

# Appendix



# Unemployment Insurance (UI) Program Overview

## ■ Purpose

- To provide temporary partial wage replacement to the regularly employed members of the labor force who become unemployed due to no fault of their own

## ■ Funding

- **Federal Unemployment Tax Act (FUTA)** – Paid by the employer to the Federal Government for administration of federal and state UI programs
- **State Unemployment Tax Act (SUTA) Title 60.2** – Paid by the employer to the State UI Trust Fund to pay benefits



# Federal Unemployment Tax Act (FUTA)

- 6% of the first \$7,000 of wages paid to each employee
- This tax is not experience-rated
- Virginia employers pay a maximum of \$42\* per employee per year

\* represents 90% IRS credit based on conformity



# State Unemployment Tax Act (SUTA)

- Virginia's taxable wage base is first \$8,000 of wages paid each employee.
- Base tax rates currently range from 0.1% to 6.2%, (experience rated)
- Pool tax varies
- Fund builder tax 0.2% when the solvency of the trust fund goes below 50%
- Determining base rate factors
  - Last four fiscal years of employer's total taxable payroll and benefits
  - Solvency of the state Trust Fund



# FUTA Tax Credit and Conformity

- Virginia's current UI law is in conformity with federal law because it meets all the requirements imposed by the FUTA.
- Virginia employers who pay state UI taxes receive a 90% credit on the 6% FUTA rate.
- State taxing structure must be experience-rated
- State's maximum tax must be at least 5.4% to receive full FUTA tax credit
- State's taxable wage base must be at least \$7,000 (federal wage base)



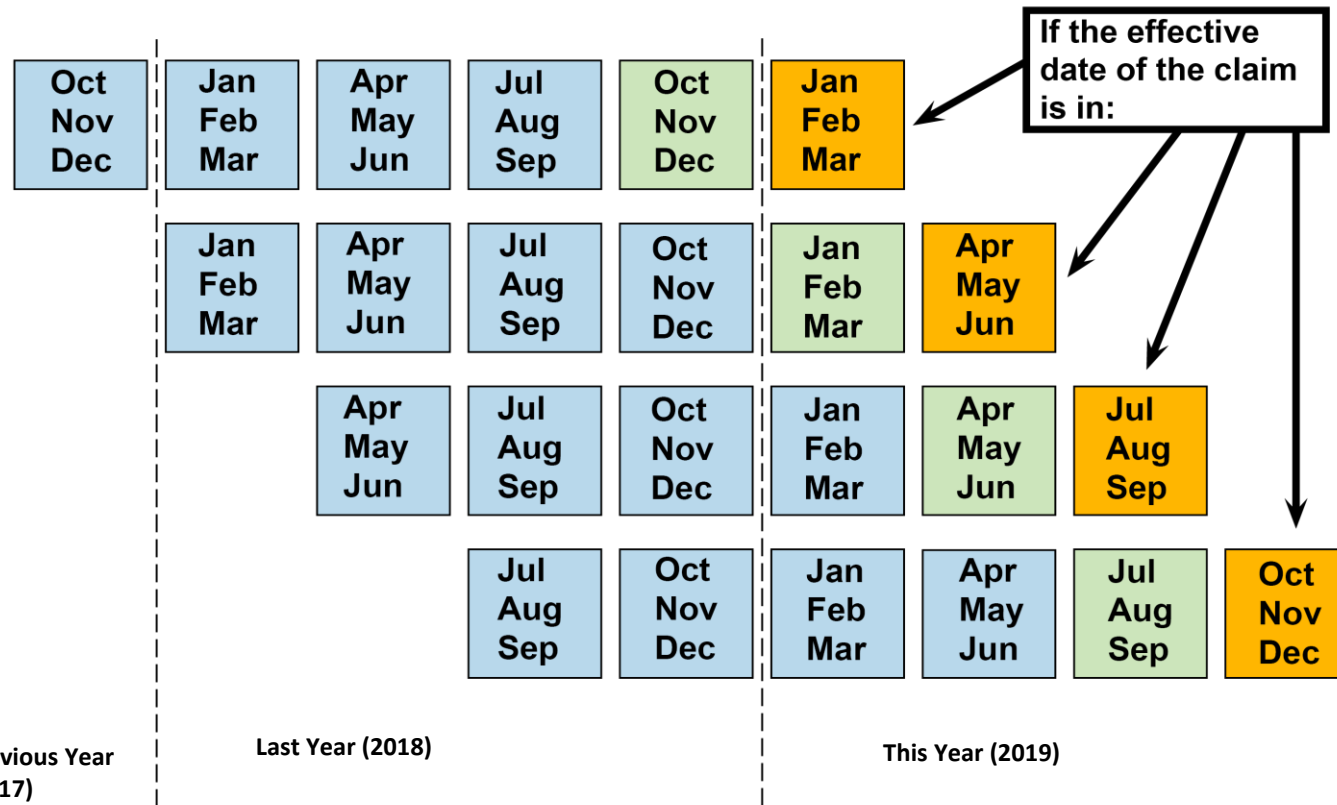
# UI Benefits

- Three requirements for receiving UI benefits
  - Monetary eligibility: earnings of \$3,000 during two quarters of the base period
  - Qualification: based on circumstances of separation from employment
  - Weekly Eligibility: able, available and actively seeking employment
  
- Base Period:
  - First four of the last five completed calendar quarters
  - Alternate Base Period: Last four completed calendar quarters
  
- Minimum: \$60 – Maximum: \$378
  
- Duration: 12 – 26 weeks



# Base Period Explained

Base Period Shown by Blue Months  
Lag Quarter Used for Alternative Base Period Shown by Green Months



