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Subject: Press Event: Unemployment Fund Loan Repayment
Location: 1st Floor Lobby, Statehouse
When: 6/11/2015 1:00:00 PM - 1:30:00 PM

EVENT: Unemployment Fund Loan Repayment Press Conference

DATE: Thursday, June 11, 2015

TIME: 1:00 PM

Legislators and Business reps arrive at 12:45 PM

LOCATION: Statehouse, first floor lobby, Columbia, S.C.

LOCATION SET-UP:

PRIMARY STAFF: Ashton Lee

ADVANCE STAFF: Brian Symmes and Zach Pippin

PURPOSE: Press conference to recognize final installment of payment to Unemployment Fund Loan. Restoring solvency to the state's unemployment trust fund is another step in our state becoming debt free and is quantitative proof that South Carolina citizens are finding work, business are strengthening our workforce and the economy, DEW is cracking down on fraudulent claims.

PRESS: Yes

PUBLIC: Yes

SPEAKING ORDER/LINE-BY-LINE:

- Governor Nikki Haley
- Director Cheryl Stanton, Deptment of Employment and Workforce
- Chairman Thomas Alexander, Senate LCI
- Chairman Sandifer, House LCI
- Ted Pitts, President and CEO SC Chamber of Commerce

BACKGROUND:

The South Carolina Department of Employment and Workforce accepted a nearly \$1 billion federal loan used to help pay state unemployment insurance benefits since 2008. DEW is making the final \$120 million early payment today to the U.S. Department of Labor. The dealine to pay off the loan was scheduled for November 2015. However, early and voluntary payments on the loan between 2011 and 2015 led to returning the Trust Fund to solvency, saving businesses more than \$13 million in interest payments.

The loan, which reached its peak of \$977.7 million dollars in March 2011, was issued by the federal government during the height of the Great Recession. As the recession remained, South Carolina was forced to borrow to ensure that unemployment payments could continue during the economic decline.

South Carolina is the only state, out of 36, that was able to maintain a 5.4% FUTA credit – saving the business community hundreds of millions of dollars in higher federal taxes.

SUGGESTED TALKING POINTS:

- First of all, I want to thank everyone for being here today and I want to say that it truly is a great day in South Carolina.
- It's a great day because we are here to celebrate two of our favorite things – paying down the state's debt and saving the taxpayers of South Carolina money.
- During the Great Recession, South Carolina was forced, along with 36 other states, to borrow from the Federal Government when the Unemployment Insurance Trust Fund was depleted.
- We had to borrow nearly \$1 billion, which is obviously a position that we never wanted to be in, but it was necessary.
- But what we all knew was that we had to come up with a responsible way to pay that loan back.
- So in 2010 and 2011, the General Assembly made reforms to both the tax and benefit systems in order to put the fund on a path to repay all loans by November 2015. This included:
 - A reduction in the maximum weeks of unemployment from 26 weeks to 20 weeks.
 - An increase in the penalties for misconduct and being fired for cause.
 - An update to the tax system to provide for equitable distribution based on the usage of the unemployment system.
- At its peak, in March 2011, this loan reached \$977.7 million and we made the first payment in September 2011 for \$115.2 million.
- Yesterday, we made the final payoff of the loan and we are happy to say that we're ahead of schedule. Because South Carolina has been proactive in making early and voluntary payments prior to the deadline of November, we were able to save over \$13 million.
- But one of the things that we are most excited about is the fact that South Carolina led the way in showing the world how to handle this situation.
- We are the only state that maintained the lowest possible FUTA (Federal Unemployment Tax Act) Credit, at 5.4%.
- This means that our businesses saved hundreds of millions of dollars when they were paying their unemployment taxes.
- But what made all of this possible is all of the success we have seen in South Carolina's economy.
 - We've worked tirelessly at creating a pro-business climate.
 - We've been able to announce over 68,000 jobs since January of 2011

CONFIRMED INVITES: *(group will be standing behind the podium)*

Sen. Tom Alexander
Sen. Kevin Bryant
Rep. Kenny Bingham
Rep. Bill Sandifer
Lewis Gossett
Ted Pitts