

VEC Update Unemployment Insurance

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Status on Payments & Claims - Updated June 17th

- ▶ **1.6 million initial claims** filed since mid-March 2020
- ▶ **7,849 initial claims filed last week**, an increase of 639
- ▶ **44,793 continued regular UI claims**, a decrease of 5,468 from the prior week
- ▶ **80,742 continued PUA claims**, a decrease of 17,891 from the prior week
- ▶ **84.5 percent**: The percentage of eligible claims paid in 14/21 days, #5 in the nation
- ▶ **Sept 4th**: All federal programs end
- ▶ **4.7% unemployment rate**, a decline of 0.4%, but still above the pre-pandemic level of 2.6%
- ▶ **550,698 job openings** listed in VEC database

Unemployment Insurance Tax

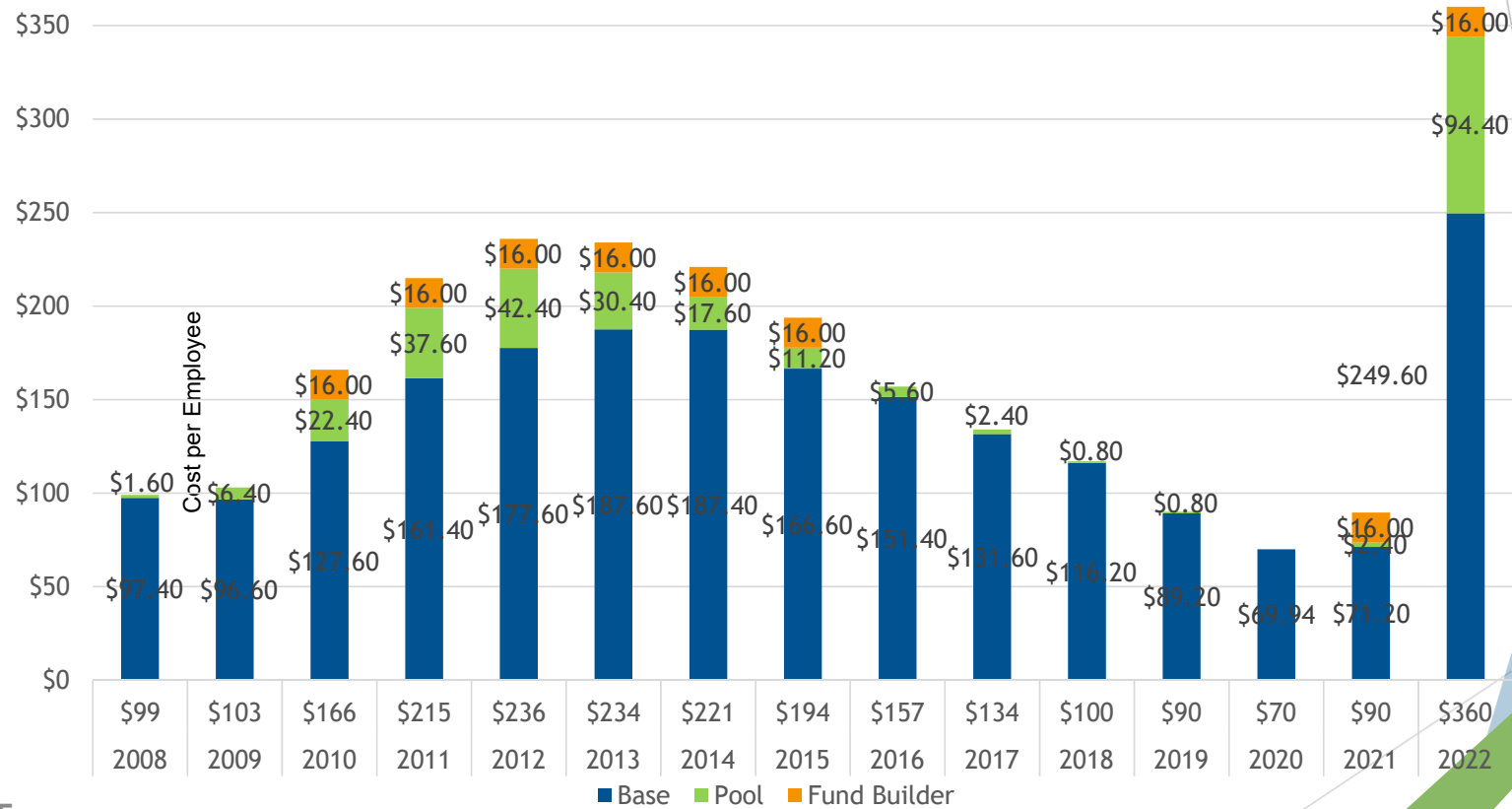
- ▶ There are three components that make up Virginia's unemployment insurance tax:
 - The first is the base tax rate which is experience rated and unique to each employer depending on their individual loss history.
 - The second is the pool charge, which is the socialization across all covered employers of all benefit charges that cannot be charged to individual employers.
 - The final component is the fund builder, which is imposed on all covered employers when the trust fund balance factor defined in Code Section 60.2-533 falls to or below 50%. The fund builder assessment is an additional 2%. Employers also pay federal unemployment tax of \$420 per employee.
 - Because Virginia's unemployment laws conform to federal law, Virginia employers receive a 90% reduction in their federal unemployment tax. [If Virginia borrows from the federal government and does not repay within the terms set by the federal government, the Commonwealth could be considered out of conformity and our employers would lose this reduction.](#)

