

1 HOUSE OF REPRESENTATIVES
2 COMMONWEALTH OF PENNSYLVANIA

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4 OFFICE OF INSPECTOR GENERAL
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6 House Appropriations Committee

7 Main Capitol Building
8 Majority Caucus, Room 140
9 Harrisburg, Pennsylvania

10 Wednesday, March 7, 2018

11 --oOo--

12 MAJORITY COMMITTEE MEMBERS PRESENT:

13 Honorable Stanley Saylor, Majority Chairman
14 Honorable Sheryl Delozier
15 Honorable George Dunbar
16 Honorable Keith Greiner
17 Honorable Seth Grove
18 Honorable Marcia Hahn
19 Honorable Doyle Heffley
20 Honorable Susan Helm
21 Honorable Lee James
22 Honorable Fred Keller
23 Honorable Jason Ortitay
24 Honorable Marguerite Quinn
25 Honorable Brad Roae
Honorable Jamie Santora
Honorable Curtis Sonney

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Key Reporters

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1 MINORITY COMMITTEE MEMBERS PRESENT:

2 Honorable Joseph Markosek, Minority Chairman
3 Honorable Kevin Boyle
4 Honorable Maria Donatucci
5 Honorable Patty Kim

6 NON-COMMITTEE MEMBERS:

7 Honorable Mike Turzai
8 Speaker of the House
9 Honorable Adam Harris
10 Honorable Francis Ryan
11 Honorable Tedd Nesbit
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1 STAFF MEMBERS PRESENT:

2 David Donley
3 Majority Executive Director

4 Ritchie LaFaver
5 Majority Deputy Executive Director

6 Miriam Fox
7 Minority Executive Director

8 Tara Trees, Esquire
9 Minority Chief Counsel

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OFFICE OF INSPECTOR GENERAL

Bruce R. Beemer
State Inspector General

Lucas Miller
State Deputy Inspector General

Steve Bear
Special Investigator In-Charge
Bureau of Special Investigators

Jason Shroy, Director
Bureau of Fraud Prevention and Prosecution

Melissa Yerges, Director
Bureau of Administrative Services

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1 MAJORITY CHAIRMAN SAYLOR: Call the
2 hearing back to order.

3 And we have before us today the
4 Inspector General. If those who are going to
5 provide testimony would raise their right hands.

6 (All testifiers were sworn en masse by
7 Chairman Saylor.).

8 MAJORITY CHAIRMAN SAYLOR: Thank you.
9 Representative Markosek, do you have any
10 opening comments?

11 MINORITY CHAIRMAN MARKOSEK: Just to --
12 I'll save some questions for later. But just to
13 welcome everybody today. Thank you for attending.

14 In the eight years that I've been the
15 Chairman, I don't think we've had the Inspector
16 General in front of us. It hasn't always been an
17 independent office, so we're glad to have you and
18 we're looking forward to what you have to say.

19 INSPECTOR GENERAL BEEMER: Thank you,
20 Mr. Chairman.

21 MAJORITY CHAIRMAN SAYLOR: Very good.

22 Inspector General, I guess I'll start
23 this off with, your office, by the order of the
24 Governor, did an investigation into Lieutenant
25 Governor Stack, the allegations. Will the General

1 Assembly be privy to that report, and if so, when?

2 INSPECTOR GENERAL BEEMER: I appreciate
3 the question, thank you. I can say that -- And I
4 talked about this a little bit in front of the
5 Senate last week.

6 Our office conducted an investigation
7 back in April and May of last year at the request
8 of the Governor. Because of the unique
9 circumstances of that investigation, the Governor
10 made the request, and it involved the only other
11 independently-elected member of the Executive
12 Branch. We --

13 I made a determination, in consultation
14 with the Governor's office, that it would be
15 appropriate for the Governor to make that decision
16 about whether or not that report would be released
17 to anyone and what the time frame would be.

18 I can say that it is -- it's been unique
19 for the agency for the first 25 to 27 years of the
20 agency's existence, there were no reports that were
21 made public that were requested by the Governor or
22 a member of an Executive Branch or it came from a
23 whistle blower or anyone else.

24 I happen to think that that's not the
25 best model for transparency overall. And so, we're

1 really moving forward in trying to have those
2 reports and those investigations that are completed
3 made not only available to members of the General
4 Assembly, but in a number of instances to the
5 public at-large so they have an understanding of
6 the types of investigations we're doing, and what
7 we're finding with regard to whether it's of a
8 programmatic problem within an Executive Branch
9 agency or it involves an individual.

10 And we have to do that, obviously, with
11 a number of considerations in mind, including
12 whether or not we have to make a referral to a
13 criminal investigatory body to examine what we
14 found, or we have ongoing civil litigation or
15 things of that nature. So, we certainly want to
16 move towards -- with an eye towards making these
17 reports as public as post.

18 With regard to that specific report, I'd
19 have to defer to the Governor's Office on whether
20 it's going to be made available to members of this
21 body or anybody else.

22 MAJORITY CHAIRMAN SAYLOR: Well, the
23 General Assembly, you know, is in the process of
24 debating the issue of Lieutenant General; whether
25 it should be -- how the office itself should be

1 conducted; do we need one; should it be picked by
2 the candidate for Governor, whatever? I think that
3 investigation may lend some support to things. We
4 may understand that you may need to redact some
5 parts of the report whether it's to protect certain
6 people.

7 But, I do think it's something that's
8 important that the General Assembly members get to
9 see, simply because, again, it doesn't matter -- We
10 do audits all the time around here, the Auditor
11 General does. Those are released to the public. I
12 just think that at some point that needs to.

13 And I've got to be honest with you, you
14 know, the question is when it's released by the
15 Governor is when it's released could be very
16 politically as well. I think it's better to get it
17 out now, one, so the General Assembly can make, as
18 we continue our discussions about whether a
19 Lieutenant General and how that office itself
20 should be handled; whether we should sell the
21 Lieutenant Governor's mansion at Fort Indiantown
22 Gap or close it, whatever we want to do with it.

23 I think this all plays a part in why
24 that investigation needs to be turned over to the
25 General Assembly for their consideration. Nothing

1 against Lieutenant Stack. It's not -- I'm not try
2 to refute his reputation. But I think it is
3 something that the General Assembly members should
4 have access to.

