



COMMONWEALTH of VIRGINIA  
Virginia Employment Commission

Demetrios J. Melis  
Commissioner

Post Office Box 26441  
Richmond, VA 23261-6441

January 17, 2024

TO:

The Honorable Jennifer Boysko  
Senate of Virginia  
P.O. Box 689  
Richmond, Virginia 23218

The Honorable Adam Ebbin  
Chairman, Commission on Unemployment Compensation  
Senate of Virginia  
P.O. Box 396  
Richmond, Virginia 23218

The Honorable R. Lee Ware  
P.O. Box 689  
Powhatan, Virginia 23139

The Honorable Elizabeth Bennett-Parker  
107 South West Street, #152  
Alexandria, Virginia 22314

The Honorable Chris Runion  
P.O. Box 202  
Bridgewater, Virginia 22812

FROM: Demetrios J. Melis, Commissioner

RE: Unemployment Insurance Program Integrity Report

### **Executive Summary**

The Virginia Employment Commission shall report by December 1 of each year to the Commission on Unemployment Compensation, the implementation and enforcement of the provisions of §60.2 -612.1(F) Program Integrity.

### **INTEGRITY MEASURES**

The VEC utilizes various resources to ensure program integrity. VEC uses the Integrity Data Hub (IDH) to crossmatch initial claims and prevent fraudulent activity. All VEC fraud investigators and analysts have completed the UI National Integrity Academies virtual training. They have utilized National Association of State Workforce Agencies' (NASWA) UI Knowledge Exchange Library to publish a VEC claim handbook based on the Model Claimant Handbook. VEC regularly

participates in UI integrity calls hosted by NASWA, which review regional and national trends in security awareness.

Initial claims are verified daily through the Social Security Administration and IDH. Weekly Certifications are crossmatched using the National Directory of New Hires (NDNH). VEC utilizes its UI technology system, VUIS, to make comparisons and crossmatch data to detect shared characteristics among claims. All logins to the VEC database are also authenticated through third party technology platforms for added security. VEC conducts quarterly wage records crossmatches. When VEC suspects or receives allegations reasonably believed to constitute UI fraud, waste, abuse, mismanagement, or misconduct we regularly report significant cases upon identification as outlined by the DOL Office of Inspector General.

### **OVERPAYMENT EFFORTS**

The VEC is engaged in various overpayment recovery efforts. We negotiate and accept repayments through various methods including cash, check or money orders. Additionally, VEC offsets future benefits to recoup outstanding overpayments, unless a claimant is in the appeals process. Recoupment ranges from 100 percent of the overpayment if the claimant was at fault and 50 percent if the agency was at fault. The VEC participates in both the Cross Program Offset Recovery Agreement and the Interstate Reciprocal Offset Recovery Arrangement, per federal guidelines. Overpayments may also be offset from state income taxes. Other promising efforts for the VEC to recover losses has been through prosecutions with state and federal agencies. Additionally, identity verification is lowering identity theft fraud claims that lead to improper payments.

Efforts to recoup fraudulent overpayments during the last two years have resulted in 46 indictments for a total of 36 cases resolved with the assistance of the Commonwealth's Office of the Attorney General Unemployment Compensation Fraud Unit. There have also been 110 federal cases resolved with the average amount of overpayment being \$215,514.32 for a total of \$19,827,317.17 in restitution ordered.

### **TYPE AND AMOUNT OF IMPROPER PAYMENTS DETECTED RETROACTIVELY**

The total amount of overpayments paid from April 1, 2022, through March 31, 2023, was \$39,506,843.00. These overpayments came from the following issues, with the percentages being the percent of dollars overpaid:

- Work search – 31.088%
- Separations – 23.023%
- Benefit Year Earnings – 14.960%
- Able & Available – 4.124%
- Other Eligibility – 24.682%
- Other Issues – 2.124%

**TYPE AND AMOUNT OF IMPROPER PAYMENTS PREVENTED**

The total amount of overpayments that were prevented from being paid was \$43,615,716.00. This dollar amount accounts for 138,669 individual potential overpayments by week. The issue types involved in these overpayments included separations, work search, able and available, reporting requirements, questionable identity, and other eligibility issues.

**MONIES SAVED IN PREVENTING AND RECOUPING IMPROPER PAYMENTS**

In 2023, the dollar amount of overpayments that were prevented from being paid was \$43,615,716.00.

**NONRECOVERY OF OVERPAYMENTS**

The large majority of nonrecovery of overpayments during this reporting period came from the overpayment waiver legislation that was introduced during the 2021 General Assembly session under HB2040. This legislation amended §60.2-619 and 60.2-633 to allow the VEC to waive the requirement that an overpayment be repaid if certain conditions were met. The conditions were (i) the overpayment as made due to no fault on the part of the individual receiving benefits and (ii) requiring repayment would be contrary to fairness and good conscience. As of December 2023, the VEC has processed 112,436 overpayment waiver applications and 93,256 overpayment waivers have been approved, for a total of \$309,353,306.79. In addition to the state UI benefits waivers, there was a federal blanket waiver program. The VEC has approved 10,484 federal waivers, for a total of \$15,118,315.88.

Please do not hesitate to contact me at [demetrios.melis@vec.virginia.gov](mailto:demetrios.melis@vec.virginia.gov) or (804) 786-3001 with any questions.

Sincerely,



Demetrios J. Melis  
Commissioner