Unemployment Insurance Tax Rates

- ▶ Below are the current year tax rates.
- ▶ These rates were calculated following the Governor's action to hold harmless businesses from claims filed in the 2nd quarter calendar year 2020.
- ▶ Tax rates are projected to be substantially higher next year based on claim volume. VEC is working on an analysis and will be sharing information with HAC staff and the UC Commission.

2021		
Pool Tax Rate	0.03%	\$2.40
Fundbuilder Tax Rate	0.20%	\$16.00
AVG Base Tax Rate	0.89%	\$71.24
		\$89.64

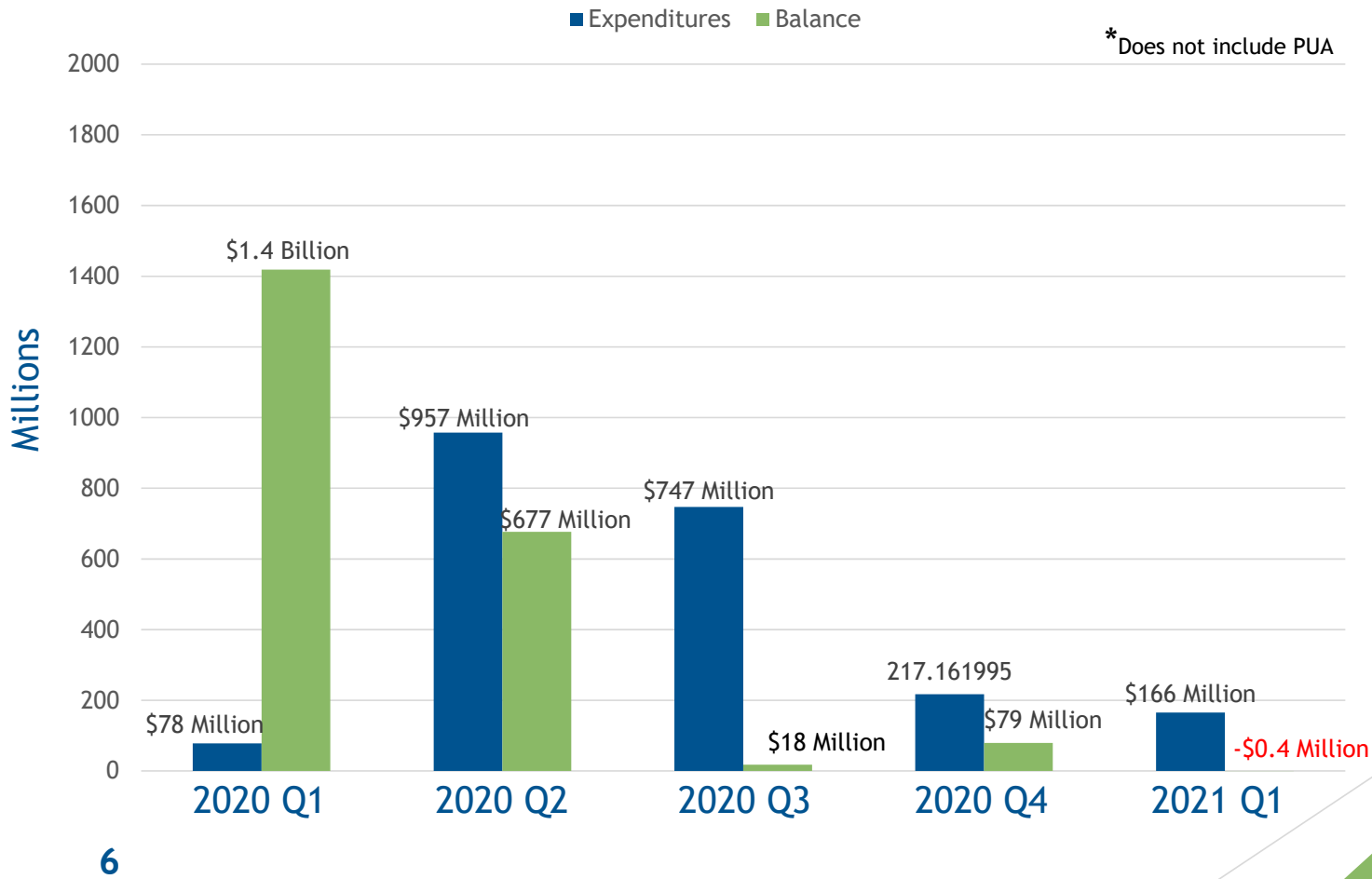
Average Total State Tax (As of April 2021)



