

## **COMMISSION ON UNEMPLOYMENT COMPENSATION UNEMPLOYMENT SUBCOMMITTEE**

Per § 30-222 of the Code of Virginia, as amended by H.B. 270 and S.B. 219 during the 2022 Regular Session of the General Assembly, the Commission on Unemployment Compensation is required to establish an Unemployment Compensation Subcommittee to monitor the Virginia Employment Commission's management of the Commonwealth's unemployment insurance system. The Unemployment Compensation Subcommittee is tasked with reviewing key performance metrics related to unemployment insurance backlogs; efforts to identify, prevent, and recover incorrect unemployment insurance benefit payments, including fraudulent payments; modernization of the unemployment insurance information technology system and subsequent efforts to improve functionality; expenditures of state funds appropriated for unemployment insurance administration; and implementation of recommendations from the 2021 Operations and Performance of the Virginia Employment Commission report by the Joint Legislative Audit and Review Commission.

The Unemployment Compensation Subcommittee is required to include (i) at least one employee stakeholder representative, (ii) at least one employer representative, (iii) at least one member of the Commission on Unemployment Compensation, (iv) at least one member from each of the following committees: the House Committee on Appropriations, the House Committee on Commerce and Energy, the Senate Committee on Commerce and Labor, and the Senate Committee on Finance and Appropriations. The Subcommittee is required to meet once each quarter through June 30, 2025 and report annually to the House Committee on Appropriations, the House Committee on Commerce and Energy, the Senate Committee on Commerce and Labor, and the Senate Committee on Finance and Appropriations.

The members of the Subcommittee, as appointed by the Chair and Vice Chair of the Commission on Unemployment Compensation, are as follows: (i) Doris Crouse-Mays (AFL-CIO); employee stakeholder representative; (ii) Julia Hammond (NFIB), employer stakeholder representative; (iii) Delegate Byron, who serves as the Chairwoman of this Subcommittee; (iv) Delegate Marshall, House Appropriations; Delegate Ware, House Commerce and Energy; Senator Bell, Senate Commerce and Labor; Senator Ebbin, Senate Finance and Appropriations, and Senator McPike.

The Subcommittee met on July 18, 2023 to consider updates presented by The Honorable Commissioner Carrie Roth of the Virginia Employment Commission related to unemployment insurance and progress to date. This letter, in conjunction with the attached report on the Virginia Employment Commission's Unemployment Insurance Progress Update, serves to meet the Unemployment Compensation Subcommittee's reporting requirement per § 30-222 of the Code of Virginia.

**Attachment:** VEC Unemployment Insurance (UI) Update on Progress-to-Date

# VEC Unemployment Insurance (UI)

Update On Progress-To-Date

July 18, 2023

Carrie Roth  
VEC Commissioner  
Advisor to the Governor for Strategic Initiatives



# Agenda

- Backlog/Timeliness
- Fraud
- Expenditures
- Usability
- JLARC



## VEC: November 2022 to Today

- Adjudication Backlog Eliminated
- Potential Fraud Backlog Eliminated
- First Level Appeals Backlog reduced by 33%
- Leveraging continual customer discovery for a better user experience
- 36/38 JLARC Recommendations are complete or underway



## UI Initial Claims

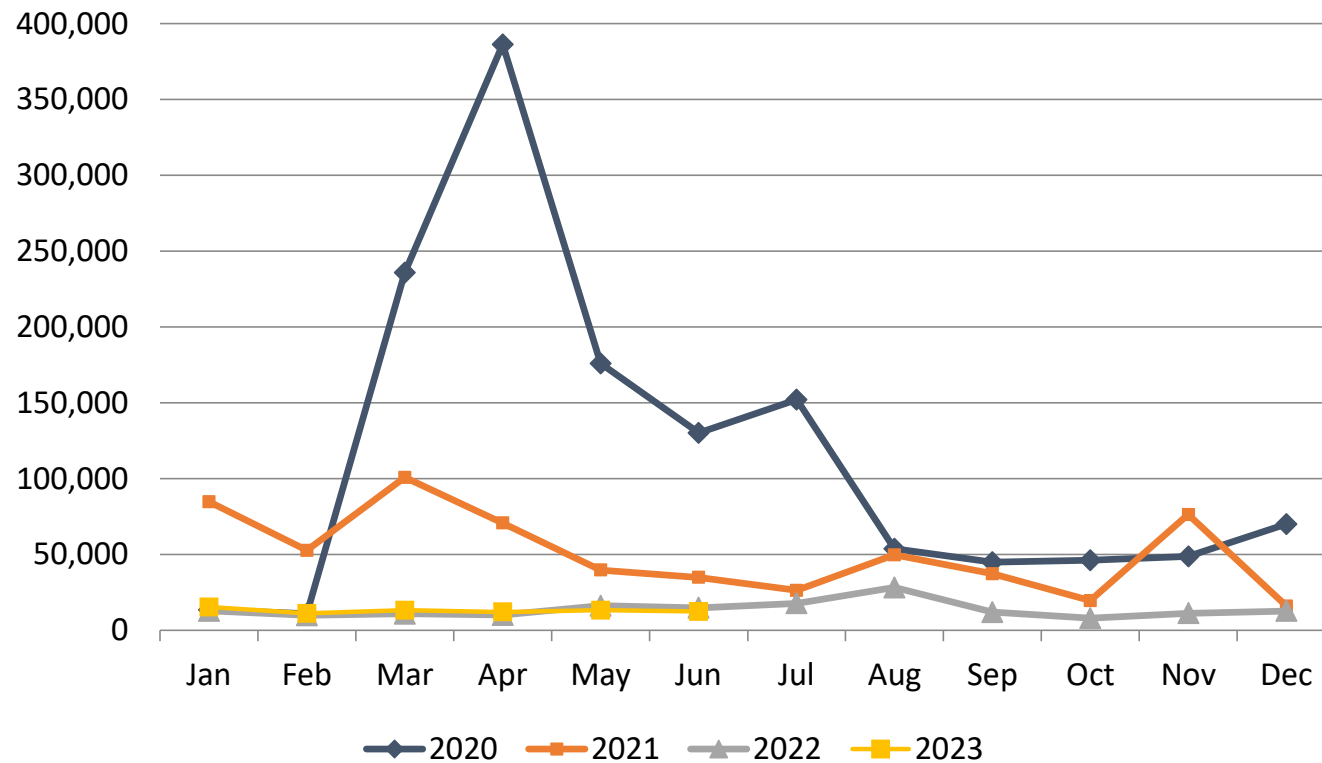
Calendar Year	Claims Filed
2015	210,080
2016	198,912
2017	168,028
2018	144,166
2019	135,064
2020	1,369,045
2021	609,772
2022	165,937
2023 Jan-Jun	77,932

