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Nikki R. Haley  
Governor

Cheryl M. Stanton  
Executive Director

June 15, 2016

The Honorable Hugh K. Leatherman, Sr.  
President Pro Tempore  
South Carolina Senate  
111 Gressette Building  
Columbia, SC 2920

The Honorable James H. (Jay) Lucas  
Speaker  
South Carolina House of Representatives  
1506 Blatt Building  
Columbia, SC 29201

Dear Chairman Leatherman and Mr. Speaker:

The SC Department of Employment and Workforce (DEW) is committed to protecting the integrity of the state unemployment insurance (UI) trust fund by ensuring that only eligible individuals receive benefits, which in turn, helps to keep businesses' UI taxes lower.

In its 120<sup>th</sup> Session (2013-14), the General Assembly mandated through then Proviso 83.6 (currently 83.5) that UI claimants be required to conduct one of the four weekly work searches through the SC Works Online System (SCWOS) so DEW could electronically verify that claimants were "actively seek[] work." This anti-fraud provision gave DEW an objective method to ensure that only eligible individuals received UI benefits and ultimately, ensured that businesses' UI taxes remained low. To build on the success of this important integrity effort, in 2016, DEW proposed that all four work searches be required to be on-line.

Amendments to Proviso 83.5, however, removed the on-line work search requirement and allow individuals to perform job searches in any manner they choose. Verification of work searches other than on-line will be costly to the agency and significantly less reliable. As a result, the rate of fraud and improper payments will rise, the trust fund balance will be reduced, and businesses will have increased taxes in future years.

If the General Assembly sustains the veto, S.C. Code Ann. §41-33-710 allows DEW to continue to transfer 30% of the contingency fund revenues for eligibility reviews, random verification of job contacts, wage cross matches and seated meetings with UI claimants, which the agency will do. It will also allow for DEW to seek the re-establishment of the job search requirement via the regulatory process.

We appreciate the opportunity to present this additional information on the Governor's veto.

Sincerely,

Cheryl M. Stanton