# Unemployment at a Glance

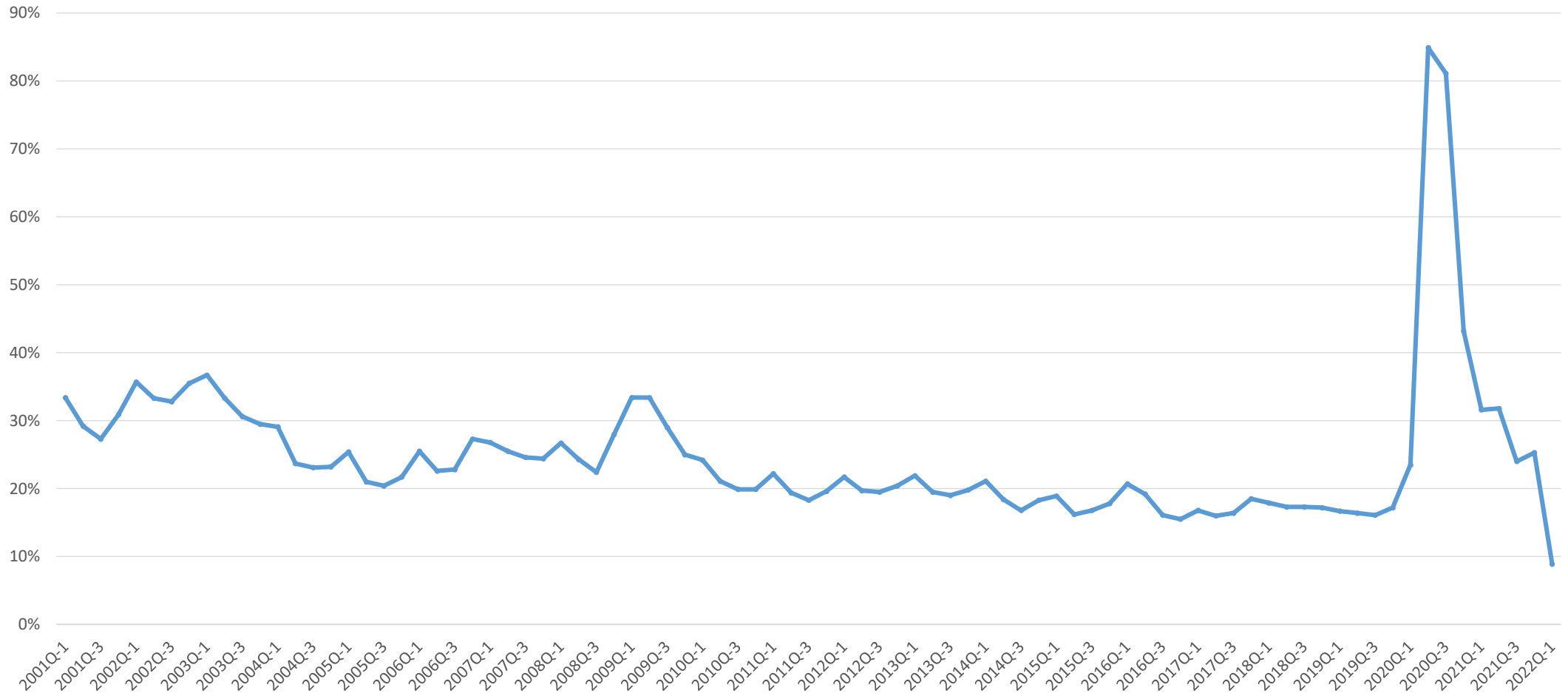
FUTA - Paid by the employer to the Federal government for administration of Federal and State programs			
<b>Taxable Wage</b> 6% of first \$7,000 of wages paid to each employee	<b>Total Amount Without Credit</b> \$420 per employee	<b>Rate with 90% Credit for Conformity</b> \$42 per employee	
SUTA – Paid by the employer to the State UI Trust Fund to pay benefits			
<b>Taxable Wage Base</b> First \$8,000 of wages paid each employee	<b>Base Tax Rate*</b> 0.1% - 6.2%	<b>Pool Tax</b> Varies	<b>Fund Builder Tax</b> Only applied when solvency of the Trust Fund goes below 50% (rate is 0.2%)
Three Requirements to Receive UI Benefits			
<b>Monetary Eligibility</b> \$3,000 during two quarters of base period	<b>Qualification</b> Based on circumstances of separation from employment	<b>Eligibility</b> Must be able, available, and actively seeking employment	
<b>Base Period</b>	<b>Benefit Range</b>	<b>Duration</b>	
First four of the last five completed calendar quarters Alternate Base Period: Last four completed calendar quarters	Minimum - \$60 Maximum - \$378	12 - 26 Weeks	

\* Experience Rated





# Recipiency Rates



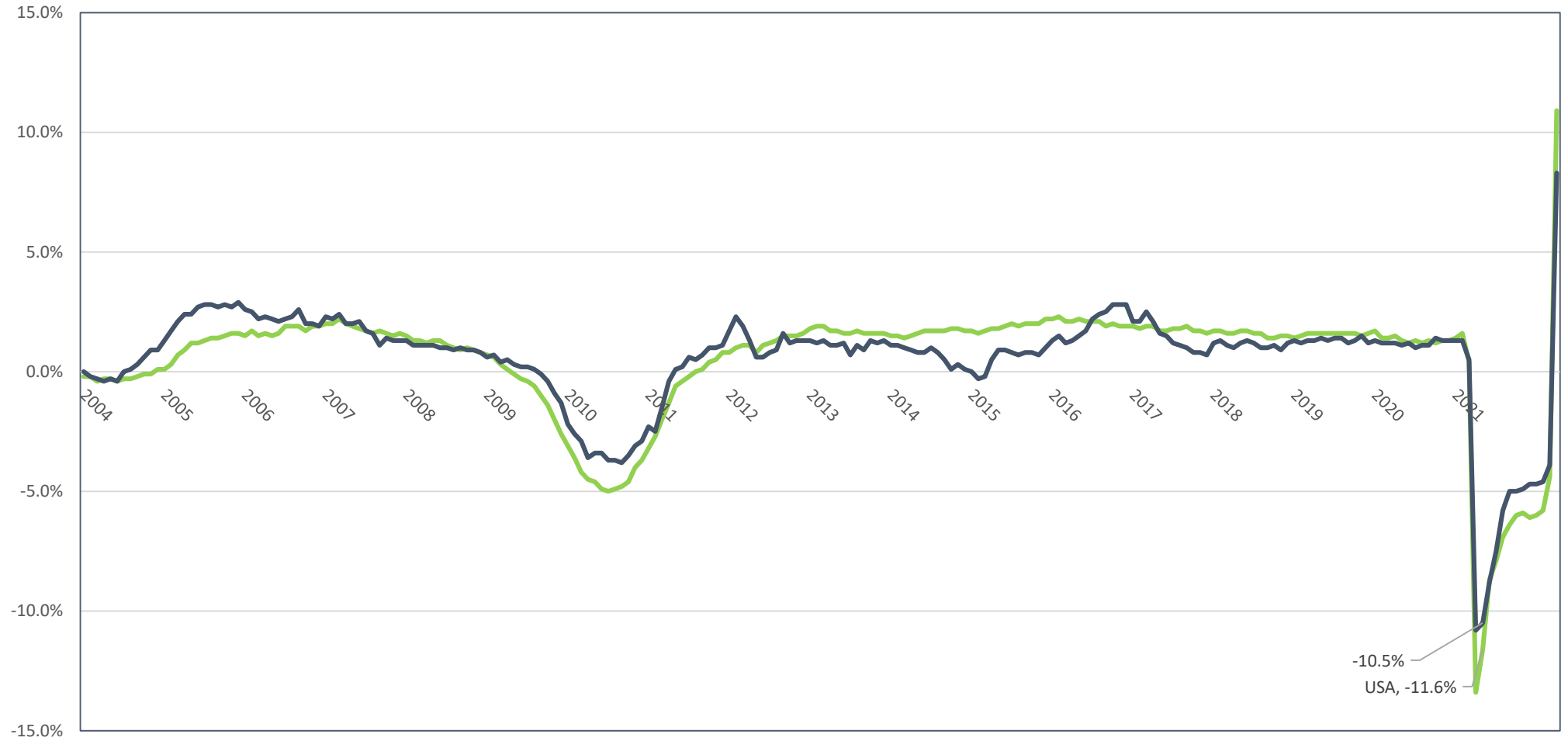
# Fourth Circuit States

	Trust Fund Balance (Millions) (9/31/2021)	Average Tax per Employee (9/31/2021)	Average Tax Rate (9/31/2021)	2021 Taxable Wage Base	2021 Maximum Weekly Benefit	2021 Average Weekly Benefit	2021 Maximum Weekly Benefit Replacement Rate	2021 State Potential Duration (Weeks)
<b>DC</b>	\$50	\$228	2.53	\$9,000	\$444	\$369.69	22%	26
<b>MD</b>	\$854	\$312	3.67	\$8,500	\$430	\$333.53	33%	26
<b>NC</b>	\$3,160	\$159	0.61	\$28,000	\$350	\$249.69	31%	12-20
<b>SC</b>	\$1,200	\$118	0.84	\$14,000	\$326	\$247.45	33%	13-20
<b>VA</b>	<b>\$1,050</b>	<b>\$102</b>	<b>1.27</b>	<b>\$8,000</b>	<b>\$378</b>	<b>\$295.04</b>	<b>30%</b>	<b>12-26</b>
<b>WV</b>	\$316	\$306	2.55	\$12,000	\$424	\$277.15	46%	26