5 INSPECTOR GENERAL BEEMER: I certainly
6 appreciate that position, and I would say just two
7 things in that regard.

8 One, with regard to the report itself,
9 that -- when it was initially asked for, I think it
10 was done for one very specific reason, and that was
11 to make sure that the workplace environment for a
12 number of individuals, whether they were a part of
13 PSP or the Department of General Services, whether
14 the workplace environment for them was one that was
15 acceptable to the Governor.

16 And, secondly, I would say that it's
17 important for us, as members of the Inspector
18 General's Office, when we do an investigation,
19 we're doing them now with an eye towards, they may
20 be inspected, and I would be very comfortable with
21 anyone reviewing our work, whether it's in that
22 matter or any other matter, as long as it's subject
23 to certain qualifications or certain situations
24 redactions. But I certainly appreciate the
25 question.

1 MAJORITY CHAIRMAN SAYLOR: I think the
2 big thing here in the General Assembly has been,
3 and a number of the members on both sides of the
4 aisle have been asking questions about protecting
5 victims of abuse, verbal or otherwise, sexual
6 abuse, and I think it would go a long way here at
7 the General Assembly as well; to assure the members
8 of the General Assembly that those victims have
9 been protected and that we moved in the right
10 direction.

11 I don't think it's just the prerogative
12 of the Governor here. I think it's our
13 prerogative, as a General Assembly, to make sure
14 that all personnel coming under our jurisdiction
15 and his are treated with the upmost respect. We
16 need to constantly be looking out for victims no
17 matter whether it's, like I said, verbal abuse,
18 physical abuse, sexual abuse, whatever it may be.

19 I think that's why the interest around
20 the General Assembly is. I don't think it's
21 political in nature. I think it's more interest in
22 seriously making sure that we protect the victims.
23 And also, it helps us see what we need to do to
24 move forward, also, for future legislation in
25 protecting state employees from those kinds of

1 things that may have, and I say may have happened.

2 So, I will leave it at all. And we will
3 move on to our first questioner, and that is
4 Representative Helm.

5 REPRESENTATIVE HELM: Thank you,
6 Mr. Chairman.

7 I'd like to talk a little bit about
8 welfare fraud because, often, when I'm out in the
9 district, people like to come to me and say, oh, I
10 know this case and what can I do about. But under
11 the Office of Inspector General, welfare fraud has
12 had a highly -- fairly high number of vacant
13 positions over the past 5 or 6 years, and vacancies
14 have ranged from a low of 25 this past December to
15 a high of 39 at the end of December 2014.

16 Do you have any insight as to why there
17 are so many vacancies? Like, it doesn't appear to
18 be insufficient funds because, when we increased
19 your funds, you still had the vacancies. So, is it
20 like wages or health care, or is this a stepping-
21 stone position, or just why is it?

22 INSPECTOR GENERAL BEEMER: Thank you,
23 Representative Helm. I think it's a great
24 question. One that, since I've been there about a
25 year, we've been really looking at and trying to

1 address.

2 I think the attrition problem is
3 certainly a big one for the agency. We found that
4 a number of folks will come into the agency, and
5 then after a period of time, they'll move to places
6 like the state police, the Attorney General's
7 Office or other law enforcement agencies. So we --
8 we've had to deal with that particularly in certain
9 regions where we've had a high turnover rate.

10 Since it can take 4, 5, 6 months
11 sometimes to go through the process of hiring,
12 there's going to be periods of time where we do
13 have gaps. But, the number is too high and we're
14 working really, really hard to try to get that
15 number to be a lot closer to zero than it is to a
16 number like 39 when it was at its high because --

17 Particularly with our agents and our
18 investigator positions, you're talking about, if
19 there's not somebody in that position, then they're
20 not doing investigations and they're, oftentimes,
21 not able to recover or stop funds from leaving the
22 Commonwealth. So, there's a real -- There can be a
23 fiscal impact to not having some of those slots
24 filled.

25 REPRESENTATIVE HELM: And how do you

1 find out about fraud and abuse involving government
2 funds or programs? Like, do people call you, or
3 how do you really find out?

4 INSPECTOR GENERAL BEEMER: Well, there's
5 two principal ways. The first is, particularly
6 with our field investigations, those are --

7 Our investigators are going out to
8 determine sort of on the ground whether an
9 application for benefits should be paid out in the
10 first instance before money actually goes out the
11 door; leaves the coffers of the Commonwealth, so to
12 speak. In those situations, the vast majority of
13 our investigations are started by referrals that we
14 get from DHS and the county assistance offices.

15 In fiscal year '16-17, for example, the
16 office did about 24,800 of those investigations
17 with about 70 investigators. So you're talking
18 about a caseload of 350 to 400 cases in a year for
19 each of those investigators, so it's a very high
20 volume of business in terms of doing those.

21 Secondly, we get -- and you mentioned
22 this earlier in your first question, we get a lot
23 of citizen tips, or sometimes anonymous calls,
24 where folks are calling in with information. I saw
25 my neighbor do this or I saw so and so at a market

1 do this and I wanted to give that information.
2 We're oftentimes able to take that information and
3 generate an investigation, if the information is
4 specific enough and we're able to corroborate it in
5 some way.

6 REPRESENTATIVE HELM: Do you have a
7 hotline?

8 INSPECTOR GENERAL BEEMER: We do.

9 REPRESENTATIVE HELM: Okay. Thank you.

10 INSPECTOR GENERAL BEEMER: Thank you.

11 MAJORITY CHAIRMAN SAYLOR:

12 Representative Kim.

13 REPRESENTATIVE KIM: Good afternoon.

14 My question is: From your website, it
15 shows that you have saved the state \$76 million in
16 fraud prevention, and you also have a breakdown as
17 to the different categories. It's either --
18 whether it be SNAP, cash assistance, LIHEAP,
19 Medical Assistance and Subsidized Child Care.

20 Out of that \$76 million, can you give me
21 a breakdown or the percentage of how much you saved
22 in each of those categories? It just kind of will
23 show me where the problem is and what, you know,
24 whatever -- repeat offenders are and what category.

