

“Chronically underfunded” Virginia unemployment system leaves tens of thousands without payments for months

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Tens of thousands have been left in a state of limbo as the Virginia Employment Commission (VEC) has seemingly ceased to function amid record-breaking unemployment numbers. As of this writing, nearly 69,000 people have yet to receive either payment or a response from the chronically-underfunded unemployment system.

The state, with a population of over 8 million, had over 200,000 unemployed residents as of April. Over 52,000 people filed continued claims for unemployment assistance in the last week of May.

According to a report released this year by Virginia’s legislative body, the state was able to resolve just 2.4 percent of all claims for unemployment within 21 days. This compares to the state resolving almost 85 percent of all complaints within the first three weeks during the initial months of the pandemic last year. According to the state audit, the average wait time for a claims appeal is eight months, or 247 days.

The reason for this massive disparity in response times is, according to the *Richmond Times-Dispatch*, due to the overwhelming number of relatively “uncomplicated cases” the system received last year. As with other state governments at that time, the state instituted a limited shelter-in-place which furloughed hundreds of thousands and enabled them to file for unemployment and expanded federal benefits.

However, as the federal and state benefits lapsed last year, and thousands still remained unemployed, the state began issuing Benefit Year End (BYE) notices to all claimants previously laid off in March 2020. This, in combination with thousands of newly-laid off workers, has left many anxiously waiting for any word about the state of their unemployment assistance.

“[T]housands of Virginians are still wondering where their benefits are after payments suddenly stopped and communication remains limited at the Virginia Employment Commission,” states Richmond-based CBS affiliate WTVR.

The news channel cites Martin Wegbreit, a litigation expert at the Central Virginia Legal Aid Society. “People are stuck in limbo,” states Wegbreit. “They’re not getting a payment and not getting an appealable decision so that they could get any type of error corrected.”

“WHY would it be so hard for VEC to update their website or send out an email or text or letter or ANYTHING to let people know about the issues with filing,” states a typical comment on social media about Virginia’s unemployment system [emphasis in original].

“Wouldn’t giving us notice about this be in their best interest, preventing all the phone calls they’re getting about this?” Another comment merely reads: “VEC is shameful and I hope they are prosecuted.”

“I don’t know about the rest of the state, but my family needs to eat more often than once every four months, and my mortgage and power bill are due every single month,” states Loudoun County resident Eric Johnson to the *Times-Dispatch*. Johnson has filed claims weekly since January and has received neither a payment nor word from the state.

The *Times-Dispatch* continues: the Virginia Employment Commission has “long been underfunded and overlooked, with an antiquated information technology system and a bare-bones staff to resolve complicated cases and answer questions from unemployed Virginians suddenly thrown into a frayed

safety net.”

The article (“‘A dinosaur’—the pandemic exposed longstanding flaws in Virginia’s unemployment system”) notes that the US Department of Labor has rated Virginia dead last in the country in its response to disputed claims—in which a claimant is rejected for unemployment assistance but seeks an appeal, i.e., due to the extraordinary circumstances of a lingering pandemic.

“It’s not just the federal government—it’s been chronically underfunded by the state,” said Democratic state senator Creigh Deeds of the commission. “We’ve gone on the cheap for unemployment for too damn long.”

In response to a class action lawsuit last month, a federal judge ordered the VEC to resolve over 92,000 unemployment claims by September. Notably, the judge’s decision “did not determine whether the plaintiffs were legally eligible for benefits,” states the *Times -Dispatch*, only that they were entitled to a formal statement about their long-awaited benefits claims.

Toward this end, Democratic governor Ralph Northam has promised to deliver \$20 million to the state agency to help sift through claims.

Despite the immense social crisis, compounded by the state’s lackluster response to the distress, the state has moved forward with reinstituting job search requirements in late May. “Now that the economy is beginning to make some recovery and more and more Virginia employers are resuming business and reopening, the suspension of the active work search requirement is being lifted,” stated the commission in an announcement last month.

As with officials at the federal level, the state is eager to move remaining residents off of unemployment benefits quickly in order to assist businesses. “Business leaders are optimistic that a renewed requirement for unemployed Virginians could offer some support,” states WTVR.

According to Viriniabusiness.com, citing figures from the VEC, the majority of state claimants are from low-paid sectors such as “the accommodation/food service, administrative and waste services, retail trade and health care and social assistance industries.”

Northam has vowed not to prematurely end Virginia’s participation in the Biden administration’s

expanded \$300-weekly benefit program, part of the American Rescue Plan Act of 2021, as have some Republican-led states in the US. However, the immense delay in distributing payments will likely work in a similarly-intended fashion, that is, to force the population back to work for meager wages before they are ready.

It is noteworthy that Virginia, a state with a Democratic Party-controlled executive branch and legislature, is as contemptuous of the state’s unemployed as the numerous Republican-led states that have purposely sought to slow-walk aid to their residents. In August, Florida’s Republican governor Ron DeSantis admitted the state’s unemployment system was designed to place “as many kind[s] of pointless roadblocks along the way” to pay out the “least number of claims” to Florida residents.



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