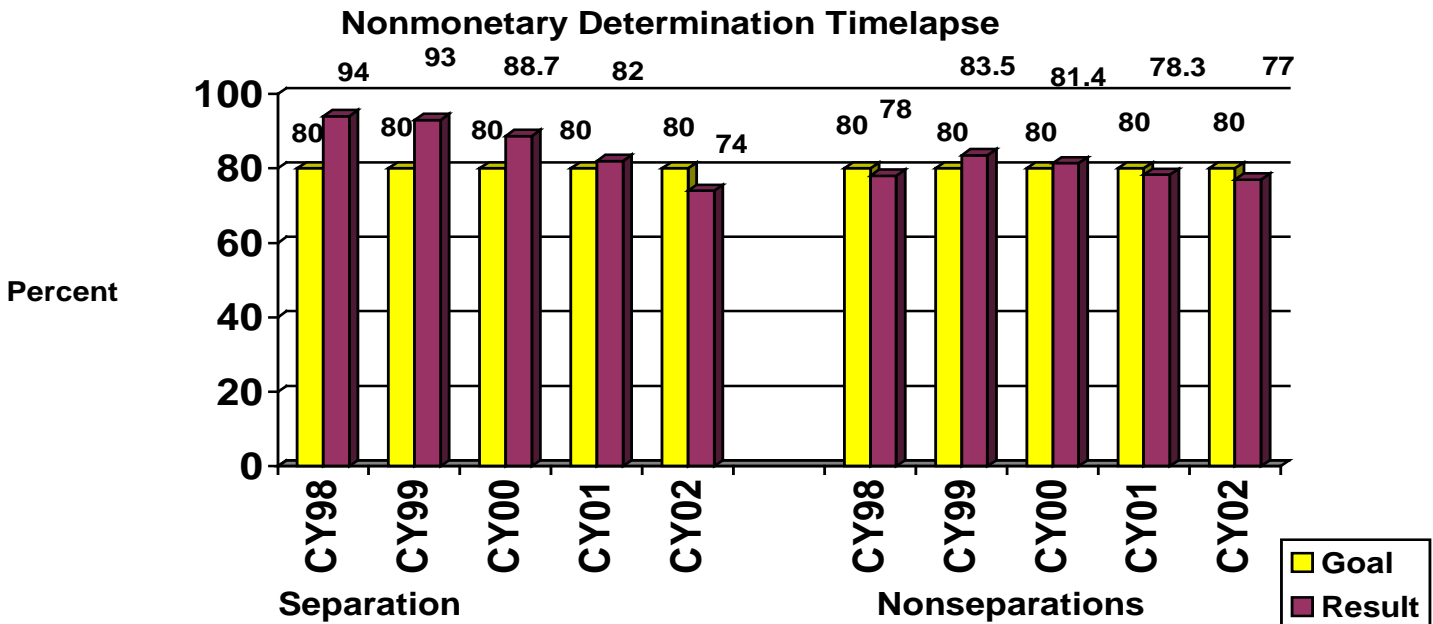
First Payment Timeliness: Payment of benefits to claimants should be made within fourteen days of the first claim week ending date after the waiting week has ended.

The criterion for this measure is 87% of first payments being made timely.



Nonmonetary Determination Timeliness: The claimant’s eligibility determination should be made within fourteen days of detecting an “issue” during a claim series (non-separation) and within twenty-one days for issues detected when the initial claim is filed (separation). “Issues” are anything that has potential to affect a claimant's past, present, or future benefits rights.

The criterion is 80% of the issues will be handled within the fourteen or twenty-one day time period.



For Separation Determinations:

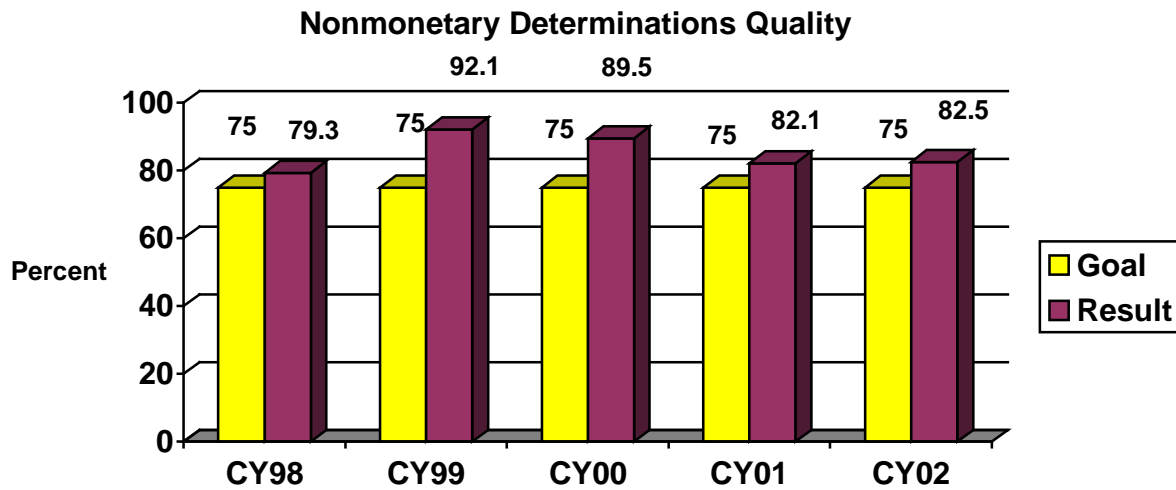
The 1998 S.C. score was the 5th highest in the country.
The 1999 S.C. score was the 4th highest in the country.
The 2000 S.C. score was the 6th highest in the country.
The 2001 S.C. score was the 18th highest in the country.
The 2002 S.C. score was the 22nd highest in the country.

For Non-separation Determinations:

The 1998 S.C. score was the 12th highest in the country.
The 1999 S.C. score was the 10th highest in the country.
The 2000 S.C. score was the 10th highest in the country.
The 2001 S.C. score was the 16th highest in the country.
The 2002 S.C. score was the 15th highest in the country.

Quality of Non-monetary Determinations: Samples of eligibility determinations are evaluated using federal guidelines to ensure that proper decisions are made.

The criterion is that 75% of the evaluated determinations must score at least 80 points for non-monetary determinations:



The 1998 S.C. score was the 14th highest score in the country.
The 1999 S.C. score was the 2nd highest score in the country.
The 2000 S.C. score was the 2nd highest score in the country.
The 2001 S.C. score was the 11th highest in the country.
The 2002 S.C. score was the 12th highest in the country.