25 INSPECTOR GENERAL BEEMER: Sure. Of

1 that 78 million, the vast -- the substantial
2 majority of that comes in the Medical Assistance
3 arena, and we're talking probably close to
4 \$40 million of that 76 will be Medical Assistance.
5 SNAP recovery is in the area of about \$10 million.
6 And some of our other programs, Subsidized Child
7 Care, LIHEAP, TANF, they make up sort of the bulk
8 of the -- the rest of that money.

9 REPRESENTATIVE KIM: Okay. So those
10 last three categories would make up about
11 20 million?

12 INSPECTOR GENERAL BEEMER: Of?

13 REPRESENTATIVE KIM: Wait. Not if my
14 math is correct. I apologize: 40 for Medicaid,
15 about 10 million for SNAP, so that's 50 million out
16 of 78.

17 INSPECTOR GENERAL BEEMER: Yeah, I'm
18 sorry. It's about 55 million for Medical
19 Assistance.

20 REPRESENTATIVE KIM: 55, okay.

21 The Governor signed Act 29 in 2017,
22 which gave you guys additional powers. Has that
23 been helpful for your department in terms of I
24 guess subpoenaing people, warrants and whatnot?

25 INSPECTOR GENERAL BEEMER: It's been

1 enormously helpful, and I can't -- It's a real
2 honor for us to be here. This is the first time
3 we've been in front of all of you discussing some
4 of these issues.

5 But, to talk a little bit about Act 29
6 and how transformative it has been and will be for
7 the agency, I often said when I first arrived and I
8 learned how the investigations were done,
9 particularly on the Bureau of Fraud Prevention
10 side, it was literally like our investigators and
11 agents were doing cases with one hand tied behind
12 their back.

13 And what do I know mean by that? They
14 were asked -- Because of the structural creation of
15 the executive order that created the agency under
16 Governor Casey, it was a civil slash administrative
17 agency that was undertaking criminal investigations
18 and that creates all sorts of problems.

19 When we would look into cases, we could
20 not file police criminal complaints like law
21 enforcement agencies. We had to file private
22 criminal complaints, like a citizen would if they
23 had a complaint about -- and they thought a
24 criminal law was violated. We could not interface
25 with criminal justice databases in the way that was

1 necessary.

2 Our agents in the field now have real-
3 time information. When they go out to someone's
4 house, they can find out things like, does the
5 person have an outstanding warrant out for them?
6 Do they have a history of violence? Do they have
7 guns in the house? Do they have, you know, other
8 family members that they need to be aware of? They
9 never had any of that information before when they
10 were going out and doing investigations. And it
11 can create a real safety situation for some of our
12 -- some of our folks.

13 In addition, we didn't have any of the
14 typical criminal investigatory tools that are
15 available to agencies like PSP and the Attorney
16 General's Office. If we needed to get documents,
17 we had to ask for them. And if somebody said no,
18 there was nothing we could do about it. Now we can
19 utilize search warrants.

20 We also have the ability to issue
21 subpoenas in certain kinds of situations. When
22 we're doing an investigation on our special
23 investigation side; if we are looking at a
24 contractor or a vendor who's doing business with
25 the Commonwealth and we ask for their records, if

1 they -- it used to be if they said no, there was
2 nothing we could do about. Now we can issue a
3 subpoena, and that has a really important effect
4 on, I think --

5 Individuals that know or businesses that
6 know, if they're doing business with the
7 Commonwealth, they better not engage in fraudulent
8 behavior because now we have the tools to get that
9 at that information where we did not in the past.

10 So, there's a number of things that are
11 really making a difference for us. I can give you
12 one very specific example. We want to target a lot
13 of, as much as we can, vendor fraud as it relates
14 to the Supplemental Nutritional Assistance Program.
15 Our ability to do that was virtually nonexistent
16 because we couldn't use undercover investigations.
17 We couldn't send agents in to do real-time work as
18 to what's going on in a store, for example.

19 It would be the functional equivalent
20 of, if you gave the Attorney General's Office the
21 power to investigate drug offenses, but you didn't
22 give them any of the tools, so all they could
23 really do is go out and arrest somebody that
24 possessed drugs on the street, but you wouldn't
25 have any tools to go out and arrest the drug

1 dealers or the people engaged in the higher level
2 of activity, and that's where we were a short time
3 ago. Thanks to the General Assembly, we're in the
4 process of transforming this and transforming in a
5 way we're able to do investigations.

6 That's just a number of ways that Act 29
7 is making a profound difference for our folks in
8 the field.

9 REPRESENTATIVE KIM: My time is up.
10 Thank you very much for your answers.

11 INSPECTOR GENERAL BEEMER: Thank you.

12 MAJORITY CHAIRMAN SAYLOR:
13 Representative Delozier.

14 REPRESENTATIVE DELOZIER: Thank you,
15 Mr. Chairman.

16 Thank you all for being here to answer
17 some questions. The Inspector General's Office is,
18 obviously, one that people don't know a whole lot
19 about. So I have some quick questions on that
20 basic part.

21 Did you -- You hear about welfare fraud
22 very frequently. You do investigations on all
23 different types of fraud within the State of
24 Pennsylvania, correct?

25 INSPECTOR GENERAL BEEMER: Correct.

1 REPRESENTATIVE DELOZIER: Do you have to
2 get permission by the Governor in which
3 investigations you do?

4 INSPECTOR GENERAL BEEMER: No.

5 REPRESENTATIVE DELOZIER: So you are an
6 independent entity?

7 INSPECTOR GENERAL BEEMER: We're
8 certainly independent in the sense that no one asks
9 us what investigations we are undertaking, and at
10 least in the time that I have been in the agency,
11 and we have generated a whole host of
12 investigations with -- and it's only an internal
13 process.

14 REPRESENTATIVE DELOZIER: Okay. And how
15 does an investigation actually--quickly, I'm sorry,
16 with time framing--get started? How does an
17 investigation -- Does somebody come to you and say,
18 can you look at this and you say okay, or is it --
19 What happens?

20 INSPECTOR GENERAL BEEMER: On our Bureau
21 of Special Investigation side where we're looking
22 at problematic problems or employee issues, we can
23 get it in a number of ways. There can be a request
24 by the agency itself to ask us to look into
25 something that is going on within a department or a

1 section of their agency.