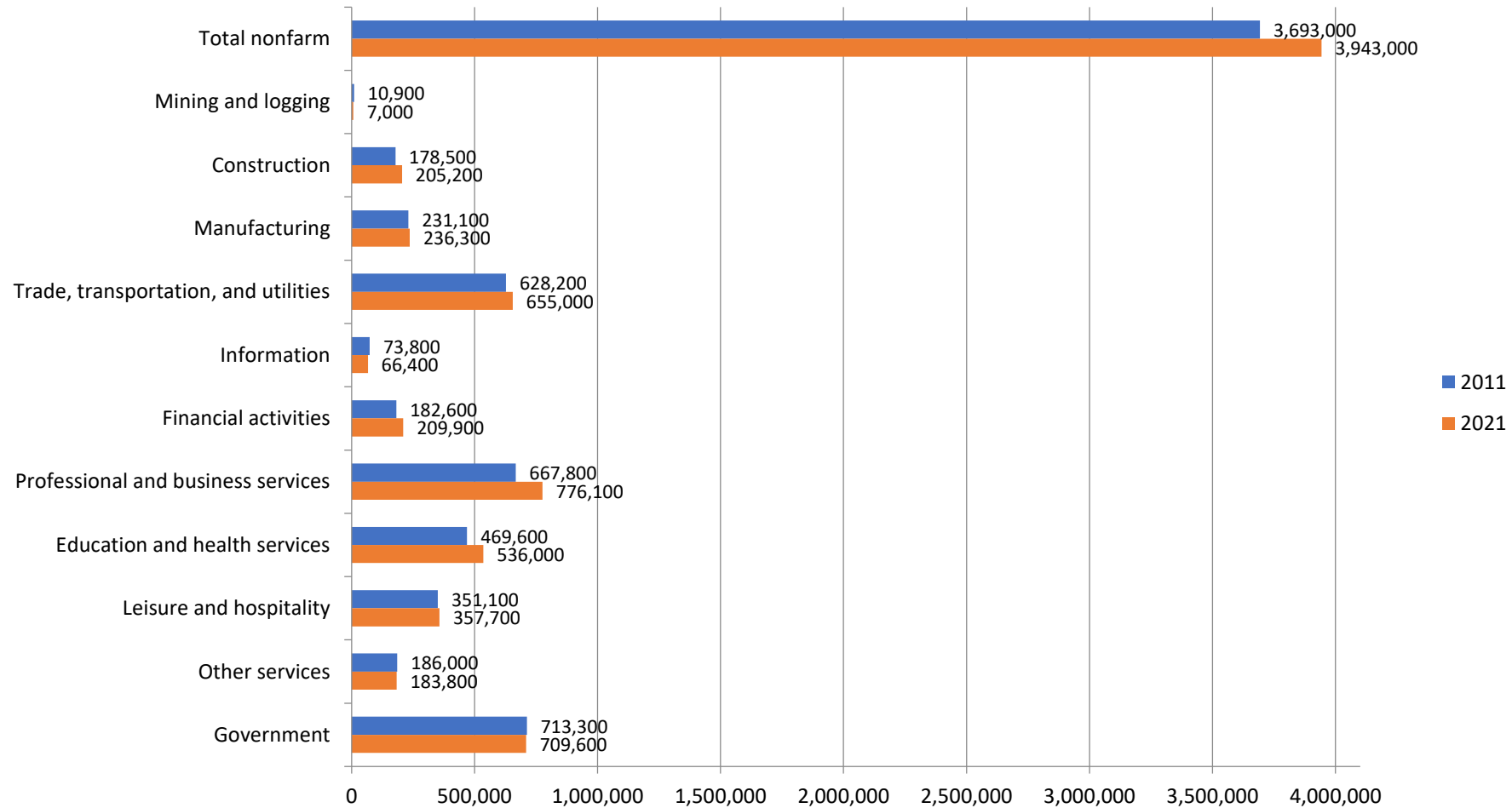
# Total Nonfarm Employment

Over-the-year Growth (seasonally adjusted data)



# Virginia Nonfarm Employment by Industry 2011 and 2021

(not seasonally adjusted)