The week of 7/2/2023 - 7/9/2023 saw 2,816 Initial Claims.

Virginia is back to pre-pandemic claim levels



## UI Initial Claims 2020 - 2023



The week of  
7/2/2023 -  
7/9/2023 saw  
2,816 Initial  
Claims.



# Backlog/Timeliness



## Backlog Reduction + Work to Date

Category	Starting Balance on 1/15/22	Remaining 1/15/22 Backlog	Received Since 1/15/22	Removed or Complete Since 1/15/22	Total Remaining Inventory
Separation Reports	246,273	0	99,878	346,151	0
Adjudication (Claims)	109,362	0	164,835	267,395	6,802
Potential Fraud (Claims)	258,320	0	92,219	350,274	265
First Level Appeals (Dockets, Backlog)	86,546	27,460	93,390	114,092	65,844
<b>Total</b>	<b>700,501</b>	<b>27,460</b>	<b>450,332</b>	<b>1,077,912</b>	<b>72,911</b>

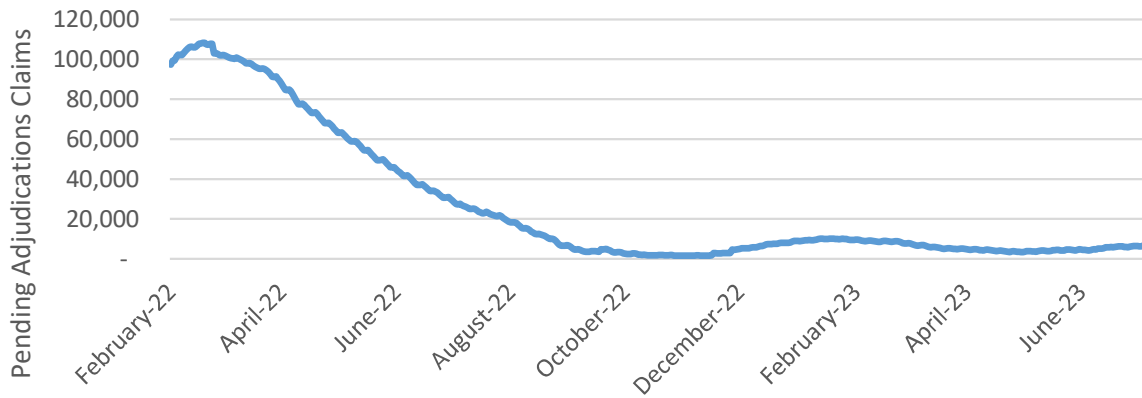
As of 7/17



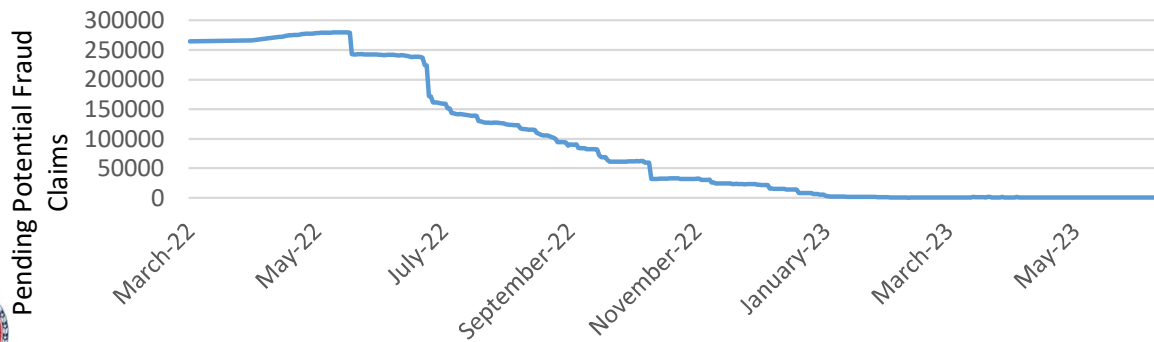


# Adjudication and Potential Fraud Backlogs

## Pending Adjudication Backlog Eliminated



## Pending Potential Fraud Backlog Eliminated



## Workload by Year

	2020	2021	2022	2023	Total
<i>Unpaid PF</i>	0	0	5	250	255
<i>Paid PF</i>	0	0	0	10	10
<i>Unpaid Adj</i>	0	0	16	4,711	4,727
<i>Paid Adj</i>	0	0	6	2,069	2,075
<i>FLA (Backlog)</i>	551	26,909	32,916	5,468	65,844
<i>CA (Backlog)</i>	0	0	28	1,066	1,094

