

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB1319 **Patron:** Martinez
Bill Title: Unemployment benefits; maximum duration.

Bill Summary: Provides that, beginning July 1, 2026, for claims effective on or after July 1, 2026, an eligible individual's weekly unemployment compensation benefit amount shall be paid for a maximum duration of 26 weeks.

Budget Amendment Necessary: No **Items Impacted:** N/A

Explanation: This bill involves the Virginia Employment Commission (VEC); a nongeneral fund budget amendment may be required in future years but can be provided administratively.

Fiscal Summary: It is anticipated that a budget amendment to increase nongeneral fund appropriation may be necessary in future years.

Nongeneral Fund Expenditure Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
VEC UI Trust Fund		\$82,560,782	\$82,560,782	\$82,560,782	\$82,560,782	\$82,560,782
TOTAL	\$82,560,782	\$82,560,782	\$82,560,782	\$82,560,782	\$82,560,782	\$82,560,782

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 UI Trust Fund

- **Average of weeks claimed (FY06 - FY24 excluding FY20 and FY21):** 1,575,377
- **Estimated additional weeks paid after increase (15% growth):** 236,307 additional weeks
- **Estimated total weeks paid after increase:** 1,811,684 weeks

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- **Average Weekly Benefit Amount (SFY 2024):** \$349.38
- **Average additional cost to the Trust Fund per year:** \$82,560,782

The Fund is expected to incur an additional expenditure of approximately \$82,560,782 per year due to the increased benefit duration.

To cover this additional expenditure:

- **Average number of employees covered by UI taxes (FY06 - FY24 excluding FY20 and FY21):** 3,565,926
- **Average increase in employer taxes per employee:** \$23.15
- **Average increase in employer taxes as a percentage of the taxable wage base (\$8,000):** 0.29%

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 one-time 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. The Appropriation Act (Item 359 J.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. VEC's nongeneral fund estimates assume revenue collection of \$16.0 million annually from this fee.

Other: SB760 is the companion to this bill.