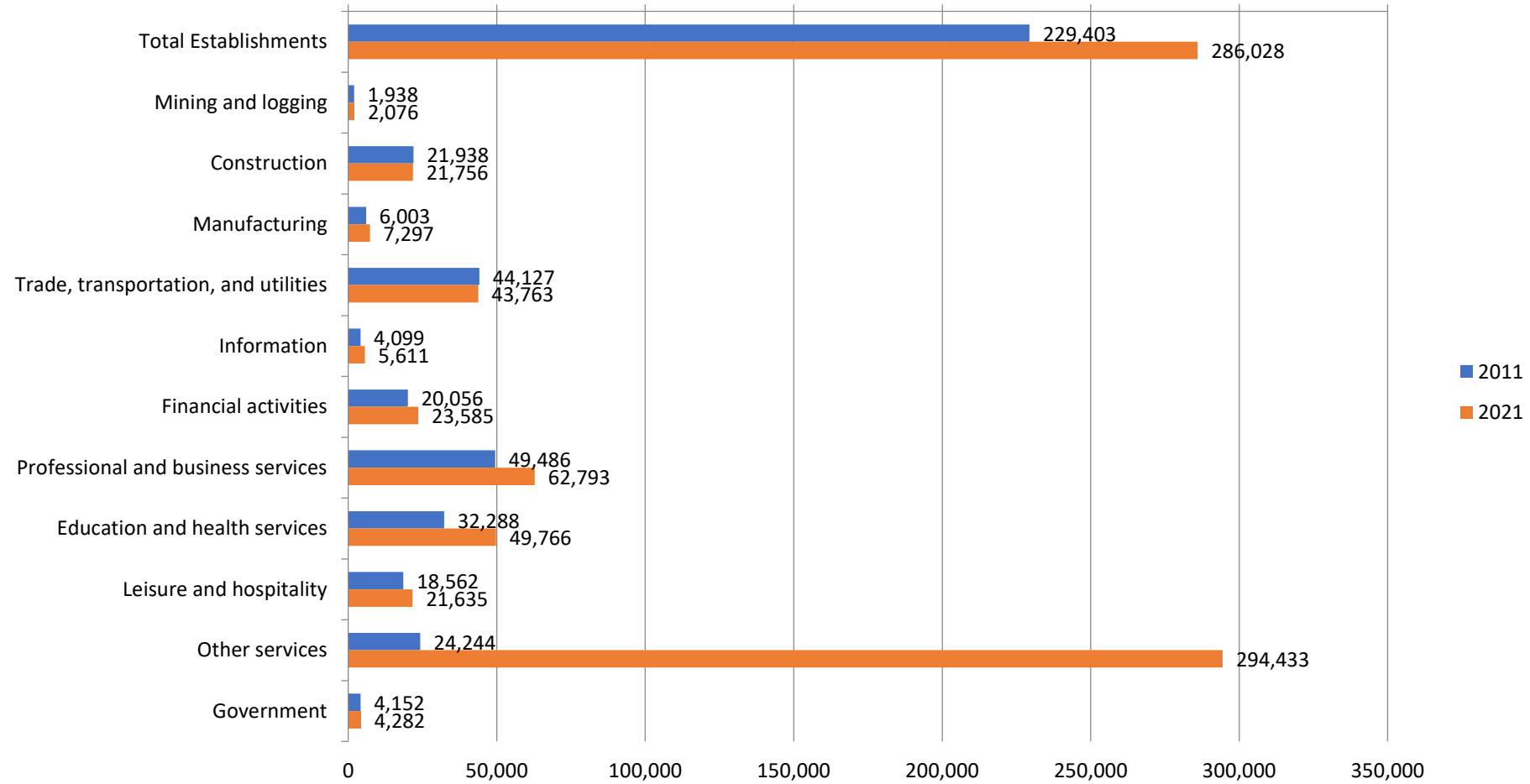


Source: VEC Current Employment Statistics



# Virginia Establishments 2011 and 2021

(not seasonally adjusted)

