



COMMONWEALTH of VIRGINIA
Virginia Employment Commission

Melissa Smith

Commissioner

Post Office Box 26441

Richmond, VA 23261-6441

October 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

The Honorable Destiny L. LeVere Bolling
Chair, Commission on Unemployment Compensation
Virginia House of Delegates
P.O. Box 406
Richmond, Virginia 23218

FROM: Melissa Smith, Commissioner

RE: Update on the Office of the Unemployment Compensation Ombudsman –
First Quarter, FY 2027

Dear Governor Spanberger, Senator Deeds, Delegate Ward, and Delegate LeVere Bolling:

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 – Item 359 H. (Special Session 1, 2026) of the Commonwealth of Virginia.

Executive Summary

During the first quarter of FY 2027, VEC's Chief Customer Advocate, who is also known as VEC's Ombudsman, in conjunction with the Customer Escalation Team (CET) and the Employer Response Phone Team (ERT), assisted a larger number and proportion of employers and handled a larger number of unemployment insurance (UI) inquiries overall than in recent quarters. The increase in employer engagement corresponds to VEC's outreach efforts and communications with employers about the launch of the new Employer Single Sign-On experience that features security enhancements, streamlined access, and permits multi-user flexibility.

As VEC makes service improvements for employers and claimants, the agency also prepares to assist those who have questions or need support to navigate the changes. The Office of the Unemployment Compensation Ombudsman is an important part of the front-line response to those individuals and to those who inquire about more routine concerns.

Aside from Employer Single Sign-On-related inquiries, the volume and variety of the inquiries fielded and the types of assistance provided by the Chief Customer Advocate were within typical ranges. The Chief Customer Advocate's recommendations and role as a liaison with stakeholders and insight from interacting with claimants, employers, and VEC's operations continue to help VEC to iterate on improvements to the UI program and how the agency serves the public, including through a pilot for scheduled callbacks from the Customer Contact Center.

Data on Type and Number of Inquiries

The Chief Customer Advocate leads the Virginia Employment Commission's (VEC's) Ombudsman function. In July, August, and September, the Chief Customer Advocate received inquiries via the Customer Advocate inbox, telephone calls, internal referrals, and interactions with Legal Aid, unions, human resources associations, and other partners. The inquiries from claimants concerned access to UI benefits, applying for benefits, explanation of denials, the appeals process, the overpayment process, requests for accommodations, issuing determinations, implementing appeals, and facilitating expedited resolution of issues on claims in cases of extenuating circumstances. As discussed below, there were many inquiries from employers related to the Employer Single Sign-On service enhancements that were handled by the Employer Response Phone Team (ERT) with surge support from the specialized Customer Escalation Team (CET). The other employer inquiries the Chief Customer Advocate handled related to UI benefit charges, how their tax rates were calculated, the appeals process, the adjudication process, and other general UI topics. Consultations with Legal Aid attorneys included topics such as VEC's processes for appeals, benefits, overpayments and waivers, referrals to other departments for special checks, or reconsideration of denials and overpayments that had not reached the appeals level.

During the first quarter, the Chief Customer Advocate personally fielded 738 emails from claimants and 323 phone calls from claimants. The Chief Customer Advocate also assisted 60 employers with various issues not related to the launch of Employer Single Sign-On. These were usually Legislative Escalations from claimants and employers. The Chief Customer Advocate also had over 25 calls and meetings with various Legal Aid attorneys during the first quarter of FY 2027. In addition, the Chief Customer Advocate handled 97 inquiries from internal referrals, mostly from the Commissioner's Office. The Chief Customer Advocate provided educational materials, information, and technical assistance in response to each inquiry, as needed to address them, including by routing items to different VEC departments for resolution.

The direct assistance provided by the Chief Customer Advocate was supplemented by the work of the CET which received 7702 cases and closed 7407 cases in the first quarter of FY 2027, resolving them within 3.5 days on average. A breakdown of the number and types of cases appears in Attachment 1 to this report.

Spotlight: Launch of Employer Single Sign-On

July was a particularly busy month assisting employers because VEC implemented service enhancements that changed the way employers and third parties access the Employer Self Service (ESS) portal. In short, as of August 1, 2026, employers who use the optional ESS portal must first register and then access it through VEC's website, rather than through the Virginia Department of Taxation. One of the new security features ESS offers is identity verification through ID.me. Identity verification is part of VEC's fraud prevention strategy: here, it helps to ensure that the person accessing an employer account is who they say they are.

Prior to going live with the new site, the Chief Customer Advocate was invited to participate in an internal planning group to offer insights from a customer's perspective in order to anticipate the types of issues employers might perceive. Based on the planning group, it was determined that dedicated employer support would need to be provided through an Employer Response Phone Team (ERT). As previously reported, that team has been established and their services were in demand throughout the ESS launch. As anticipated, a small percentage of employers had difficulties navigating the new ESS registration process. The ERT support was most helpful to those employers and the VEC, in general, as they were able to field all inquiries.

