

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: SB536

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Bagby

3. Committee: Finance and Appropriations

4. Title: Unemployment compensation; continuation of benefits; repayment of overpayments.

5. Summary: Makes permanent provisions of the Code that expired on July 1, 2022, relating to unemployment compensation. The bill provides that when a claimant has had a determination of initial eligibility for unemployment benefits, as determined by the issuance of compensation or waiting-week credit, payments shall continue, subject to a presumption of continued eligibility, until a determination is made that provides the claimant notice and an opportunity to be heard. The bill requires the Virginia Employment Commission to waive the obligation to repay any overpayment if (i) the overpayment was made without fault on the part of the individual receiving benefits and (ii) requiring repayment would be contrary to equity and good conscience. Conditions for when overpayments are considered "without fault on the part of the individual" are outlined in the bill.

The bill further provides that the Commission shall notify each person with an unpaid overpayment of benefits that he may be entitled to a waiver of repayment and provide 30 days to request such a waiver. The bill specifies that all costs that result from implementing provisions of the bill shall be incurred by federal administrative grants and the General Fund.

Finally, the bill adds overpayments that the Commission has waived the requirement to repay to the list of situations where specific employers are not responsible for benefit charges, unless the erroneous payment was made because the employer failed to respond timely or adequately to a written request by the Commission for information relating to the claim.

6. Budget Amendment Necessary: Yes, to Item 356 of HB30/SB30.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

7a. Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|--------------|
| 2024 | n/a | n/a | n/a |
| 2025 | \$357,167 | 3 | General Fund |
| 2026 | \$357,167 | 3 | General Fund |
| 2027 | \$357,167 | 3 | General Fund |
| 2028 | \$357,167 | 3 | General Fund |

| | | | |
|------|-----------|---|--------------|
| 2029 | \$357,167 | 3 | General Fund |
| 2030 | \$357,167 | 3 | General Fund |

- 8. Fiscal Implications:** This bill requires the Virginia Employment Commission (VEC) to waive the obligation to repay overpayments under certain conditions specified in the bill. In addition, the bill provides that the Commission shall notify each person with an unpaid overpayment of benefits that he may be entitled to a waiver of repayment and provide 30 days to request such a waiver. VEC estimates that approximately \$3.6 million in waivers will be granted each year. These would be absorbed within the existing Unemployment Insurance Trust Fund.

To implement the provisions of the bill, including evaluating and processing the overpayment waivers, VEC estimates the need of three positions in the Benefit Payment Control unit. As every request for a waive is appealable, VEC anticipates additional work associated with such appeals. The annual cost of these positions and the associated technology and other non-personnel services costs is \$357,167 in each year. The bill specifies that all costs that result from implementing provisions of the bill shall be incurred by federal administrative grants and the general fund. There are no available federal funds to allocate to this legislation; therefore, a general fund budget amendment is required.

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

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.