



Update on Virginia Employment Commission Unemployment Insurance Claims

VEC update request

- JLARC staff released a report on the *Operations and Performance of the Virginia Employment Commission* in November 2021
- JLARC members requested an update on the Virginia Employment Commission (VEC)
 - Recent changes VEC has implemented
 - Areas needing further support to address ongoing issues reported by constituents

Note: The legislature and VEC have implemented the majority of the 40 recommendations from JLARC's November 2021 report.

Backlogs decreasing, but challenges remain in appeals and customer service partially because of staffing

| Function area | Backlog (as of 11/15/22) | Trend | Staffing level |
|---|--------------------------|-------|----------------|
| Appeals (first-level) | ~98K dockets* | ↓ | ● |
| Fraud investigation | ~30K claims | ↓ | ● |
| Adjudication | ~1.6K claims | ↓ | ● |
| UI employer separation report review | None | N/A | ● |
| Customer service (call centers and IT system) | N/A | N/A | ● |

*Dockets count each UI claim issue a claimant has appealed. One claimant can have multiple appeal dockets. The number of claimants with current first-level appeal dockets is ~53K.

In this presentation

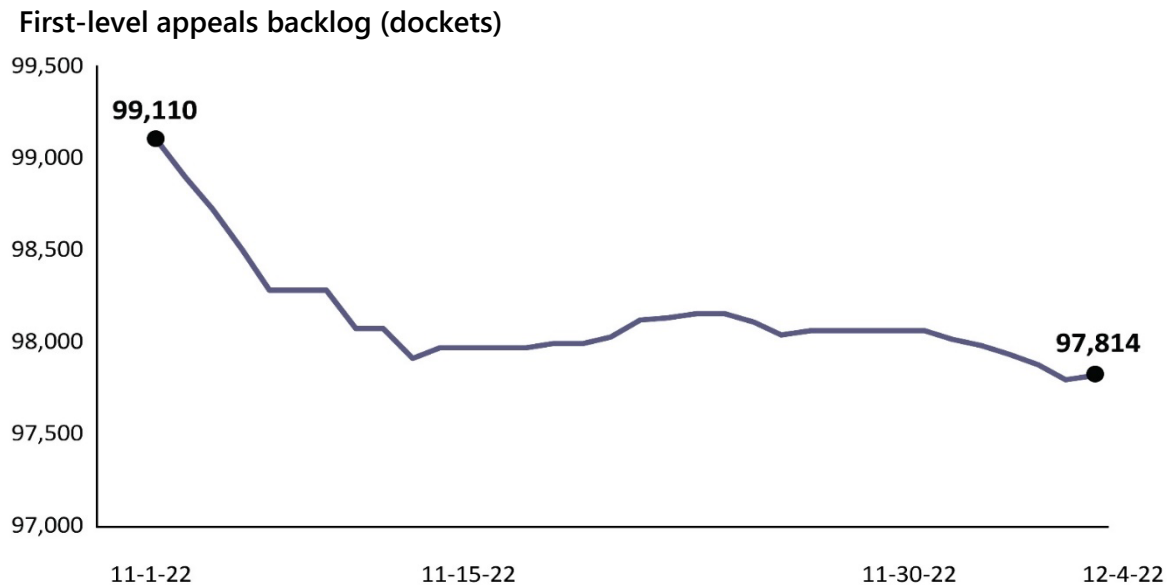
Appeals

IT system and call centers

Other key operational areas

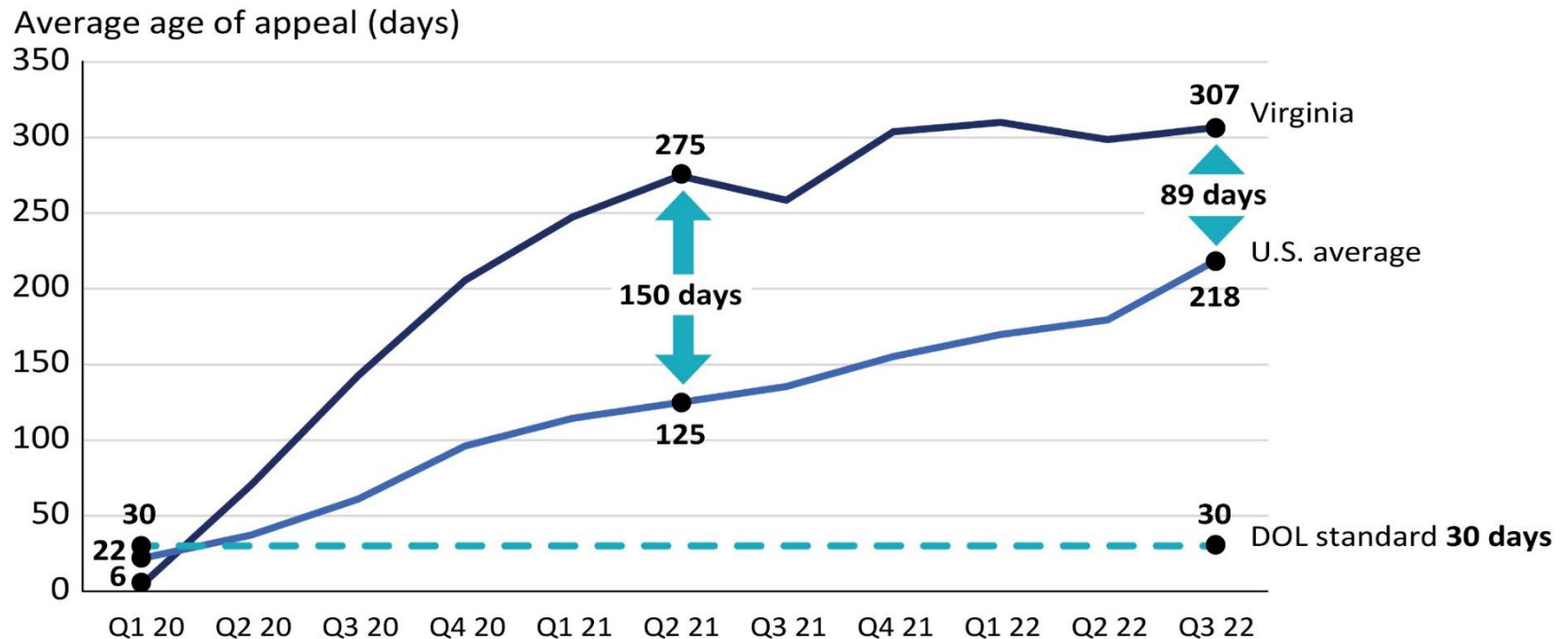
VEC's backlog of UI claims awaiting first-level appeals is significant but has recently begun to decrease

