

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 Bennett-Parker, who serves as the Chairwoman of this Subcommittee; (iv) Delegate Marshall, House Appropriations; Delegate Mundon King, House Commerce and Energy; Senator DeSteph, Senate Commerce and Labor; Senator Ebbin, Senate Finance and Appropriations.

The Subcommittee met on October 8, 2024 to consider updates presented by The Honorable Commissioner Demetrios Melis 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)

Presentation to the UC Commission

October 8, 2024



Customer Service Update

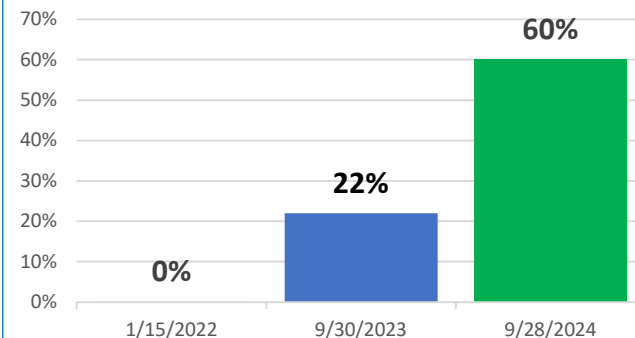
- **Partnered with ID.me for Fast, Easy Login**

- Alternative login (launched 1/25/24)
- Provides quick and efficient customer access while preventing fraud—90% access success rate
- Record claims filed online – 173% increase in usage since this time last year
- COVITS Technology Award – *IT Serving the Customer*

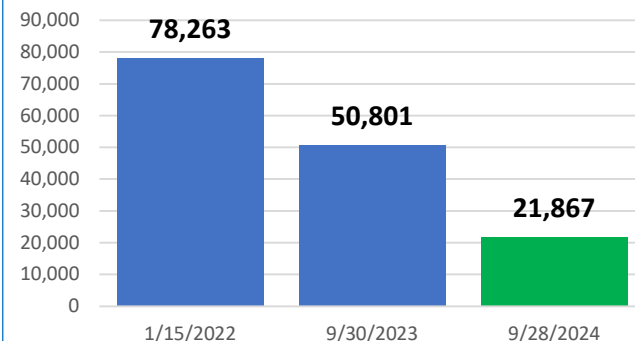
- **Customer Contact Center**

- 57% fewer total calls compared to this time last year
- 62% fewer unique callers since December 2023
- Integrated texting capability to share information and provide a direct link to log in
- New callback feature – 90% success rate
- Self Service Options – real-time claims/appeals updates

Online Initial Claims Filed



Weekly Total Inbound Calls



Customer Service Update

- **Chief Customer Advocate**

- Customer Engagement – Collaborates with Communications Director to promote UI awareness
- Stakeholder Collaboration – Improves services by working with employers, advocacy and community groups, and other external partners
- Escalated Assistance – Serves as a liaison to assist in resolving complex cases

- **Outreach**

- Bilingual Info Cards – Shared at all Virginia Works Offices
- Community Engagement – Participates in town halls and resource days
- Stakeholders – Working with social services, community groups, and libraries to share education with constituencies
- Social Media – Regularly posting educational content
- Plain Language Initiative – Simplifying customer communications



Customer Service Update

- **Customer Escalation Team**

- Advocacy Support – Helps customers with barriers
- Enhanced Systems – Integrated into the Call Center for better service
- Specialized Team – Advanced expertise and decision-making power
- Faster Resolutions – Quicker service with better first contact resolutions
- New Online Contact Forms – Centralizes and manages all inquiries for easier referrals

- **Technology Tools for Customers**

- New Website in Development – Improved customer experience, easier navigation and plain language (launch January 2025)
- Automated Texts & Emails – Over 700,000 messages sent for filing online, mass layoffs, and other important information
- Automated Dialer – Over 20,000 calls made, the service informs customers of our number and makes 3 callback attempts