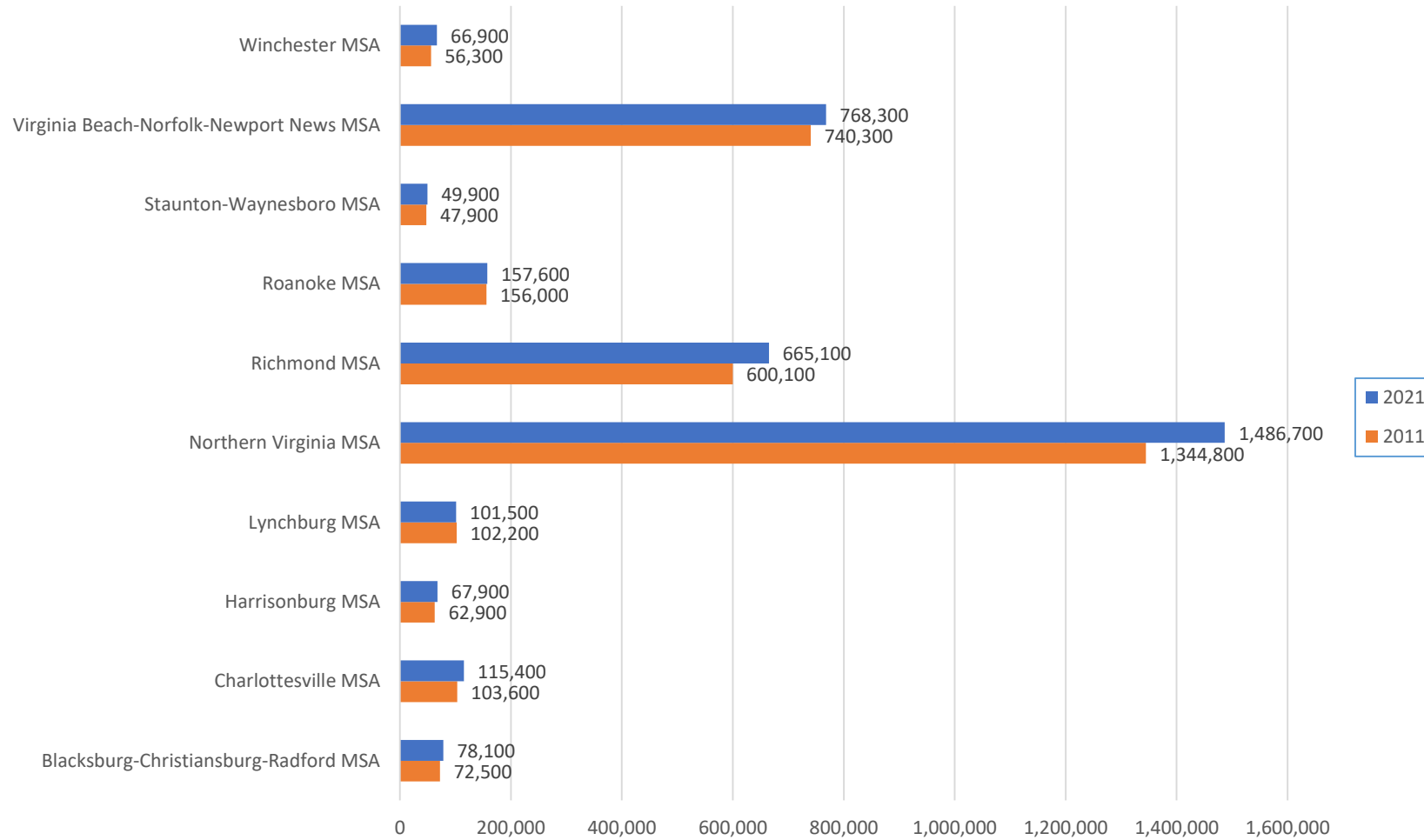


Source: VEC Quarterly Census of Employment and Wages



# Nonfarm Employment by Metropolitan Area 2011 and 2021

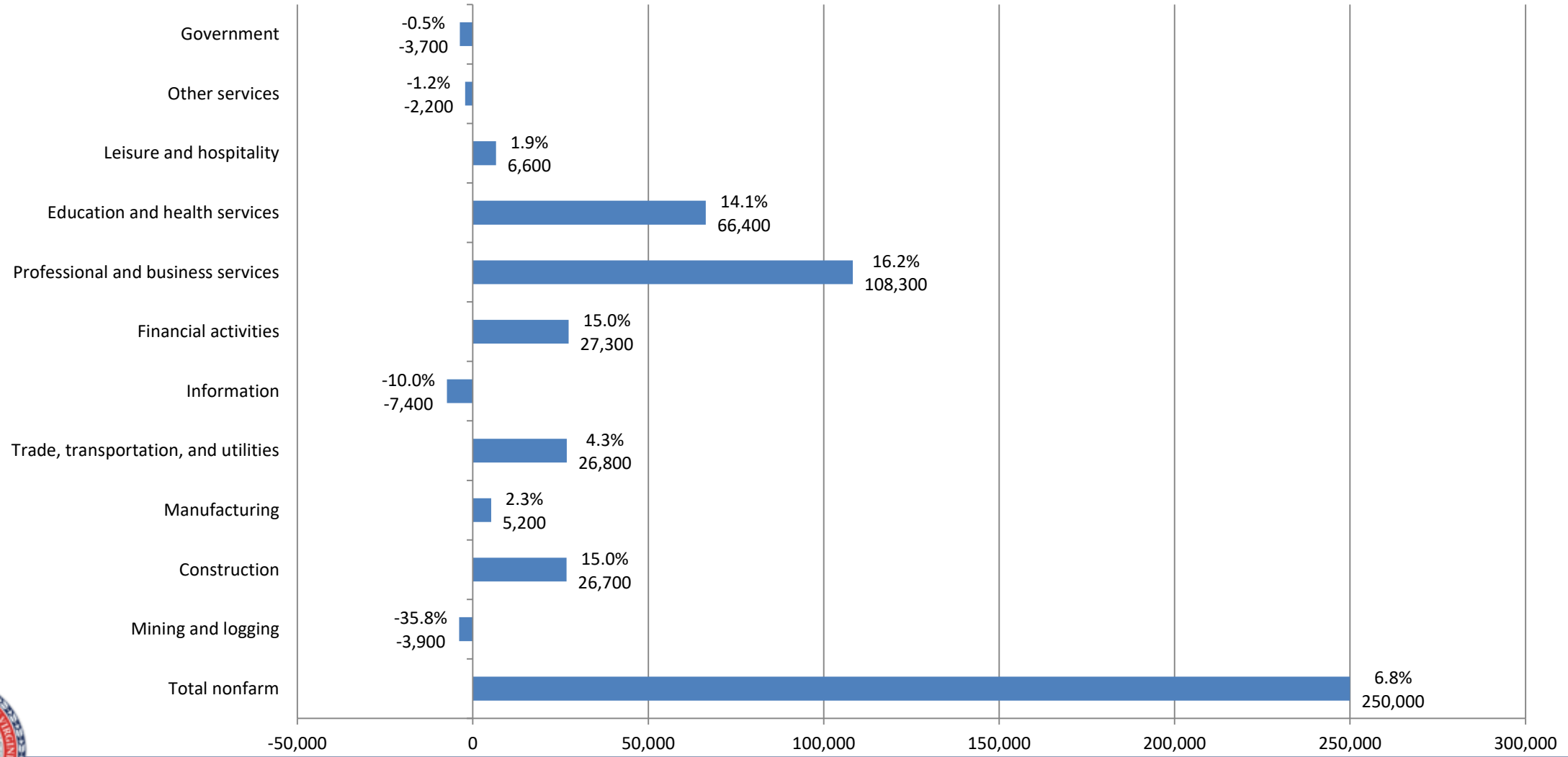
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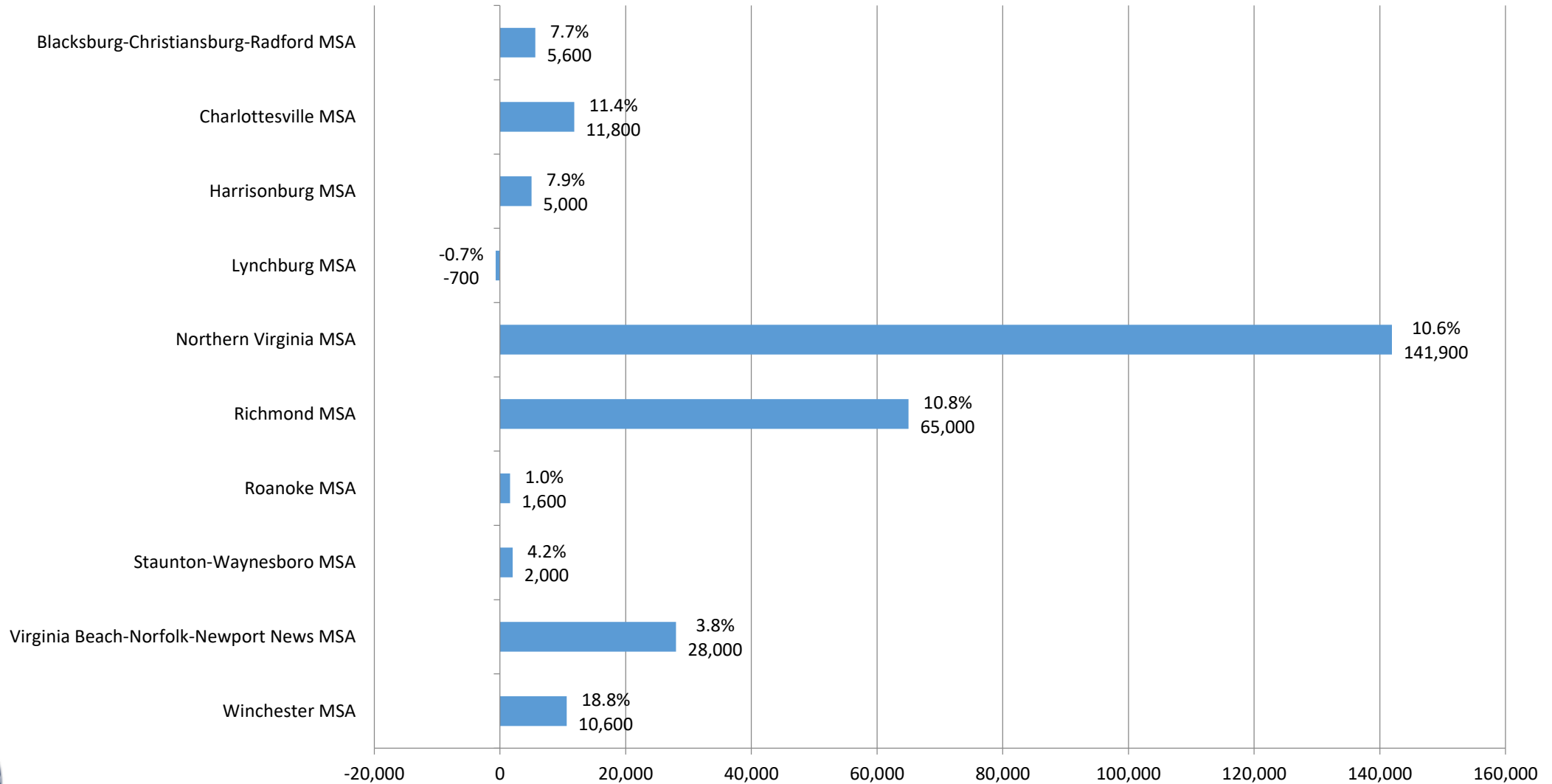
Source: VEC Current Employment Statistics



# Virginia Nonfarm Employment Level and Percent Change by Industry 2011-2021



# Nonfarm Employment by Metropolitan Area Level and Percent Change by Industry 2011-2021







# 2021 Labor Force Participation Rates and June 2022 Unemployment Rates

County	Labor Force Participation Rates	Unemployment Rate (Preliminary)
Accomack County	61.5%	3.0
Albemarle County	66.2%	2.8
Alleghany County	54.9%	3.1
Amelia County	57.1%	3.0
Amherst County	56.4%	3.1
Appomattox County	53.8%	3.2
Arlington County	78.2%	2.1
Augusta County	61.8%	2.6
Bath County	62.3%	2.6
Bedford County	57.0%	2.8
Bland County	59.0%	2.8



