

Department of Planning and Budget 2014 Fiscal Impact Statement

1. **Bill Number:** HB798

House of Origin	X	Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron:** Lopez

3. **Committee:** Commerce & Labor

4. **Title:** Unemployment compensation; Self-Employment Assistance Pilot Program; report.

5. **Summary:** Establishes the Self-Employment Assistance Pilot Program (Program), under which up to 100 unemployed individuals receive unemployment compensation while they are establishing their own businesses and becoming self-employed. Participants receive an allowance in lieu of weekly regular benefit payments and may use the allowance for entrepreneurial training, business counseling, and technical assistance. The bill provides for the Virginia Employment Commission to develop and implement the program and to report annually to the Governor and the General Assembly on (i) the total number of participants, (ii) the fiscal status of the Program, and (iii) any other information that will assist in determining the viability of the Program. No new participants shall be provided the self-employment assistance allowance after June 30, 2015.

6. **Budget Amendment Necessary:** Yes, Item 121 (HB30/SB30)

7. **Fiscal Impact Estimates:** Preliminary, see Item 8 below.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014	\$0	N/A	N/A
2015	\$40,000	N/A	NGF
2016	\$0	N/A	N/A
2017	\$0	N/A	N/A
2018	\$0	N/A	N/A
2019	\$0	N/A	N/A
2020	\$0	N/A	N/A

8. **Fiscal Implications:** The weekly amount of a self-employment assistance allowance payable to an individual under this chapter is equal to the weekly benefit amount for regular benefits otherwise payable under § 60.2-602, Code of Virginia. The fiscal impact of the pilot program for one year could be \$40,000. This includes minor modifications (\$5,000) to the Virginia

Employment Commission's (VEC) computer system to allow required reports to the U.S. Department of Labor, training (\$10,000), and publicity & marketing (\$25,000). VEC could seek funding for publicity and marketing from their workforce service partners and/or federal grants. In addition, VEC notes that there could be costs to administer the program, but that duties could be divided among current employees, and thus the costs absorbed within the agency.

9. Specific Agency or Political Subdivisions Affected: The Virginia Employment Commission.

10. Technical Amendment Necessary: No.

11. Other Comments: The fiscal impact provided above is limited to the one-year pilot program. If the self-employment assistance program continues as a permanent program, then there could be a start-up cost between \$506,000 and \$754,000. This is based on VEC's need to negotiate a change to their computer system with two vendors that design and implement the Automated Unemployed Insurance System and its Virginia Workforce Connection system. In addition, VEC may have to hire a permanent position to administer the on-going program, at an estimated cost of \$59,979.

HB798.doc/jlm
Date: 01/22/2014

cc: Secretary of Commerce and Trade