UI Initial Claims

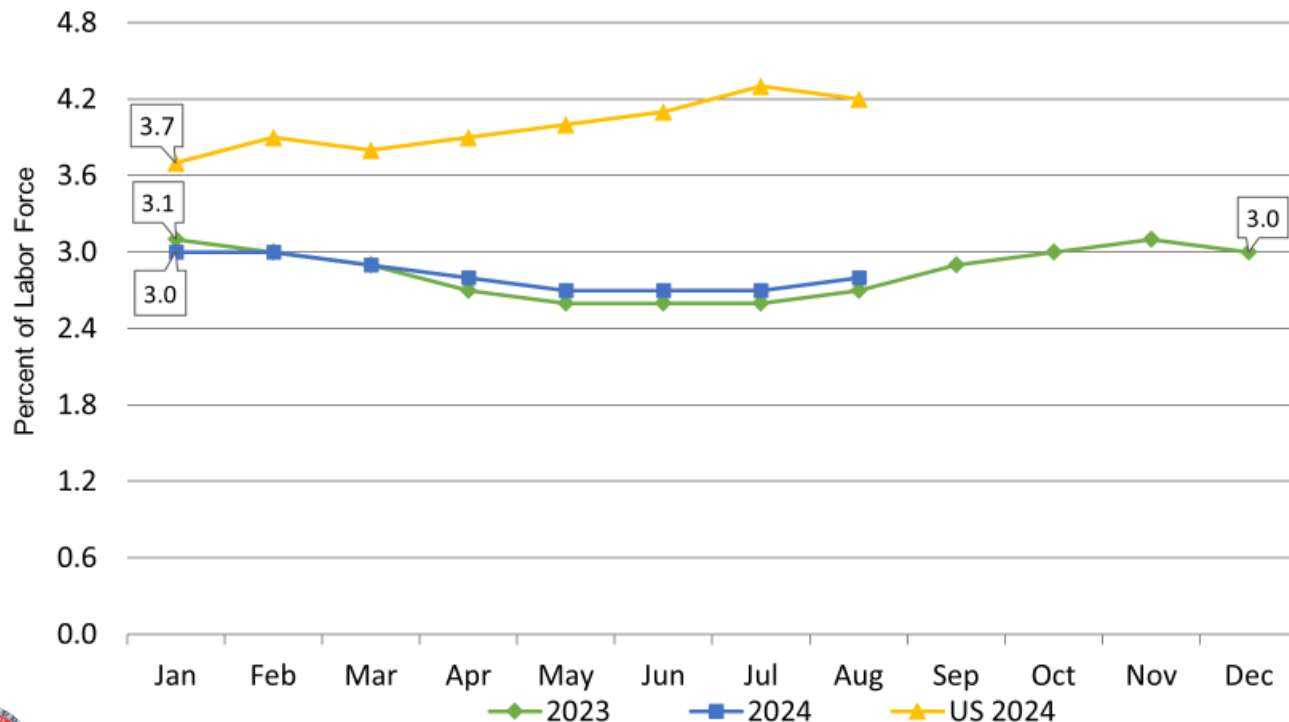
Calendar Year	Claims Filed
2016	178,422
2017	150,450
2018	133,728
2019	135,064
2020	1,067,386
2021	514,484
2022	167,607
2023	138,791
2024	131,376*

*projected



Virginia's Unemployment Rates 2023 – 2024

(seasonally adjusted)



The unemployment rate in August 2024 was 2.8%.

The national unemployment rate in August 2024 was 4.2%.



