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Subject: ED & SALT LS: DEW makes Trust Fund Loan repayment, will apply for FUTA reduction

“The early payment will also allow the state to apply for a fourth consecutive Federal Unemployment Tax Act (FUTA) credit reduction. If approved, the FUTA credit reduction will avoid higher federal unemployment taxes for South Carolina businesses. “

SC Department of Employment and Workforce

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For Immediate Release

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South Carolina’s Improving Economy Allows DEW to Make Second Early Unemployment Trust Fund Loan Repayment This Year

This payment amount more than doubles the payment sent in April

COLUMBIA—The SC Department of Employment and Workforce (DEW) today announced it made a second early voluntary payment of \$126 million to the federal government for the agency’s unemployment trust fund loan, saving the state \$660,000 in interest.

The early payment will also allow the state to apply for a fourth consecutive Federal Unemployment Tax Act (FUTA) credit reduction. If approved, the FUTA credit reduction will avoid higher federal unemployment taxes for South Carolina businesses.

“Today’s announcement that DEW is making its second early loan payment this year – saving our citizens a combined \$2 million in interest – is tremendous news for South Carolina’s businesses and taxpayers,” said Governor Nikki Haley. “This is the kind of commitment to responsible government that the people of our state expect and exactly what is possible when a state experiences the level of economic success we have over the last four years. It’s a great day in South Carolina.”

“The ability to make an early loan payment of this size is directly tied to the Palmetto State’s improved economy,” said DEW Executive Director Cheryl M. Stanton. “With more people working and less people receiving unemployment benefits, we have been able to use unanticipated, additional funds to pay down the debt the state incurred during the Great Recession.”

When the 2014 unemployment tax rate was set, the federal government estimated 1,968,209 South Carolinians were employed. As of July 2014, 2,043,602 people are employed in the state, leading to additional tax collections.

Moreover, South Carolina paid more than \$57.2 million less in unemployment benefits between October 2013 and August 2014 compared to the same time frame during the previous year.

Following this month’s early payment of \$126 million combined with April’s early \$60 million payment, the outstanding balance on the loan is \$270 million. To date, South Carolina has repaid more than \$706 million of the

\$977 million borrowed from the federal government, and is still scheduled to repay the loan in full by the end of 2015.

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