COMMONWEALTH of VIRGINIA
Virginia Employment Commission

Demetrios J. Melis
Commissioner

Post Office Box 26441
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December 1, 2025

TO: The Honorable Glenn Youngkin
Governor, Commonwealth of Virginia
P.O. Box 1475
Richmond, Virginia, 23218

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

FROM: Demetrios J. Melis, Commissioner

RE: Unemployment Insurance Program Integrity Report

Executive Summary

Program integrity and enterprise risk management remain top priorities for the VEC. The agency has established a formalized Risk Office and a Risk Intelligence and Resilience Initiative (RIRI). Through these efforts, the VEC is unifying fraud prevention, IT security, and compliance under a coordinated framework to strengthen early detection, information

sharing, and decision-making. In accordance with §60.2 - 612.1(F), 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 Program Integrity. Outlined below, please find the agency's responses.

INTEGRITY MEASURES

Initial claims are verified daily through the Social Security Administration and Integrity Data Hub (IDH). Weekly Certifications are crossmatched using the National Directory of New Hires (NDNH) and Prison Data CrossMatch (PUPS). VEC conducts quarterly wage crossmatches which provide data on new hires quarterly. 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. All suspicious activity or allegations involving UI fraud, waste, abuse, mismanagement, or misconduct are investigated and reported in accordance with federal requirements. The VEC reports and coordinates significant cases with the U.S. Department of Labor Office of Inspector General, consistent with US DOL guidelines.

OVERPAYMENT EFFORTS

The Virginia Employment Commission (VEC) actively pursues multiple strategies to recover overpaid benefits. Repayment arrangements are negotiated and accepted through various methods, including cash, checks, and money orders. When applicable, the VEC also offsets future benefit payments to recover outstanding overpayments—unless the claimant is currently involved in the appeals process. The recoupment rate ranges from 100 percent of the overpayment if the claimant was responsible, to 50 percent if the agency was responsible.

In accordance with federal guidelines, the VEC participates in both the Cross Program Offset Recovery Agreement and the Interstate Reciprocal Offset Recovery Arrangement. Overpayments may also be recovered through offsets against state income tax refunds and federal tax offsets for fraudulent overpayments.

Additional recovery efforts include collaboration with state and federal agencies to prosecute fraud. Enhanced identity verification measures have significantly reduced fraudulent claims stemming from identity theft. Notably, recent initiatives in partnership with the Commonwealth's Office of the Attorney General Unemployment Compensation Fraud Unit have led to $21,701,100.56 in court-ordered restitution over the past few years.

TYPE AND AMOUNT OF IMPROPER PAYMENTS DETECTED RETROACTIVELY

The total amount of overpayments paid from October 1, 2023, through September 30, 2024, was $4,830,476.00. These overpayments came from the following issues, with the percentage being overpaid:

- Work search – 9.991%
- Separations – 31.774%
- Benefit Year Earnings – 15.372%
- Able & Available – 21.128%
- Other Eligibility – 3.215%
- Other Issues – 2.126%

TYPE AND AMOUNT OF IMPROPER PAYMENTS PREVENTED

The total amount of overpayments prevented from being paid was $1,695,315,839.00, which reflects the value of claims the VEC determined to be ineligible prior to payment through its established integrity processes. 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

The dollar amount of monies saved from preventing improper payments was $1,695,315,839.00 and the dollar amount of monies recouped was $5,219,759.00, for a total of $1,700,535,598.00 in savings.

NONRECOVERY OF OVERPAYMENTS

The waiver legislation was updated in 2024 under SB536. 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 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 October 2025, the VEC has approved 105,360 state overpayment waivers in the amount of $336,505,369.00 and federal waivers in the amount of $19,052,457.40.

Thank you for your continued partnership and support of the VEC. Please do not hesitate to contact me at demetrios.melis@vec.virginia.gov or (804) 786-3001 with any questions.

Sincerely,

Demetrios J. Melis

Commissioner