Workforce Investment Act (WIA)

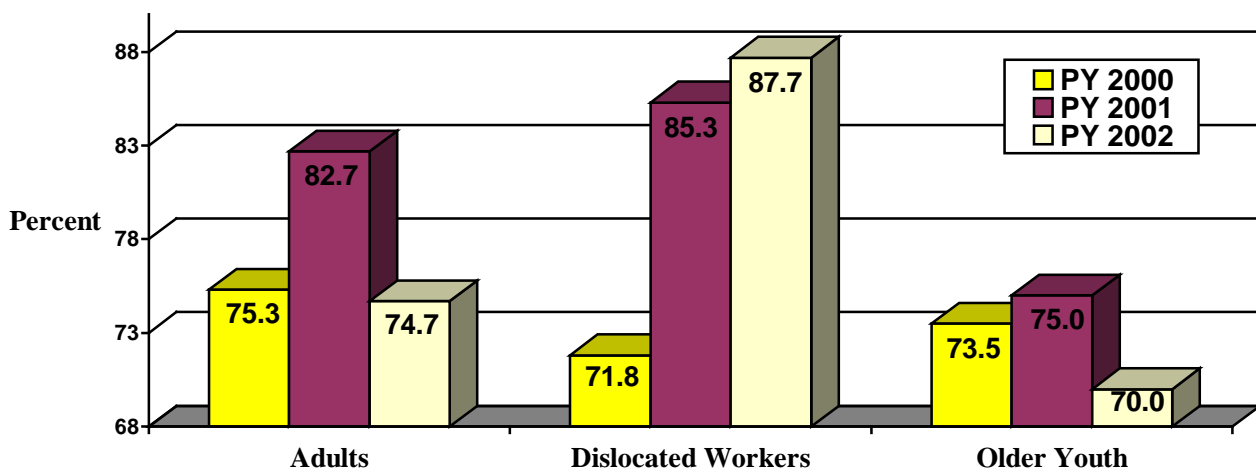
The Workforce Investment Act (WIA) established a system to provide workforce preparation and employment services to meet the needs of both employers and job seekers through a “one-stop” workforce system. A wide variety of services is provided through partnerships with other agencies. WIA provides funding to serve adults, dislocated workers, and youth. This system provides customers with a list of eligible training providers and information on how well those providers perform, allowing customers to choose the training that is best for them.

To date, seventeen comprehensive one-stop centers and thirty-seven satellite offices have opened to provide a wide array of services to customers at a single neighborhood location. Through the local one-stop center, employers will have a single point of contact to receive labor market information and list job openings, and job seekers have access to all services at the same location.

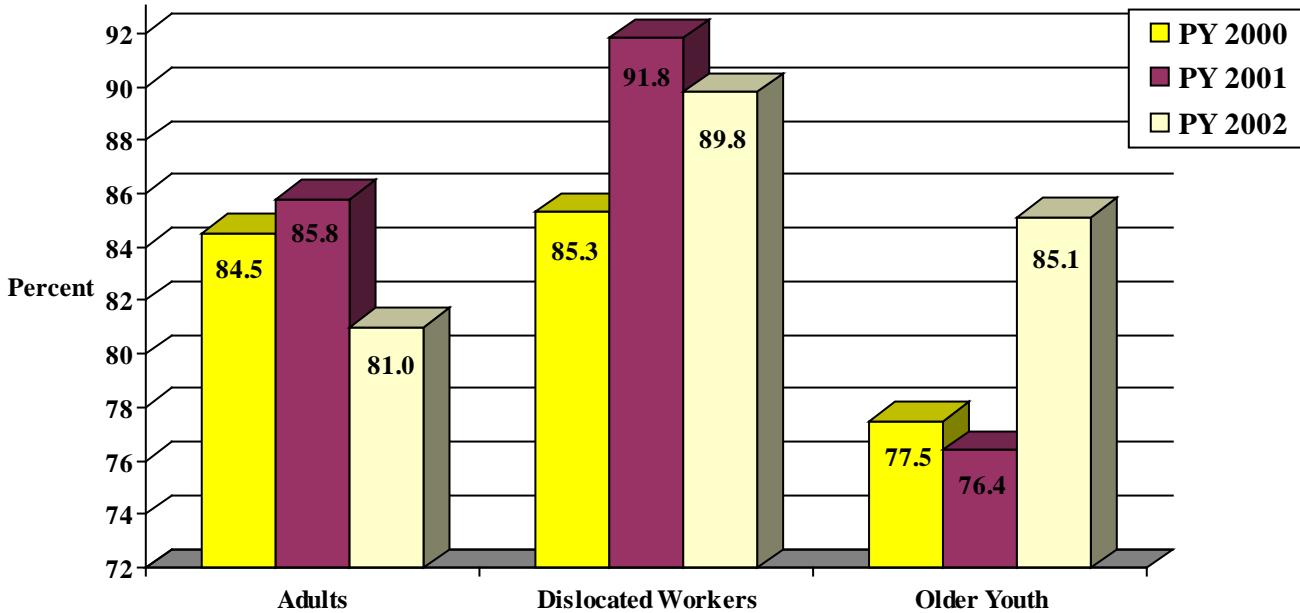
WIA is a customer-focused system with emphasis on providing skilled workers for employers and meeting the training, education, and employment needs of individuals. Core indicators of performance include the entered employment rate, retention rate, and earnings change/earnings replacement rate for adults, dislocated workers, and older youth ages 19-21.

The graphs below show three years of performance for the Entered Employment Rate and the Six-Month Retention Rate for Adults, Dislocated Workers (DW), and Older Youth. The results for Program Year 2002 are preliminary figures. The final figures will be available in January 2004.