- UI claimants and employers can appeal UI claims decisions through two-tiered system (first level, commission level)



Notes: Dockets count each UI claim issue a claimant has appealed. One claimant can have multiple dockets. First-level appeals backlog was ~76K dockets (Oct 2021) in JLARC's November 2021 report. VEC currently does not have a backlog of commission-level appeals.

VEC's first-level appeals are still taking much longer than the U.S. average to resolve



Notes: Average age of appeals reflects time between appeal filed and appeal decision.
U.S. DOL's 30-day standard is for the average age of pending lower authority appeals.
U.S. DOL also has a standard that 60% of lower authority appeals should be decided in 30 days and 80% in 45 days.

Legislature and VEC implemented several changes to help address first-level appeals backlog

- 2022 legislation modified statute to clarify that certain types of claims are ineligible for appeal* and directed VEC to establish clear appeals process for claimants (SB219/HB270)
- In 2022, VEC staff have
 - removed invalid appeals from backlog
 - revised letters to claimants to help reduce invalid appeals
 - deployed adjudication staff to support appeals processing
 - implemented block scheduling for appeals hearings
 - increased salary for existing appeals staff and new hires
 - hired 30 staff to conduct and support appeals

*Claimants must request a redetermination of monetary eligibility before filing an appeal for claims denied because of monetary ineligibility.

