

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

- **Benefit increase per week:** \$100
- **Total additional expenditure from the UI Trust Fund:** \$157,537,694

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:** $\$157,537,694 \div 3,571,677 = \44.11
- **Average increase in employer taxes as a percentage of the taxable wage base (\$8,000):** $\$44.11 \div \$8,000 = 0.55\%$

According to VEC, the agency will incur administrative costs in implementing the provisions of this bill. The costs include an estimated \$26,074 for developing, testing, and implementing the changes needed for a new benefit table as well as increasing claimant and employer communication efforts. This bill requires VEC, beginning October 1, 2025, to participate in a work group to meet at least once each quarter to study making annual adjustments to individual weekly benefit amounts for unemployment compensation and present findings by September 1, 2026. As part of the work group VEC intends to contract with a meeting facilitator to assist staff with meeting facilitation. In addition, the agency anticipates contracting with an actuarial expert to assist with the work group and the adjustments to the benefit amounts at a cost of \$28,000. If VEC is required to conduct the meetings, including travel costs, supplies and materials, rental of meeting space and A/V, and other meeting related costs, VEC estimates incurring an additional cost of \$78,000.

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 administrative fiscal impact of this bill, a general fund amendment will be necessary.

Other: SB1056 is the companion to this bill.