

## UNEMPLOYMENT INSURANCE

### *Operations and Performance of the Virginia Employment Commission, 2021*

#### RECOMMENDATIONS

**State hiring policies during emergencies** ► The General Assembly may wish to consider including language in the Appropriation Act requiring the Virginia Department of Human Resource Management to lead a multi-agency workgroup, comprising agency leaders and human resources staff from state agencies most likely to be in need of staffing assistance during emergencies, to examine the feasibility of and policies and procedures necessary for (i) granting agencies exemptions from certain competitive hiring requirements during emergencies; (ii) requiring selected state agency staff to temporarily support other agencies in need of staffing assistance during emergencies through existing or new state initiatives; and (iii) providing necessary funding to cover the associated costs. The workgroup should propose criteria to determine under what circumstances these emergency hiring practices may be invoked and a process for invoking this authority as well as terminating it. The workgroup should submit its findings to the secretary of administration, the chair of the House Appropriations Committee, and the chair of the Senate Finance and Appropriations Committee by June 30, 2022. (Recommendation 3)

**Unemployment insurance (UI) resiliency plan** ► The General Assembly may wish to consider amending § 60.2-111 of the Code of Virginia to require the Virginia Employment Commission to develop and maintain an unemployment insurance resiliency plan that describes the specific actions the agency would take, depending on the level of increase in unemployment insurance (UI) claims, to address staffing, communications and other relevant aspects of operations to ensure continued efficient and effective administration of the UI program. (Recommendation 7)

**Temporary subcommittee to monitor VEC performance** ► The General Assembly may wish to consider including language in the Appropriation Act or amending § 30-222 of the Code of Virginia to create a subcommittee of the Commission on Unemployment Compensation to monitor the Virginia Employment Commission's: (1) key performance metrics related to UI backlogs; (2) efforts to identify, prevent, and recover incorrect UI benefits payments, including fraudulent payments; (3) project to modernize the UI IT system; (4) expenditure of state funds appropriated for UI administration; and (5) implementation of JLARC recommendations. The subcommittee should include individuals who can represent the interests and experiences of claimants and employers. The subcommittee could include members of the following General Assembly committees: Commission on Unemployment Compensation, House Appropriations, Senate Finance and Appropriations, House Labor and Commerce, and Senate Commerce and Labor. The subcommittee should meet at least once quarterly and sunset on June 30, 2025. (Recommendation 9)

**Streamlining appeal of monetary ineligibility** ► The General Assembly may wish to consider amending § 60.2-619 of the Code of Virginia to specify that non-valid unemployment insurance claims resulting from monetary ineligibility are ineligible for appeal through the Virginia Employment Commission's (VEC's) appeals division. (Recommendation 18)

**UI appeals ombudsman** ► The General Assembly may wish to consider amending Article 2 of Chapter 1 of Title 60.2 of the Code of Virginia to direct the Virginia Employment Commission to create an appeals ombudsman position to provide impartial information about the unemployment insurance appeals process and help ensure that all parties are afforded due process in such appeals. (Recommendation 20)

**Electronically submitting employer separation reports** ► The General Assembly may wish to consider amending §60.2-121.1 of the Code of Virginia to require employers to electronically provide separation information when requested to the Virginia Employment Commission unless they are granted a waiver from providing this information electronically. (Recommendation 22)

**Monitoring UI benefit levels** ► The General Assembly may wish to consider amending section § 60.2 of the Code of Virginia to require the Virginia Employment Commission (VEC) to annually calculate average unemployment insurance (UI) benefit levels, the average income replacement of UI benefits in Virginia, and the reciprocity rate for UI benefits. VEC should provide this information in its annual report to the Commission on Unemployment Compensation. (Recommendation 32)

## **POLICY OPTIONS TO CONSIDER**

*Staff typically propose policy options rather than make recommendations when (i) the action is a policy judgment best made by elected officials—especially the General Assembly, (ii) evidence suggests action could potentially be beneficial, or (iii) a report finding could be addressed in multiple ways.*

**State call center augmentation contracts** ► The General Assembly could include language in the Appropriation Act directing the Department of General Services (DGS) and the Virginia Information Technologies Agency (VITA) to assess agencies' need for call center staff augmentation, ensure that contractual solutions to meet those needs are in place, and report steps taken and available solutions to the House Appropriations Committee and the Senate Finance and Appropriations Committee by December 31, 2022. (Option 1)

**Pilot program: requiring employers to submit employee separation reports proactively** ► The General Assembly could include language in the Appropriation Act establishing a pilot program that would require a sample group of employers to proactively provide a separation report to VEC and separated individuals for all employees who separate from employment over a designated period of time and direct the Virginia Employment Commission to collect feedback from employers on the requirement's potential administrative burden and impact on unemployment insurance claim accuracy and timeliness. (Option 2)

**UI work search policies** ► The General Assembly could include language in the Appropriation Act to direct the Virginia Employment Commission (VEC) to (i) review U.S. Department of Labor guidance and model legislation regarding redesigned work search requirements, (ii) evaluate the potential impacts that adopting DOL's guidance would have on incorrect payments and other aspects of VEC's work (e.g., reemployment), and (iii) propose changes to the state's work search policies as needed. VEC should report the results of this review and any proposed legislative changes to the House Committee on Labor and Commerce, the Senate Committee on Commerce and Labor, the Commission on Unemployment Compensation, and the governor by February 1, 2022. VEC should also publish these results on its website. (Option 3)

**Tying UI benefits levels to an economic metric** ► The General Assembly could amend section § 60.2-602 of the Code of Virginia to modify the unemployment insurance benefits formula to automatically adjust unemployment insurance benefit amounts annually based on a statewide economic metric. (Option 4)

**One-time increase in UI benefits amounts** ► The General Assembly could amend section § 60.2-602 of the Code of Virginia to modify the unemployment insurance benefits formula to enact a one-time increase in the maximum unemployment insurance benefit amount. (Option 5)

**UI benefits dependent allowance** ► The General Assembly could amend section § 60.2-602 of the Code of Virginia to modify the unemployment insurance benefit formula to create a dependent allowance that is tied to an economic metric or calculated as a portion of the individual's weekly benefit amount. (Option 6)

**Advisory committee to review UI benefit levels** ► The General Assembly could amend section § 60.2 of the Code of Virginia to authorize the Commission on Unemployment Compensation to convene an advisory committee comprising stakeholders and subject matter experts to (1) review UI benefits, replacement ratios, and reciprocity rates; (2) identify factors that affect UI benefits and reciprocity (e.g., design of UI benefit calculations or UI eligibility criteria); (3) assess the advantages and disadvantages of potential changes to benefits; and (4) recommend to the Commission options to change benefit levels when needed. (Option 7)

**Increasing UI taxable wage base** ► The General Assembly could amend § 60.2-229 of the Code of Virginia to increase the unemployment insurance taxable wage base. (Option 8)

**Increasing minimum UI employer tax rate** ► The General Assembly could amend § 60.2-531 of the Code of Virginia to increase the minimum base unemployment insurance tax rate for all employers, to a new rate between 0.01 percent and 0.07 percent. (Option 9)

**Increasing maximum base UI employer tax rate** ► The General Assembly could amend § 60.2-531 of the Code of Virginia to increase the maximum base unemployment insurance tax rate. (Option 10)