Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

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Bill Number: HB1767 **Patron:** Martinez
Bill Title: Unemployment benefits; maximum duration.

Bill Summary: Provides that, beginning July 1, 2025, for claims effective on or after July 1, 2025, an eligible individual's weekly unemployment compensation benefit amount shall be paid for a maximum duration of 26 weeks.

Budget Amendment Necessary: See Fiscal Analysis. Items Impacted: 356 (VEC)

Explanation: This bill involves the Virginia Employment Commission; see the Fiscal Analysis section for details regarding budget amendment and impact.

Fiscal Summary: It is anticipated that a budget amendment to increase nongeneral fund appropriation may be necessary in the future years. Additionally, VEC anticipates incurring one-time administrative costs estimated at up to $46,074. If the administrative fee authorized in the Appropriation Act is insufficient to address critical needs within the agency as well as the one-time costs associated with this bill, a general fund amendment will be necessary. See Fiscal Analysis.

Nongeneral Fund Expenditure Impact:

Agency	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
VEC (admin)	0	$46,074				
VEC UI Trust Fund	0	$40,016,588	$80,033,176	$80,033,176	$80,033,176	$80,033,176
TOTAL	**0**	**$40,062,662**	**$80,033,176**	**$80,033,176**	**$80,033,176**	**$80,033,176**

Fiscal Analysis: This impact statement is preliminary. This bill will increase expenditures from the Unemployment Insurance (UI) Trust Fund due to increased benefit payments. Currently, the average duration of unemployment benefits is 22.7 weeks. This bill requires that benefits extend the maximum duration of 26 weeks, which is an increase of 3.3 weeks of benefits paid out on average per claimant. This impact analysis is based on the average number of compensable weeks and covered employment over the past 19 state fiscal years, excluding FY 2020 and FY 2021. These two years were omitted because the General Assembly enacted legislation during that period to prevent pandemic-era charges from being applied to employers. The estimated additional expenditure is as follows:

Impact on the Unemployment Trust Fund:

- **Average of weeks claimed (FY06 – FY24 excluding FY20 and FY21):** 1,575,377
- **Estimated Weeks Paid After Increase (15% Growth):** 1,804,397 weeks

- **Average Weekly Benefit Amount (SFY 2024):** \$349.46
- **Average Additional Cost to the Trust Fund Per Year:**
  1,575,377 weeks × \$349.46 average weekly benefit amount = \$80,033,176

The increased expenditures and reduced trust fund balance will result in higher employment taxes for employers. To cover this additional expenditure:

- **Average Number of employees covered by UI taxes (FY06 – FY24 excluding FY20 and FY21):** Approximately 3,571,677
- **Average increase in employer taxes per employee:** \$80,033,176 ÷ 3,571,677 = \$22.41
- **Average increase in employer taxes as a percentage of the taxable wage base (\$8,000):** \$22.41 ÷ \$8,000 = 0.28%

Currently, VEC does not collect the necessary data to estimate an accurate benefit exhaustion rate if all claimants were eligible, claimed, and are paid for the full 26 weeks. Benefit eligibility and duration are currently calculated based on individual wages earned during the base period, adding complexity to projecting the full impact of this change.

According to VEC, the agency will incur administrative costs in implementing the provisions of this bill. The costs include an estimated \$46,074 for developing, testing, and implementing the changes needed for a new benefit table as well as increasing claimant and employer communication efforts. As a nongeneral fund supported agency, primarily reliant on federal funding, the agency cannot absorb these costs. The Appropriation Act (Item 356 K.1) authorizes VEC to assess an administrative fee equal to .5 percent of taxable wages for purpose of supporting critical technology and staffing requirements in the administration of Virginia's unemployment compensation programs. It may be possible that revenue from this fee could be used to offset the costs of this bill; however, the agency will not be able to begin collecting revenue from this fee until May 2025. If sufficient revenue is not generated to address critical needs within the agency as well as the one-time fiscal impact of this bill, a general fund amendment will be necessary.

Other: None.