

2018-20 Executive Progress Report

Commonwealth of Virginia
Secretary of Commerce and Trade
Virginia Employment Commission

At A Glance

The Virginia Employment Commission provides workforce services to workers and businesses, including job placement, temporary income support, labor market information, and career transition services.

Staffing 666 Salaried Employees, 9 Contracted Employees, 865 Authorized, and 149 Wage Employees.

Financials Budget FY 2019, \$560.61 million, 0.00% from the General Fund.

Trends
Legend ↑ Increase, ↓ Decrease, → Steady

Key Perf Areas → During current reporting cycle
↑ First UI payments made on time
Productivity → Average Rate of Overpayment (UI)
Legend ↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Background and History

Agency Background Statement

The following federal laws provide the basis for programs administered by the Virginia Employment Commission (VEC). All VEC programs are 100% funded through grants provided by the United States Department of Labor.

- Wagner-Peyser Act of 1933 – Directs the establishment of a national network of public labor exchange offices operated by the states.
- Virginia Unemployment Compensation Act, Section 60.2 – Provides economic stabilization by administering compensation to those who are unemployed through no fault of their own.
- Migrant and Seasonal Agricultural Worker Protection Act – Establishes guidelines and regulations for processing agricultural and seasonal job orders, and for registering farm labor contractors and their employees.
- Trade Act of 1974 – Establishes programs to assist individuals who have become unemployed as a result of increased imports from, or shifts in production to, foreign countries.
- Jobs for Veterans Act – Federal legislation that provides guidance on regulations that require priority of service to military veterans by United States Department of Labor-funded workforce programs.
- The Work Opportunity Tax Credit (WOTC) – Provides for a Federal tax credit, available to employers, for hiring individuals from target groups who have consistently faced significant barriers to employment. WOTC joins other workforce programs that incentivize workplace diversity and facilitate access to good jobs for American workers.

Major Products and Services

The Virginia Employment Commission provides employers and job seekers with universal access to workforce services that assist in both securing and retaining employment, and finding qualified workers to fill jobs.

As a lead partner in the state workforce system, the VEC administers the following workforce programs:

- Employment Services
- Unemployment Insurance (UI) Services
- Reemployment Services Orientation program and Reemployment Services and Eligibility Assessment (RESEA) program
- Disabled Veterans Outreach Program and Local Veterans Employment Representative programs
- Trade Adjustment Assistance program
- Work Opportunity Tax Credit (WOTC) program

- Migrant and Seasonal Farm Workers and Foreign Labor Certification Program

The VEC provides job seekers with universal access to services designed to prepare them for job search, job advancement, and/or career change. Veterans of military service who are seeking employment receive priority of services.

The VEC provides Trade Program participants and veterans with career services and Unemployment Insurance services; and referrals to services of other partner agencies in the One Stop system. Eligible Trade Program participants may receive training to develop in-demand employment skills.

The VEC conducts outreach to veterans who could benefit from intensive job skills services, and markets these services to potential clients.

The **Virginia Workforce Connection** (VWC) is VEC's online customer portal. Through the VWC, job seekers and employers enjoy a modern, integrated and efficient experience. Employers have access to one of the state's largest pools of qualified workers, job seekers and business-related services to support their workforce and economic development needs. Job seekers may simultaneously apply for Unemployment Insurance benefits and register for job seeker services.

For Job Seekers, VWC provides users with access to a comprehensive array of tools, including

- Seamless, simultaneous application for Unemployment Insurance benefits and registration for reemployment assistance (including Wagner-Peyser job services and Reemployment Services and Eligibility Assessment).
- Ability to file for weekly Unemployment Insurance benefits online
- Real-time chat availability for customers with questions concerning the navigation of the initial claim or continuing claim process
- Targeted and user-specified search of the most current and comprehensive job listings and postings available
- Career qualification assessment tools and training referrals
- Automated, personalized notification of new employment opportunities in real time

For Employers, VWC provides users with

- The ability to post current job openings at their convenience, 24 hours a day, 365 days per year.
- The ability to search an expansive database of qualified candidates and review their active resumes.
- The ability to access the Daily Virtual Recruiter Candidate Resume Notification system, which allows an employer to be notified when new resumes have been created which meet their specific search criteria.

The Virginia Workforce Connection is accessible at Virginia Career Works Centers and via the Internet. All other VEC sponsored web accessible information systems are available on the VEC website.

The VWC also provides Labor Market Information (LMI) to a broad spectrum of users. The Virginia Employment Commission provides a number of strategic business services through LMI. The VEC provides LMI as a product that is available to the general public, the Governor and other legislative customers, the Virginia Board of Workforce Development, Local Workforce Development Boards, State Agencies, the United States Department of Labor (USDOL), and other governmental entities.

In addition to LMI, the Economic Information & Analytics (EIA) Division of the VEC provides a number of products and services such as:

- Local Area Unemployment Statistics
- Quarterly Census of Employment and Wages
- Current Employment Statistics
- Occupational Employment Statistics

Customers

Customer Summary

When the economy in Virginia fluctuates, so does the demand for the job placement and unemployment insurance services provided by VEC. When the unemployment rate is relatively high throughout the state, there is an increased demand for services for unemployed workers, especially reemployment services. As the economy improves, there is an increased demand on VEC to provide recruitment assistance to employers. The VEC is focused on the five key elements of an employer-centered workforce system. Those elements are jobs, higher wages, relevant credentials, meaningful engagement with employers, and return on taxpayer investment.

For State Fiscal Year 2018, VEC served the following numbers of customers.

Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Unemployed	Job Seekers: Wagner-Peyser and Trade Act Participants	44,906	58,500	Increase
Veteran	Disabled Veteran Program (JVSG) Participants	1,693	1,700	Stable

Employer/ Business Owner	Employer Services Customers via the Virginia Workforce Connection	7,981	10,500	Increase
Unemployed	Unemployment Insurance Initial Claimants	150,822	191,000	Increase
Unemployed	Receiving UI Benefits (Continuing Claims)	67,638	88,000	Increase
Employer/ Business Owner	UI Tax Customers	217,392	217,392	Stable

Finance and Performance Management

Finance

Financial Summary

Agency Financial Resources Summary:

The Virginia Employment Commission is normally funded by the Unemployment Trust Fund and federal administrative and benefit grants. Most nongeneral funds are appropriated for unemployment benefits.

Fund Sources

Fund Code	Fund Name	FY 2019	FY 2020
0200	Special	\$7,584,000	\$6,084,000
0700	Trust And Agency	\$455,300,000	\$467,600,000
0701	Vec Federal Fund	\$80,542,360	\$80,461,694
0721	Fuba Benefits Fund	\$26,800,000	\$27,600,000
0725	Tra Allowances Fund	\$27,500,000	\$27,500,000
0796	Unemployment Insurance - Fac Stimulus - Arra	\$10,000	\$10,000
0798	Unemployment Insurance - Admin Incentive - Arra	\$0	\$0

Revenue Summary

VEC's primary source of revenue collections is the State Unemployment Compensation Payroll Tax collected from Commonwealth of Virginia employers to cover state unemployment benefits. The second primary source is the Unemployment Insurance funding provided by the United States Department of Labor to pay federal unemployment insurance benefits and to fund the administration of the Unemployment Insurance program. The remaining revenue collections are provided by other federal funding to cover the administration of workforce development programs within the Commonwealth of Virginia.

VEC grants are capped and there are no additional funds to be secured from USDOL to offset operational increases.

Performance

Performance Highlights

VEC performance measures are tied to its mission and strategic goals and objectives.

VEC provides services in three service areas:

- Employment Services
- Unemployment Insurance Services
- Economic Information Services.

Performance in the three service areas supports the agency's strategic plan goals:

- Contribute to the development and implementation of the state workforce system
- Develop a high performance and customer focused agency workforce
- Strengthen and expand the agency's internal and external communications
- Create efficient and aligned business processes and service delivery systems

Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
18247001.001.001	Percentage rate of job seekers who enter employment after receiving services from the agency.	During current reporting cycle	Maintaining
18247002.001.001	Percent of first-time unemployment insurance (UI) payments made on time	First UI payments made on time	Improving
18247002.001.002	Cost Per Call per customer service representative assigned to the Customer Contact Center (CCC).	Average Rate of Overpayment (UI)	Maintaining

Key Risk Factors

Grants are flat but adequate for the upcoming fiscal year, with the exception of Unemployment Insurance (UI). VEC has been officially notified by USDOL that the FFY 19 UI grant will be cut by \$1.8 million.

Ongoing budget reductions and office closures limits VEC's ability to serve customers and can generate objections from the general public and legislative members. VEC has worked to address these challenges in a proactive manner, but there are limits without resources.

The current economic cycle has experienced an extended period of growth. The potential for a recession, although not imminent, does exist and will increase in likelihood over time. VEC has contracts in place to expand call center operations in the event this occurs, but time is a factor in the implementation of these solutions.

Agency Statistics

Statistics Summary

VEC services continue to meet demand. Key agency measurements are the total number of Unemployment Insurance claims processed, total number of individuals assisted in Career Works Centers, and total number of individuals assisted by call center representatives.

Statistics Table

Description	Value
Total initial Unemployment Insurance claims processed	150,822
Total Job Services customers actively registered in Virginia Workforce Connection (online)	128,773
Total VEC customers assisted in Virginia Career Works Centers	46,599
Total calls answered by VEC Customer Contact Center representatives	325,270

Management Discussion

General Information About Ongoing Status of Agency

Future Direction, Expectations, and Priorities

Increasing need for workforce system building and program consolidation and coordination, requires VEC to be responsive to these issues and directives. The key principles in building the workforce system are: flexibility in responding to the labor market needs; streamlined services; empowering customers; universal access; stronger private sector role; and greater state and local accountability.

Services must be streamlined by integrating multiple employment and training programs with partners at the state and local level. VEC continues to work to maintain alignment between available funding and expenses. This includes marketing of lower-cost methods of service delivery such as on-line and phone-based services. The VEC also uses opportunities to improve service to customers by reviewing, improving and realigning business processes through a variety of means including technology initiatives. For instance, IT modernization will allow the agency to replace antiquated mainframe systems that administer the unemployment insurance system with a web based solution. This new solution will offer customers a wide variety of highly effective self-service options that improve customer satisfaction and agency costs.

Information Technology

Factors Currently Impacting IT:

- VITA/NG Transformation. VEC continues to go through transformation, and the agency is currently making major progress in this effort.
- Lower Federal Funding and Increased Cost. The VEC is wholly funded by grants from the U.S. Department of Labor. With any federal

budget reductions, the VEC has fewer funds available to operate its programs.

Workforce Development

VEC's employment level has declined as the need for staff has been reduced with improvements in the economy. This helps to ensure staffing levels more appropriately align to available resources. Classified staff continue to be supplemented by wage employees and contractors. As the agency modernizes its systems, staff will be supported with advanced training and efforts will be made to recruit and retain staff with the skills needed for the future.

Physical Plant

VEC continues maintenance projects to properly maintain the six facilities it owns. The agency intends to downsize and relocate some facilities as necessary to provide services through the Virginia Career Works Centers. Furthermore, the agency continues efforts to relocate Headquarters to a smaller more cost effective footprint that will support the agency's needs for years to come.