2 We often utilize whistle-blower
3 individuals who may have information about
4 something that they see or something that's going
5 on in the Executive Branch and that may generate an
6 investigation, or we could get an anonymous tip or
7 a referral from outside of state government about
8 something that someone sees.

9 REPRESENTATIVE DELOZIER: Okay.

10 INSPECTOR GENERAL BEEMER: That happens
11 a lot with contractor and vendor issues.

12 REPRESENTATIVE DELOZIER: Okay. And you
13 just make that decision to move forward if there's
14 enough validity to the --

15 INSPECTOR GENERAL BEEMER: Correct. We
16 typically would want to have -- have to corroborate
17 some aspect of what we're being told, but it's --
18 We've often -- We've generated a number of
19 investigations based solely on an anonymous tip and
20 were able to corroborate --

21 REPRESENTATIVE DELOZIER: Right.

22 INSPECTOR GENERAL BEEMER: -- some of
23 the information that generated an investigation.

24 REPRESENTATIVE DELOZIER: And I
25 appreciate that. I mean, we just heard -- we just

1 had the PSP folks in and everything. We just heard
2 about a contract that's a big issue with the Harris
3 contract, where it seems that it's been a very high
4 cost and safety is in jeopardy. So that's a
5 contract issue that is not welfare.

6 I want to bring another one that's out
7 there also. We also have the conversation -- I
8 don't know if you're familiar about the
9 lease/lease-back that's really just a loan that
10 Governor took out on the Farm Show.

11 So, in looking at how taxpayer dollars
12 are spent or misspent and, really, misappropriated
13 in the sense that, the Legislative Branch is the
14 one to decide debt, gaining -- whether the
15 Commonwealth should go into debt and having that
16 dialogue with the Governor.

17 The Governor chose to go around the
18 checks and balances of state government. I would
19 think that your office would be one that would be
20 able to take a look at the fact that were all laws
21 followed; were the regulations followed? Because
22 having the Department DGS Secretary in here, he
23 said that the Farm Show Commission who oversees the
24 Farm Show, the commission and the DGS area that is
25 to oversee every lease were not involved. They

1 didn't think that they needed to be involved;
2 where, I think the regulations are pretty clear
3 that they do need to be involved for all executive
4 agencies.

5 So, there's two issues there that very
6 much go against how normal practices that -- but
7 Secretary said himself this is the first kind of
8 contract. Is that the kind of thing that your
9 agency could take a look at, because \$375 million
10 of taxpayer money that put us in debt for 29 years?

11 INSPECTOR GENERAL BEEMER: Possibly,
12 yes. It depends on the nature of the
13 investigation. There are certain situations where,
14 if --

15 In order to conduct the investigation
16 fully and completely, it's going to require what
17 amounts to a financial audit or looking at the
18 books, so to speak, of something, then that's
19 typically the kind of thing that the Auditor
20 General has the experience and the expertise to
21 undertake.

22 If it involves a program issue or a
23 contracting issue or a state law issue, that is the
24 kind of thing that we have looked at in the past
25 and we could look at in the future, yes.

1 REPRESENTATIVE DELOZIER: Okay.

2 Because, in taking a look at what was happen -- how
3 it processed through, it did not go the normal
4 route. It did not follow the normal way of doing
5 it.

6 And, quite honestly, like I said, checks
7 and balances in our state government are there for
8 a reason. We have three branches of government.
9 And I think in this particular case, very much so,
10 the Governor chose only to use his Executive
11 Branch, and I think that the taxpayers are gonna be
12 paying for that. Executive, in my opinion, wrong
13 decision for 29 years. I think that they would be
14 -- like to know the validity of whether or not it
15 was done correctly or not.

16 Thank you.

17 INSPECTOR GENERAL BEEMER: Thank you.

18 MAJORITY CHAIRMAN SAYLOR:

19 Representative Boyle.

20 REPRESENTATIVE BOYLE: Thank you,
21 Inspector General, for being here.

22 INSPECTOR GENERAL BEEMER: Thank you.

23 REPRESENTATIVE BOYLE: I really
24 appreciate it.

25 My question is just -- I think it's

1 really more about just the overall scope of what
2 you guys do. I know there are so much attention,
3 and I salute your efforts to combat fraud, whether
4 it's related to TANF or Medicaid or whatnot.
5 Certainly, those are crimes that are, for the most
6 part, perpetrated by low-income citizens. And
7 whenever someone violates the law, there should be
8 ramifications for it.

9 But, I am sort of struck by just the
10 emphasis on the crimes that are committed by people
11 that are on the lower end of the socioeconomic
12 ladder. Those are not the only crimes in the
13 Commonwealth of Pennsylvania.

14 And I wondered, have you thought about
15 maybe expanding the scope of what you guys look
16 into, say, maybe corporate welfare fraud? Many
17 corporations here in the State of Pennsylvania who
18 were Pennsylvania corporations, but then they'll
19 put their address as a P.O. Box in the State of
20 Delaware, and they're able to dodge huge amounts of
21 corporate tax here in the State of Pennsylvania.

22 Could you even investigate that as is
23 right now?

24 INSPECTOR GENERAL BEEMER: No. Act 29,
25 which is what vests us with the authority to look

1 into, on a law enforcement side, specific statutes,
2 we are vested with jurisdiction authority over four
3 statutes, and those four involve the welfare
4 benefit side of things and the SNAP or food stamp
5 benefits issues.

6 So, with that sort of limited
7 jurisdiction, we can only look at individuals that
8 are obtaining benefits, or in certain instances,
9 like, with SNAP trafficking, we would have
10 jurisdiction over vendors and other issues. We get
11 asked a lot about provider fraud issues, which is a
12 really considerable problem in the Commonwealth.

13 For example, on the Medical Assistance
14 or Medicaid side of things, if there's provider
15 fraud, the Attorney General's Office has the
16 jurisdiction to look into that with its Medicaid
17 Fraud Unit. We actually do a lot of work with
18 Attorney General Shapiro and his team working
19 together and collaboratively on some of those
20 cases. But we're limited in terms of the kinds of
21 cases that we can bring by -- by the statute.

22 The types of fraud that you're
23 describing, while they are of real importance, and
24 I'd have love to have that conversation about, you
25 know, if there's something that our office or

1 agency can be doing to look into things, I'm happy
2 to do that. But right now, we're limited
3 jurisdictionally.

