

GENERAL ASSEMBLY OF VIRGINIA -- 2001 SESSION

ENROLLED

HOUSE JOINT RESOLUTION NO. 611

Continuing the Joint Subcommittee Studying the Funding Requirements of the Virginia Unemployment Trust Fund.

Agreed to by the House of Delegates, February 24, 2001

Agreed to by the Senate, February 24, 2001

WHEREAS, each year since 1977 a joint subcommittee consisting of 5 members of the Senate Commerce and Labor Committee and 7 members of the House Labor and Commerce Committee has met to study the funding requirements of the Virginia Unemployment Trust Fund; and

WHEREAS, the joint subcommittee met in 2000 pursuant to House Joint Resolution No. 249 (2000) to review the current status of, and long-term projections for, the Virginia Unemployment Trust Fund; and

WHEREAS, the Unemployment Trust Fund is financed by Virginia's employers to provide benefits to Virginians with a firm attachment to the workforce who become unemployed through no fault of their own; and

WHEREAS, the current formula determining the adequacy of the Unemployment Trust Fund was enacted following a 1980 study of the unemployment compensation system; and

WHEREAS, the 1980 study of the unemployment compensation system was conducted in response to high levels of benefit payments in the recession years of the late 1970s; and

WHEREAS, since 1980, the Commonwealth's economy has changed, most recently enjoying considerable economic growth; and

WHEREAS, the work of the joint subcommittee has focused on the solvency of the unemployment trust fund, and not on the benefits to employees; and

WHEREAS, a comprehensive study of the unemployment compensation system has not been conducted since the early 1980s; and

WHEREAS, the changes in Virginia's economy during the past decade have resulted in changes to the needs of persons displaced from work through no fault of their own; and

WHEREAS, the current means of calculating an employee's weekly benefit amount may no longer be adequate to meet employee needs; and

WHEREAS, many other states use different methods for determining the weekly benefit amount of displaced employees; and

WHEREAS, the solvency level of the Unemployment Trust Fund is projected to decline by 2003; and

WHEREAS, legislative examination of the unemployment compensation system is warranted to ensure its adequacy to meet the changing needs of a growing economy; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Subcommittee Studying the Funding Requirements of the Virginia Unemployment Trust Fund be continued. The joint subcommittee shall be composed of 12 members to be appointed as follows: 7 members of the House of Delegates to be appointed by the Speaker, in accordance with the principles of proportional representation contained in the Rules of the House of Delegates; and 5 members of the Senate to be appointed by the Senate Committee on Privileges and Elections.

The scope of the study shall be expanded to address, but shall not be limited to, (i) the current formula for determining solvency of the Unemployment Trust Fund, (ii) employee benefit eligibility criteria, (iii) the rationale for benefit levels, (iv) the propriety of regional or extended benefit features, (v) the appropriateness and sufficiency of pool charges, (vi) the propriety of diversion of revenue to job training or economic development programs, and (vii) the current tax schedules for employers. The joint subcommittee shall also study the means of calculating the weekly amount of unemployment compensation benefits for displaced employees, and the methods used by other states to determine an employee's weekly benefit amount, including the indexing of unemployment benefits and the minimum and maximum benefit amounts provided by those states.

The Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The direct costs of this study shall not exceed \$115,000. An estimated \$100,000 shall be borne by the Virginia Employment Commission for consulting or actuarial services. In addition, for the purposes of this study, the Virginia Employment Commission shall reimburse the General Assembly for the costs of compensation and expenses incurred by the legislative members of the joint subcommittee in the performance of their duties related to the study.

The joint subcommittee shall complete its work in time to submit its written findings and

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recommendations by October 20, 2002, to the Governor and the 2003 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.