



COMMONWEALTH of VIRGINIA
Virginia Employment Commission

Demetrios J. Melis
Commissioner

Post Office Box 26441
Richmond, VA 23261-6441

December 1, 2024

TO: The Honorable Adam Ebbin, Chairman, Commission on Unemployment Compensation

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. This letter serves to meet that requirement.

INTEGRITY MEASURES

The VEC continues to employ robust measures to ensure program integrity and detect potential fraud. Initial claims are verified daily through the Social Security Administration and the Integrity Data Hub (IDH). Weekly certifications are cross-matched with the National Directory of New Hires (NDNH) and Prison Data Cross-Match (PUPS). Additionally, the VEC conducts quarterly wage cross-matches to identify data on new hires. Using its advanced UI technology system, VUIS, the VEC performs comprehensive data comparisons and cross-matches to identify shared characteristics among claims.

To enhance security, all logins to the VEC database are authenticated through third-party technology platforms. Furthermore, when the VEC identifies or receives credible allegations of UI fraud, waste, abuse, mismanagement, or misconduct, significant cases are promptly reported to the Department of Labor's Office of Inspector General, in accordance with established guidelines.

OVERPAYMENT EFFORTS

The VEC continues to actively engage in comprehensive overpayment recovery efforts. Repayments are negotiated and accepted through multiple methods, including cash, checks, or

money orders. Additionally, the VEC offsets future benefits to recover outstanding overpayments, except when a claimant is involved in the appeals process. Recoupment rates are determined by fault: 100 percent of the overpayment is recouped when the claimant is at fault, and 50 percent when the agency is at fault.

The VEC participates in the Cross Program Offset Recovery Agreement and the Interstate Reciprocal Offset Recovery Arrangement in accordance with federal guidelines. Overpayments may also be recovered through offsets from state income tax refunds. Collaborative efforts with state and federal agencies, including prosecutions, have proven to be effective in recovering losses.

Enhanced identity verification measures have significantly reduced identity theft-related fraud claims, which often result in improper payments. Additionally, the VEC's partnership with the Commonwealth's Office of the Attorney General Unemployment Compensation Fraud Unit has led to substantial recovery of fraudulent overpayments. These efforts have resulted in a total of \$20,511,889.22 in restitution ordered over the past few years.

TYPE AND AMOUNT OF IMPROPER PAYMENTS DETECTED RETROACTIVELY

The total amount of overpayments paid from April 1, 2023, through March 31, 2024, was \$47,173,041. These overpayments came from the following issues, with the percentages being the percent of dollars overpaid:

- Work search – 31.731%
- Separations – 29.189%
- Benefit Year Earnings – 18.214%
- Able & Available – 3.405%
- Other Eligibility – 16.213%
- Other Issues – 1.248%

TYPE AND AMOUNT OF IMPROPER PAYMENTS PREVENTED

The total amount of overpayments that were prevented from being paid was \$1,689,563,754.95. 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 2024, the dollar amount of overpayments that were prevented from being paid was \$1,689,563,754.95.

NONRECOVERY OF OVERPAYMENTS

Overpayment waiver legislation was updated during the 2024 General Assembly session. Legislation amended §60.2-619 and 60.2-633 to allow the VEC to continue to waive the requirement that an overpayment be repaid through July 1, 2028, if certain conditions are met. The conditions are (i) the overpayment was 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 2024, the VEC has processed 138,677 overpayment waiver applications and 97,359 overpayment waivers have been approved, for a total of \$317,652,229.00. In addition to the state UI benefits waivers, there was a federal blanket waiver program. The VEC has approved 11,706 federal waivers, for a total of \$18,909,597.40.

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

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized initial 'D' followed by a series of loops and a long horizontal stroke extending to the right.

Demetrios J. Melis
Commissioner