# 2021 Labor Force Participation Rates and June 2022 Unemployment Rates

County	Labor Force Participation Rates	Unemployment Rate (Preliminary)
Botetourt County	61.5%	2.6
Brunswick County	47.9%	4.6
Buchanan County	36.5%	5.0
Buckingham County	50.1%	4.1
Campbell County	55.2%	3.1
Caroline County	65.5%	3.2
Carroll County	52.2%	3.2
Charles City County	57.4%	3.3
Charlotte County	54.7%	2.8
Chesterfield County	66.4%	2.8
Clarke County	62.8%	2.6
Craig County	53.0%	3.1



# 2021 Labor Force Participation Rates and June 2022 Unemployment Rates

County	Labor Force Participation Rates	Unemployment Rate (Preliminary)
Culpeper County	61.6%	2.7
Cumberland County	54.0%	3.2
Dickenson County	40.5%	3.9
Dinwiddie County	56.5%	3.3
Essex County	59.7%	3.3
Fairfax County	69.8%	2.5
Fauquier County	65.7%	2.5
Floyd County	61.7%	2.4
Fluvanna County	64.0%	2.7
Franklin County	55.6%	3.0
Frederick County	70.4%	2.4
Giles County	56.9%	3.1
Gloucester County	62.2%	2.7



# 2021 Labor Force Participation Rates and June 2022 Unemployment Rates

County	Labor Force Participation Rates	Unemployment Rate (Preliminary)
Goochland County	57.2%	2.7
Grayson County	70.9%	2.3
Greene County	64.7%	2.5
Greensville County	61.8%	3.1
Halifax County	54.6%	3.6
Hanover County	66.5%	2.5
Henrico County	66.8%	2.9
Henry County	57.9%	3.2
Highland County	65.3%	2.0
Isle of Wight County	62.6%	2.8
James City County	58.5%	3.0
King and Queen County	64.6%	2.6
King George County	68.8%	2.3



# 2021 Labor Force Participation Rates and June 2022 Unemployment Rates

County	Labor Force Participation Rates	Unemployment Rate (Preliminary)
King William County	64.6%	2.7
Lancaster County	59.7%	3.0
Lee County	44.7%	3.3
Loudoun County	72.6%	2.4
Louisa County	67.2%	2.6
Lunenburg County	57.5%	3.2
Madison County	69.1%	2.1
Mathews County	52.0%	2.9
Mecklenburg County	51.4%	3.3
Middlesex County	58.5%	2.6
Montgomery County	65.5%	2.9
Nelson County	57.1%	2.9
New Kent County	68.4%	2.4



# 2021 Labor Force Participation Rates and June 2022 Unemployment Rates

County	Labor Force Participation Rates	Unemployment Rate (Preliminary)
Northampton County	57.5%	3.3
Northumberland County	55.2%	3.1
Nottoway County	68.0%	2.9
Orange County	58.0%	2.9
Page County	62.5%	3.0
Patrick County	48.5%	3.5
Pittsylvania County	60.7%	3.0
Powhatan County	56.6%	2.5
Prince Edward County	66.8%	3.7
Prince George County	73.7%	3.4
Prince William County	69.5%	2.8
Pulaski County	56.9%	3.1
Rappahannock County	60.0%	2.5



# 2021 Labor Force Participation Rates and June 2022 Unemployment Rates

County	Labor Force Participation Rates	Unemployment Rate (Preliminary)
Richmond County	67.4%	2.4
Roanoke County	63.9%	2.6
Rockbridge County	56.7%	2.7
Rockingham County	65.2%	2.7
Russell County	49.7%	3.2
Scott County	50.7%	3.1
Shenandoah County	63.7%	2.6
Smyth County	53.1%	2.7
Southampton County	67.5%	2.6
Spotsylvania County	63.3%	2.9
Stafford County	65.5%	2.8
Surry County	65.7%	2.9
Sussex County	45.9%	4.5





# 2021 Labor Force Participation Rates and June 2022 Unemployment Rates

County	Labor Force Participation Rates	Unemployment Rate (Preliminary)
Tazewell County	47.8%	3.7
Warren County	64.2%	2.8
Washington County	58.2%	3.0
Westmoreland County	65.3%	2.9
Wise County	44.4%	3.7
Wythe County	57.6%	2.9
York County	64.7%	2.8
Alexandria city	77.1%	2.4
Bristol city	52.5%	3.5
Buena Vista city	74.4%	3.2
Charlottesville city	64.3%	2.8
Chesapeake city	66.5%	3.0
Colonial Heights city	60.5%	3.3



# 2021 Labor Force Participation Rates and June 2022 Unemployment Rates

County	Labor Force Participation Rates	Unemployment Rate (Preliminary)
Covington city	53.0%	3.9
Danville city	61.1%	4.8
Emporia city	60.50%	5.1
Fairfax city	69.50%	2.4
Falls Church city	75.00%	2.2
Franklin city	61.40%	4.4
Fredericksburg city	63.60%	3.5
Galax city	62.30%	3.1
Hampton city	62.30%	4.0
Harrisonburg city	62.70%	3.7
Hopewell city	55.20%	5.0
Lexington city	50.60%	4.4
Lynchburg city	61.10%	4.1



# 2021 Labor Force Participation Rates and June 2022 Unemployment Rates

County	Labor Force Participation Rates	Unemployment Rate (Preliminary)
Manassas city	67.70%	2.7
Manassas Park city	68.70%	2.6
Martinsville city	60.50%	4.9
Newport News city	69.40%	3.9
Norfolk city	71.80%	3.8
Norton city	48.70%	3.9
Petersburg city	53.40%	6.6
Poquoson city	63.80%	2.5
Portsmouth city	63.20%	4.4
Radford city	63.60%	3.7
Richmond city	63.00%	3.7
Roanoke city	62.40%	3.4
Salem city	64.30%	2.9



# 2021 Labor Force Participation Rates and June 2022 Unemployment Rates

County	Labor Force Participation Rates	Unemployment Rate (Preliminary)
Staunton city	64.30%	2.9
Suffolk city	63.60%	3.2
Virginia Beach city	67.10%	2.8
Waynesboro city	61.30%	3.1
Williamsburg city	73.90%	4.3
Winchester city	70.50%	2.7



# U.S. Multiple Job Holders – November 2011 – 2021 (numbers in thousands)

Year	Multiple Job Holders (Total)	Percent of Total Employed (Total)
2011	7,083	5.0
2012	7,235	5.0
2013	6,973	4.8
2014	7,549	5.1
2015	7,596	5.1
2016	8,107	5.3
2017	7,593	4.9
2018	7,934	5.1
2019	8,279	5.2
2020	6,690	4.5
2021	7007	4.6

(not seasonally adjusted)

Source: BLS



# JLARC Recommendation Updates Summary

Responsible Party	Complete	Underway	TBD	On Hold	Not Started
VEC	15	19	3	0	2
General Assembly	0	2	0	7	0
Other Agency	0	0	2	0	0