WIA Entered Employment Rate

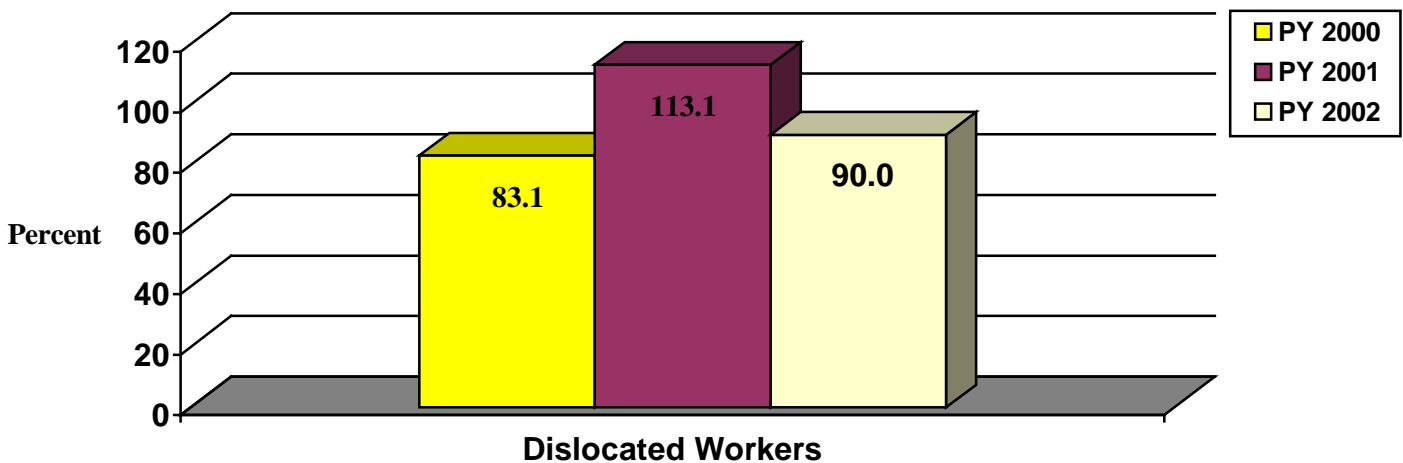


WIA Six-Month Retention Rate

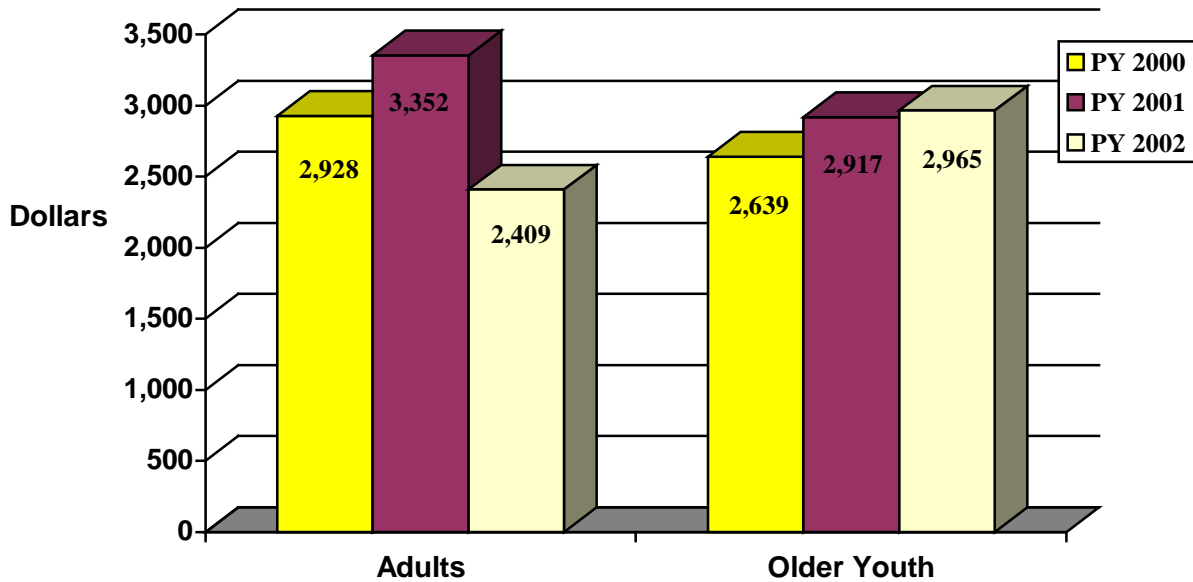


The graphs below show results for the Six-Month Earnings Change (Adults and Older Youth), and the Wage Replacement Rate for Dislocated Workers. The results for PY 2002 are preliminary figures. The final figures will be available in January 2004.

Wage Replacement Rate



WIA Six-Month Earnings Change



Employee Satisfaction

Absenteeism - Generally defined as an employee's unscheduled failure to report to work, absenteeism creates general disarray and lower productivity. For the purposes of calculating absentee rates, the category of sick leave (*to include family & pool sick leave*) was selected. Other types of leave (e.g., annual leave, holidays, etc.) are typically planned absences whereby efforts can be made to avoid delays in scheduled activities. According to general research results, barring unusual circumstances, the absenteeism rate for most companies should be below 4 % according to the Bureau of Labor Statistics.

Employee Absenteeism	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Fiscal Year Work Hours	2,121,600	2,160,600	2,156,700	2,271,750	2,224,950
Sick Leave Hours Used	94,508.82	95,571.83	89,625.45	95,858.90	103,682.88
% of Time Lost Through Absences	4.45%	4.42%	4.16%	4.22%	4.66%

Employee Turnover – Success of the Agency’s efforts to ensure high morale and productivity may be measured, in part, through an analysis of the employee turnover rate. For the past five fiscal years, data have been tracked for six categories as listed below. A comparison of the Agency’s turnover rate against the national average for state and local governments shows that ESC experiences a notably lower turnover rate than the national average (*ESC Avg. – 10.05%; National Avg. – 15%*). The one exception during FY 99-00 was the result of a cost savings effort by the Agency through its participation in a pilot of the Voluntary Separation Program, which is now currently being used by other State agencies.

Type of Turnover	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Disability Retirements	6	4	5	6	1
Regular Retirements	19	77	24	25	26
Reduction in Force	0	0	3	0	0
Resignations	47	56	47	22	50
Separations	17	27	8	19	37
Terminations	2	5	3	8	6
Total Turnover	91	169	90	80	120
Avg. # of Full-time Employees	1,088	1,052	1,071	1,165	1,138
Turnover Percentage	8.36%	16.06%	8.40%	6.87 %	10.54%

Harmonious Relationships – Interaction between public employers and employees represents a very important factor in the effective and efficient operation of government. A proper forum for the understanding and resolution of employee grievances contributes to the establishment and maintenance of harmony, good faith, and the quality of public service. Agency policy states that the occasional grievance filed should not reflect poorly on either management or the employee filing it. The following chart reflects grievance activity for the past five fiscal years.