As of 7/17

# Adjudication Timeliness

First Pay Timeliness (14/21 Days)		
4 <sup>th</sup> Quarter 22	1 <sup>st</sup> Quarter 23	2 <sup>nd</sup> Quarter 23
45.1%	29.9%	60.0%

DOL Standard = 87%

Decision Timeliness (21 Days)		
4 <sup>th</sup> Quarter 22	1 <sup>st</sup> Quarter 23	2 <sup>nd</sup> Quarter 23
30.7%	23.6%	54.2%

DOL Standard = 80%

- January 2022 Adjudication Backlog Eliminated
- Goal to Achieve DOL Timeliness Standards in the 3<sup>rd</sup> Quarter of 2023



**DOL First Pay Timeliness, Q2 2023**

State	%	State	%	State	%	State	%	State	%	State	%
ND	97.9	IA	86.1	IN	77.0	FL	^72.0	NY	^63.1	OH	^44.1
AK	93.4	WV	85.7	LA	76.3	CA	71.4	VA	60.0	DC	^43.6
WY	90.7	WI	84.8	CO	^75.8	AZ	70.7	AR	^59.4	AL	40.9
SC	90.6	MN	^84.7	HI	75.4	GA	69.6	NC	58.4	US	69.8
ID	90.0	MS	84.4	NE	^75.4	CT	^69.1	NV	^53.9		
SD	^90.0	PR	82.3	NH	^75.1	DE	69.1	VI	^53.8		
UT	89.3	OK	^81.3	TX	75.0	VT	^68.7	TN	^51.5		
OR	87.8	ME	^80.3	KS	74.7	NJ	68.3	PA	49.7		
MT	87.3	IL	79.0	MI	74.5	NM	^65.1	WA	49.4		
RI	86.6	MO	77.5	MD	74.3	MA	^64.1	KY	49.1		