4 REPRESENTATIVE BOYLE: I hear you.

5 I've been a member of the legislature
6 since 2011, and I also serve on the House Finance
7 Committee. It seems like we've been expanding the
8 amount of tax credits on a pretty regular basis to
9 corporations throughout the State of Pennsylvania.
10 I would certainly support expanding accountability
11 and also making sure that all the people who are
12 receiving these tax credits are actually eligible.

13 INSPECTOR GENERAL BEEMER: Yeah. I
14 would just say that, it's not that we would not
15 ever investigate a corporation or look at what's
16 going on, but it would have to be in a very
17 specific setting. It would be noncriminal, and it
18 would be on our special investigation side looking
19 at their engagement or contracting issues with the
20 Commonwealth. That would be where our function
21 would be limited.

22 REPRESENTATIVE BOYLE: Thank you.

23 INSPECTOR GENERAL BEEMER: Thank you.

24 MAJORITY CHAIRMAN SAYLOR:

25 Representative Greiner.

1 REPRESENTATIVE GREINER: Thank you,
2 Mr. Chairman. And good afternoon. I'm over here
3 to your right.

4 INSPECTOR GENERAL BEEMER: Looking for
5 you.

6 REPRESENTATIVE GREINER: That's okay.
7 You're having your glass of water there, too. My
8 question is gonna be pretty straightforward and
9 simple. I will say it's great having you here
10 today, and it's great to get an education about
11 what you're doing and the different things that
12 you're reviewing and the fraud abuse and
13 misconduct. I'm glad to hear that Act 29 is
14 helpful, because I think it makes a difference
15 statewide.

16 I'm gonna go to the issue that's kind of
17 on a lot of people's minds here in the -- here in
18 this Capitol and even throughout the Commonwealth,
19 and it's sexual misconduct, harassment and those
20 types of issues. You know, we've had a lot of
21 questions at these hearings about them.

22 Could your office be asked to review
23 situations such as that? Is it within the
24 parameters of the current law that you could get
25 involved in something like that because, you know,

1 we talk about what's occurring and the payouts and
2 everything involving in that? I just was -- just
3 was curious.

4 INSPECTOR GENERAL BEEMER: It's a great
5 question. I would say this:

6 Structurally speaking, if it's outside
7 of the Executive Branch of state government, we
8 have not traditionally waded into those waters
9 because of the charge either under the executive
10 order or how Act 29 is drafted.

11 If it's an Executive Branch situation
12 and something along the lines of what you've
13 described has occurred, historically speaking, that
14 is something that has been investigated by the EEO
15 section of the Office of Administration.

16 It's not that we couldn't be asked to
17 look. I'm not aware of any structural barrier on
18 the Executive Branch side of things, but, I can
19 tell you this. We have a number of some -- what I
20 believe to be the best investigators in the state
21 and -- especially for looking at very difficult
22 situations like you just described.

23 But, we have not typically been involved
24 in sexual harassment or other types of allegations
25 outside of the Executive Branch because,

1 jurisdictionally, there's been an issue. Inside
2 the Executive Branch because that's been a function
3 traditionally handled by the Office of
4 Administration.

5 REPRESENTATIVE GREINER: I appreciate
6 the answer because, like I said, we're up here and
7 we're trying to figure out the payouts. We have
8 policies in effect, and I think that we diligently
9 try to abide by, I really do believe that; but yet,
10 things have happened. And it's not just -- It's
11 just not the government. It happens in the private
12 workplace, too. I think people have to understand
13 that, you know, it's not unique just to what's
14 going on up here.

15 So it's possible that moving forward --
16 And I just wanted to get an understanding who -- as
17 we think through this, who can investigate some of
18 this in an independent fashion that we get -- that
19 we get the facts out in the appropriate way as they
20 should be?

21 INSPECTOR GENERAL BEEMER: I can tell
22 you this. This is an issue of such enormous
23 importance and concern that I would be willing to
24 have a conversation with any member of this body.
25 I know Representative Kim, it's been a real

1 passionate issue of yours and others.

2 We'd be happy to have a discussion about
3 how the Inspector General's Office can assist or
4 further shed light on either the problems that may
5 be occurring or getting at specific investigations.

6 REPRESENTATIVE GREINER: I appreciate
7 that very much. I appreciate your testimony, and I
8 thank you for your time.

9 Thanks, Mr. Chairman.

10 INSPECTOR GENERAL BEEMER: Thank you
11 very much.

12 MAJORITY CHAIRMAN SAYLOR: We have
13 Representative Donatucci next.

14 REPRESENTATIVE DONATUCCI: Thank you,
15 Mr. Chairman.

16 Down this way, Inspector. I'd like to
17 talk more about the SNAP program and fraud. SNAP
18 trafficking occurs when SNAP benefits are illegally
19 exchanged for cash services or anything other than
20 food.

21 For an example, a store owner might give
22 a SNAP recipient cash at a percentage of their
23 balance in SNAP benefits, or exchange benefits for
24 non-allowable goods such as cigarettes. So your
25 office has a SNAP trafficking unit, and it

1 investigates store owners and recipients.

2 Can you break down how much of the SNAP
3 fraud is attributed to vendors, and how many vendor
4 are disqualified annually? And then on the flip
5 side, how much is attributed to recipients and how
6 many of them lose their benefits? And then when
7 you're done, can you give us other examples that
8 would qualify as SNAP fraud?

9 INSPECTOR GENERAL BEEMER: Sure. It's
10 somewhat a difficult question because our
11 investigation into vendor issues is really in its
12 infancy. There has been very little because of the
13 limitations that the agency had on its ability to
14 successfully investigate the vendor side of SNAP
15 fraud and SNAP trafficking issues, which really has
16 been only in the last year that we've been able to
17 start to get some idea of the scope of the problem.

18 So, for what we're doing right now and
19 moving forward, we hope that the amount in terms of
20 trafficking is gonna rise -- I mean, in terms of
21 vendor fraud is going to go up as opposed to just
22 the individual that may be, you know, unlawfully or
23 selling their benefits in some way.

24 So, I don't have any specific figures.
25 We can -- we can certainly work with the U.S.

1 Department of Agriculture who actually runs this
2 program to get numbers in Pennsylvania as it
3 relates to vendor issues.