Employee Grievance Activity	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Total Number of Grievances Filed by Agency Employees	4	2	2	4	1
Non-Grievable Issues/ Grievances Denied	2	2	2	1	1
Grievable Issues / Grievances Accepted	2	0	0	3	0

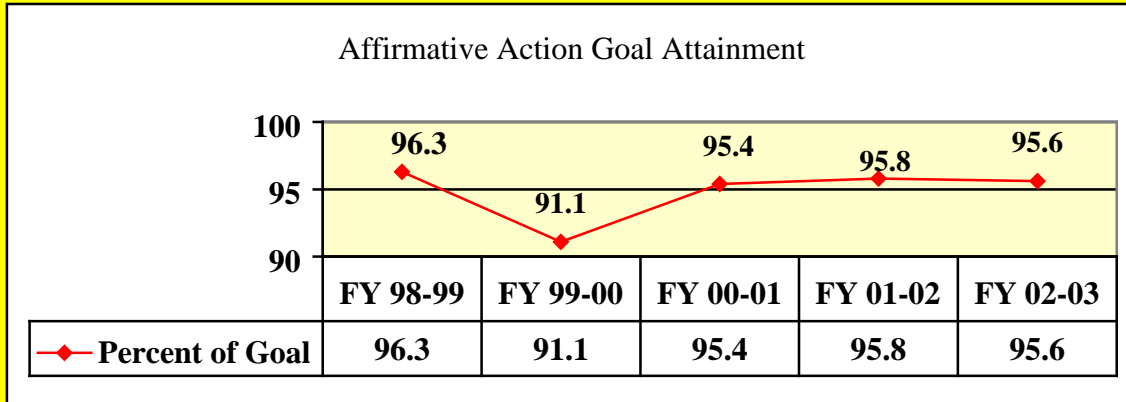
Employee Satisfaction (Exit Interviews) – The Agency writes to each exiting employee requesting information that can be utilized in analyzing workplace conditions for improvements. The exit interview questionnaire is confidential and self-identification is optional. Quarterly analyses are performed and shared with the Agency’s executive director and deputies. Options for improving response rates above 50% are being reviewed.

Employee Exits	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Retirement	48%	50%	46%	60.0%	35%
Another Job	28%	29%	17%	6.0%	42%
Relocated	3%	2%	0%	0.0%	0%
Personal	16%	17%	29%	14.0%	23%
Other	5%	2%	8%	20.0%	0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Summary of Employee Exit Questionnaire Percent of Positive Responses	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Understanding of Agency Mission	85.75%	100.00%	97.23%	100.0%	100.00%
Request for Information from Management	100.00%	96.05%	98.08%	100.0%	95.00%
Management’s Response to Employee Requests	75.20%	78.90%	77.43%	80.0%	75.00%
Kept Informed of Policies	89.23%	90.38%	91.68%	100.0%	83.75%
Consider Returning	70.93%	79.55%	91.33%	73.0%	93.75%
Duties Explained	85.75%	93.78%	86.63%	87.0%	100.00%
Adequate Training	78.00%	80.33%	87.78%	80.0%	100.00%
Workload	67.90%	79.18%	69.38%	80.0%	60.00%
Employee/Supervisor Communication	88.75%	90.23%	88.55%	92.0%	75.00%
Relationship with Supervisor	90.50%	94.98%	91.33%	92.0%	75.00%
Guidance from Supervisor	85.50%	93.60%	85.78%	92.0%	100.00%
Relationships with Co-workers	100.00%	100.00%	100.00%	100.0%	100.00%
Advancement Opportunities	35.88%	71.13%	75.00%	75.0%	58.75%
Pay for Job	74.18%	72.85%	82.18%	80.0%	53.75%
Cooperation and Teamwork	81.48%	96.10%	89.75%	65.0%	95.00%

Summary of Employee Exit Questionnaire <i>Percent of Positive Responses</i>	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Resolving Problems	90.50%	87.68%	82.98%	70.0%	75.00%
Working Conditions	90.98%	90.43%	89.75%	88.0%	75.00%
EPMS Program	89.23%	90.18%	89.10%	92.0%	100.00%
Treatment by Management	73.95%	81.75%	82.98%	92.0%	70.00%
Recognition on the Job	73.48%	91.55%	84.40%	100.0%	95.00%
Communication within Agency	90.50%	80.48%	87.83%	88.0%	90.83%
Communication within Office	90.50%	92.20%	86.10%	86.0%	93.75%
Orientation Program	92.25%	95.25%	97.23%	100.0%	100.00%
Benefits Package	92.00%	97.75%	100.00%	100.0%	100.00%

Affirmative Action - The State Human Affairs Commission publishes an annual report on state agency hiring. This report details each agency's efforts in recruiting, hiring and promoting individuals in various sex and race demographic categories, and ranks agencies on how closely the proportions of employees reflect the available workforce. Over the past five years, the SCESC has been very successful in obtaining its goals which has resulted in the Agency being ranked among the top agencies in the State.



Employee Safety – The Agency encourages and promotes a safe environment for both employees and customers. Supervisors and managers are responsible for ensuring that safety requirements are met. Information on workplace safety is routinely distributed to employees and posted on the Agency bulletin boards. In case of fire, established procedures are in place for the safe evacuation of those employees with physical impairments. The chart below reflects the job-related accidents and/or illnesses that resulted in lost work time for the past three fiscal years. An analysis of each claim is done to determine training needs in order to prevent repeat incidents and assess other potential hazards.

Job-Related Accidents/Illnesses	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Number of Employees	16	13	13	8	15
Days Absent from Work	140.0	322.0	53.0	114.5	255
Average Number of Days	8.75	24.77	4.08	14.31	17.00

Human Resource Development and Training –					
Administrative Office	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Total Training Events	N/A	N/A	N/A	92	
Total Training Participants	N/A	N/A	N/A	1385	
Other ESC Sites	FY 98 -99	FY 99 -00	FY 00 -01	FY 01 -02	FY 02 -03
Total Training Events	N/A	N/A	N/A	50	
Total Training Participants	N/A	N/A	N/A	1153	
Other Sites (non-ESC)	FY 98 -99	FY 99 -00	FY 00 -01	FY 01 -02	FY 02 -03
Total Training Events	N/A	N/A	N/A	76	
Total Training Participants	N/A	N/A	N/A	109	

Supplier/Contractor/Partner Performance

As required by the Wagner-Peyser Act, local offices conduct yearly non-numerical surveys, which are used for self-review only. There was an approximate 45% response rate from local partners. We did not meet our goal response rate of 65%. Statewide, almost all responses were scored as “excellent”.