Calendar Year

*2022 is projected

VEC Trust Fund Expenditures and Balance*



Information Technology

- Unemployment Insurance Modernization
 - 3rd and final phase to go-live October 1st
 - Includes improved functionality and customer portal designed to 18F standards.
- Call Center continues to work with Verizon on new technology to improve functionality and improve the customer experience.
- VEC is working on other options to increase automation and further speed up processing.

HB 2040 – Overpayment Forgiveness

- Law provides for an Overpayment Waiver program
 - Permitted in cases where the claimant is without fault.
 - Claimant must also be eligible under an “equity and good conscience” provision that will be evaluated under a median household income standard in Virginia.
 - Law takes effect July 1st and VEC will be notifying all eligible customers about the program and how to apply.

Return to Earn Grant

- ▶ \$3M Governor's Workforce Discretionary Fund
- ▶ Up to \$500 of matched funds for small businesses
 - ▶ 100 employees or less
 - ▶ Provide a \$15/hr which can include tips
- ▶ Up to \$500 unmatched funds to childcare providers for new hires who pay \$15/hr
- ▶ Employees and employers negotiate the terms of the hiring bonuses

Next Steps

- ▶ Continued expansions in Adjudication and Customer Contact Centers
- ▶ Appointments can be made for in-person help at VEC offices and on the phone
- ▶ Call Center technology
 - ▶ VEC is working with VITA/Verizon to roll out new technologies to better serve customers
 - ▶ Call demand remains high even with additional agents and mandatory overtime
- ▶ UI Modernization Project
 - ▶ Contract signed to incorporate federal changes from pandemic
 - ▶ Agency targeting October 1st go-live date
 - ▶ Additional vendors have been contracted to evaluate system and provide suggestions for future upgrades
- ▶ Fraud
 - ▶ VEC expects fraud numbers to grow significantly as new federal requirements to verify identity and documentation validation are implemented and investigations are done
 - ▶ \$59.0 Million to date (\$52.7 Federal and \$6.3 million State)
- ▶ Return to Work
 - ▶ Work search requirements began on May 30.
 - ▶ All Career Works Centers are open on July 1st with many currently open now

Questions