

Department of Planning and Budget
2020 Special Session I - Fiscal Impact Statement

1. Bill Number: SB5107

House of Origin	<input checked="" type="checkbox"/> 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: McPike

3. Committee: Commerce and Labor

4. Title: Unemployment compensation; short-time compensation; sunset repeal; emergency.

5. Summary: Repeals two sunset provisions from legislation enacted during the 2020 Regular Session of the General Assembly that, among other things, established a short-time compensation (STC) program that provides employers with the option of reducing the hours worked by employees while permitting the employees whose hours are reduced to receive partial compensation from the Virginia Employment Commission (VEC) for lost wages. The bill also extends the date by which the VEC is required to establish and implement such STC program from January 1, 2021, to January 1, 2022. The bill contains an emergency clause.

6. Budget Amendment Necessary: No. General Provisions in Chapter 1289, 2020 Acts of Assembly, provides authority for the Governor to appropriate the \$2.7 million of federal grant funds referenced in number 8, below.

7. Fiscal Impact Estimates: See item 8.

8. Fiscal Implications: Preliminary.

Benefits authorized under a short-time compensation program established by the Commonwealth will be paid from Virginia's Unemployment Insurance Trust Fund. The trust fund is supported by taxes paid by employers.

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act includes provisions to help states develop, promote or expand STC programs approved by the U. S. Department of Labor (DOL) Section 2109 provides for a state without a qualifying STC program in its law to enter into an agreement with DOL to operate a temporary federal STC program, for which the state will receive federal reimbursement equaling up to one half of the benefit costs. Section 2110 provides \$100 million in grants to support states in implementing and administering STC programs in their laws and promoting and enrolling employers, including conducting outreach to employers to promote the use of STC. Section 2111 provides that DOL will provide assistance and guidance to states implementing STC programs.

By repealing the two sunset provisions and extending the date by which VEC must establish and implement a STC program, Virginia will be eligible to apply for a portion of the \$100 million in grants to support the implementation and administration of STC programs; Virginia's allocation is \$2.7 million. Integrating the STC program into VEC's existing unemployment insurance technology system will be necessary; it is anticipated that the federal grant funds will support this effort. It is unlikely that any STC program developed and implemented in the state will be eligible for partial reimbursement under the CARES Act as reimbursement is only available for benefits for weeks of unemployment through December 31, 2020.

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

10. Technical Amendment Necessary: No.

11. Other Comments: HB5087 is the companion to this bill.