Operational Update

• Adjudication

- Adjudication productivity continues to exceed workload demands.
- Sustained performance improvements beginning in January 2024

DOL Metric	Q4 2023	Q1 2024	Q2 2024
First Pay Timeliness	62.0%	83.1%	83.5%
Decision Timeliness	53.4%	83.8%	83.5%

• Appeals

- Decreased pending appeal average age from 539 days to 73 days
- Incoming appeals are elevated compared to pre-pandemic levels

	12/6/2023	10/7/2024
Appeal Inventory (dockets)	43,970	4,670
Pending Appeal Average Age (days)	539	73

- 80% of Pending Appeals Scheduled
- All scheduled within the next two months



DOL Metric Rankings

DOL First Pay Timeliness, Q2 2024																	
Rank	State	%	Rank	State	%	Rank	State	%	Rank	State	%	Rank	State	%	Rank	State	%
1	ND	97.1	11	WV	86.8	21	IN	80.3	31	FL	72.0	41	MT	63.1	51	CO	40.4
2	AK	94.5	12	OK	86.0	22	NC	80.3	32	KS	71.8	42	MD	62.7	52	AL	33.1
3	SC	94.2	13	MO	85.7	23	LA	79.0	33	PR	71.1	43	MA	61.8	53	NV	*
4	WY	92.9	14	IL	85.3	24	TN	78.4	34	VT	70.7	44	PA	61.8	AVG	US	73.6
5	SD	91.7	15	WI	84.9	25	CA	78.1	35	NM	70.6	45	AR	60.0			
6	MN	91.2	16	MS	84.8	26	GA	76.4	36	NY	70.5	46	AZ	57.1			
7	RI	90.2	17	ME	84.7	27	NJ	75.4	37	WA	68.7	47	KY	56.2			
8	ID	88.9	18	UT	83.6	28	MI	73.9	38	VI	66.7	48	DC	51.7			
9	NE	88.5	19	VA	83.5	29	CT	73.1	39	HI	66.5	49	DE	48.9			
10	IA	87.6	20	NH	82.7	30	TX	72.9	40	OH	65.6	50	OR	48.6			
DOL Decision Timeliness, Q2 2024																	
Rank	State	%	Rank	State	%	Rank	State	%	Rank	State	%	Rank	State	%	Rank	State	%
1	WV	97.1	11	SD	90.0	21	LA	83.0	31	OR	67.7	41	CO	47.3	51	AZ	18.8
2	SC	96.8	12	ME	89.0	22	RI	79.5	32	PR	67.4	42	DC	43.9	52	AR	12.5
3	IA	96.5	13	IL	88.4	23	IN	77.2	33	OH	67.1	43	KS	40.8	53	NV	*
4	ND	96.2	14	NC	87.7	24	ID	76.6	34	VI	66.7	44	MD	40.6	AVG	US	66
5	NE	95.7	15	CT	85.8	25	MT	75.6	35	TX	65.2	45	PA	39.7			
6	UT	94.0	16	MO	84.8	26	MI	74.4	36	WA	56.9	46	AL	36.8			
7	AK	92.4	17	OK	84.7	27	TN	72.7	37	MA	56.2	47	DE	33.1			
8	WI	92.1	18	MN	84.2	28	NJ	70.6	38	KY	52.9	48	FL	26.7			
9	WY	91.5	19	VA	83.5	29	CA	68.2	39	NY	52.6	49	HI	22.0			
10	NH	91.2	20	MS	83.0	30	GA	68.0	40	NM	48.5	50	VT	21.7			

- Q1 2022:
 - 52nd in First Pay
 - 45th in Decision Timeliness
- Q1 2023:
 - 53rd in First Pay
 - 51st in Decision Timeliness
- Virginia now ranks in the top 20
- Well above national average in both key metrics



Completed Work Items

Category	Starting Balance 1/15/22	Received since 1/15/22	Remaining 1/15/22 Backlog	Current Inventory	Removed or Completed since 1/15/22
Separation Reports	246,273	99,878	-	-	346,151
Adjudication (Issues)	109,362	352,819	-	6,131*	456,050
Potential Fraud (Claims)	258,320	104,402	-	149*	362,573
First Level Appeals (Dockets)	86,546	121,062	-	4,670	202,938
Total	700,501	678,161	0	10,970	1,367,712