Stakeholder Engagement

The Chief Customer Advocate serves as a resource and liaison to UI stakeholder groups and partners. In addition to the Legal Aid representatives reported on above, the Chief Customer Advocate works with union leaders. For instance, the Chief Customer Advocate was recently contacted by a union president who wanted information about how to assist

union members when they are temporarily between jobs. The Chief Customer Advocate answered the questions posed, provided best practices information, explained how VEC's processes can affect claimants who are members of a union, provided tips on how workers should report union membership and required union work search contacts when actively claiming benefits. This topic can be confusing and often leads to delay and or denial of benefits when union claimants do not report their activities correctly. Providing information in advance and in a proactive manner is an important service performed by VEC's Ombudsman function. The Chief Customer Advocate also prepared to assist an employer that anticipates a mass layoff event in 2027. Advance planning and coordination can help claimants and VEC to smoothly navigate the UI process together.

Chief Customer Advocate's Recommendations and Service Improvements

Historically and in the first quarter of FY 2027, the Chief Customer Advocate has gained insight into common issues that claimants and employers raise. That insight has translated into recommendations that VEC provide additional training to key staff to promote quality and improve outcomes. During the pandemic, steps were taken to accommodate the workload increase the VEC had to address. Temporary policies were put in place to assist the VEC to process claims, adjudicate issues, and hear appeals in a more timely manner. Those policies bypassed some of the standard processes that would normally ensure a higher level of quality, especially with initial determinations on claims. A large percentage of staff who were hired during the pandemic were trained in those processes which, although tailored to the program and needs at the time, did not allow VEC to meet all of the U.S. Department of Labor's (USDOL's) quality [metrics](#). As of this quarter, managers of those key staff have reinstated robust, continuous training that is designed to reestablish a baseline for high-quality work, supporting professional development for staff and due process for claimants and employers while ensuring compliance with all USDOL metrics.

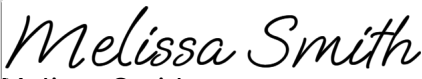
The Chief Customer Advocate is a contact of last resort for many claimants and employers who have first tried to reach VEC through other channels. Those claimants have generally called the Customer Contact Center and need more assistance. Sometimes they have requested a callback from the Customer Contact Center, but they are then unavailable when the call comes in. Multiple claimants have requested a scheduled callback option. In the meantime, the Customer Contact Center received similar feedback and was working on service enhancements even though scheduling callbacks presents some operational challenges.

In recent months, the Customer Contact Center has developed (entirely in-house) and piloted—in conjunction with Virginia Works—a scheduled-callback form that now supports 60–70 callers each week. The online form is available directly to Virginia Works staff, enabling them to automatically schedule and manage claimant callbacks. Since August 1, the system has maintained a 97% success rate, with callbacks consistently delivered within an average of three minutes of the scheduled time. VEC looks forward to building on this pilot and finding more ways to serve UI claimants.

Conclusion

To conclude, the activities reported here continue to 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 with any questions.

Sincerely,


Melissa Smith 4255VX6X-1XZ2RJXP
Commissioner

Enclosure

Attachment: Escalation Trends in Quarter 1, FY 2027

Figure 1: Cases by Submission Type

Submission Type (Groups)	Cases Received	Cases Closed	Avg 1st Contact Time (Hours)	Avg Turnaround Time (Days)
Agency/Internal*	5356	5106	16.89	4
July	1919	1897	17.63	4.4
August	1654	1627	11.15	4.3
September	1783	1582	21.69	3
Employer	2021	2008	36.49	2.2
July	1247	1247	43.02	2.6
August	470	470	26.08	1.6
September	304	291	22.68	1.5
Governor's Office	32	24	7.38	7.1
July	6	6	15.6	20.5
August	14	13	8.5	3.6
September	12	5	1.56	0
Legislator	232	214	15.14	6.3
July	98	96	13.68	7.2
August	80	78	17.69	6.5
September	54	40	13.89	3.7
Mass Support	2	2	0.5	0.5
July	0	0	0	0
August	1	1	0	1
September	1	1	1	0
VA Works Employee	59	53	25.44	3.3
July	28	28	28.71	2.6
August	17	17	14.42	5.5
September	14	8	33.14	0.8
TOTAL	7702	7407	20.79	3.5
* For the Agency/Internal Group, the 1st Avg Contact Time and Avg Turnaround Time for September, and therefore overall for that group, are approximate due to updates in the way VEC categorizes this data. The true Time figures for September are slightly faster than those reflected here.				

Figure 2: Cases by Reason for Escalation