4 But, typically, the problem that we're
5 seeing and what we have been trying to focus on is,
6 individuals are taking their SNAP benefits out, and
7 a lot of times they take the form of an EBT card,
8 and I've talked a little bit about this in other
9 forums.

10 But, it's -- The EBT card works as --
11 operates as a MAC card almost. It has a pin number
12 and it has a cash value. And vendors across the
13 Commonwealth are creating a market where they are
14 taking the card and the pin number and then giving
15 the individual cash in some form.

16 Say the card has a value of a hundred
17 dollars or \$200, they may give the individual 50 or
18 a hundred dollars in cash; make a profit by doing
19 that, because they can turn around and use the card
20 in some fashion, even though it's not intended for
21 them, and that --

22 The creation of that market has created
23 a real problem in the Commonwealth. One of the
24 things it's doing, I believe it's helping to fuel
25 issues surrounding the opioid crisis because, many

1 people that are getting benefits, they need the
2 cash for a reason. One of the primary reasons
3 we're seeing is to obtain opioids or contraband, or
4 some other thing that they're not otherwise
5 lawfully should have. So that's a real issue. And
6 that's some of the things we're seeing.

7 But I can certainly work on getting some
8 numbers in terms of vendor fraud. But I hope to be
9 back here next year and be able to give you some
10 specific idea of the kinds of investigations we've
11 been able to run and what we've been able to do to
12 try to combat some of these issues surrounding the
13 vendors, because they're the ones in my view are
14 creating so much of the problem. Their greed is
15 creating a market, whereby, they can make a whole
16 host of money off the backs of people who should be
17 using that EBT card for other reasons.

18 REPRESENTATIVE DONATUCCI: Thank you.

19 Thank you.

20 MAJORITY CHAIRMAN SAYLOR: I wanted to
21 recognize, we've been joined today by the Speaker
22 of the House, Mike Turzai, as well is here.

23 INSPECTOR GENERAL BEEMER: Hi neighbor.
24 How are you?

25 MAJORITY CHAIRMAN SAYLOR: Is he a good

1 neighbor?

2 INSPECTOR GENERAL BEEMER: He's an
3 excellent neighbor.

4 MAJORITY CHAIRMAN SAYLOR: We'll go to
5 Representative Marguerite Quinn.

6 REPRESENTATIVE QUINN: That's not a
7 subject of an investigation, is it?

8 (Laughter).

9 Thank you for being here today. I'm
10 delighted to hear about Act 29 and how it's been
11 such a useful tool for you.

12 I'm not seeing a spike in the Governor's
13 budget request or anything to show additional
14 dollars to fund that. Could you speak to that?
15 Are you incurring or do you anticipate incurring
16 additional costs?

17 INSPECTOR GENERAL BEEMER: We do. I can
18 say that there's --

19 The principle sort of short-term cost
20 that we have to address and deal with is the
21 conversion of the agency to -- from an
22 administrative body to one that is primarily a law
23 enforcement agency.

24 We've already gone through a number of
25 the steps. The Attorney General's Office has

1 designated us a criminal justice agency. The state
2 police and the FBI have recognized that status as
3 well and given us access to criminal justice
4 databases.

5 But there's another component to that,
6 and that's providing the training and the equipment
7 for our agents and investigators in the field to be
8 able to successfully complete their mission.
9 Because now, if we're gonna be undertaking criminal
10 investigations in a way that uses undercover
11 informants or utilizes search warrants where we're
12 going to --

13 One of the biggest reason -- things I
14 can describe is, there's such a tie-in with the EBT
15 trafficking and narcotics that we're -- we were
16 actually participated in cases where police
17 agencies have done search warrants where they found
18 large amounts of heroin or cocaine or other types
19 of narcotics, and they found large amounts of EBT
20 cards, and we want to be involved on sort of the
21 front lines of that. All that requires things like
22 defensive gear, radios, all those kinds --

23 REPRESENTATIVE QUINN: Okay.

24 INSPECTOR GENERAL BEEMER: -- of things
25 to be able to do that.

1 REPRESENTATIVE QUINN: What does it do
2 in terms of changing any personnel classifications?
3 Would a fraud investigator now be eligible for
4 retirement of 55?

5 INSPECTOR GENERAL BEEMER: That's --
6 We're actually looking into that.

7 As it stands right now under Title 71,
8 our folks do not meet the statutory definition,
9 because it wasn't contemplated when that section
10 was drafted. We think it would be appropriate and
11 we're gonna try to work with the appropriate folks
12 to have that changed. So there would be a -- there
13 would be a cost associated with that --

14 REPRESENTATIVE QUINN: Okay.

15 INSPECTOR GENERAL BEEMER: -- for each
16 of our investigators or agents.

17 REPRESENTATIVE QUINN: Thank you.

18 So I recall a number of years ago
19 before, probably, any of you were with this
20 department, a report that tracked state employees;
21 a specific set of state employees with regard to
22 whether or not they were showing up for work; was
23 it a three-hour lunch hour, 4-hour or 45-minute,
24 that kind of stuff. That report--I did some
25 follow-up on it--nothing was ever done with it.

1 Now, does Act 29 give you the ability to
2 actually follow up and have some teeth to your job?
3 And if so, what is -- What do you do when you come
4 across something, who does it go to next?

5 You've done the investigation. You've
6 got some valid findings. I'm not saying that
7 they're criminal, but something -- you know,
8 someone needs to be, like, hey, what's going on
9 over there? What happens?

10 INSPECTOR GENERAL BEEMER: Well, the --
11 I can say this; that if we do an investigation,
12 you're talking about, typically, about individual
13 employee misconduct?

14 REPRESENTATIVE QUINN: Yes.

15 INSPECTOR GENERAL BEEMER: And we do a
16 lot of those investigations where we -- there's a
17 -- we either get a tip, or somebody in the agency,
18 maybe higher up, suspects somebody's not doing
19 their job and they ask us to do certain kinds of
20 things that they're not equipped to do in order to
21 get those answers. When we do that, we follow up
22 with the agency to make sure that some action has
23 been taken.

24 If they don't conduct or do something
25 that we agree with, there's really not -- I mean,

1 other than us reporting that to the Cabinet
2 official or to the Governor, there's not a whole
3 lot we can do if it's a noncriminal situation.

