



Update on Virginia Employment Commission since 2021 JLARC report

Previous JLARC review of VEC

- JLARC staff released a report on the *Operations and Performance of the Virginia Employment Commission* in November 2021
 - Unprecedented influx of UI claims that states were understandably not prepared to address
 - VEC had difficulty responding effectively to UI claims during pandemic because of outdated IT systems and limited funding and staffing
 - JLARC report had 40 recommendations for improvement; nearly all have been implemented
- JLARC staff provided update on status of VEC changes and ongoing challenges in December 2022

Legislative committee oversight of VEC performance

- 2022 legislation (SB219/HB270) created Commission on Unemployment Compensation subcommittee to monitor VEC's:
 - key performance metrics related to UI backlogs
 - efforts to identify, prevent, and recover incorrect UI benefit payments, including fraud
 - efforts to improve UI IT system functionality
 - expenditures of state funds appropriated for UI administration
 - implementation of JLARC recommendations
- Subcommittee was active July 1, 2022 – June 30, 2025
- Full Commission on Unemployment Compensation now monitors and evaluates Virginia's unemployment compensation system, including VEC's performance

Key changes at VEC since pandemic

- Launched claims portal to allow individuals to file claims online
 - No online filing during pandemic compared with ~80% claims now filed online
- Implemented “robotic process automation” for parts of claims process previously done by staff (e.g., scheduling appeals hearings, mailing correspondence, etc.)
- Created 16 customer escalation specialists to handle legislative and claimant inquiries about status of UI claims, ensure ownership over unresolved claims, and provide support to individuals with barriers or other unique circumstances

Key changes at VEC since pandemic (continued)

- Created new centralized risk office and chief risk officer position to better identify threats (e.g., IT security and fraud) and predict potential operational disruptions
- Redesigned website to be more intuitive, use plain language, and have a virtual assistant
- Created AI video guides to provide individuals with step-by-step tutorials on how to apply for UI benefits and use other available programs
- Continuously educating public on VEC systems/processes through social media graphics, texts/email pushes, etc.