Regulatory/Legal Compliance

The Legal Department has three staff attorneys who represent the Commission and advise and assist ESC divisions, as needed. The department also manages the Commission Appeals Unit (Higher Authority Appeals) and oversees the Lower Authority Appeals Unit.

Unemployment Compensation Appeals

The continuing general economic downturn has resulted in a higher number of claims and, therefore, an increased number of appeals both to the Appeal Tribunal and to the Commission.

Figure 1. Appeals from Initial UI Determinations

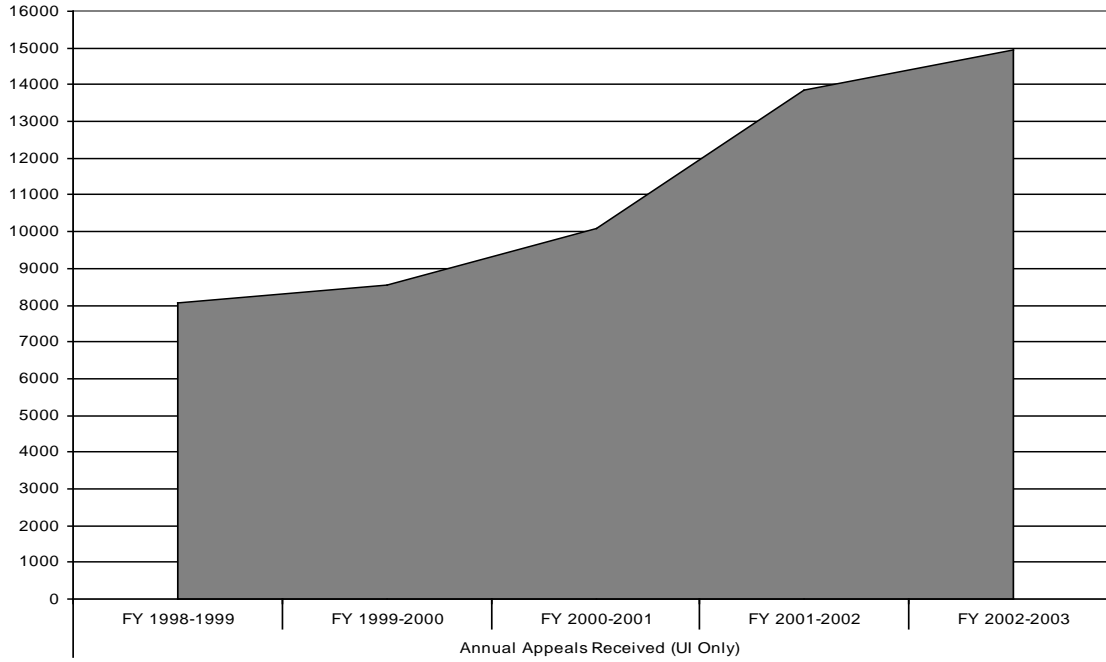
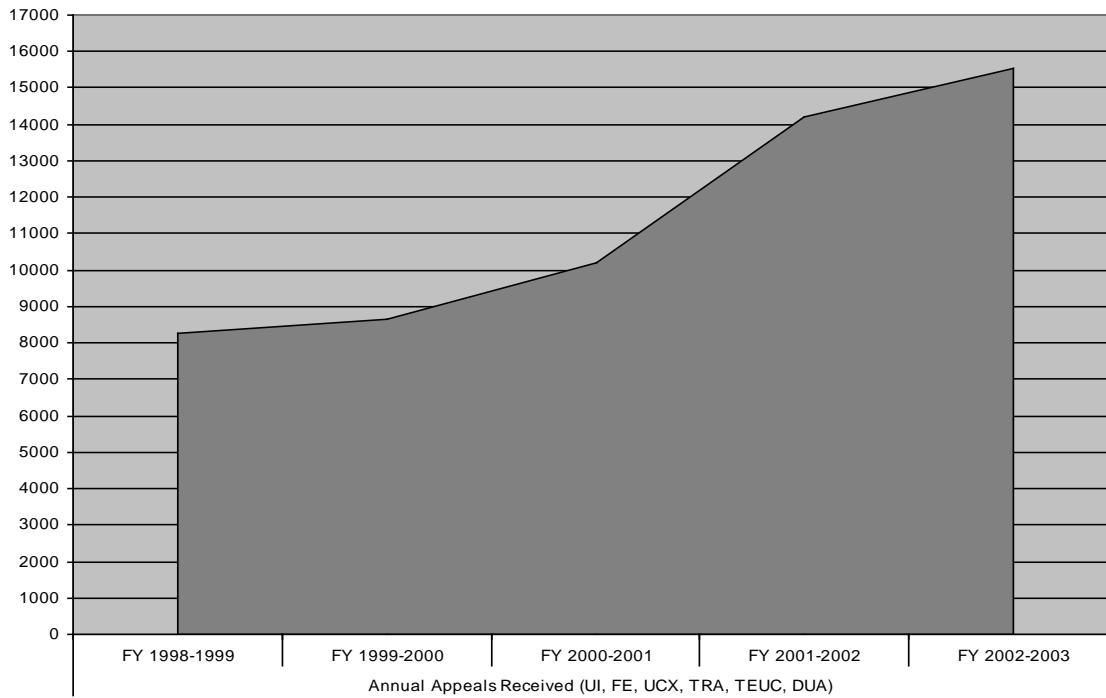


Figure 2. Appeals from Initial Determinations for All Programs



As Figures 1 and 2 show, the number of appeals, both for UI and for all benefit programs, continues to increase although the rate of increase appears to be slowing. There were 14,934 UI appeals filed in the fiscal year ending June 30, 2003, and 15,517 appeals filed in all categories, increases of approximately 9.2% from the previous year. Over the five-year period represented, the number of appeals has nearly doubled, increasing by over 80%.

As the number of cases increases, so does the number of decisions. During the most recent fiscal year, Lower Authority appeals issued 14,292 UI decisions and 14,786 decisions for all programs, increases of approximately 9.3% over the previous year. This trend continued the increases experienced over the past five years.

