2026 Special Session I

Budget Bill - HB30 (Enrolled)

Virginia Employment Commission

Item 359	First Year - FY2027	Second Year - FY2028
Workforce Systems Services (47000)	**$622,118,012**	**$622,118,012**
Unemployment Insurance Services (47002)	$622,118,012	$622,118,012
Fund Sources:		
General	$357,167	$357,167
Special	$31,500,000	$31,500,000
Trust and Agency	$590,260,845	$590,260,845

Authority: Title 60.2, Chapters 1 through 6, Code of Virginia.

A. Revenues deposited into the Special Unemployment Compensation Administration Fund shall be used for the purposes set out in the following order of priority: 1) to make payment of any interest owed on loans from the U.S. Treasury for payment of unemployment compensation benefits; 2) to support essential services of the Virginia Employment Commission (the Commission), particularly in the event of reductions in federal funding; 3) to finance the cost of capital projects; and 4) to fund the discretionary fund established in § 60.2-315, Code of Virginia. Funding may be transferred from the capital budget to the operating budget consistent with this language.

B.1. Reed Act funds distributed by the Employment Security Financing Act of 1954 with respect to the federal fiscal years 1956, 1957, and 1958 and credited to the agency from the proceeds related to the sale of agency property with federal equity are hereby appropriated (up to $600,000) to maintain service levels in the agency's local offices.

2. Reed Act funds distributed by the Balanced Budget Act of 1997 and credited to the unemployment trust fund with respect to federal fiscal years 2000, 2001, and 2002, under § 1103 of the Social Security Act (42 U.S.C.), as amended, shall be used only for the administration of the unemployment compensation program, under the direction of the Commission, and shall not be subject to the requirements of § 60.2-305, Code of Virginia. Reed Act funds from the Balanced Budget Act are hereby appropriated (up to $2.2 million, not to exceed the balance of said Reed Act funds) to pay for upgrading the information technology systems at the Commission.

C. There is hereby appropriated out of the funds made available to this state under § 1103 of the Social Security Act (42 U.S.C.) as amended, the balance of the $51,067,866 of Reed Act funds, if any, provided in Item 120 E. of Chapter 847, 2007 Acts of Assembly, for upgrading obsolete information technology systems, to include staff costs. This appropriation is subject to the provisions of § 60.2-305, Code of Virginia. Savings as a result of the new systems shall be retained by the Commission.

D. Notwithstanding any other provision of law, all fees incurred by the Commission with respect to the collection of debts authorized to be collected under § 2.2-4806 of the Code of Virginia, using the Treasury Offset Program of the United States, shall become part of the debt owed the Commission and may be recovered accordingly.

E. The Governor shall have the authority to alter the administration of the provisions of the Virginia Unemployment Compensation Act, Title 60.2 of the Code of Virginia, to meet the exigencies of a health emergency crisis.

F. The Commission shall maintain one dedicated full-time customer service position responsible for investigating and responding to legislative inquiries.

G. Notwithstanding any other provision of law, the Commission shall compute tax rates by excluding pandemic related claim activity. For purposes of this calculation, pandemic related claim activity is defined as all regular Unemployment Insurance claims activity from April 1, 2020, through June 30, 2021. The pool charge shall be computed using this same methodology excluding pandemic related clause for unemployment insurance tax rates and ensure the Commonwealth maintains conformity with federal law.

H. The Commission shall maintain, at a minimum, two dedicated full-time employees to serve in the Office of the Unemployment Compensation Ombudsman. The Commission shall submit a status update on the activities of this office to the House Commerce and Energy Committee, the Senate Commerce and Labor Committee, the Commission on Unemployment Compensation, and the Governor quarterly. The Commission shall publish subsequent updates on its website.

I. The Commission shall regularly collect feedback on the usability of the new Unemployment Insurance benefits information technology system from claimants and employers and make regular improvements to the system that address such feedback. The Commission shall publish this information and subsequent updates on its website.

J.1. Notwithstanding any other provision of law, as of January 1, 2025, tax rates established pursuant to §§ 60.2-531 , 60.2-515, 60.2-526, 60.2-527, and 60.2-538, Code of Virginia, are hereby reduced by .05 percent. In addition to these rates, a separate administrative fee equal to .05 percent of taxable wages shall be assessed and paid quarterly. The administrative fee is necessary for the proper and efficient administration of the Virginia Unemployment Compensation Act, § 60.2., Code of Virginia. The administrative fees shall: (i) be deposited to the Special Unemployment Compensation Administration Fund pursuant to § 60.2-314 and will be used solely by the Commission for critical technology and staffing requirements; (ii) be due and payable to the Commission by each employer in accordance with such regulation as the Commission may prescribe; (iii) be collected through the same means available for collecting taxes, penalties, and interest. Interest applicable to unpaid taxes will also apply to the administrative fee; (iv) not be used to calculate the employer's amount of state unemployment taxes paid for Federal Unemployment Tax Act (FUTA) tax liability purposes; and, (v) not be deducted, in whole or in part, from employees' wages.

2. Until such time as the revenues collected through the administrative fee authorized in paragraph J.1. are sufficient to support necessary administrative functions, and upon approval of the Secretary of Finance, the Commission is authorized to receive a treasury loan to cover existing necessary administrative functions and processes that cannot be covered due to declining federal funding. The treasury loan shall be repaid within three years from the revenues of the administrative fee.

K. Out of this appropriation, $357,167 the first year and $357,167 the second year from the general fund is provided to effectuate the provisions of Chapter 746, 2024 Acts of Assembly.

L. The Commission shall complete the Unemployment Insurance Wage Data Enhancement project by regularly collecting additional data from employers to share with the Virginia Longitudinal Data System, which will then make it available to the Office of Education and Labor Market Alignment. Additional employee data shall include job title, pay rate, and work location. The commission shall use existing federal and state grant funds and complete the Unemployment Insurance Wage Data Enhancement project by December 31, 2026.

M. The Virginia Employment Commission is hereby authorized to request and receive a treasury loan to fund the

necessary start-up costs associated with the implementation of a Paid Family and Medical Leave Program established in Chapters 981 and 1093, 2026 Acts of Assembly. The treasury loan shall be repaid from revenues received from premiums assessed to employers and employees beginning in 2028, and shall be repaid no later than January 1, 2034.