

July 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 – 4th 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 fourth 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 types of inquiries can be found in Attachment 1 to this report.

The Chief Customer Advocate received a similar number of emails but an uptick of inquiries by phone in the fourth quarter relative to the third quarter of FY 2026. The Chief Customer Advocate responded directly to 432 emails and 397 phone calls, for a total of 397 unique individuals who contacted the office. Inquiries from UI claimants focused on issues such as access to online systems, UI process explanations, general service feedback, and explaining UI rules and regulations. All inquiries received were either resolved directly by the Chief Customer

Advocate, provided with the necessary information or explanations, or referred to the appropriate division of VEC for further processing.

This quarter, VEC prepared for the launch of the Employer Single Sign-On (ESSO), which is decoupling VEC's employer tax accounts from the Department of Taxation's iFile website. This change is being made to enhance security, streamline access for employers, and allow multi-user flexibility. The Chief Customer Advocate provided guidance to VEC's tax division during this process and has been available to communicate any questions or concerns relayed from employers. That feedback has allowed VEC to anticipate employer needs and proactively address them via a robust FAQ section on VEC's website. As VEC prepares for the change to become effective August 1, 2026, the Chief Customer Advocate is available to employers to answer questions and provide assistance as needed.

Stakeholder Engagements

The Chief Customer Advocate completed approximately 36 consultations with Legal Aid attorneys representing claimants. Through these meetings, the Chief Customer Advocate was able to answer questions, address concerns, and refer claims issues to the proper place for resolution.

The Chief Customer Advocate also provided in-person assistance to two major employers in Central and Western Virginia. The Salem, Virginia, Yokohama Tire plant permanently closed its doors in March, which affected approximately 600 employees. As reported last quarter, the Chief Customer Advocate worked with the employer's HR department and the Union representatives in preparation for the mass layoff event. The Chief Customer Advocate assisted the employer with accessing and navigating their online portal and advised on how to provide the necessary separation information to the VEC for every employee who went on to file a claim for benefits. The Chief Customer Advocate then coordinated with various VEC benefits departments to provide separation information ahead of the layoffs to minimize wait times for the affected Yokohama employees. The Chief Customer Advocate had several meetings with the local Union and their members and provided basic claims information and tips on how to file their claims and what to do after filing them. Along with a member of the VEC Escalation Team, the Chief Customer Advocate traveled to Roanoke for a claims-filing event in early April where they directly assisted workers and answered any questions.

The Chief Customer Advocate also traveled to the Vaughan-Bassett Furniture Company's factory on May 20, 2026, to personally take the claims of the 150+ workers who were temporarily laid off. These workers have historically been unable to file their own claims due to lack of Internet access, inexperience with online systems, and difficulties reaching VEC's Customer Contact Center. The Chief Customer Advocate coordinated directly with Vaughan-Bassett to receive the necessary employer-side information so VEC could process the claims immediately, thus reducing payment wait times for affected workers.

Chief Customer Advocate's Recommendations

Insights from the Chief Customer Advocate informed the agency's policy process when it recently revised its interpretation of Section 60.2-212 of the Virginia Unemployment Compensation Act. Historically, VEC held any claimant with an LLC/Corporation registered

with the State Corporation Commission as being “not unemployed” notwithstanding the number of hours, if any, the claimant was devoting to the business. As a result, these claimants were found ineligible for UI. Affected claimants and their attorneys reached out to the Chief Customer Advocate when VEC issued decisions that explained that their LLC or other business registration was preventing them from obtaining the UI benefits they sought. Recognizing that many registered entities are created solely for limited, part-time, non-business, or seasonal purposes by individuals who may work two or more jobs, and in light of recent court decisions, VEC revisited this policy.

To determine eligibility under the revised policy, VEC considers factors like the claimant's current and future plans for engagement with the registered entity as a potential business or means of employment and whether they continue to seek full-time employment. Since implementation of the policy in late April, the Chief Customer Advocate has worked with various VEC business units to clarify and understand application of the policy and to report the positive impacts of the change.

To conclude, the activities reported here represent an important way that the VEC’s Ombudsman function 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 with any questions.

Sincerely,



Melissa Smith
Commissioner

Enclosure

Attachment 1: Escalation Trends in Quarter 4, FY 2026

Figure 1: Cases by Submission Type

Submission Type (groups)	Cases Received	Cases Closed	Avg 1st Contact Time(Hours)	Avg. Turnaround Time(Days)
Agency/Internal	4,534	4,301	6.48	3.2
April	1,616	1,592	7.67	3.7
May	1,508	1,484	5.06	3.5
June	1,410	1,225	6.66	2.2
Customer Web Form	696	692	14.86	1.4
April	359	355	11.55	1.4
May	288	288	15.00	1.3
June	49	49	29.79	2.4
Employer	267	247	20.37	1.3
June	267	247	20.37	1.3
Governor's Office	47	47	18.94	4.0
April	12	12	12.80	3.3
May	33	33	21.73	4.5
June	2	2		0.0
Legislator	174	156	10.95	3.3
April	91	91	8.90	3.7
May	38	32	15.30	3.6
June	45	33	11.76	2.0
Mass Support	29	27	7.43	0.3
April	24	22	12.50	0.0
May	3	3	1.00	2.0
June	2	2	0.00	0.5
VA Works Employee	21	20	12.71	1.7
April	8	8	15.86	2.3
May	4	4	2.33	2.3
June	9	8	14.00	0.8
Total	5,768	5,490	8.01	2.9

Figure 2: Cases by Reason for Escalation