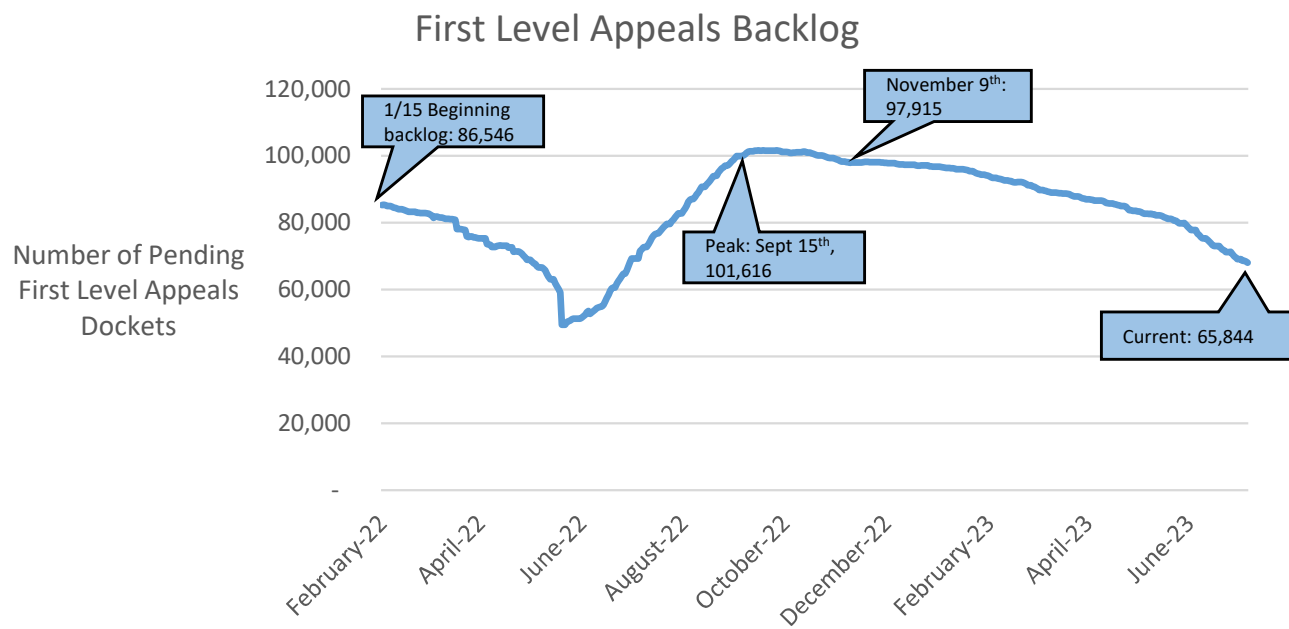
**DOL Decision Timeliness, Q2 2023**

State	%	State	%	State	%	State	%	State	%	State	%
ME	^96.6	MT	89.8	DC	^78.5	RI	65.1	WA	51.3	NV	^16.5
SC	96.2	OK	^88.5	OR	78.1	IN	59.9	NC	51.2	AR	^12.1
MS	95.1	CT	87.8	MI	75.0	MA	^59.7	HI	49.4	FL	^6.6
ND	95.0	WV	87.3	NJ	74.7	NY	^58.9	OH	^46.4	US	63.6
AK	94.4	SD	^87.2	MO	74.7	AL	58.6	DE	^42.0		
UT	94.1	CO	^86.1	PR	72.7	VI	58.6	AZ	37.2		
NE	^93.7	MN	^81.7	IA	72.0	GA	57.5	PA	36.1		
WY	91.6	ID	^80.4	TX	71.1	TN	^57.5	KY	^31.8		
WI	^91.0	NH	^78.9	KS	^70.2	VA	54.2	NM	^27.4		
IL	90.6	LA	78.7	MD	65.7	CA	52.4	VT	^20.8		

- Virginia now ranks 42<sup>nd</sup> in First Pay Timeliness and 39<sup>th</sup> in Decision Timeliness
- Ahead of neighboring states such as North Carolina, Tennessee, Kentucky, DC
- Within 10 percentage points of the National average on both metrics



# First Level Appeals



Claimants have the right to appeal on each issue, 65,844 dockets represents 39,107 appellants

Goal to achieve DOL Timeliness standards by Q4

As of 7/17



# Overpayment Waivers

Category	November 2022 Count	July 2023 Count
Overpayment Waiver Applications	92,475	101,818
Waiver Applications Approved	59,350	79,309
Waiver Applications Denied	16,306	18,897
Waiver Applications in Appeals	6,045	778

Total Amount Waived as of 7/7/23: **\$258,947,153**

State Overpayment Dollars Waived: **\$81,289,826**

Federal Overpayment Dollars Waived: **\$177,657,327**

Continue to Process Waivers for Applicable Timeframe



## Overpayments Currently in Collections

- Overpayment Fraud
  - 39,759 payments
  - \$66,472,663 total dollars
- Overpayment Non-Fraud
  - 367,569 payments
  - \$853,180,549 total dollars

Overpayments Recovered  
(March 2020 to Present)  
**\$297M**

**Collections Allowed to Restart  
July 2022**



# Fraud





# Fraud

- Identity Theft: **261,892** Claims for **\$1,661,531,579** (85% Federal Dollars)
- Administrative Fraud: **30,895** Claims for **\$60,418,433**
- Criminal Fraud: **8,864** Claims for **\$6,054,230**
  
- Potential Fraud claims investigation backlog complete
- VEC Website now behind VITA Web Application Firewall (WAF)
- Judged to same timeliness standards as Adjudication

Policy of the Administration to pursue every case of confirmed fraud. We are working with both the Virginia Attorney General and the Federal Government to prosecute



# Prosecutions

- OAG VEC Unemployment Fraud Unit:
  - 34 Total Indictments
  - 5 Pending Indictments (will be indicted in the next month or two)
  - 23 Convictions
  - Total Court Ordered Restitution: \$269,003
  - Pending Restitution in Active Court Cases / Pending Indictments: \$297,960
  - Roughly 70 cases pending investigation with estimated restitution total of \$798,761
- Federal Convictions
  - 119 Cases with 97 Convictions
  - Over \$12.5 Million Restitution Ordered
  - DOL OIG Recognition for two VEC Investigators

Willie Muse and Mike Sanders both received an award on March 30<sup>th</sup> 2023 for uncovering an enormous fraud ring centered around state prisons. Their discovery led to the case US vs Mary Landon Benton as a part of Operation Checkmate with the Department of Corrections



# Expenditures



## General Assembly UI Trust Fund Authorizations

- December 24, 2020, deposit of \$210,000,000 from CRF
- September 21, 2021, deposit of \$862,000,000 from ARPA
- March 18, 2022, deposit of \$180,698,052 from CRF
- June 30, 2022, Overpayment Forgiveness deposit of \$18,723,959 from General Fund

Current Trust Fund  
Balance:  
\$1,539,790,415.05



# Additional Budget Authorizations (ARPA)

Item	Title	Description	Total
1	IT UI Mod Completion and Upgrades	Upgrade the UI System after completion of the third phase of the UI Mod Project. Technology needs will include fraud protection, better communication tools between claimant and system and call center and system, updated website, and CRM to help communicate with multiple stakeholder groups.	\$43,200,000
2	Security	Support continued elevated security at each center for employee safety	\$2,000,000
3	Call Center	Support to increase and maintain call center capacity with staff augmentation	\$40,900,000
4	Adjudication Officers	Support third party contract for adjudication officers	\$5,100,000



