

Remarks for Senate State Government Hearing on Senate Bill 527

Pennsylvania Inspector General Bruce R. Beemer

May 9, 2017

Good afternoon, Chairman Folmer and Chairman Williams and members of the Senate State Government Committee. My name is Bruce Beemer, and I am currently the Inspector General of Pennsylvania. Thank you for inviting me here today and providing the opportunity to answer the Committee's questions regarding Senate Bill 527 and offer information to the Committee about the mission and operations of the Office of Inspector General (OIG). I was originally appointed to the position of Inspector General by Governor Tom Wolf on July 25, 2016 and remained in that position until August 30, 2016 when I left for a period to assume the role of Pennsylvania Attorney General. Governor Wolf reappointed me Inspector General on January 17, 2017. Although I have been in the position for a little less than five months, I believe that time has provided me with useful information and a broader perspective I hope to share with you as you deliberate on this matter.

The mission of the OIG is to ensure integrity, accountability, and public confidence in the Commonwealth, by investigating, eliminating and preventing fraud, waste, abuse, and misconduct in agencies under the Governor's jurisdiction. The agency was created by Executive Order 1987-7, to perform investigations within executive agencies, addressing the problems and deficiencies relating to the administration of agency programs, operations, and contracting. Since 1994, the Bureau of Fraud Prevention and Prosecution (BFPP) has been responsible for investigating and prosecuting welfare fraud and conducting collection activities for the public benefits programs administered by the Department of Human Services (DHS). It is important to note that the jurisdiction of OIG to ferret out waste, fraud, and abuse is confined solely to the executive branch agencies of state government. This fact makes a positive relationship between OIG and the Office of the Governor, as well as the Office of General Counsel, one of critical importance.

At the present time the OIG's overall complement is 214 employees. The majority of our employees are divided among four bureaus:

- **Bureau of Special Investigations – 24 employees**
- **19 Bureau of Administration, Policy and Training – 19 employees**
- **12 Bureau of Information Systems – 12 employees**
- **Bureau of Fraud Prevention and Prosecution – 146 employees (there are 69 WFIs and 36 CIAs total among the regions and SNAP trafficking)**
 - **Director and 2 Assistant Directors**
 - **15 employees– Operations Support and Program Integrity Division (4 CIAs)**
 - **27 employees– Southeast Region based in Philadelphia (16 WFIs, 4 CIAs)**
 - **30 employees– Northeast Region based in Wilkes-Barre (18 WFIs, 5 CIAs)**
 - **33 employees – Central Region based in Harrisburg (15 WFIs, 12 CIAs)**
 - **38 employees– Western Region based in Pittsburgh (20 WFIs, 11 CIAs)**

There are also four Executive Employees and nine OIG legal (attorney) employees.

The OIG is funded by two state appropriations: Office of Inspector General (Fund 10595) and Inspector General – Welfare Fraud (Fund 10600). The Inspector General appropriation covers OIG executive staff, OIG legal staff, and the Bureau of Special Investigations. For Fiscal Year 2016-17, this appropriation received \$4,334,000 with a special fund augmentation of \$1,111,000 (total budget of \$5,445,000). The Inspector General – Welfare Fraud appropriation received \$12,268,000 for its FY 2016-17 state appropriation. Additionally, Fund 10600 receives federal reimbursement. It receives a 50-50 Federal Financial Participation reimbursement rate, except for work related to Cash assistance programs. Based on recent reimbursement, the OIG receives approximately 49%. So for every \$1 of general fund money spent, OIG receives a reimbursement of \$.49 back in federal monies. This reimbursement is currently capped at \$13,605,000; out of this amount, the OIG receives between \$9 and \$10 million a year in reimbursement.

The OIG is very proud of the work it has accomplished fighting fraud, waste and abuse in state government, including the Commonwealth's public assistance programs. During Fiscal Year 2015-16, the Special Investigators within the Bureau of Special Investigations (BSI) completed over 50 investigations of fraud, waste and abuse in Executive Offices; and an additional 248 pre-employment background investigations for Director level positions or higher. The OIG's background investigation program can prevent the Commonwealth from hiring potentially unqualified applicants, as well preventing potential embarrassment for the Commonwealth due to applicant issues.

For Fiscal Year 2015-16, Welfare Fraud Investigators (WFIs) completed 26,733 investigations, which resulted in an overall cost savings of over \$90 million. This averages out to a cost savings of \$1.2 million per WFI. In the same year, Claims Investigation Agents (CIAs) completed 1,471 fraud actions (either through an administrative court or through criminal prosecution), which had a total restitution amount of over \$4 million and a cost savings amount over \$2 million. Additionally, CIAs processed non-fraud actions that totaled over \$22 million in collections and cost savings. This averages out to approx. \$765,000 in cost savings/collections per CIA. For every dollar the OIG spends on its overall welfare fraud investigative activities, we get a return of \$11.75 in collections and cost savings. The investigations conducted by both WFIs and CIAs ensure that public assistance benefits are distributed fairly and equitably and that the integrity of the Commonwealth's public assistance programs are maintained.

Thank you again for the opportunity to speak before you and I will be happy to take any questions.