4 REPRESENTATIVE QUINN: Thanks.

5 Is a report like that, once someone
6 knows it's out there, accessible only to a Right to
7 Know or is it public knowledge?

8 INSPECTOR GENERAL BEEMER: It typically
9 would not be public acknowledge. Although, we are
10 -- what we have done is, we are making -- we are
11 doing summaries of our employee investigations and
12 placing those summaries that does not identify
13 things like the individual's name or the department
14 because there's labor issues with making --

15 REPRESENTATIVE QUINN: I understand
16 that.

17 INSPECTOR GENERAL BEEMER: -- folks,
18 that kind of stuff public.

19 May I ask another question? Yes, it's
20 still green. How about that?

21 Representative Boyle mentioned looking
22 at fraud, not just on the low income, but at a
23 higher level. I don't want to necessarily put this
24 under fraud, but we've -- we've done some
25 investigations here, and some counties and other

1 states have taken a look at elg -- it's called a
2 dependent benefit audit, to make sure those people
3 who are receiving the benefits; for example, to
4 make sure that my child is actually my child and
5 eligible for it or my husband is still my husband
6 and eligible for it. And there's been some
7 significant returns on investments found through
8 other states, through counties and such.

9 Would this be something that you, as an
10 office, could initiate on your own at various state
11 agencies, or do you need, you know, an executive
12 need you to do that? What?

13 INSPECTOR GENERAL BEEMER: If we believe
14 that there is a problem in an operation of any
15 state agency, I -- I believe I have the authority
16 to look at it.

17 REPRESENTATIVE QUINN: Some of this is,
18 I say not fraud, it's really a matter of just
19 forgetting. Someone -- A 20 year old got married,
20 has benefits otherwise, and you just forget to take
21 them off.

22 Thank you. I see the red light.

23 INSPECTOR GENERAL BEEMER: Thank you,
24 Representative Quinn.

25 MAJORITY CHAIRMAN SAYLOR:

1 Representative Sonney.

2 REPRESENTATIVE SONNEY: Thank you,
3 Mr. Chairman.

4 Good afternoon.

5 INSPECTOR GENERAL BEEMER: Good
6 afternoon.

7 REPRESENTATIVE SONNEY: I want to talk a
8 little bit about staffing again. You've had your
9 issues of staffing now. Your mission has somewhat
10 changed. I guess your mission hasn't changed, but
11 you have a bigger bark? You're not a puppy dog
12 anymore. Now you're a guard dog.

13 INSPECTOR GENERAL BEEMER: I think
14 that's an excellent description, actually. One we
15 embrace.

16 REPRESENTATIVE SONNEY: And so, do you
17 think that this new scope that you're going to be,
18 you know, now working under I guess, do you think
19 that's going to help to keep your vacancies at a
20 lower level? In other words, do you think that
21 employees will be more apt to stay with your agency
22 when they can do more, instead of always having to
23 ask someone else to do it?

24 INSPECTOR GENERAL BEEMER: I'd like to
25 believe that it will be more attractive because a

1 number of our positions will be law enforcement
2 positions, and there will not be the limitations on
3 our agency in the manner that we had before. So
4 I'd like to think that that will help with
5 attrition. We've had a terrible problem with
6 attrition over the last, if you look, historically,
7 5 to 10 years, and I hope that's gonna help curb
8 it.

9 REPRESENTATIVE SONNEY: And moving to
10 more of law enforcement-type personnel, is that
11 going to greatly inflate your budget?

12 INSPECTOR GENERAL BEEMER: I don't know
13 that it will greatly inflate our budget. There's
14 certainly a cost that's gonna be associated with
15 training and equipping each of those agents that
16 are gonna be going out in the field. So, there's
17 -- You're talking about probably several thousand
18 dollars for each agent to make sure they're
19 trained.

20 We've already gone through extensive
21 training where agencies -- the Attorney General's
22 Office, state police, MPOETC, the municipal police
23 chiefs have all dedicated, at virtually no cost,
24 their experts to come over and help train all of
25 our folks to get them in a place where we're able

1 to send them out in the field fully trained from a
2 law enforcement standpoint. We're now in the
3 process of doing additional training with
4 Harrisburg Area Community College and working
5 through a law enforcement program with them as
6 well.

7 REPRESENTATIVE SONNEY: Are you looking
8 to really ramp up the number of investigations that
9 you're able to do, because again, as you described
10 earlier, you no longer have one arm tied behind
11 your back?

12 INSPECTOR GENERAL BEEMER: Absolutely.
13 We want to be more aggressive, more thorough and
14 build investigations that are deeper, stronger and
15 touch more of complex organizations because we know
16 that's happening.

17 REPRESENTATIVE SONNEY: And where --
18 where does all your feed come from, all your
19 sources come from for your investigations? In
20 other words, I think you said you have your own
21 hotline.

22 INSPECTOR GENERAL BEEMER: We have our
23 own hotline.

24 REPRESENTATIVE SONNEY: The General has
25 a hotline. You know, there's a lot of hotlines out

1 there. Do all the other agencies, are they coming
2 forward with and showing you opportunities that are
3 out there or suggesting that you go after these
4 investigations instead of them doing them?

5 INSPECTOR GENERAL BEEMER: When it comes
6 to the criminal investigations, our primary sources
7 would be citizen tips and all of the information
8 we're provided from DHS regarding -- they see
9 something that flags somebody where who's applying
10 for benefits.

11 Those are the principal ways on the
12 criminal side. We get them from all sorts of
13 places in our special investigations arena where
14 we're looking at an Executive Branch agency issue
15 from whistle blowers on down to Cabinet heads
16 telling us there's something we need to look at in
17 their agency.

18 REPRESENTATIVE SONNEY: So you're not
19 really anticipating more coming at you. You're
20 just better anticipating just being able to do more
21 with everything that comes at you?

22 INSPECTOR GENERAL BEEMER: No. I'm
23 anticipating more, because we've been very
24 aggressive in trying to get the word out to the
25 general public. And, in fact, in areas where we

1 have appeared and talked to members of the public,
2 in some cases with representatives or senators,
3 we've seen a spike in the number of calls we've
4 gotten in those areas. And we want to continue to
5 do that all over the Commonwealth, because I'd
6 rather have a lot more things to look at than less.