# Usability

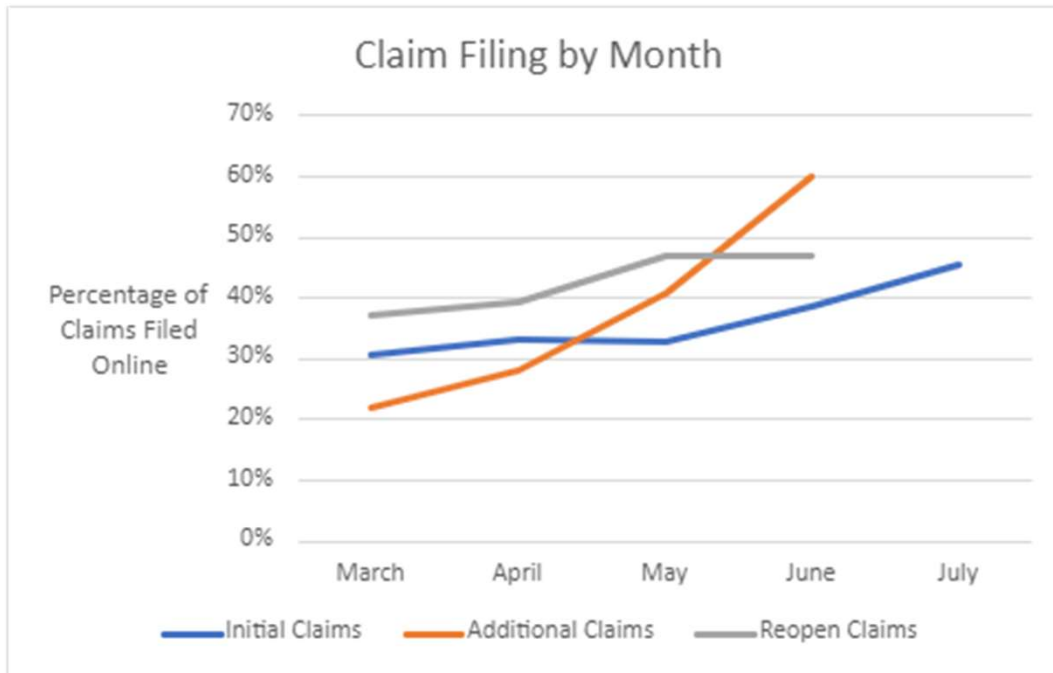


# Becoming a Customer-Focused Organization

- Customer Advisory Council (CAC) held two meetings in March and April 2023
- Conducted a Call Center after-action survey in February 2023
- Delivered 10 Regional Introductory Customer Advocate Meet and Greet sessions in June 2023
- Customer Advocates are actively assisting Customers with barriers throughout the state. Examples are: Deaf/ Hard of hearing, Blind, significantly disabled, English as a second language, autism and homelessness
- Customer Advocates are actively resolving constituent referrals received from the members of the General Assembly
- Working directly with customers having difficulty accessing the UI Direct portal to determine commonly seen problems and share solutions to allow more customers to use online filing
- Planned follow-up Focus Group sessions and Surveys of claimants in Fall 2023 (Fall 2022 benchmark)



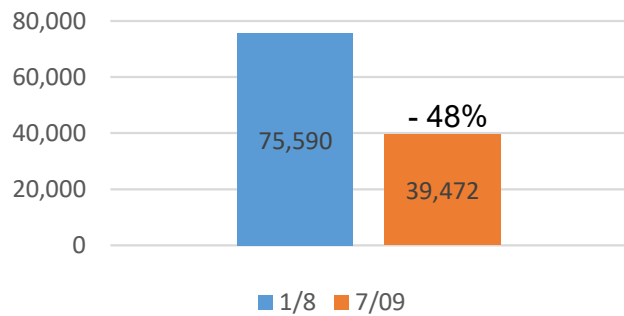
# Online Claim Filing



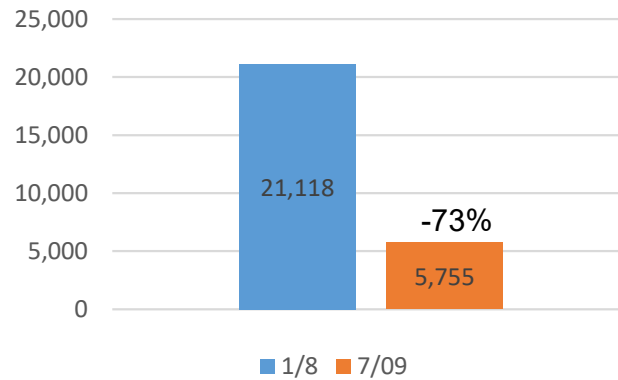


# Call Center

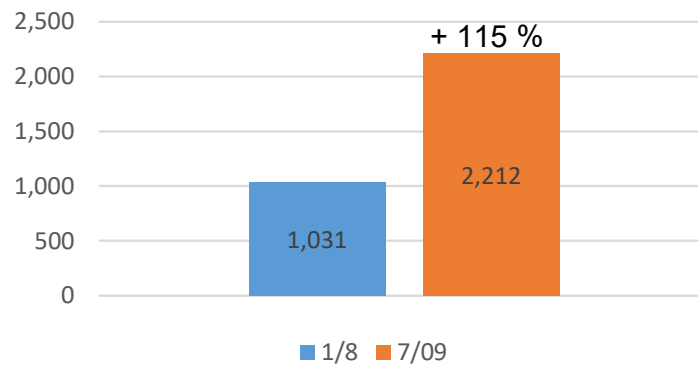
### Total Inbound Calls



### IVR Abandons



### IVR Resolved Calls



Average Wait Time: 15 minutes



## Call Center Survey Results

- The top three reasons for calling were a general inquiry, adding to or reopening a claim, and opening a new claim
- Over 90 percent of respondents had their issues fully resolved or partially resolved by the VEC call center representative
- Almost one third of those who had their issue resolved expected they would have to call back about this same issue



# Call Center Key Initiatives

- IVR Enhancement: Enhanced Script content through complete assessment and redesign, and enhanced voice clarity
- Script reduction from 528 to 76
- Call Center and Adjudication co-location
- Multiple Languages deploying 8/23
- Appeals API in the IVR