Figure 3. Decisions for UI Cases

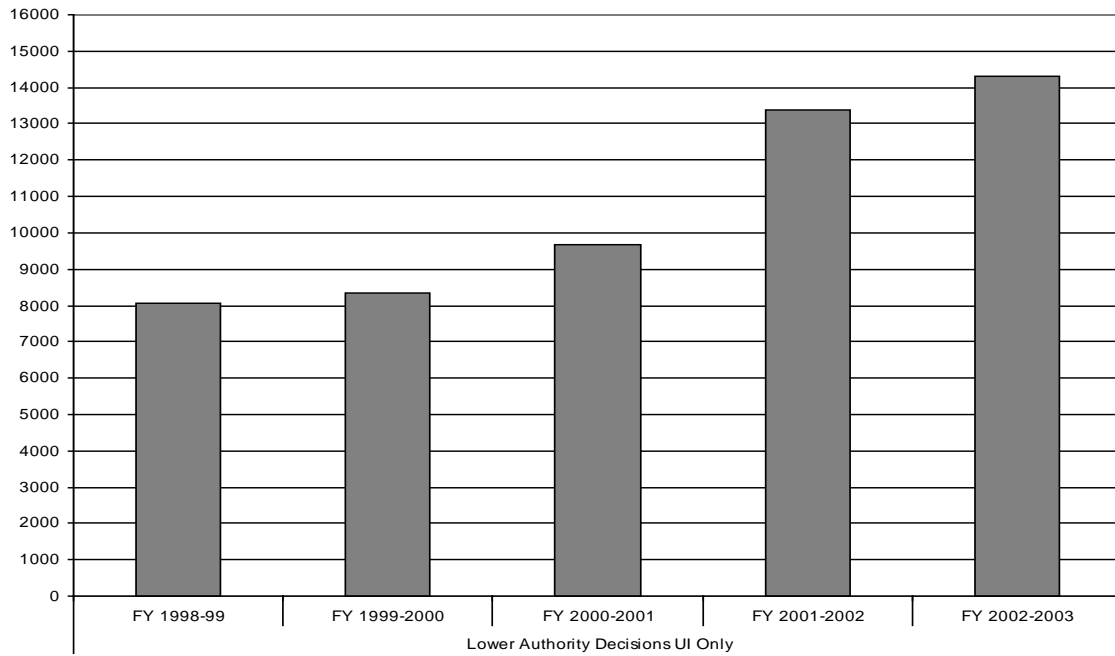
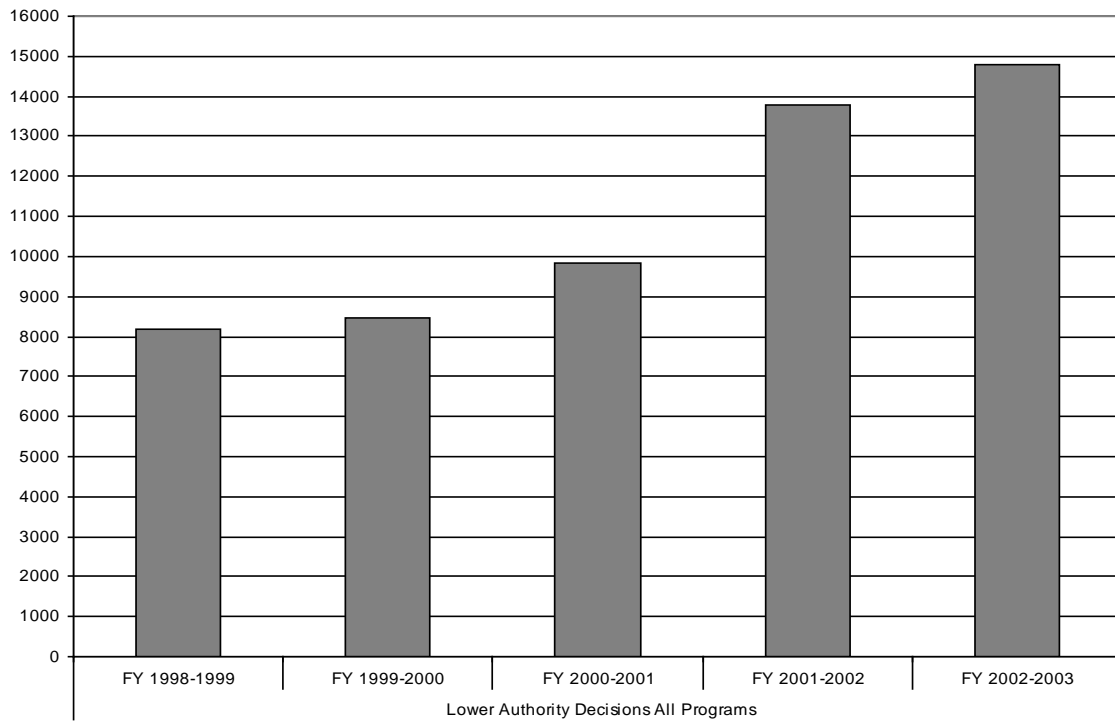
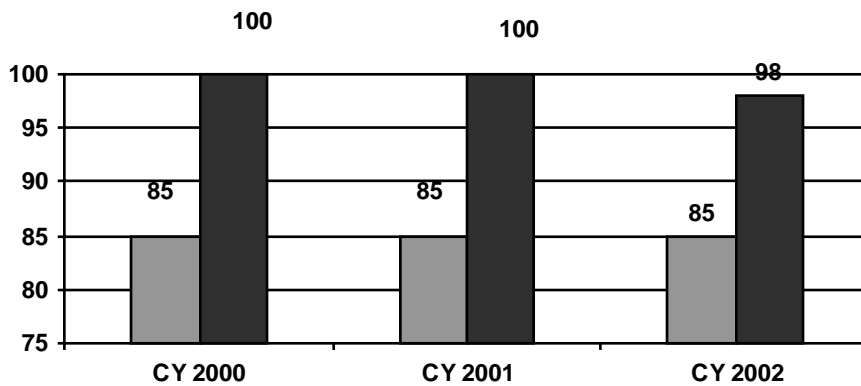


