



**COMMONWEALTH of VIRGINIA**  
**Virginia Employment Commission**

**Melissa Smith**  
Commissioner

Post Office Box 26441  
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April 1, 2026

**TO:** The Honorable Abigail Davis Spanberger  
Governor, Commonwealth of Virginia  
P.O. Box 1475  
Richmond, Virginia, 23218

The Honorable R. Creigh Deeds  
Chair, Senate Commerce and Labor  
Senate of Virginia  
P.O. Box 396  
Richmond, Virginia 23218

The Honorable Jeion A. Ward  
Chair, House Labor and Commerce  
Virginia House of Delegates  
P.O. Box 7310  
Hampton, Virginia 23666

Members  
Commission on Unemployment Compensation

**FROM:** Melissa Smith, Commissioner

**RE:** Update on the Office of the Unemployment Compensation Ombudsman – 3rd Quarter,  
FY 2026

Dear Governor, Chairman, Madam Chair, and Members:

The Virginia Employment Commission (VEC) submits this quarterly report in the form of a letter to provide a status update on the activities of the Unemployment Compensation Ombudsman to the Governor, House Labor and Commerce Committee, the Senate Commerce and Labor Committee, and the Commission on Unemployment Compensation in accordance with the Appropriation Act – Chapter 725, Item 356 I. (Regular Session, 2025) of the Commonwealth of Virginia.

**Overview**

The Ombudsman function, led by VEC's Chief Customer Advocate, continued to deliver timely and effective support to Virginians seeking unemployment insurance (UI) assistance during the third quarter of FY 2026. Through the Chief Customer Advocate, the VEC addressed a wide range of inquiries from both UI claimants and employers about accessing online systems,

understanding benefits processes, and navigating required unemployment insurance procedures. A breakdown of the number and types of inquiries can be found in Attachment 1 to this report.

Overall, the Chief Customer Advocate received fewer inquiries in the third quarter than in the second quarter of 2026. The Chief Customer Advocate responded directly to 433 emails and 351 phone calls from individuals who contacted the office. Inquiries from UI claimants focused on issues such as difficulties accessing online accounts, questions about benefit eligibility or denials, requests for assistance with back payments, appeals-related inquiries, and referrals to supportive services like Virginia Works for reemployment services, the Virginia Department of Labor and Industry, the Wage and Hour Division of the U.S. Department of Labor, and 2-1-1 Virginia. All inquiries received were either resolved directly, provided with the necessary explanations, or referred to the appropriate division of VEC for further processing.

Employers contacted the agency with similar concerns, including challenges with online account access, clarification of benefit determinations, appeals processes, unemployment tax questions, and explanations of penalties for untimely responses. As with claimant inquiries, each employer inquiry was resolved or addressed by way of an explanation or referral to the responsible division of VEC. In the third quarter, to better address employer needs, a segment of VEC's Customer Escalation Team formed a new group within the Customer Contact Center to provide dedicated phone support for employer tax inquiries. When employers call, they are now routed to this team that is trained and scaled to handle the historic volume of calls VEC receives from them.

At present, employers access their VEC accounts using the Virginia Department of Taxation's employer authentication (or identity verification) system. When employers inquire about login issues, they can be difficult to diagnose and resolve across agencies, often leading to delays and employer frustration. VEC is in the late stages of planning a new direct identity verification solution for employers, transitioning the process away from the Department of Taxation. We are streamlining access into a single, secure login, making it easier for employers and their representatives to access the system, for issues to be resolved quickly, and for VEC to provide more efficient, responsive service.

### **Stakeholder Engagements**

The Chief Customer Advocate completed approximately 50 consultations with Legal Aid attorneys representing claimants. These meetings involved reviewing case details, providing relevant information, and determining whether matters required referral to divisions such as Appeals, Adjudication, Monetary Determinations, or Benefit Payment Control. Referrals were made when issues could not be resolved directly during consultation.

Preparations are underway at VEC to provide additional support that was requested of the agency in response to significant layoff events in the Commonwealth. In partnership with Virginia Works, VEC assisting workers affected by the March 18, 2026 closure of the Yokohama Tire plant in Salem, Virginia. VEC met with company leadership and union representatives to explain claims processes, reporting requirements, and the impacts of severance, pensions, and future employment on UI claims filed by affected workers. Additional on-site assistance from VEC staff including the Chief Customer Advocate is scheduled for April 2026 in Roanoke, supplemented by remote support from VEC's Customer Escalation Team.