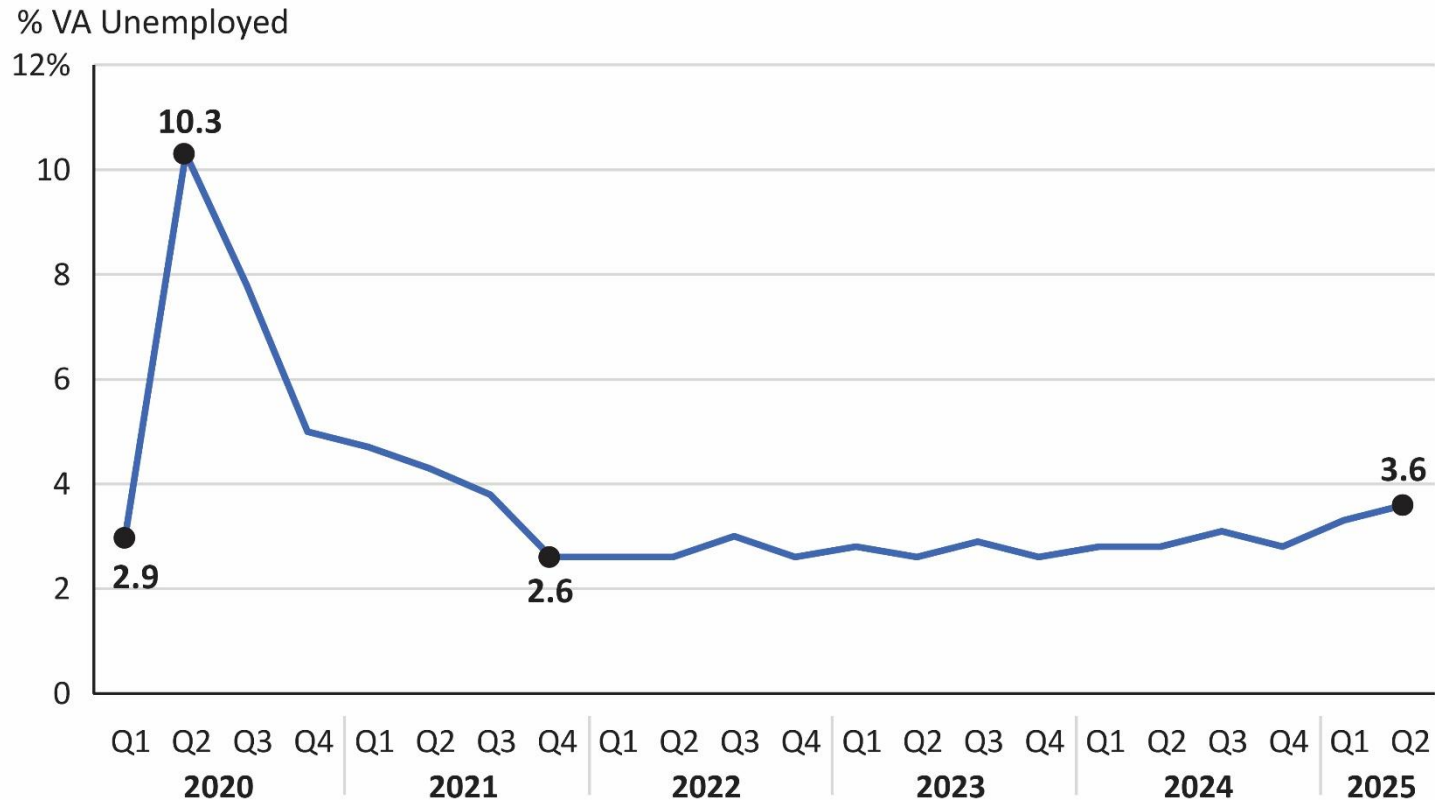
VEC's current workload, by function

Function area	Workload (as of Oct 2025)
Call center	~26K calls per week
Adjudication	~6.6K issues
First-level appeals	~1K dockets*
Commission-level appeals	~400 dockets*
Customer advocate	~330 cases

- All pandemic-related UI claims issues from 2020 or 2021 have been resolved
- No current backlogs

*Dockets count each UI claim issue a claimant has appealed. One claimant can have multiple appeal dockets.

Increasing unemployment in Virginia



Source: U.S. Department of Labor data on total unemployment rate in Virginia (January 2020 – June 2025).

Increasing unemployment in Virginia (continued)

- Virginia's unemployment rate forecasted to reach 4.1% by end of 2025*
 - Compared with 3% at the beginning of the year
 - Projected to reach 4.8% mid-2026
- Unemployment insurance claims will likely increase
 - Number of weekly initial UI claims have already been higher than in 2023 and 2024

*Data from Weldon Cooper Center for Public Service.

Examples of VEC preparations for future increase in UI claims

- VEC is using technology to maximize staff time and efficiency (e.g., online claims filing, automated assistance for customers, automated internal processes)
- VEC has cross-trained staff to enable VEC to shift certain positions to support initial claims processing if needed
- VEC has retained higher baseline staffing level with new admin fee revenue*
- VEC is aware of additional AI technology that could quickly scale call center capacity but has not yet needed to procure the capability
- \$30M Treasury loan is available if unemployment rate increases significantly and quick funding infusion is needed**

*2024 session enrolled budget (HB 30, Item 356K) created 0.05% administrative fee on employers' taxable wages that VEC can use for "critical technology and staffing requirements."

**2024 session enrolled budget (HB 30, § 3-2.03).

Recent VEC call center performance (2025)

- Recently VEC has been receiving ~26K calls per week
 - Callers reach out for various reasons (e.g., file new UI claims, check status of existing UI claims, ask questions, etc.)
- ~8,100 calls per week have been routed to VEC call center staff
 - 99% calls routed to VEC staff are “handled,” which means they reach a VEC staff member
 - 1% calls routed to VEC staff are abandoned by caller in queue
 - Average call wait time = ~6 min
- Callers can opt to be called back instead of waiting on hold
 - 76% of VEC callbacks successfully reach the caller

Note: Call center data on slide is for the week of October ending in 10/25/25. For the full month of October, VEC received a total of 110,193 calls.

Recent VEC call center performance (2025)

(continued)

- ~17,500 calls have not been routed to VEC staff
 - 36% of all calls are handled through automated assistance; no VEC staff needed to assist caller
 - 17% of all calls abandoned by caller during automated assistance (IVR*)
 - 8% of all calls are “after hours”
 - 8% of all calls “deflected” because (1) VEC reached its daily call cap or (2) caller spoke with VEC staff twice already the same week
 - Callers deflected when VEC reaches daily call cap are prompted to use other forms of assistance (e.g., self service portal)
 - Callers deflected because they spoke with VEC staff twice already in same week can reach VEC staff the next week

*IVR = “Interactive Voice response system” that provides automated help to individuals seeking UI claims status updates and other types of assistance.