# JLARC Recommendation Updates

Title	Short Description	Details	Status
JLARC Recommendation #1	National firm to evaluate organization's staffing and related components	The secretary of labor should competitively procure a national firm with expertise in evaluating the efficiency of an organization's staffing structure, delegation of staff duties, and work processes to conduct a comprehensive efficiency review of the unemployment insurance (UI) operations of the Virginia Employment Commission to (i) identify specific actions that could be taken to improve the efficiency of VEC's UI operations, including through more efficient and effective use of staff and technology, (ii) recommend improvements to the agency's staffing and workflows to most effectively use existing federal funding for UI operations, and (iii) determine whether current funding is adequate to ensure effective UI operations. (Chapter 3)	Underway
JLARC Recommendation #2	Establish goals for the ratio of supervisory staff to direct reports	The Virginia Employment Commission should establish goals for the ratio of supervisory staff to direct reports, particularly for key functions including call centers, adjudication and appeals centers, and fraud investigations. Agency leadership should regularly monitor the ratio of supervisory staff to direct reports relative to the goals, and report performance in meeting these goals in the monthly commissioner's performance report. (Chapter 3)	Complete
JLARC Recommendation #3	Multi-agency workgroup to organize emergency-related issues due to staffing	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. (Chapter 3)	TBD
JLARC Recommendation #4	Establish call center performance goals	The Virginia Employment Commission should establish meaningful performance goals for its call center operations and fraud investigations, and ensure it has goals for effectively measuring performance in all other aspects of unemployment insurance operations. Agency leadership should regularly monitor performance relative to the goals and report goals and performance in the monthly commissioner's performance report. (Chapter 3)	Underway
JLARC Recommendation #5	UI Quality assurance to report to VEC Commissioner	The Virginia Employment Commission (VEC) should transfer the unemployment insurance quality assurance unit from the unemployment insurance division and have it report directly to the VEC commissioner. (Chapter 3)	Complete



# JLARC Recommendation Updates

Title	Short Description	Details	Status
JLARC Recommendation #6	UI Quality assurance to routinely report findings	The Virginia Employment Commission (VEC) should require its unemployment insurance quality assurance unit to compile its findings and recommendations in a central repository and routinely update VEC leadership on their status. (Chapter 3)	Complete
JLARC Recommendation #7	Legislation to increase UI staffing, communications, etc. in times of high need	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. (Chapter 3)	Underway
JLARC Recommendation #8	Key policies and significant changes are communicated to all VEC staff	The Virginia Employment Commission (VEC) commissioner should ensure that all key policy or other significant changes that could affect the public, VEC, or VEC staff are communicated clearly and expeditiously to all VEC staff, especially those in leadership or positions communicating with the public. (Chapter 3)	Complete
JLARC Recommendation #9	Legislation to monitor VEC's key metrics, improve processes, and act to fix weaknesses	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. (Chapter 3)	Underway
JLARC Recommendation #10	Review and Revise UI Documents and online resources	The Virginia Employment Commission (VEC) should, as soon as possible, have staff in its internal audit division review and revise documents and online resources to more clearly describe and explain (i) eligibility criteria for Unemployment Insurance (UI), (ii) how to navigate the UI claims and appeals process, and (iii) the status or outcome of a claim. VEC should use examples from other states and input from VEC staff and customers and should competitively procure a third party contractor with expertise in UI and customer communications to assist with these efforts. (Chapter 4)	Underway





# JLARC Recommendation Updates

Title	Short Description	Details	Status
JLARC Recommendation #11	VEC to develop increased UI communications for the public	The Virginia Employment Commission should develop (i) a series of instructional, short videos designed to help claimants better understand their potential eligibility for unemployment insurance, the steps of the application process, and how to file a claim and (ii) an interactive, online eligibility tool that enables claimants to better understand their potential eligibility and benefits under the program. (Chapter 4)	Underway
JLARC Recommendation #12	VEC to have reserve staff to help with UI during high volumes	The Virginia Employment Commission should build a reserve of staff to assist with claims during periods of high claims volume by identifying workforce services division staff whose time can practicably be reassigned to non-workforce activities during periods of high unemployment insurance claim volume. These staff should be cross-trained on key unemployment insurance processes. (Chapter 4)	Complete
JLARC Recommendation #13	Adjudication priorities and policies during high volume	The Virginia Employment Commission should formalize a policy for prioritizing and assigning claims for adjudication during periods of high claims volume. This policy should detail how prioritization may change in response to claims volume and clearly state the expectation that VEC should generally prioritize resolving older claims. (Chapter 4)	Underway
JLARC Recommendation #14	Develop a plan to address adjudication of submitted claims in 2020, 2021	The Virginia Employment Commission (VEC) should develop a detailed plan that includes specific actions and a timeline to resolve (i) outstanding adjudications and (ii) all issues on claims that VEC bypassed in 2020 and 2021. The plan should quantify the numbers and qualifications of new staff needed to resolve these claims, outline the actions planned for hiring needed staff, and identify potential risks and mitigation strategies. VEC should submit the plan to the House Labor and Commerce Committee, the Senate Commerce and Labor Committee, the Commission on Unemployment Compensation, and the governor by November 1, 2021 and provide a status update to each body quarterly in 2022. VEC should also publish the plan and updates on its website. (Chapter 4)	Complete
JLARC Recommendation #15	Contract with 3rd party call center to use during high volume	The Virginia Employment Commission should maintain an ongoing staff augmentation contract with a provider that is experienced in providing call center services for unemployment insurance programs and can quickly provide increased call center staff when call volumes increase. (Chapter 4)	TBD
JLARC Recommendation #16	Quarterly reporting on call center performance	The Virginia Employment Commission (VEC) should provide a written quarterly update on the performance of its call centers to the House Labor and Commerce Committee, the Senate Commerce and Labor Committee, the Commission on Unemployment Compensation, and the governor by December 31, 2021 and at the end of each quarter in 2022. VEC should also publish these updates on its website. (Chapter 4)	Underway
JLARC Recommendation #17	Develop team for each call center for quality and performance monitoring	The Virginia Employment Commission (VEC) should establish and maintain a dedicated quality monitoring team composed of VEC staff from each customer contact center. This team should use the recently procured quality monitoring software to regularly review and assess call quality and performance for all VEC call agents, and identify any additional training needs on an agent-by-agent basis through weekly monitoring and assessment of at least three calls per agent. (Chapter 4)	Complete



# JLARC Recommendation Updates

Title	Short Description	Details	Status
JLARC Recommendation #18	Legislation to disallow appeals for certain ineligible claims	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. (Chapter 4)	Complete
JLARC Recommendation #19	Revise ineligibility notices to be more clear for claimants	The Virginia Employment Commission should revise monetary determination notices to clearly indicate if a claim is non-valid because of monetary ineligibility, and direct claimants who disagree with their non-valid monetary determination to request a redetermination from the monetary determination unit. (Chapter 4)	Underway
JLARC Recommendation #20	Create ombudsman position to provide impartial information about the appeals process	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. (Chapter 4)	Complete
JLARC Recommendation #21	Create adjudication training program	The Virginia Employment Commission should develop a standardized training program that explains how to conduct high quality unemployment insurance claims determinations and that is administered by a dedicated training manager to all new and existing adjudication staff. (Chapter 5)	Complete
JLARC Recommendation #22	Require employers to electronically provide separation information	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. (Chapter 5)	Complete
JLARC Recommendation #23	VEC to audit sample of UI claims for compliance	The Virginia Employment Commission should resume auditing a sample of UI claims to verify compliance of claimants with the unemployment insurance program work search requirement no later than December 1, 2021. (Chapter 5)	Complete
JLARC Recommendation #24	VEC to develop a plan to investigate and prioritize backlog of fraudulent claims	The Virginia Employment Commission (VEC) should develop a plan for investigating the backlog of potentially fraudulent claims and establish a strategy for prioritizing its investigations according to the potential dollar amount of fraudulent payments per claim. This plan should include a strategy for hiring additional fraud investigators and expediting training of new hires. This plan should be presented to the House Committee on Labor and Commerce, the Senate Committee on Commerce and Labor, the Commission on Unemployment Compensation, and the governor by December 31, 2021. VEC should also publish these updates on its website. (Chapter 5)	Underway
JLARC Recommendation #25	VEC to resume overpayment recovery activities	The Virginia Employment Commission (VEC) should immediately resume overpayment recovery activities for all finalized overpayments and initiate collections activities for all future overpayments immediately after finalization. VEC should also create and adhere to internal timeliness standards for processing all previously received and future overpayment waiver applications to ensure overpayments are finalized and recovery activities are initiated in a timely manner. (Chapter 5)	Complete



