

FACT SHEET



Help Workers & Fix Virginia's Unemployment System August 2021 Special Session

Problem: For years, the Virginia Employment Commission (VEC), which handles unemployment insurance (UI) and pandemic unemployment assistance (PUA), was under-resourced and pleaded for money to upgrade its technology systems so claims could be filed, handled and tracked online more efficiently. Then the pandemic hit and unemployment skyrocketed. In a 14-month period, 1.5 million Virginians filed unemployment claims, more than had been filed in the previous ten years. Despite herculean efforts by the VEC staff and leadership, the already underfunded agency with antiquated equipment was overwhelmed.

The lives of tens of thousands of workers and their families were thrown into chaos because they were unable to get the unemployment assistance they deserved and expected. Some workers filed and simply never heard anything. Others called the VEC and could get no one to answer a call or when someone did answer a call, the staff could not answer questions about why the worker could not receive unemployment assistance.

In May, in response to a lawsuit filed by the Legal Aid Justice Center, Virginia Poverty Law Center and Legal Aid Works, the Governor and a federal judge directed the VEC to reduce its backlog of 92,000 unresolved cases by Labor Day. The Governor gave the VEC extra money to hire additional adjudication officers (to deal with the disputed claims) and to set up an additional call center.

Although the VEC has been chipping away at the backlog, an estimated 30,000 cases are still unresolved and the "system" remains user unfriendly with little transparency.

Solution: VICCP is a member of the Unemployment Action Coalition of Virginia that seeks to use American Rescue Plan (ARP) dollars to address the current crisis in delivering unemployment insurance in Virginia, and to put in place new systems that can modernize VEC's operations, streamline the process for workers and

businesses, and offer transparency for those who file seeking unemployment assistance.

Budget Recommendations for the 2021 Special Session. VICPP, based primarily on Coalition priorities, recommends that ARP funds be used to:

Provide assistance of \$1,000 to each applicant for UI or PUA whose claim has not been processed within 30 days of an application and is currently in the queue, or whose claim is not handled promptly in the future. The Unemployment Action Coalition estimates that this could cost as much as \$70 million. Maryland enacted a similar standard to make sure that those whose claims are in limbo do not have their lives thrown into chaos.

Make VEC more accessible to all Virginians. Funds should be used to:

- **Allow Virginians to file by mail if they are not able to file in person.** Many Virginians cannot file electronically and have not been able to file in person due to the pandemic. Cost not determined.
- **Expand access for non-English speakers** through a multilingual online application process, multilingual marketing materials, and increasing language capacity at call centers. One-time cost of \$5 million, plus ongoing \$4 million per year.
- **Develop a plan for UI modernization.** The costs for consulting and developing a strong plan with the federal government in FY2021 and FY2020 is \$3 million. The Coalition believes it is important to develop a strong plan for a phased in approach with enhanced staff capacity.

Ensure that calls get answered and workers' questions and appeals are addressed in a timely fashion. The VEC requests \$46 million for adding staff. The Coalition seeks funds to focus on timely responses to calls and appeals.