* Working Inventory

As of 10/7/2024



Fraud Deterrence

- **PinDrop**

- First state to use PinDrop – Enhancing fraud detection in the call center
- Integrated Fraud Detection – Active in both UI call center and automated weekly claim filings
- Uncovered Fraud Scheme – Identified fraudulent claims tied to a fictitious employer with multiple claimants

- **ID.me Alternate Login**

- Identity Verification Tool – Uses multi-factor authentication, government-issued ID uploads for identity verification
- Knowledge-Based Security – Protects access with personalized questions
- NIST IAL2 Compliant – Adheres to high-level security standards

- **Prosecutions**

- Collaborative Effort – VEC works with state and federal authorities including FBI and US DOL Office of the Inspector General to actively prosecute fraud and recover pandemic relief funds



Funding Outlook

- **DOL Base Funding**

- Pandemic era funds are winding down, returning to pre-pandemic funding levels

- **Administrative Fee**

- During the 2024 Session, the Governor and General Assembly adopted a proposal to establish a revenue-neutral administrative fee
- This proposal will allow the agency to develop a revenue source to support critical operations for staffing and IT
- The fee will go into effect in January of 2025 and is expected to generate approximately \$16 million a year by reducing employer taxes by a corresponding amount to the newly created fee

- **Treasury Loan Authorization**

- VEC has been authorized to receive a treasury loan to cover necessary operational expenses if needed
- The treasury loan must be repaid within three years



Trust Fund Data—Standard Forecast

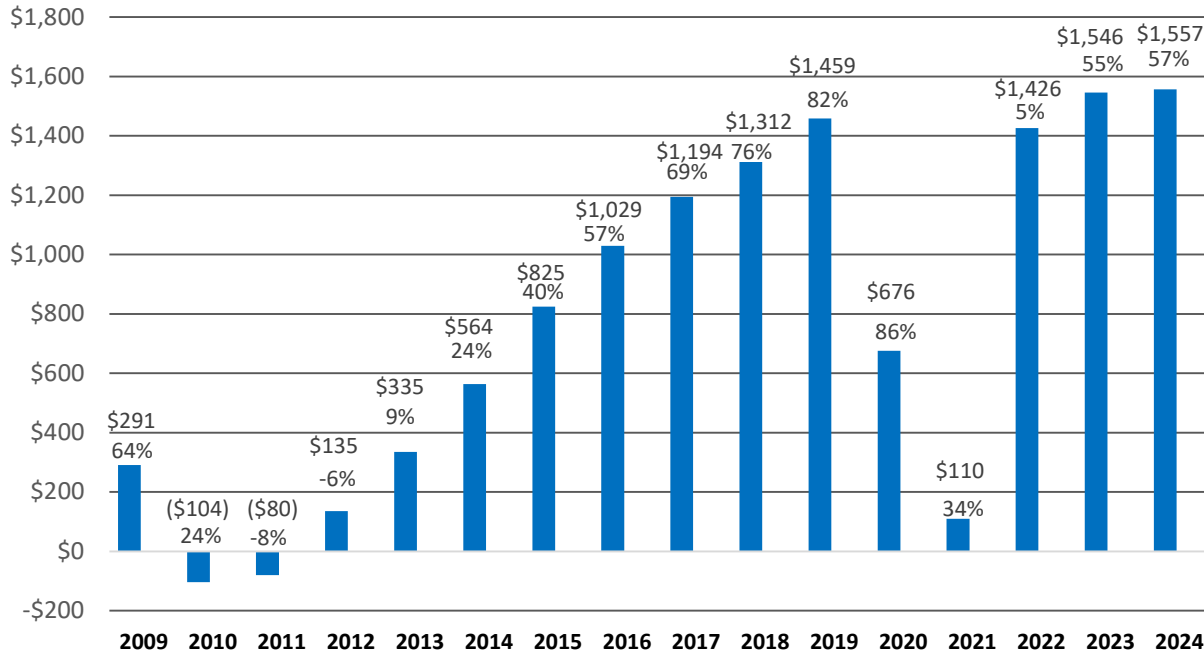
(Millions of Dollars)

