

May 30, 2025

Dear Chair Bulova, Vice Chair Bloxom, and Members of the Emergency Committee on the Impacts of Federal Workforce and Funding Reductions,

I write on behalf of the National Employment Law Project to urge the state to make critical reforms to Virginia's unemployment insurance (UI) system to better protect the state against the economic impacts of the federal civil servant terminations and funding reductions. I previously shared these recommendations with the Commission on Unemployment Compensation at the May 19, 2025 meeting.

Historically, the federal government has shored up UI during economic downturns. Current reductions in federal spending, including the recent rescission of \$400 million in American Rescue Plan Act UI modernization grants, indicate that federal support is unlikely to be forthcoming this time around.¹ Thus, the state must take permanent and emergency steps to strengthen its UI program.

UI is (or at least *should be*) an automatic macroeconomic stabilizer; that is, it helps protect the Commonwealth's economy against sharp declines.² Here is how it works: providing jobless workers with temporary benefits helps workers maintain household spending, which helps prevent a worker's loss of employment from having harmful ripple effects throughout the economy. However, insufficient UI benefit amounts and duration weaken the ability of UI to provide these automatic protections.³

Case in point, during past economic downturns, the federal government has had to pass emergency legislation to provide additional UI benefits. Congress has provided emergency federal extensions of UI benefits at least once every decade since the 1950s.⁴ This highlights the insufficiency of both current UI benefits and the federal-state extended benefit program.⁵ But given the current federal administration's goal of cutting federal spending, additional federal dollars are unlikely to be forthcoming if Virginia or any region herein goes into a recession. So, the Commonwealth urgently needs to protect itself. Fortunately, the state has already made a good start this year. The General Assembly and Governor Youngkin approved bills to increase benefit amounts by \$52,⁶ and to increase the amount workers can earn in part-time work before their UI benefit amount is reduced.⁷ However, more work is needed.

With the assistance of the Commission on Unemployment Compensation, the state should consider permanent or even emergency measures such as:

- Extend benefit duration to ensure all workers are protected by regular UI for 26 weeks.
 - Currently, workers in Virginia have a maximum potential benefit duration of 12 to 26 weeks.⁸
 - Ten states, including Maryland, Washington D.C., and West Virginia, have a uniform 26-week maximum potential benefit duration.⁹
 - During the pandemic, Kansas temporarily established uniform 26-week maximum potential benefit duration.¹⁰

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- Expand eligibility for UI, such as to independent contractors.
- Expand reemployment services and establish navigator programs through partnerships with community-based organizations.¹¹
- Scale up merit staffing at VEC to ensure claims continue to be swiftly processed.
- Further increase benefit amounts for unemployed workers.
 - Even with this year's increase, Virginia still has one of the lowest maximum benefit amounts in the country.¹²
 - Increasing benefit amounts can be a way to pull in more statutorily required federal funding to the state in two ways:
 - First, with respect to federal layoffs, while different benefit amounts cannot be set for federal versus other workers, if benefit amounts are raised, the federal government will have to reimburse at the higher rate.¹³
 - Second, last fall, Southwest Virginia was devastated by Hurricane Helene. Many workers claimed disaster unemployment assistance (DUA). Under federal law, DUA benefits (which are paid by the federal government) are paid at the same rate as regular UI¹⁴ and not less than half the average UI benefit for the state.¹⁵ So, if the state increases UI benefit amounts, it increases DUA amounts. That may be why North Carolina's Governor Cooper issued an executive order increasing UI benefit amounts in the aftermath of Hurricane Helene.¹⁶
 - As an aside, Governor Cooper also waived the benefit charges that would have been incurred by employers for regular UI claims during the disaster.¹⁷ Virginia law already waives up to four weeks of disaster-related regular UI benefit charges, but the state could consider waiving more weeks in conjunction with a benefit increase.¹⁸

The federal government is not likely to provide emergency unemployment assistance to help Virginia's workers, employers, and economy. So, it is critical that the Committee in collaboration with the Commission on Unemployment Compensation identify steps the Commonwealth can take to better protect itself.

Thank you for your consideration. Please let me know if you have any questions.