VEC call center performance (2022 vs. 2025)

- Since pandemic, call center call volume has decreased and fewer calls are abandoned or deflected

Call center performance	2022 (Week 43 of year)	2025 (Week 43 of year)	% Decrease
Total # calls	60,837	25,684	-58%
Call abandons during IVR*	19,606	4,333	-78%
Call deflections	10,773	1,947	-82%

*IVR = “Interactive Voice response system” that provides automated help to individuals seeking UI claims status updates and other types of assistance.

VEC call center staffing

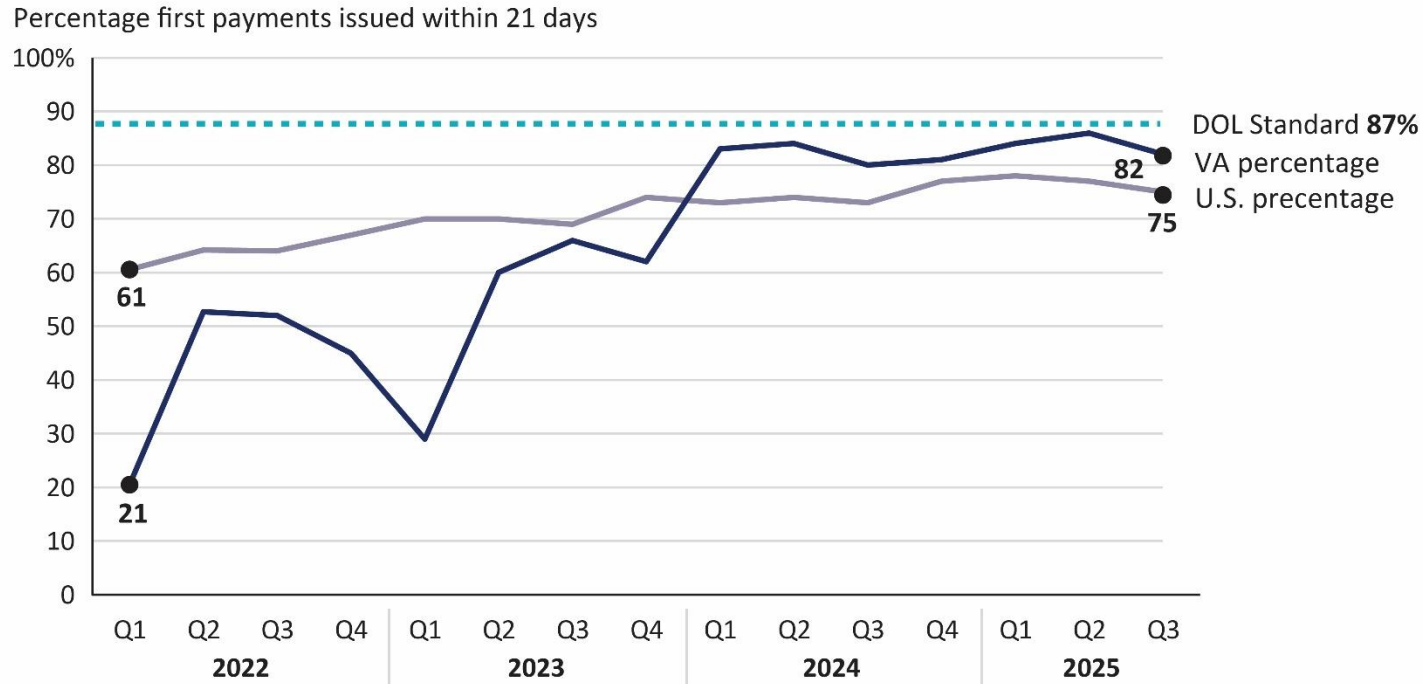
- VEC has 101 staff (59 full-time equivalent, 42 wage) assigned to call center operations each day
 - All call center staff are VEC employees; no third-party contractors
- 48 call center staff vacancies (3 full-time equivalent, 45 wage)
 - All positions have been advertised according to VEC
- VEC staff indicates fewer call center staff positions are needed as more services are automated and callers opt to be assisted through “self-service” options

VEC UI IT system performance

- 88% of login attempts to online benefits system through ID.me* successful (Oct 2025)
 - 12% unsuccessful logins because (1) users abandoned login, (2) login attempt failed (e.g., failed authoritative records check, failed document, etc.), or (3) possible fraud
- UI benefits system has been down 10 times that were not planned since Jan 2025
 - Unplanned down time totaled 68 hours; median of 2 hours
 - Unplanned down time caused by VITA network issues, application errors, production server instability, and enterprise web service timeouts

*Individuals can also login through VEC's native portal. Data on unique user logins through VEC's native portal is not available.

