



COMMONWEALTH of VIRGINIA  
Virginia Employment Commission

Ellen Marie Hess  
Commissioner

July 23, 2015

Post Office Box 1358  
703 East Main Street  
Richmond, Virginia 23218-1358

**TO:** The Honorable Terence R. McAuliffe, Governor  
The Virginia General Assembly

**FROM:** Ellen Marie Hess, Commissioner

A handwritten signature in cursive script that reads "Ellen Marie Hess".

**RE:** Biennial Report on the Implementation of §60.2-528.1 of the *Code of Virginia*

Executive Summary

**Number of employers deemed to have established a pattern of failing to respond timely or adequately to written requests for information: 10**

**The amount of benefit charges not relieved from employers' accounts as a result of the implementation of Section 60.2-528.1: \$76,724**

**The assessment of civil penalties pursuant to Section 60.2-528.1: 21 civil penalties of \$75 each were assessed for a total of \$1,575.**

**The effectiveness of the section in reducing:**

- **The number and amount of erroneous payments made to claimants**

Since the July 7, 2013 enactment of this statute, 522 claimants were determined erroneously paid \$915,804.97 where employers violated Section 60.2-528.1. We believe that the penalty provides a strong incentive for employers to respond to our request for information. This information allows us to make more timely and better claims determinations. In turn, this will reduce the number and dollar value of erroneous overpayments.

- **Increasing the percentage of employers that provide timely and adequate responses to requests for information relating to claims for compensation**

Prior to enactment of this statute, "pattern" was not defined in Title 60.2 and the agency did not track violations in the manner as prescribed therein. We have noted a significant decrease in the number of occurrences per employer once the initial violation letter was sent. To date, we have issued 386 initial notifications. Of those, 21 employers were assessed a penalty, and 10 of those 21 employers were not relieved of benefit charges.

- **The effect thereof on the solvency level of the Unemployment Trust Fund**  
The effect on the solvency of the Unemployment Trust Fund has been negligible.
- **The average state unemployment tax per employee**  
The average tax paid per employee for 10/01/14 - 9/30/15 will not be available until the year ending 9/30/2015. For the year (10/01/12 – 9/30/13) ending September 2013, the average tax paid per employee was \$230. For the year (10/01/13 – 9/30/14) ending September 2014, the average tax paid per employee was \$211. The data does not reveal if this implementation of this statute factored into that reduction in the rate.

**The burden of complying with and administering the section**

To date, the agency has incurred the following administrative costs in implementing this statute:

- Postage for 522 letters @ \$.40/ltr = \$208.80
- Paper/envelopes for 522 letters - \$14.81
- 10% of 1 Specialist position to maintain spreadsheet and create letters - \$6,000
- Additional time allocated for Appeals Hearings - 12hr x \$26/hr x 20,000 hrs = \$6,240

**Recommendations for legislative changes that would ease such burdens and increase this section's effectiveness:** None.

This executive summary represents the report of the Virginia Employment Commission, to date. A legislative document will not be submitted.