Sincerely,

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 National Employment Law Project

¹ Emily Peck, *White House Cuts \$400 million in Aid for State Unemployment Systems* Axios (May 28, 2025), <https://www.axios.com/2025/05/28/unemployment-states-fraud-labor>.

² Josh Bivens & Asha Banerjee, *How to Boost Unemployment Insurance as a Macroeconomic Stabilizer* EPI (Oct. 12, 2021), <https://www.epi.org/publication/how-to-boost-unemployment-insurance-as-a-macroeconomic-stabilizer-lessons-from-the-2020-pandemic-programs/>.

- ³ *Id.* See also Michele Evermore *Unemployment Insurance in a Crisis: Learning from Past Lessons* Nat'l Academy of Social Insurance (May 2025), <https://www.nasi.org/discussion/unemployment-insurance-in-a-crisis-learning-from-past-lessons/>.
- ⁴ CRS, *Extending Unemployment Compensation Benefits During Recessions* (Oct. 1, 2014), <https://www.congress.gov/crs-product/RL34340>.
- ⁵ Va Code §60.2-610.
- ⁶ S.B. 1056, Reg. Session (Va. 2025), <https://lis.virginia.gov/bill-details/20251/SB1056>.
- ⁷ S.B. 1057, Reg. Session (Va. 2025), <https://lis.virginia.gov/bill-details/20251/SB1057>.
- ⁸ Va. Code §60.2-602.
- ⁹ U.S. Dep't of Labor, *Comparison of State Laws*, 2023, at 3-28 to 3-30, <https://oui.doleta.gov/unemploy/pdf/uilawcompar/2023/monetary.pdf>.
- ¹⁰ S.B. 27, Reg. Session (Ks. 2020), https://www.kslegislature.gov/li_2020/b2019_20/measures/sb27/.
- ¹¹ U.S. Department of Labor established a pilot study of “Navigator Programs” using American Rescue Plan Act funding. U.S. Dep't of Labor, Unemployment Insurance Program Letter 11-22, *Grant Opportunity for States to Participate in the American Rescue Plan Act (ARPA) Unemployment Insurance (UI) Navigator Program* (January 31, 2022), <https://www.dol.gov/agencies/eta/advisories/unemployment-insurance-program-letter-no-11-22>. Through partnerships with community-based organizations, state UI agencies were able to increase access to UI benefits and reemployment services in communities with historically low UI reciprocity rates. See Brianna Starks, *Addressing Barriers to Unemployment Insurance Program Access Through Community-Based Navigation: Findings from New Mexico, Oklahoma, and Pennsylvania* U.S. Dep't of Labor (Feb. 2024), <https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/UI-Navigators-Addressing-Barriers-Through-Community-Based-Navigation.pdf>; Kristen Joyce, *Unemployment Insurance Navigator Outreach and Engagement Strategies: Findings from Maine, New Mexico, Oklahoma, Pennsylvania, and Wisconsin* U.S. Dep't of Labor (Apr. 2024), <https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/UI-Navigators-Outreach-and-Engagement-Strategies.pdf>.
- ¹² U.S. Dep't of Labor, *Comparison of State Laws*, 2023, at 3-10 to 3-14, <https://oui.doleta.gov/unemploy/pdf/uilawcompar/2023/monetary.pdf>.
- ¹³ 5 U.S.C. §8502(b).
- ¹⁴ See 20 CFR § 625.6 (a).
- ¹⁵ See 20 CFR § 625.6 (b).
- ¹⁶ Office of NC Governor, *Governor Cooper Issues Executive Order Increasing Unemployment Payments for North Carolinians in the Wake of Hurricane Helene* (Oct. 16, 2024), <https://governor.nc.gov/news/press-releases/2024/10/16/governor-cooper-issues-executive-order-increasing-unemployment-payments-north-carolinians-wake>.
- ¹⁷ Office of NC Governor, Order No. 322 (Oct. 16, 2024), <https://governor.nc.gov/executive-order-no-322/open>.
- ¹⁸ Va. Code 60.2-528 (C)(8). This is allowable under federal law. See U.S. Dep't of Labor, Unemployment Insurance Program Letter 1211, *Conformity of Provisions Omitting Charges for Unemployment Directly Due to Disaster* (Nov. 14, 1972), https://oui.doleta.gov/dmstree/uipl/uipl_pre75/uipl_1211.htm.