VEC first UI payment timeliness

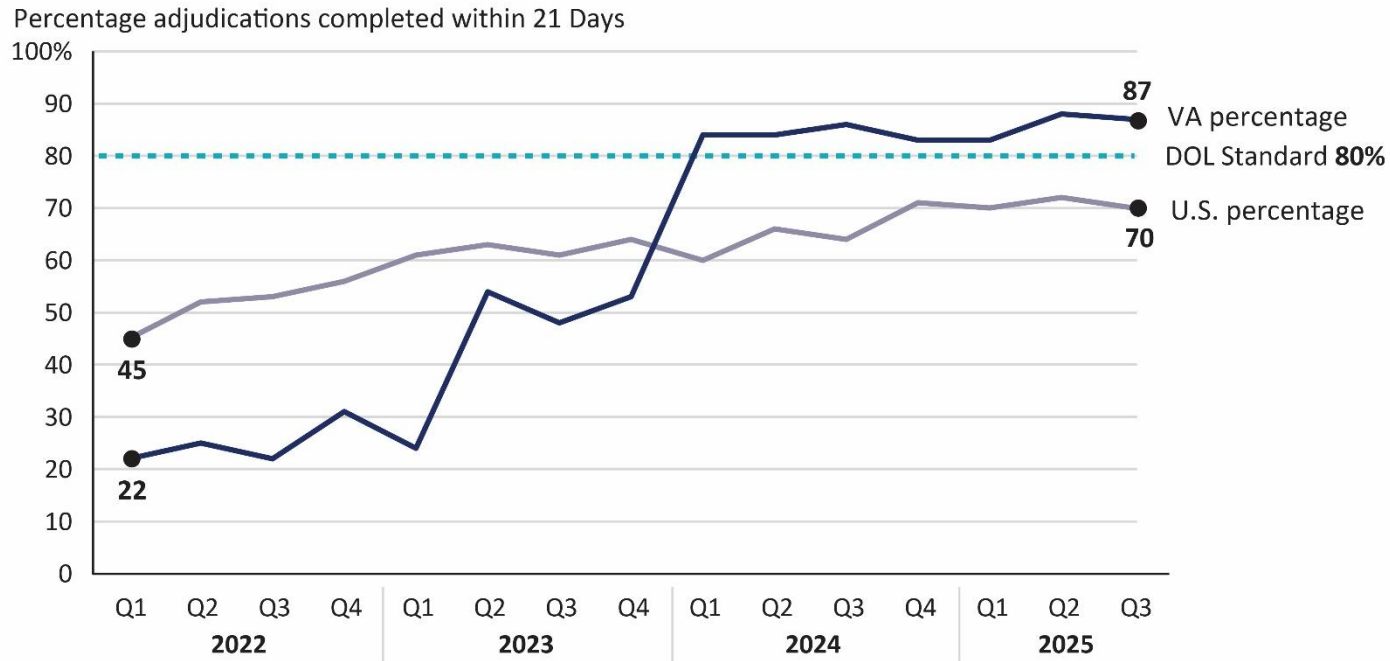


- VEC's first UI payment timeliness was 89% on 10/27/25; exceeded federal benchmark

Source: U.S. Department of Labor data on first payments in 21 days (Jan 2022 – Sept 2025) and VEC data (Oct 2025).

Note: Figure shows quarter averages through Q3 2025. Data in the bullet below the figure is VEC data as of 10/27/25.