VEC also continued to coordinate and facilitate assistance for several employers in Central and Southwest Virginia implementing intermittent and seasonal layoffs. VEC provided support by educating employers and their employees on UI claims processes and responsibilities, supplying informational resources, and collaborating with the Customer Escalation Team to provide live assistance. This support is particularly important due to many affected workers having limited digital literacy or difficulty accessing the Customer Contact Center by phone. Due to recurring short-term layoffs occurring on alternating weeks, many affected workers experienced delayed benefit payments caused by regulatory waiting periods. These delays resulted in a high volume of inquiries. The agency engaged with employer representatives to adjust reporting practices in a manner that complies with federal requirements and significantly reduces payment delays. Once implemented, these changes are expected to shorten benefit processing timelines from multiple weeks to fewer than seven days.

### **Chief Customer Advocate's Recommendations**

Input was provided by the Chief Customer Advocate during the process of planning for the new VEC employer login system that was mentioned previously in this report. Recommendations were also provided to the Office of Communications regarding employer notifications and anticipated questions or areas for assistance as the new employer login and identity verification system is introduced and implemented.

Based on observed patterns and feedback from claimants, the Chief Customer Advocate recommended that VEC streamline processing of weekly claims on which claimants reported that they worked or that they earned wages. Individuals who perform part-time or project-based work and who report work and wages, as required, trigger wage and self-employment issue flags on their claims. In many cases, those issue flags must be reviewed prior to payment being issued to the claimant for the corresponding week. VEC strives to meet or exceed the USDOL standard of resolving 80% of claim issues within 21 days. Following analysis, the Unemployment Insurance Director and Adjudication Division implemented process changes to triage work for more effective staff assignment of these issues delaying payment. The implemented process changes have resulted in VEC exceeding the USDOL measure by larger margins. As a result, claimants in these categories are now receiving payments more quickly. An analysis of a recent two-week period showed that approximately 1,000 of the 4,500 new issues on claims benefited from this triage process. (There can be more than one issue on a claim.)

To conclude, the activities reported here represent an important way that the VEC works to ensure that Virginia's Unemployment Insurance program and benefits can be accessed and understood by all. Please do not hesitate to contact me at [Melissa.Smith@vec.virginia.gov](mailto:Melissa.Smith@vec.virginia.gov) with any questions.

Sincerely,



Melissa Smith  
Commissioner

Enclosure

## Attachment 1: Escalation Trends in Quarter 3, FY 2026

Figure 1: Cases by Submission Type

| Submission Type (groups) | Cases Received | Cases Closed | Avg 1st Contact Time(Hours) | Avg. Turnaround Time(Days) |
|--------------------------|----------------|--------------|-----------------------------|----------------------------|
| <b>Agency/Internal</b>   | <b>5,160</b>   | <b>4,990</b> | <b>16.07</b>                | <b>2.6</b>                 |
| January                  | 1,716          | 1,705        | 19.95                       | 3.3                        |
| February                 | 1,799          | 1,781        | 16.28                       | 2.8                        |
| March                    | 1,645          | 1,504        | 11.99                       | 1.6                        |
| <b>Customer Web Form</b> | <b>1,804</b>   | <b>1,791</b> | <b>24.72</b>                | <b>2.7</b>                 |
| January                  | 853            | 853          | 25.32                       | 3.2                        |
| February                 | 572            | 572          | 27.24                       | 2.5                        |
| March                    | 379            | 366          | 19.45                       | 1.7                        |
| <b>Governor's Office</b> | <b>48</b>      | <b>42</b>    | <b>13.29</b>                | <b>5.5</b>                 |
| January                  | 12             | 11           | 2.08                        | 6.6                        |
| February                 | 17             | 17           | 13.35                       | 6.5                        |
| March                    | 19             | 14           | 21.63                       | 3.4                        |
| <b>Legislator</b>        | <b>462</b>     | <b>447</b>   | <b>14.08</b>                | <b>3.6</b>                 |
| January                  | 122            | 122          | 16.27                       | 4.5                        |
| February                 | 210            | 210          | 10.83                       | 3.6                        |
| March                    | 130            | 115          | 18.57                       | 2.4                        |
| <b>Mass Support</b>      | <b>513</b>     | <b>513</b>   | <b>5.91</b>                 | <b>0.7</b>                 |
| January                  | 298            | 298          | 5.74                        | 0.4                        |
| February                 | 105            | 105          | 4.05                        | 1.3                        |
| March                    | 110            | 110          | 10.17                       | 0.8                        |
| <b>Total</b>             | <b>7,987</b>   | <b>7,783</b> | <b>17.47</b>                | <b>2.6</b>                 |

Figure 2: Cases by Reason for Escalation