Appeals volume and staffing are key challenges delaying elimination of appeals backlog

- VEC received over 82K new appeals since January 2022
 - Many appeals came from resolution of adjudication backlog
- VEC currently has 102 VEC appeals staff
 - 7 VEC appeals examiner positions vacant but advertised
- Many appeals staff positions could be eliminated over next few months, hindering ability to eliminate backlog expeditiously
 - 37 positions are temporary and expire June 2023
 - 55 contractors will stop assisting with appeals in March 2023
- First-level appeals backlog expected to be resolved by November 2023, according to VEC leadership

In this presentation

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Many claimant attempts to use VEC's new UI benefits system have been unsuccessful

- New UI benefits system went live November 2021 and automated previously manual UI claims process
- Over half of login attempts to online benefits system were unsuccessful in Oct 2022
 - ~104K out of ~204K login attempts failed, typically because of usernames that could not be found and incorrect passwords
 - About half of failed logins resolved with password resets; remainder required additional action
- UI benefits system has been down 39 times that were not planned since Jan 2022
 - Unplanned down time totaled ~3.4 days; averaged ~2 hrs

Note: Some down time may be expected for a new IT system.

UI benefits system challenges increase call center workload and are partially driven by insufficient IT staff

- Claimants who cannot access UI system cannot file weekly claims online, must file by phone, which increases call volume
 - Hinders VEC goal of serving majority of claimants online to increase efficiency
- VEC is investigating UI benefits system issues and updating the system on ongoing basis, according to agency leadership
- VEC has several longstanding IT staff vacancies
 - Currently has 22 VEC IT staff; 10 contractors
 - 8 positions advertised but unfilled; average vacancy 167 days

Many claimants had difficulty reaching VEC call centers in October, but accessibility has recently improved

- ~90K calls were not answered by VEC in Oct 2022 because they were “flagged” and deflected
 - Caller information associated with potential fraud in many cases
 - Some repeat callers were deflected if they called more than 2x daily
- ~3K calls “flagged” and deflected in Nov 2022, a 97% decrease
- ~71K out of 77K calls successfully answered by a VEC call center employee in Nov 2022
 - Average call wait time was ~7 min

Note: Call data includes calls requiring VEC call center employee assistance. Excludes self-service calls through VEC’s automated system.

VEC call center staffing and performance may worsen after contractor leaves, especially if UI claims increase

- VEC has 149 full-time VEC staff and 75 contractors answering call center calls (as of Nov 2022)
 - 55 temporary VEC call center positions expire June 2023
- Current call center contractor recently transitioned out, and VEC lost 75 contract staff answering calls
 - VEC proactively hired 51 wage employees during 2022 to help answer calls and offset loss of contract staff
- Fewer staff will likely cause longer average call wait time first few months of 2023, according to VEC leadership
- Increase in unemployment because of seasonal layoffs or economy could exacerbate call center strain

In this presentation

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VEC's backlog of claims awaiting fraud investigation is still sizable but decreasing

- UI claims investigated for fraud if they meet one of VEC's "red flags"
 - Can delay processing of legitimate claims
- Backlog of UI claims awaiting fraud investigation decreased significantly over past year
 - As of Oct 2021* = ~165K claims
 - As of Nov 2022 = ~30K claims
- Current level of fraud investigation staff is sufficient
- VEC estimates backlog will be eliminated by January 2023, according to VEC leadership

*Most recent data available as of JLARC's November 2021 report.

VEC has nearly eliminated previous backlog of claims awaiting adjudication

- Adjudication is investigation of potential UI eligibility issues
- Previous backlog = ~61.8K claims (as of Oct 2021)*
- Nov backlog = ~1.6K claims
 - 216 claims from 2020 or 2021
 - All claims issues previously bypassed during pandemic have been resolved
- Progress made because of changes to claim prioritization and workflows, and staffing increases

*Most recent data available as of JLARC's November 2021 report.

VEC eliminated previous backlog of employer separation reports awaiting review

- Employer separation reports used to verify UI claimants' eligibility
 - Delays in VEC review of separation reports can cause UI payment delays or incorrect payments
- Previous backlog = ~580K reports (as of Aug 2021)*
- No current backlog; eliminated March 2022
- 2022 legislation requiring electronic submission of employer separation reports (SB219/HB270) will help prevent backlogs going forward

*Most recent data available as of JLARC's November 2021 report.

Unemployment Insurance subcommittee will provide ongoing oversight of future VEC performance

- 2022 legislation (SB219/HB270) created subcommittee of Commission on Unemployment Compensation 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
- Required to meet at least once each quarter (7/1/22 – 6/30/25), and report at least annually to several legislative groups (beginning 12/1/22)