JLARC



## JLARC Recommendation Updates Summary

Responsible Party	Complete	Underway	TBD	On Hold	Not Started
VEC	25	11	1	0	1

# JLARC Recommendation Updates

Title	Responsible Party	Short Description	Details	Status
JLARC Recommendation #1	VEC	National firm to evaluate organization's staffing and related components	The secretary of labor should competitively procure a national firm with expertise in evaluating the efficiency of an organization's staffing structure, delegation of staff duties, and work processes to conduct a comprehensive efficiency review of the un-employment insurance (UI) operations of the Virginia Employment Commission to (i) identify specific actions that could be taken to improve the efficiency of VEC's UI operations, including through more efficient and effective use of staff and technology, (ii) recommend improvements to the agency's staffing and workflows to most effectively use existing federal funding for UI operations, and (iii) determine whether current funding is adequate to ensure effective UI operations. (Chapter 3)	Complete
JLARC Recommendation #2	VEC	Establish goals for the ratio of supervisory staff to direct reports	The Virginia Employment Commission should establish goals for the ratio of supervisory staff to direct reports, particularly for key functions including call centers, adjudication and appeals centers, and fraud investigations. Agency leadership should regularly monitor the ratio of supervisory staff to direct reports relative to the goals, and report performance in meeting these goals in the monthly commissioner's performance report. (Chapter 3)	Complete
JLARC Recommendation #3	Other Agency	Multi-agency workgroup to organize emergency-related issues due to staffing	The General Assembly may wish to consider including language in the Appropriation Act requiring the Virginia Department of Human Resource Management to lead a multi-agency workgroup, comprising agency leaders and human resources staff from state agencies most likely to be in need of staffing assistance during emergencies, to examine the feasibility of and policies and procedures necessary for (i) granting agencies exemptions from certain competitive hiring requirements during emergencies; (ii) requiring selected state agency staff to temporarily support other agencies in need of staffing assistance during emergencies through existing or new state initiatives; and (iii) providing necessary funding to cover the associated costs. The workgroup should propose criteria to determine under what circumstances these emergency hiring practices may be invoked and a process for invoking this authority as well as terminating it. The workgroup should submit its findings to the secretary of administration, the chair of the House Appropriations Committee, and the chair of the Senate Finance and Appropriations Committee by June 30, 2022. (Chapter 3)	Complete
JLARC Recommendation #4	VEC	Establish call center performance goals	The Virginia Employment Commission should establish meaningful performance goals for its call center operations and fraud investigations, and ensure it has goals for effectively measuring performance in all other aspects of unemployment insurance operations. Agency leadership should regularly monitor performance relative to the goals and report goals and performance in the monthly commissioner's performance report. (Chapter 3)	Complete
JLARC Recommendation #5	VEC	UI Quality assurance to report to VEC Commissioner	The Virginia Employment Commission (VEC) should transfer the unemployment insurance quality assurance unit from the unemployment insurance division and have it report directly to the VEC commissioner. (Chapter 3)	Complete

# JLARC Recommendation Updates

Title	Responsible Party	Short Description	Details	Status
JLARC Recommendation #6	VEC	UI Quality assurance to routinely report findings	The Virginia Employment Commission (VEC) should require its unemployment insurance quality assurance unit to compile its findings and recommendations in a central repository and routinely update VEC leadership on their status. (Chapter 3)	Complete
JLARC Recommendation #8	VEC	Key policies and significant changes are communicated to all VEC staff	The Virginia Employment Commission (VEC) commissioner should ensure that all key policy or other significant changes that could affect the public, VEC, or VEC staff are communicated clearly and expeditiously to all VEC staff, especially those in leadership or positions communicating with the public. (Chapter 3)	Complete
JLARC Recommendation #10	VEC	Review and Revise UI Documents and online resources	The Virginia Employment Commission (VEC) should, as soon as possible, have staff in its internal audit division review and revise documents and online resources to more clearly describe and explain (i) eligibility criteria for Unemployment Insurance (UI), (ii) how to navigate the UI claims and appeals process, and (iii) the status or outcome of a claim. VEC should use examples from other states and input from VEC staff and customers and should competitively procure a third party contractor with expertise in UI and customer communications to assist with these efforts. (Chapter 4)	Underway