Figure 4. Decisions for All Programs



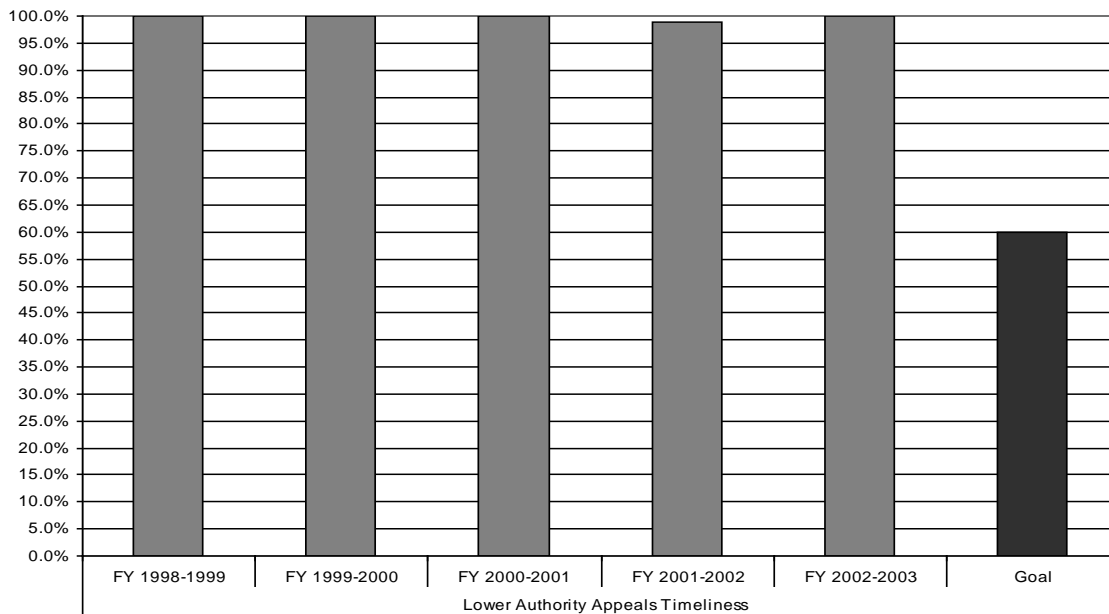
Lower Authority Appeals Quality. Quality evaluations are derived from evaluations of quarterly samples drawn from lower authority benefit appeals hearings, evaluated for compliance with federal criteria. Cases must score at 85% or higher. Even with the increase in the workload and changing staff, Lower Authority Appeals has maintained excellent results as measured by federal quality standards.

Figure 5. Hearings Quality



Lower Authority Appeals Timeliness. Timeliness is defined as the number of days elapsed from the filing of an appeal from a determination to the date of the decision. The goal set by the Department of Labor is to resolve 60% of appeals within 30 days.

Figure 6. Decisions within 30 Days

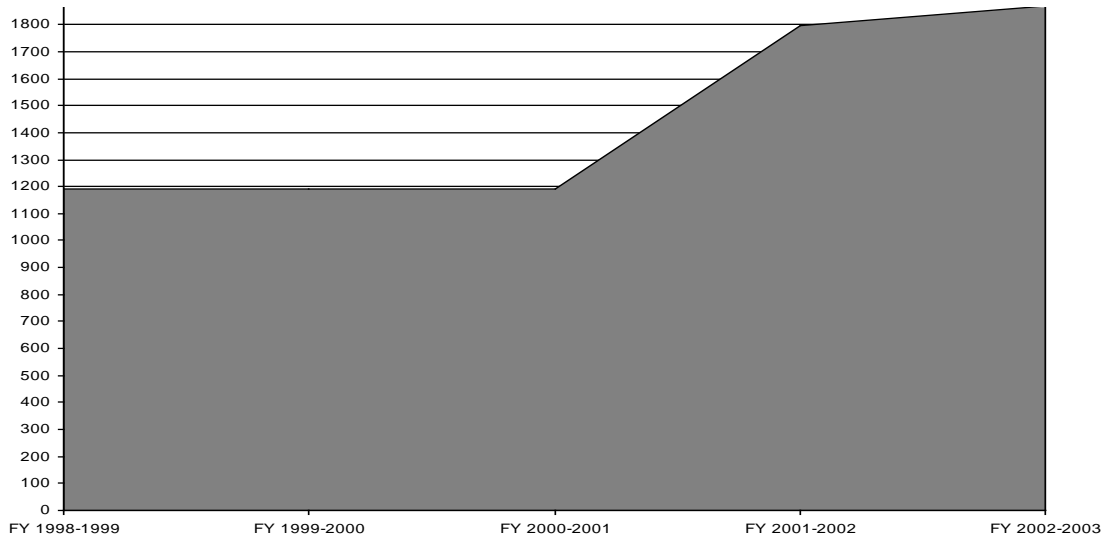


The Lower Authority Appeals unit continues to set the pace for the rest of the nation in this category.

Higher Authority Appeals.

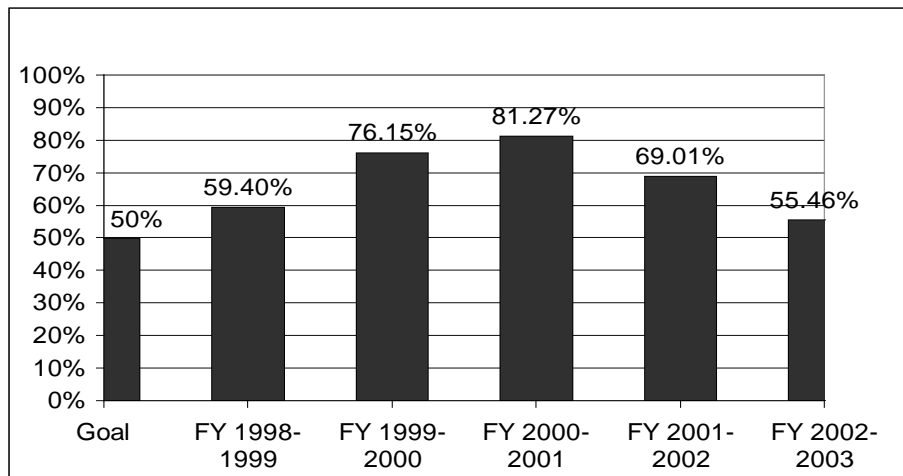
Employers and individual claimants who do not agree with decisions issued by the Appeal Tribunal have the legal right to seek further review by appealing to the Employment Security Commission.