	2023	2024
January 1 Balance	\$1,478.6	\$1,517.5
June 30 Balance	\$1,546.3	\$1,557.3
Tax Revenue	\$297.4	\$223.8*
Interest Revenue	\$27.5	\$43.2*
Benefits	\$193.7	\$270.9*
December 31 Balance	\$1,517.5	\$1,432.2*
Solvency Level (6/30)	55%	57%*

*Projected



June 30 Trust Fund Balances and Solvency

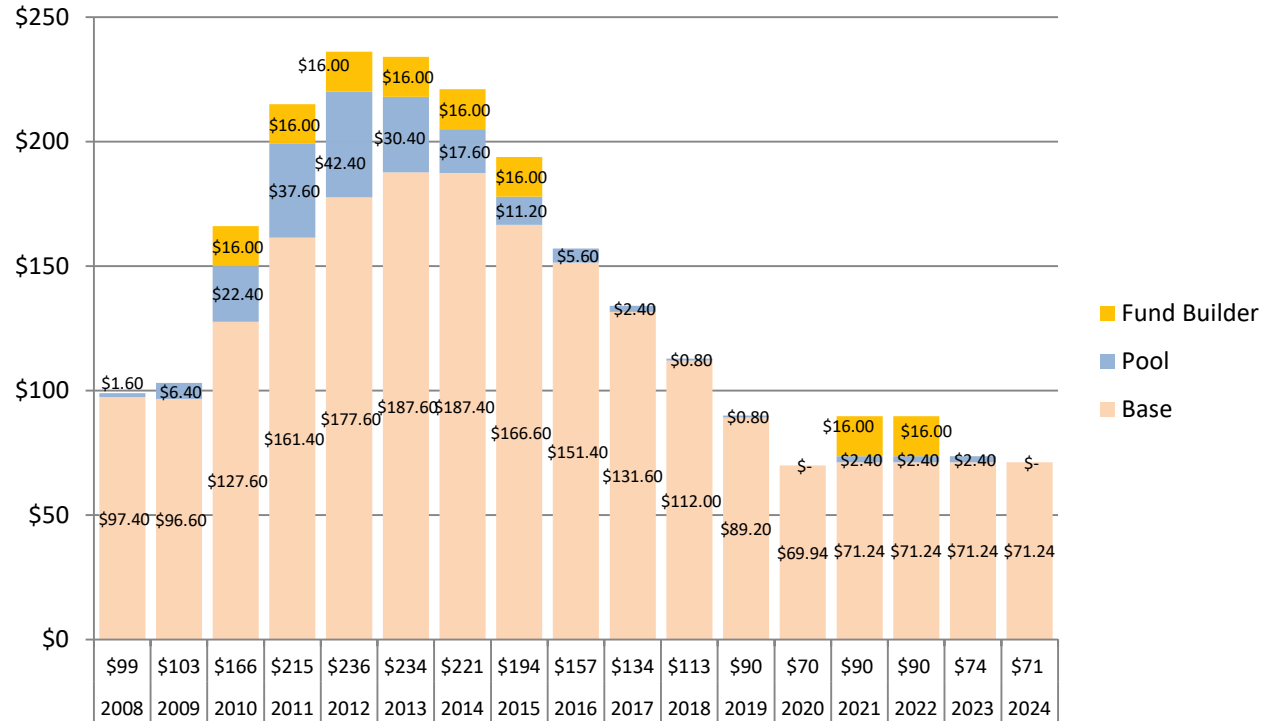


As of August 31, 2024,
The trust fund balance
is \$1,537.7 billion.

*negative amounts indicate periods of borrowing from the Federal government



Average State Tax Per Employee



Rates will be computed using standard methodology after pandemic era rate freeze expires, Dec 31st 2024

Questions/Comments please contact:
Commissioner Demetrios "Mitch" Melis
demetrios.melis@vec.virginia.gov