# JLARC Recommendation Updates

Title	Responsible Party	Short Description	Details	Status
JLARC Recommendation #11	VEC	VEC to develop increased UI communications for the public	The Virginia Employment Commission should develop (i) a series of instructional, short videos designed to help claimants better understand their potential eligibility for unemployment insurance, the steps of the application process, and how to file a claim and (ii) an interactive, online eligibility tool that enables claimants to better understand their potential eligibility and benefits under the program. (Chapter 4)	Underway
JLARC Recommendation #12	VEC	VEC to have reserve staff to help with UI during high volumes	The Virginia Employment Commission should build a reserve of staff to assist with claims during periods of high claims volume by identifying workforce services division staff whose time can practicably be reassigned to non-workforce activities during periods of high unemployment insurance claim volume. These staff should be cross-trained on key unemployment insurance processes. (Chapter 4)	Complete
JLARC Recommendation #13	VEC	Adjudication priorities and policies during high volume	The Virginia Employment Commission should formalize a policy for prioritizing and assigning claims for adjudication during periods of high claims volume. This policy should detail how prioritization may change in response to claims volume and clearly state the expectation that VEC should generally prioritize resolving older claims. (Chapter 4)	Complete
JLARC Recommendation #14	VEC	Develop a plan to address adjudication of submitted claims in 2020, 2021	The Virginia Employment Commission (VEC) should develop a detailed plan that includes specific actions and a timeline to resolve (i) outstanding adjudications and (ii) all issues on claims that VEC bypassed in 2020 and 2021. The plan should quantify the numbers and qualifications of new staff needed to resolve these claims, outline the actions planned for hiring needed staff, and identify potential risks and mitigation strategies. VEC should submit the plan to the House Labor and Commerce Committee, the Senate Commerce and Labor Committee, the Commission on Unemployment Compensation, and the governor by November 1, 2021 and provide a status update to each body quarterly in 2022. VEC should also publish the plan and updates on its website. (Chapter 4)	Complete
JLARC Recommendation #15	VEC	Contract with 3rd party call center to use during high volume	The Virginia Employment Commission should maintain an ongoing staff augmentation contract with a provider that is experienced in providing call center services for unemployment insurance programs and can quickly provide increased call center staff when call volumes increase. (Chapter 4). <i>Note JLARC Policy Option #1 also addresses the issue of third-party call center contracts. RFP underway as of July 2023</i>	Underway
JLARC Recommendation #16	VEC	Quarterly reporting on call center performance	The Virginia Employment Commission (VEC) should provide a written quarterly update on the performance of its call centers to the House Labor and Commerce Committee, the Senate Commerce and Labor Committee, the Commission on Unemployment Compensation, and the governor by December 31, 2021 and at the end of each quarter in 2022. VEC should also publish these updates on its website. (Chapter 4)	Complete
JLARC Recommendation #17	VEC	Develop team for each call center for quality and performance monitoring	The Virginia Employment Commission (VEC) should establish and maintain a dedicated quality monitoring team composed of VEC staff from each customer contact center. This team should use the recently procured quality monitoring software to regularly review and assess call quality and performance for all VEC call agents, and identify any additional training needs on an agent-by-agent basis through weekly monitoring and assessment of at least three calls per agent. (Chapter 4)	Complete



# JLARC Recommendation Updates

Title	Responsible Party	Short Description	Details	Status
JLARC Recommendation #18	VEC	Legislation to disallow appeals for certain ineligible claims	The General Assembly may wish to consider amending § 60.2-619 of the Code of Virginia to specify that non-valid unemployment insurance claims resulting from monetary ineligibility are ineligible for appeal through the Virginia Employment Commission's (VEC's) appeals division. (Chapter 4)	Complete
JLARC Recommendation #19	VEC	Revise ineligibility notices to be more clear for claimants	The Virginia Employment Commission should revise monetary determination notices to clearly indicate if a claim is non-valid because of monetary ineligibility, and direct claimants who disagree with their non-valid monetary determination to request a redetermination from the monetary determination unit. (Chapter 4)	Complete
JLARC Recommendation #20	VEC	Create ombudsman position to provide impartial information about the appeals process	The General Assembly may wish to consider amending Article 2 of Chapter 1 of Title 60.2 of the Code of Virginia to direct the Virginia Employment Commission to create an appeals ombudsman position to provide impartial information about the unemployment insurance appeals process and help ensure that all parties are afforded due process in such appeals. (Chapter 4)	Complete
JLARC Recommendation #21	VEC	Create adjudication training program	The Virginia Employment Commission should develop a standardized training program that explains how to conduct high quality unemployment insurance claims determinations and that is administered by a dedicated training manager to all new and existing adjudication staff. (Chapter 5)	Complete
JLARC Recommendation #22	VEC	Require employers to electronically provide separation information	The General Assembly may wish to consider amending §60.2-121.1 of the Code of Virginia to require employers to electronically provide separation information when requested to the Virginia Employment Commission unless they are granted a waiver from providing this information electronically. (Chapter 5)	Complete
JLARC Recommendation #23	VEC	VEC to audit sample of UI claims for compliance	The Virginia Employment Commission should resume auditing a sample of UI claims to verify compliance of claimants with the unemployment insurance program work search requirement no later than December 1, 2021. (Chapter 5)	Complete
JLARC Recommendation #24	VEC	VEC to develop a plan to investigate and prioritize backlog of fraudulent claims	The Virginia Employment Commission (VEC) should develop a plan for investigating the backlog of potentially fraudulent claims and establish a strategy for prioritizing its investigations according to the potential dollar amount of fraudulent payments per claim. This plan should include a strategy for hiring additional fraud investigators and expediting training of new hires. This plan should be presented to the House Committee on Labor and Commerce, the Senate Committee on Commerce and Labor, the Commission on Unemployment Compensation, and the governor by December 31, 2021. VEC should also publish these updates on its website. (Chapter 5)	Complete
JLARC Recommendation #25	VEC	VEC to resume overpayment recovery activities	The Virginia Employment Commission (VEC) should immediately resume overpayment recovery activities for all finalized overpayments and initiate collections activities for all future overpayments immediately after finalization. VEC should also create and adhere to internal timeliness standards for processing all previously received and future overpayment waiver applications to ensure overpayments are finalized and recovery activities are initiated in a timely manner. (Chapter 5)	Complete