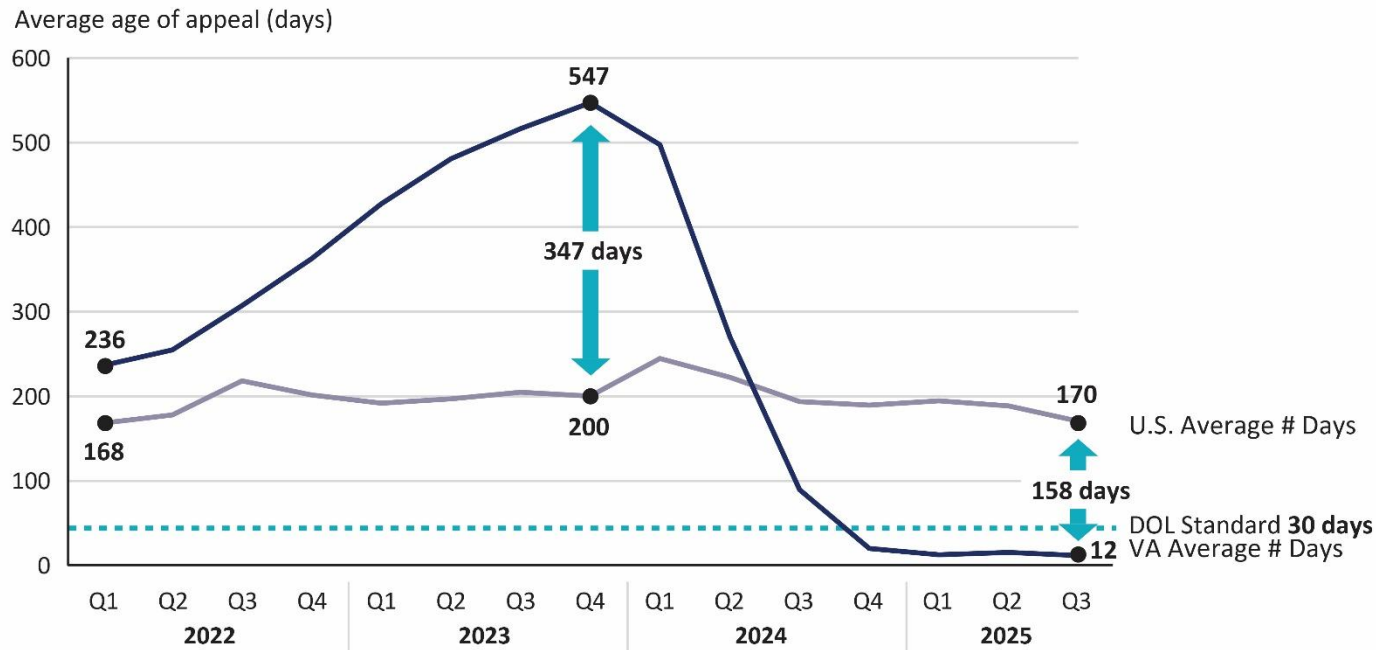
VEC nonmonetary determination (adjudication) timeliness



- VEC's adjudication timeliness was 91% on 10/27/25; exceeded federal benchmark

Source: U.S. Department of Labor data on nonmonetary determinations in 21 days (Jan 2022 – Sept 2025) and VEC data (Oct 2025).
Note: Figure shows quarter averages through Q3 2025. Data in the bullet below the figure is VEC data as of 10/27/25.

VEC first-level appeals timeliness



- Average age of VEC first-level appeals was 13 days on 10/25/25; outperformed federal benchmark

Source: U.S. Department of Labor data on average age of pending lower authority appeals (Jan 2022 – Sept 2025) and VEC data (Oct 2025).

Notes: Figure shows quarter averages through Q3 2025. Data in the bullet below the figure is VEC data as of 10/25/25. Average age of appeals reflects time between appeal filing and appeal decision.

Fraud investigations

- Fraud related to UI claims still a concern, but fraud has declined significantly since pandemic
 - ~258K potential fraud claims Jan 2022 vs. ~180 potential fraud claims Oct 2025
- VEC has safeguards in place to detect and address fraud
 - ID.me login portal used to verify individuals' identities
 - Claims routed through integrity data hub, which is a multistate data system that helps detect and prevent fraud
 - Claims flagged as suspicious based on internal VEC business rules

VEC operational funding

- VEC operations are primarily funded with non-GF revenue from federal grants and penalty/interest revenue
 - Funding amount determined by federal formula that is based on factors such as historic funding and anticipated UI claim volume
 - Funding amount increases when UI claim volume increases
- VEC started collecting revenue from new 0.05% admin fee on employers' taxable wages in Jan 2025*
 - Can only be spent on critical IT modernization and staffing
 - \$16M expected in 2025; \$13.4M collected (Jan – Sept)
 - \$10M spent so far on personnel costs, IT system modernization and configuration changes, and VITA infrastructure charges

* 2024 session enrolled budget (HB 30, Item 356K).

Next step - VEC resiliency plan

- VEC required to develop and maintain a comprehensive UI resiliency plan (§ 60.2-111)
 - Will describe actions VEC will take related to staffing, communications, and other relevant areas to ensure efficient and effective administration of UI program if claims increase
- Resiliency plan in progress; VEC estimates completion early 2026

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