



HENRY McMASTER
GOVERNOR

May 6, 2021

Mr. Daniel Ellzey
Director
Department of Employment and Workforce
1550 Gadsden Street
Columbia, SC 29202

Dear Director Ellzey,

South Carolina's businesses have borne the brunt of the financial impact of the COVID-19 pandemic. Those businesses that have survived—both large and small, and including those in the hospitality, tourism, manufacturing, and healthcare sectors—now face an unprecedented labor shortage.

This labor shortage is being created in large part by the supplemental unemployment payments that the federal government provides claimants on top of their state unemployment benefits. In many instances, these payments are greater than the worker's previous pay checks. What was intended to be short-term financial assistance for the vulnerable and displaced during the height of the pandemic has turned into a dangerous federal entitlement, incentivizing and paying workers to stay at home rather than encouraging them to return to the workplace.

These federal entitlements pose a clear and present danger to the health of our State's businesses and to our economy. Since the Biden administration and Congress appear to have little to no comprehension of the damage being done and no appetite to terminate the federal payments, the State of South Carolina must take action.

Accordingly, I hereby direct the Department of Employment and Workforce (DEW) to terminate the State of South Carolina's participation in the Federal Pandemic Unemployment Compensation (FPUC) program, the Pandemic Unemployment Assistance (PUA) program, the Pandemic Emergency Unemployment Compensation (PEUC) program, the Mixed Earner Unemployment Compensation (MEUC) program, the Emergency Unemployment Relief for Governmental Entities and Non-profit Organizations program, and the Temporary Federal Funding of the First Week of Compensable Regular Unemployment for States with No Waiting Week program, effective June 30, 2021.

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Following termination of participation in these federal programs, DEW shall return to normal operation of the State's unemployment insurance program, including enforcing the requirement that claimants demonstrate active efforts to seek employment in order to remain eligible for benefits.

Thank you for your continued leadership and attention to these important issues. Please keep me informed of your progress.

Yours very truly,



Henry McMaster