Figure 7. Appeals to the Commission (All Programs)



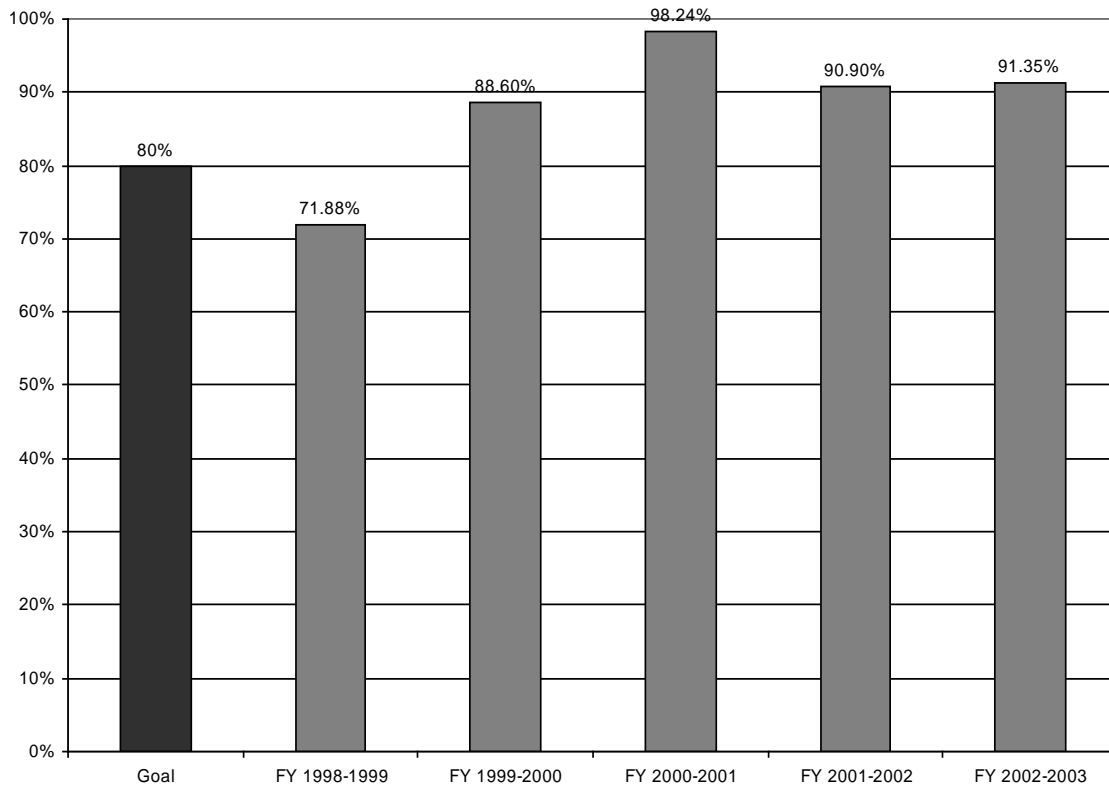
To ensure prompt resolution of these appeals, the Commission is encouraged to issue decisions for 50% of all cases within 45 days. During the twelve months from July 1, 2002, through June 30, 2003, the Commission issued 904 decisions within 45 days of the appeal-filed date.

Figure 8. Commission Decisions Issued within 45 Days



The Commission is also encouraged to resolve 80% of all cases within 75 days of the appeal-filed date.

Figure 9. Commission Decisions Issued within 75 days



Commission Appeals continues to exceed the federal goals. Although the workload is still increasing, there has been a slight improvement in the 75-day performance measure. For the year from July 1, 2002 through June 30, 2003, the Commission issued 1489 decisions within 75 days from the appeal date.

Both the Lower Authority and Commission Appeals units are blessed with dedicated, hard-working individuals who take their jobs seriously and strive to meet and exceed the expectations of the agency and the public customers served.

A Glance at the Future. Although the increase in the number of appeals seems to be slowing down, there is no sign that it will stop or that it will return to pre-recession levels, or even to the pre-boom levels of 1996 (10,000 annual appeals for Lower Authority and 1,100 appeals for the Commission). On the other hand, if the increases persist, even at a slower rate, we will soon reach the capacity limits of our resources to manage the caseload without falling short of the performance and quality goals set by the Department of Labor. We are already seeing some erosion of hearings quality and a decrease in the number of Commission cases resolved within 45 days. These are early signs of strain on our capacity.

Although it would be premature to plan expansion at this time, especially considering the budgetary circumstances, it is not too soon to consider alternative strategies and to monitor the caseload closely for signs of another rapid increase or for indications of a return to more “normal” conditions.

UI Benefits Paid

<i>Total Benefits Paid</i>	<i>July 1998 - June 1999</i>	<i>\$194,480,198</i>
	<i>July 1999 - June 2000</i>	<i>\$196,269,959</i>
	<i>July 2000 - June 2001</i>	<i>\$260,151,496</i>
	<i>July 2001 - June 2002</i>	<i>\$464,843,272</i>
	<i>July 2002 - June 2003</i>	<i>\$425,319,717</i>

Tax Contributions Collected

<i>Total Contributions Collected</i>	<i>July 1998 - June 1999</i>	<i>\$160,247,359</i>
	<i>July 1999 - June 2000</i>	<i>\$170,219,328</i>
	<i>July 2000 - June 2001</i>	<i>\$171,873,598</i>
	<i>July 2001 - June 2002</i>	<i>\$175,157,684</i>
	<i>July 2002 - June 2003</i>	<i>\$210,027,846</i>

Agency Revenue 2002-2003

Other Operating	\$ 1,074,908
Contracts	\$ 17,339
Consortium Contracts	\$ 11,316
Training Session Fees	\$ 0
Contingency Assessment Fund	\$ 6,777,733
Child Support Intercept	\$ 5,919
Parking Fees	\$ 59,227
SCOIC Career Resource Network	\$ 92,274
Technical Assistance & Training Program	\$ 24,666
WIA / Adult-Youth-Dislocated Worker	\$ 51,690,433
Reed Act Funds	\$ 2,712,430
Employment Services	\$ 13,046,446
Unemployment Insurance	\$ 31,579,734
Job Corps	\$ 644,617
Special Administration Fund	\$ 980,583
Disabled Veterans Outreach Program (DVOP)	\$ 976,681
Bureau of Labor Statistics (BLS)	\$ 1,194,443
ES Reimbursement Grant	\$ 26,224
Local Veterans Employment Representative (LVER)	\$ 1,326,995
North American Free Trade Agreement / Trade Adjustment Assistance (NAFTA/TAA)	\$ 3,197,725
Welfare-to-Work	\$ 603,315
State Appropriation	\$ 193,663
Carry-Forward Federal / Other Funds	<u>\$ 1,526,352</u>
	\$117,763,023

Agency Expenditures 2002 - 2003

Personal Services	\$ 41,432,209
Operating	\$ 3,774,749
Debt Service	\$ 951,917
Permanent Improvements	\$ 1,201,131
Case Services	\$ 4,395,364
Distribution to Sub-Divisions	\$ 44,210,820
Fringe Benefits	\$ 11,580,635
Indirect Cost to General Fund	<u>\$ 216,198</u>
	\$117,763,023