# JLARC Recommendation Updates

Title	Short Description	Details	Status
JLARC Recommendation #26	VEC to collect feedback from claimants and employers about the UI interface and system usability	The Virginia Employment Commission (VEC) should regularly collect feedback on the usability of the new Unemployment Insurance benefits information technology system from claimants and employers and make regular improvements to the system, as necessary, that address such feedback. VEC should provide a summary of user feedback and planned and completed system 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 March 31, 2022 and at the end of each quarter in 2022. VEC should also publish this information on its website. (Chapter 6)	Underway
JLARC Recommendation #27	VEC to request for information to improve UI IT system	The Virginia Employment Commission (VEC) should conduct a request for information to identify additional features needed for a modernized unemployment insurance IT system and hire a vendor to develop these features or develop them using agency staff. (Chapter 6)	Underway
JLARC Recommendation #28	UI IT contractor to develop a improvement plan for tax system problems	The Virginia Employment Commission should require its unemployment insurance IT modernization contractor to develop a plan that includes specific actions and a timeline for addressing all existing tax system problems and details (1) how each problem will be fixed, (2) deadlines for fixing each problem, and (3) any additional resources needed to fix the problems. (Chapter 6)	Underway
JLARC Recommendation #29	UI IT contractor to ensure all IT staff are trained	The Virginia Employment Commission (VEC) should establish a plan with its unemployment insurance modernization vendor to ensure VEC IT staff are sufficiently trained to operate and modify the employer tax system. (Chapter 6)	Underway
JLARC Recommendation #30	Facilitate an IT Security Audit	The Virginia Employment Commission (VEC) should work with the Virginia Information Technologies Agency (VITA) to facilitate an audit of VEC's IT security systems and to identify any necessary IT security improvements. The audit should be completed by a vendor approved by VITA. The audit should validate whether VEC's existing IT security systems meet the requirements issued by VITA. (Chapter 6)	Underway
JLARC Recommendation #31	Transform all IT systems and servers to state's central IT	The Virginia Employment Commission should fully transform all agency IT systems and servers to the state's central IT infrastructure as soon as possible. (Chapter 6)	Underway
JLARC Recommendation #32	Legislation to report on UI metrics	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. (Chapter 7)	Complete
JLARC Recommendation #33	Pilot program to audit unregistered employers to the VEC to scout out tax liability	The Virginia Employment Commission (VEC) should conduct a one-year pilot program to identify employers who owe unemployment insurance taxes but are not registered with VEC by auditing employers who do not register with VEC after receiving notifications of potential tax liability. VEC should assess the pilot program's effectiveness to decide whether to use this methodology on an ongoing basis. (Chapter 8)	Not Started
JLARC Recommendation #34	Pilot program to audit employers who are misclassifying workers	The Virginia Employment Commission (VEC) should conduct a one-year pilot program to identify employers who owe unemployment insurance taxes but are not registered with VEC by auditing a sample of employers who may be misclassifying workers based on their 1099 tax filings. VEC should assess the pilot program's effectiveness and decide whether to use this methodology on an ongoing basis. (Chapter 8)	Not Started



# JLARC Recommendation Updates

Title	Short Description	Details	Status
JLARC Recommendation #35	Reinstate SUTA dumping	The Virginia Employment Commission should reinstate its State Unemployment Tax Act dumping identification system no later than December 2022. (Chapter 8)	Underway
JLARC Recommendation #36	Focus half of annual audits on employers who are at-risk for UI tax avoidance	The Virginia Employment Commission (VEC) should modify existing unemployment insurance (UI) tax audit policies to require field tax auditors to conduct at least half of their audits per year from a list of employers identified to be at-risk for UI tax avoidance. VEC should define "at-risk" to include industry and employer-specific factors and establish a system for consistently identifying such employers. (Chapter 8)	Underway
JLARC Recommendation #37	Begin using federal Treasury Offset Program	The Virginia Employment Commission should begin using the federal Treasury Offset Program for applicable delinquent taxes as soon as staff resources become available. (Chapter 8)	Underway
JLARC Recommendation #38	Report quarterly on employers with 6+ months of tax due	The Virginia Employment Commission should provide quarterly reports to tax division regional managers that list each employer with tax debt more than six months past due and require the managers to use this information to ensure that tax field staff are taking all reasonable steps to collect the debt. (Chapter 8)	Complete
JLARC Recommendation #39	VEC to designate Customer Experience positions for employer tax questions	The Virginia Employment Commission should designate Customer Experience positions in the tax division to handle basic employer communications and questions. (Chapter 8)	Underway
JLARC Recommendation #40	VEC to require employers to electronically make UI payments	The Virginia Employment Commission should require employers to make unemployment insurance payments electronically starting in 2023, develop criteria that would allow employers to be granted an exception to this requirement, and notify employers of the criteria. (Chapter 8)	TBD
JLARC Policy Option #1	Appropriation Act to direct DGS and VITA to assess and fulfill call center needs	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. (Chapter 4)	TBD
JLARC Policy Option #2	Establish a pilot program to sample employers who provide a separation report to VEC	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. (Chapter 5)	On Hold
JLARC Policy Option #3	VEC to model UI processes and policies after US DOL guidance	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. (Chapter 5)	TBD



# JLARC Recommendation Updates

Title	Short Description	Details	Status
JLARC Policy Option #4	Amend Code - automatically adjust UI benefit amounts annually	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.(Chapter 7)	On Hold
JLARC Policy Option #5	Amend Code - increase in max UI benefit amount	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. (Chapter 7)	On Hold
JLARC Policy Option #6	Amend Code - create a 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. (Chapter 7)	On Hold
JLARC Policy Option #7	Amend Code - create advisory committee to review UI benefit amounts and stats	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. (Chapter 7)	Underway
JLARC Policy Option #8	Amend Code - increase 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. (Chapter 8)	On Hold
JLARC Policy Option #9	Amend Code - increase min base unemployment insurance 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. (Chapter 8)	On Hold
JLARC Policy Option #10	Amend Code - increase max base unemployment insurance tax rate	The General Assembly could amend § 60.2-531 of the Code of Virginia to increase the maximum base unemployment insurance tax rate. (Chapter 8)	On Hold