# JLARC Recommendation Updates

Title	Responsible Party	Short Description	Details	Status
JLARC Recommendation #26	VEC	VEC to collect feedback from claimants and employers about the UI interface and system usability	The Virginia Employment Commission (VEC) should 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, as necessary, that address such feedback. VEC should provide a summary of user feedback and planned and completed system changes to the House Committee on Labor and Commerce, the Senate Committee on Commerce and Labor, the Commission on Unemployment Compensation, and the governor by March 31, 2022 and at the end of each quarter in 2022. VEC should also publish this information on its website. (Chapter 6)	Complete
JLARC Recommendation #27	VEC	VEC to request for information to improve UI IT system	The Virginia Employment Commission (VEC) should conduct a request for information to identify additional features needed for a modernized unemployment insurance IT system and hire a vendor to develop these features or develop them using agency staff. (Chapter 6)	Underway
JLARC Recommendation #28	VEC	UI IT contractor to develop a improvement plan for tax system problems	The Virginia Employment Commission should require its unemployment insurance IT modernization contractor to develop a plan that includes specific actions and a timeline for addressing all existing tax system problems and details (1) how each problem will be fixed, (2) deadlines for fixing each problem, and (3) any additional resources needed to fix the problems. (Chapter 6)	Underway
JLARC Recommendation #29	VEC	UI IT contractor to ensure all IT staff are trained	The Virginia Employment Commission (VEC) should establish a plan with its unemployment insurance modernization vendor to ensure VEC IT staff are sufficiently trained to operate and modify the employer tax system. (Chapter 6)	Underway
JLARC Recommendation #30	VEC	Facilitate an IT Security Audit	The Virginia Employment Commission (VEC) should work with the Virginia Information Technologies Agency (VITA) to facilitate an audit of VEC's IT security systems and to identify any necessary IT security improvements. The audit should be completed by a vendor approved by VITA. The audit should validate whether VEC's existing IT security systems meet the requirements issued by VITA. (Chapter 6) <i>Note: Will be complete by 8/2023</i>	Underway
JLARC Recommendation #31	VEC	Transform all IT systems and servers to state's central IT	The Virginia Employment Commission should fully transform all agency IT systems and servers to the state's central IT infrastructure as soon as possible. (Chapter 6)	Underway
JLARC Recommendation #32	VEC	Legislation to report on UI metrics	The General Assembly may wish to consider amending section § 60.2 of the Code of Virginia to require the Virginia Employment Commission (VEC) to annually calculate average unemployment insurance (UI) benefit levels, the average income replacement of UI benefits in Virginia, and the reciprocity rate for UI benefits. VEC should provide this information in its annual report to the Commission on Unemployment Compensation. (Chapter 7)	Complete
JLARC Recommendation #33	VEC	Pilot program to audit unregistered employers to the VEC to scout out tax liability	The Virginia Employment Commission (VEC) should conduct a one-year pilot program to identify employers who owe unemployment insurance taxes but are not registered with VEC by auditing employers who do not register with VEC after receiving notifications of potential tax liability. VEC should assess the pilot program's effectiveness to decide whether to use this methodology on an ongoing basis. (Chapter 8)	Not Started
JLARC Recommendation #34	VEC	Pilot program to audit employers who are misclassifying workers	The Virginia Employment Commission (VEC) should conduct a one-year pilot program to identify employers who owe unemployment insurance taxes but are not registered with VEC by auditing a sample of employers who may be misclassifying workers based on their 1099 tax filings. VEC should assess the pilot program's effectiveness and decide whether to use this methodology on an ongoing basis. (Chapter 8)	Complete

# JLARC Recommendation Updates

Title	Responsible Party	Short Description	Details	Status
JLARC Recommendation #35	VEC	Reinstate SUTA dumping	The Virginia Employment Commission should reinstate its State Unemployment Tax Act dumping identification system no later than December 2022. (Chapter 8)	Underway
JLARC Recommendation #36	VEC	Focus half of annual audits on employers who are at-risk for UI tax avoidance	The Virginia Employment Commission (VEC) should modify existing unemployment insurance (UI) tax audit policies to require field tax auditors to conduct at least half of their audits per year from a list of employers identified to be at-risk for UI tax avoidance. VEC should define “at-risk” to include industry and employer-specific factors and establish a system for consistently identifying such employers. (Chapter 8)	Underway
JLARC Recommendation #37	VEC	Begin using federal Treasury Offset Program	The Virginia Employment Commission should begin using the federal Treasury Offset Program for applicable delinquent taxes as soon as staff resources become available. (Chapter 8)	Complete
JLARC Recommendation #38	VEC	Report quarterly on employers with 6+ months of tax due	The Virginia Employment Commission should provide quarterly reports to tax division regional managers that list each employer with tax debt more than six months past due and require the managers to use this information to ensure that tax field staff are taking all reasonable steps to collect the debt. (Chapter 8)	Complete
JLARC Recommendation #39	VEC	VEC to designate Customer Experience positions for employer tax questions	The Virginia Employment Commission should designate Customer Experience positions in the tax division to handle basic employer communications and questions. (Chapter 8)	Underway
JLARC Recommendation #40	VEC	VEC to require employers to electronically make UI payments	The Virginia Employment Commission should require employers to make unemployment insurance payments electronically starting in 2023, develop criteria that would allow employers to be granted an exception to this requirement, and notify employers of the criteria. (Chapter 8)	TBD

Questions/Comments:

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