

The Post and Courier

State botched chance for aid

Jobless benefits could have continued

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The Post and Courier

Friday, October 16, 2009

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[House extends jobless benefits; South Carolina among eligible states under bill that easily passed, 331-83](#), published 09/23/09

Thousands of out-of-work South Carolinians will miss out on five months of unemployment checks because state officials failed to tweak a rule enabling them to tap into federal stimulus money.

The state's high jobless rate, one of the worst in the country at 11.5 percent, means some unemployed residents could be receiving an additional 20 weeks of checks when they run out of their current state and federal benefits.

More than 113,000 South Carolina unemployed residents already have exhausted their benefits.

To get access to the additional money, state lawmakers needed to pass temporary changes to the economic index they use to trigger additional emergency benefits in times of unprecedented financial hardship.

No bill was ever proposed. South Carolina is one of two states eligible for the most generous benefits but is not receiving them. The other is Mississippi.

"South Carolina missed the boat on free federal benefits that were available to its residents at virtually no cost to its populous," said Andrew Stettner of the New York-based National Employment Law Project.

A fiscal analysis from the office of U.S. Rep. John Spratt Jr., D-S.C., put the loss at tens of millions of dollars. "I was outraged," Spratt said.

Roosevelt Halley, the state Employment Security Commission's outgoing executive director, said his office knew about the changes after receiving information from the U.S. Labor Department, but he did not discuss it with state legislators, saying the information already was in the original 1,200-page federal stimulus bill.

Officials at the Columbia-based Appleseed Legal Justice Center, an advocacy group for the poor, also met with key lawmakers about making the change but couldn't find a sponsor amid the debate over the stimulus with Gov. Mark Sanford and the legislative session's approaching end.

One lawmaker acknowledged that he misunderstood the bill's provisions, thinking it could increase the state's unemployment fund debt.

The federal funds do not need to be repaid.

"In these cash-strapped times, why would we leave one dime in Washington?" said Sue Berkowitz, Appleseed Legal's director.

State officials disagreed this week over whether legislators could still pass a measure to get the 20 weeks of benefits before the end of the year. Doing so would require a special session.

Money available

Following mass layoffs and worsening economic conditions, Congress made money available temporarily through the \$787 billion stimulus package that would extend unemployment benefits in states with the highest jobless rates.

To get the funds, state lawmakers had to pass a rule that temporarily changed the measure they use to trigger emergency jobless benefits, which states give out during times of high unemployment.

States that made the changes agreed to send emergency checks to residents after their unemployment rate hit a certain level.

South Carolina's emergency funds, an additional 13 weeks of benefits, are given out differently. Officials start paying the funds based on a certain percentage of unemployed residents who are drawing benefits during the initial 26-week period. That number increased in March, triggering the extra funds.

That percentage figure has fallen recently as unemployed residents exhaust their benefits and are no longer counted.

"It's not because the economy's improving. It's not because people are finding jobs," said Don Schunk, a research economist with Coastal Carolina University. "It's because we have a record number of people exhausting their benefits and disappearing from the system."

The last checks through that emergency program are scheduled to go out Saturday, immediately affecting about 6,900 residents around the state.

Meanwhile, 23 other states followed the stimulus bill's requirements and made changes so that emergency benefits are based on the statewide unemployment rate, not the percentage of people drawing checks.

Simply put, those states will likely continue drawing emergency benefits, which have now expired for South Carolina.

Missed opportunities

Though state lawmakers needed to approve the index change to get the funding, few apparently knew about it.

Shortly after the stimulus act passed, the state employment agency received an informational packet about how state legislators could access the money.

Halley and other commission members met frequently with state lawmakers this spring to discuss the state's insolvent unemployment benefits fund. Halley said he didn't expect the state's 13-week emergency trigger to fall so soon into the recession.

"Nobody could foresee the future," said Halley, who announced Thursday that he will leave the agency earlier than previously stated.

Agency Commissioner Becky Richardson called the failure to notify state lawmakers "inexcusable."

"Obviously it was never brought to our attention as commissioners," she said. "We definitely would have taken it to the Legislature. Why would you not?"

Sanford, whose office doesn't have direct oversight of the commission, is working on reforms to the agency. On Wednesday his office released a statement saying, "A lack of accountability has affected the ESC's ability to best perform its mission."

When Appleseed Legal Justice staffers met with state lawmakers over the bill, the issue seemed to get lost among other problems that lawmakers faced, such as budget shortfalls and the overall effort to reform the employment security commission.

"There was so much going on," said Sen. Nikki Setzler, D-West Columbia.

Rep. Bill Sandifer, R-Seneca, chairman of the labor committee, said he mistakenly thought the state would have to continue paying the benefits after the federal program runs out, adding more debt to employment benefit fund. But state officials have no obligation to continue offering the benefits.

"I know I didn't know that, and I'm sure my staff didn't know as well because they keep me informed of what's going on. ... We were simply not informed," he said. "I don't know whose responsibility it was to inform us, but nevertheless, it was not done."

The mistake was first noticed by staffers in Spratt's office who were researching other employment-benefit-related legislation.

"I was astounded," Spratt said Thursday. "I thought that surely reason would prevail and compassion would prevail for those people who now need the assistance."

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