

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB411

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

2. Patron: James

3. Committee: Commerce and Labor

4. Title: Unemployment benefits; part-time employment.

5. Summary: Provides that an individual who was employed part-time during at least one-half of the weeks of work in the individual's base period is deemed to satisfy the requirement that he be available for work and actively seeking and unable to obtain suitable work if he is available for and actively seeking work that is comparable to his part-time work experience in his base period.

6. Budget Amendment Necessary: Yes, Item 126 (HB30/SB30).

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact: (Unemployment Trust Fund)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016	\$0	N/A	N/A
2017	\$16,400,000	N/A	NGF
2018	\$18,000,000	N/A	NGF
2019	\$18,500,000	N/A	NGF
2020	\$19,100,000	N/A	NGF
2021	\$19,800,000	N/A	NGF
2022	\$20,300,000	N/A	NGF

7a. Expenditure Impact: (Federal Grant Funding)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016	\$0	N/A	N/A
2017	\$877,763	N/A	NGF
2018	\$229,263	N/A	NGF
2019	\$229,263	N/A	NGF
2020	\$229,263	N/A	NGF
2021	\$229,263	N/A	NGF
2022	\$229,263	N/A	NGF

7c. Revenue Impact: (Unemployment Trust Fund)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2016	\$0	N/A
2017	\$0	N/A
2018	\$8,100,000	NGF
2019	\$12,500,000	NGF
2020	\$13,600,000	NGF
2021	\$16,400,000	NGF
2022	\$30,100,000	NGF

- 8. Fiscal Implications:** The Virginia Employment Commission (VEC) estimates that paying unemployment insurance for individuals employed in part-time employment during at least one-half of the weeks during their base period and are seeking part-time work will increase the unemployment tax cost per employee by an average of \$5.64 over an eight-year average. This tax “revenue” would be paid by employers to the Unemployment Trust Fund. The bill also would decrease the solvency of the Unemployment Insurance Trust Fund by two percent.

In addition, there would be other administrative costs as a result of this bill. The commission estimates one-time costs of \$877,763 in FY 2017, and ongoing costs of \$229,263 starting in FY 2018. The additional costs would be necessary for contractors, IT programming changes, and additional part-time personnel due to the workload increase. The expenditure costs could be paid from federal grant funds, if available. However, based on current allocations, Virginia is only receiving base grant funding and expects no additional federal resources in the foreseeable future.

A budget amendment is needed to provide sufficient appropriation for expenditures from the Unemployment Trust Fund (7a.).

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

- 10. Technical Amendment Necessary:** Line 228 of this bill, “\$6.28” should be stricken, and replaced with “\$5.64”. Section 30-19.03:1.2, Code of Virginia, requires that bills enhancing unemployment compensation benefits payable to a claimant contain a statement reflecting the projected impact on the solvency level of the unemployment trust fund and the average increase in state unemployment tax liability of employers. Based on information provided to the Department of Planning and Budget, the third enactment clause of the bill should be updated accordingly.

- 11. Other Comments:** It is unclear, at this time, if this bill conforms to federal requirements. The Virginia Employment Commission is reviewing the legislation in comparison to federal unemployment requirements, and is waiting on written confirmation.