

# VEC Update

## Unemployment Compensation

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# Status on Payments & Claims - As of May 8<sup>th</sup>

- ▶ **1.5 million initial claims** filed since mid-March 2020
- ▶ **\$12.9B in benefits distributed** since mid-March 2020
- ▶ **11,270 initial claims filed last week**, a decrease of 961
- ▶ **57,844 continued regular UI claims**, an increase of 2,649 from the prior week
- ▶ **116,539 continued PUA claims**, a decline of 33,949 from the prior week
- ▶ **85.5 percent**: The percentage of eligible claims paid in 21 days,  
# 6 in the nation
- ▶ **Sept 4th**: All federal programs end
- ▶ **5.1% unemployment rate**, a decline of 0.1%, but still above the pre-pandemic level of 2.6%
- ▶ **538,062 job openings** listed in VEC database

# Unemployment Insurance Tax

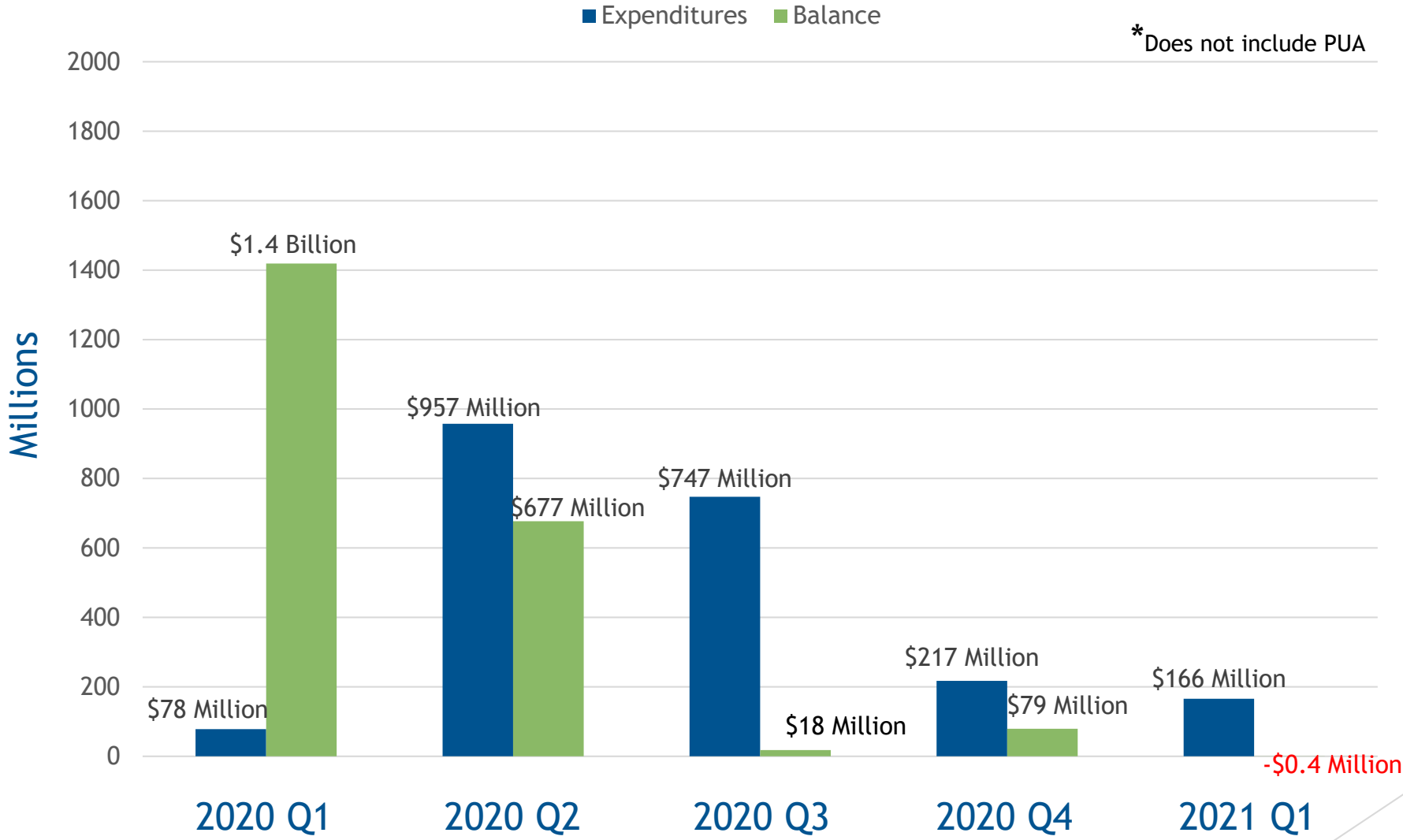
- ▶ There are three components that make up Virginia's unemployment insurance tax:
  - The first is the base tax rate which is experience rated and unique to each employer depending on their individual loss history.
  - The second is the pool charge, which is the socialization across all covered employers 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 2<sup>nd</sup> 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 SFAC staff and the UC Commission.

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

# VEC Trust Fund Expenditures and Balance\*



# Next Steps

- ▶ Continued expansions in Adjudication and Customer Contact Centers
- ▶ 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 1<sup>st</sup> go-live date
- ▶ 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 requirement will be reinstated the week beginning May 30<sup>th</sup> and customers must report their 2 weekly searches when they their weekly certification starting on June 6<sup>th</sup>.

# Questions