

## VOTE “NO” ON

### SB 239/WATKINS SB 562/PUCKETT HB 647/ARMSTRONG

The federal American Recovery & Reinvestment Act (ARRA) of 2009 contains many provisions affecting the unemployment insurance (UI) program.

This law contains provisions to increase unemployment benefit payments and provide “incentives” for states to expand the number of individuals who qualify for unemployment compensation.

The “incentives” provision transfers \$7 billion in FUTA funds - federal taxes paid entirely by employers - to state accounts if states enact or already have certain state UI laws in place. Of this amount, the Virginia Employment Commission (VEC) estimates that Virginia could receive approximately \$187.5 million if all the conditions are met.

To qualify for these “incentive” payments, a state must have an alternate base period which would entitle it to one-third of its share. Virginia enacted this provision in 2003; therefore, it is already eligible to receive \$62.5 million.

In order to receive the remaining two-thirds of the funding, or approximately \$125 million, the Virginia General Assembly must permanently EXPAND our state UI law by passing at least two of the following four provisions:

1. It must provide benefits to former part-time workers who seek part-time work;
2. It must provide additional benefits (up to 26 weeks) to individuals who have exhausted their regular benefits but are enrolled in a state-approved training program or in a job training program. This benefit must prepare the individual for entry into a “high-demand” occupation;
3. It must provide benefits for voluntary separations from work for “compelling family reasons.” These reasons must include domestic violence, illness or disability of an immediate family member, and the need to accompany a spouse to a place from where it is impractical to commute and due to a change in the location of the spouse’s employment (i.e., the familiar trailing spouse provision);
4. It must provide dependents allowances to UI recipients with children.

During the 2009 General Assembly Session, no bills were introduced or passed that would qualify Virginia for the additional \$125 million.

On April 8, 2009, during the General Assembly’s reconvened session, Governor Kaine submitted amendments that may have qualified Virginia to receive the remaining \$125 million. **At the request of the business community, they were rejected,** principally because they would have permanently expanded our law in exchange for a one time infusion of our own money that would have been depleted in short order,

leaving Virginia employers to foot the ongoing bill. The business community also found the four “choices” above unacceptable. Any one of them alone would have violated Virginia’s long standing adherence to an UI program that pays defined benefits to individuals who become unemployed through no fault of their own and who are available for and are looking for full time work.

**A better, less divisive and business preferred solution that has been used successfully in the past would have been a significant and timely distribution of FUTA funds to state unemployment trust funds - with no federal strings attached - to bolster the solvency of the state unemployment trust funds and to pay benefits to those currently out of work.**

The last significant distribution, called a “Reed Act” distribution, occurred in March 2002 – during Governor Mark Warner’s term - and netted Virginia nearly \$215 million, an amount much larger than the \$125 million sought here. Of that amount, almost \$162 million has been or will be used to pay benefits; the rest will be used to fund an underfunded VEC.

**The following organizations respectfully request that you again reject this measure and instead request that our congressional delegation amend the ARRA so that the restrictions on the \$7 billion already “reserved” for distribution to the states are eliminated.** By doing so, all states can share in the “stimulus” funds NOW without the controversy and delay of considering and enacting permanent and divisive state law changes.

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Alexandria Chamber of Commerce  
Arlington Chamber of Commerce  
Associated Builders & Contractors – VA Chapter  
Associated General Contractors of Virginia  
Chesterfield Chamber of Commerce  
Dulles Regional Chamber of Commerce  
Emporia-Greenville Chamber of Commerce  
Easter Associates  
Fairfax County Chamber of Commerce  
Franklin County Chamber of Commerce  
Greater Williamsburg Chamber & Tourism Alliance  
Greater Springfield Chamber of Commerce  
Hampton Roads Chamber of Commerce  
Harrisonburg-Rockingham Chamber of Commerce  
Home Building Association of Richmond  
Loudoun County Chamber of Commerce  
Lynchburg Regional Chamber of Commerce

Mount Vernon-Lee Chamber of Commerce  
National Federation of Independent Business  
Northumberland County Chamber of Commerce  
Petersburg Chamber of Commerce  
Prince William Regional Chamber of Commerce  
Professional Insurance Agents Association of Virginia  
Roanoke Regional Chamber of Commerce  
Virginia Association for Home Care & Hospice  
Virginia Association of Health Plans  
Virginia Automatic Merchandising Association  
Virginia Chamber of Commerce  
Virginia Coal Association  
Virginia Hospitality & Travel Association  
Virginia Manufacturers Association  
Virginia Motorcycle Dealers Association  
Virginia Peninsula Chamber of Commerce  
Virginia Pest Management Association  
Virginia Poultry Association  
Virginia Ready Mix Concrete Association  
Virginia Retail Federation  
Virginia Retail Merchants Association  
Virginia Seafood Council  
Virginia Trucking Association  
Virginia Utility & Heavy Contractors Council  
Virginia Wholesalers & Distributors Association  
W. Thomas Hudson & Associates

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