



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

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Beginning in FY 2027, it is anticipated that this bill will result in a general fund expenditure impact ranging from \$258,650 to \$396,557 annually, with a position impact ranging from two to three FTEs at DOLI. The upper bound reflects the addition of two Compliance Officers and one Program Specialist. The lower bound reflects a staffing level of one Compliance Officer and one Program Specialist. Budget amendments adopted by the Senate include \$4.8 million in the first year and \$2.8 million in the second year, from the general fund, and 10 positions to implement labor law legislation.

The fiscal impact arises from the bill's expansion of noncompete enforcement and the addition of a severance and monetary payment-based enforcement standard subject to civil penalties. The bill assigns DOLI responsibility for receiving complaints, conducting investigations, and administering civil penalties of \$10,000 per violation. These responsibilities create new enforcement workload beginning in FY 2027, as each case requires staff time for intake, review of employment agreements, evaluation of discharge circumstances, and documentation of findings. The agency indicates that it cannot absorb the additional workload, as current compliance staff are fully allocated to existing labor standards enforcement responsibilities.

Estimates provided by DOLI are based on Virginia labor market separation data indicating approximately 52,000 separations annually. The agency applied an assumed inquiry rate of ten percent, estimating approximately 5,200 constituent contacts, with two percent of those contacts, or approximately 104 cases, escalating to formal investigations. Based on this estimated caseload, DOLI indicates that up to two Compliance Officers may be required to investigate cases and support enforcement actions, along with one Program Specialist to manage intake, tracking, and constituent communications.

The bill may increase state revenues through expanded assessment of civil penalties for violations of § 40.1-28.7:8, Code of Virginia, including violations of the newly created severance and monetary payment-based prohibition. All civil penalties are deposited into the general fund. The magnitude of any revenue increase is indeterminate and dependent on enforcement activity and employer compliance rates.

Budget amendments adopted by the Senate provide \$4.8 million in general fund support in FY 2027 and \$2.8 million in FY 2028, and 10 positions, for the department to hire additional personnel for labor law enforcement.

**Other:** None.