7 And then we fair it out what, you know,
8 isn't a good valid investigation or a valid tip.
9 Then we take the information we do get and we go
10 with it.

11 REPRESENTATIVE SONNEY: And do most of
12 these require an actual visit to, you know, a
13 community or something, or do a lot of your
14 investigations, you know, being done on a computer;
15 simply looking at records and --

16 INSPECTOR GENERAL BEEMER: No. They
17 almost all require going out into the field. When
18 I say the field, I mean going to a residence,
19 checking someone's status; checking records that
20 they claim, whether it's bank records or other
21 types of things to verify employment or lack of
22 employment; number of people in a household; all
23 those kind of things that are determinative as to
24 whether or not someone should receive benefits.

25 REPRESENTATIVE SONNEY: Thank you.

1 Thank you, Mr. Chairman.

2 MAJORITY CHAIRMAN SAYLOR:

3 Representative Roae.

4 REPRESENTATIVE ROAE: Hi. Good
5 afternoon, everyone. I have a quick question, kind
6 of to revisit what the Chairman was asking about
7 earlier.

8 The investigation of the expenses and
9 operations of Lieutenant Governor's mansion, is
10 that investigation ongoing or is it complete?

11 INSPECTOR GENERAL BEEMER: It's
12 complete.

13 REPRESENTATIVE ROAE: It's complete.
14 Okay.

15 Now -- So then, not releasing that,
16 could you make the decision single-handedly to
17 release it, or is that the Governor's decision to
18 release it, the report?

19 INSPECTOR GENERAL BEEMER: As I stated
20 earlier, I determined that it would be appropriate
21 for the Governor in that very specific circumstance
22 to make the decision.

23 REPRESENTATIVE ROAE: But legally -- But
24 legally, can you make that decision and do it,
25 legally, since you're independent now?

1 INSPECTOR GENERAL BEEMER: Yes.

2 REPRESENTATIVE ROAE: Okay. So, will
3 you be releasing it?

4 INSPECTOR GENERAL BEEMER: I've already
5 -- I am -- I have deferred that decision to the
6 Governor because of the reasons I stated.

7 REPRESENTATIVE ROAE: But you're
8 independent now, right? You're not -- You don't
9 work under the Governor's office anymore. Your
10 office is an independent office now, right?

11 INSPECTOR GENERAL BEEMER: Well, it's --
12 I don't know that I would -- It depends on how
13 you're characterizing independent. It's still a
14 member of the Governor's Cabinet, and still an
15 Executive Branch. We're still an Executive Branch
16 agency under the act.

17 REPRESENTATIVE ROAE: Okay. Well, I
18 think it should be released.

19 My question -- My other question is:
20 When you investigate fraud, just mechanically, how
21 does that work as far as -- Those are prosecuted at
22 the local level or by the state Attorney General?
23 How is that usually done?

24 INSPECTOR GENERAL BEEMER: They're --
25 When we investigate fraud, the vast majority of

1 those cases are handled by the local district
2 attorneys.

3 REPRESENTATIVE ROAE: And then, when
4 somebody is -- committed welfare fraud or food
5 stamp fraud or anything, they would be tried at a
6 county courthouse before a jury and so on. When
7 they're convicted -- I went to one other meeting,
8 but I can't remember how this works.

9 When they're convicted -- Say it's
10 determined that they are guilty of a thousand
11 dollars worth of fraud. Is that done locally
12 trying to get that thousand dollars back, or you
13 guys try to do that from here?

14 INSPECTOR GENERAL BEEMER: It's -- The
15 order would be for restitution to -- It would come
16 from the county judge ordering restitution as a
17 condition of the individual's sentence, and that --
18 it would go through -- the payment would be made to
19 the county Clerk of Courts to go back to the
20 Commonwealth.

21 REPRESENTATIVE ROAE: Okay. Now, is
22 there a variance around the state county by county
23 as far as how aggressive counties are at getting
24 that restitution from the people who have been
25 found guilty?

1 INSPECTOR GENERAL BEEMER: My experience
2 as a prosecutor is, yes, absolutely. There is a
3 variance depending on what county you're in and how
4 aggressive --

5 It's not just county by county. It's
6 judge by judge, because the judges are the ones
7 that hold, typically, the true authority or the
8 hammer over an individual. Because, if there's
9 restitution ordered and they're not paying it as
10 required, then they can -- then the judge can deal
11 with them individually. So it's often judge by
12 judge; not just county by county.

13 REPRESENTATIVE ROAE: Are some judges
14 putting people in jail if they're not paying, or
15 are some judges fining people extra money, or stuff
16 like that?

17 INSPECTOR GENERAL BEEMER: I think -- I
18 think there's --

19 In the criminal justice system, most
20 judges try everything they can before they imprison
21 someone for failure to pay monetarily. There's
22 often other options. They may extend the length of
23 their probation. They'll bring them in and have a
24 hearing to determine how much money or income the
25 person is bringing in; what they can reasonably pay

1 every month and try to hold their feet to the fire.
2 Every judge is different in how they might enforce
3 the restitution statute.

4 REPRESENTATIVE ROAE: Okay. We don't
5 have time now with the limited time frame. But I
6 would like to know if there's anything we can do
7 legislatively to speed up the process of people
8 paying the restitution; maybe have more consistency
9 from judge to judge, county to county to --

10 I mean, I hope it's not taking, you
11 know, 10 or 15 years for people to pay back the
12 restitution. I hope it's an aggressive schedule
13 usually.

14 But, thank you, sir, for your answers.

15 INSPECTOR GENERAL BEEMER: Thank you.

16 I would say this just in addition to
17 that. It's why we work so aggressively on the
18 front end to keep money from being paid out before
19 -- because once it goes out, it's extraordinarily
20 difficult to recover the money, and it's often in a
21 very slow piecemeal basis because of the practical
22 realities that we're facing.

23 And so, the more money we can keep from
24 leaving with our field investigations that
25 shouldn't be paid out, you know, initially, I think

1 that presents an enormous savings to the
2 Commonwealth.

3 MAJORITY CHAIRMAN SAYLOR: Inspector
4 General Beemer, I just wanted to follow up.

5 Am I correct, in that, some cases when
6 you find fraud and it needs to be prosecuted, some
7 people don't prosecute. I mean, not your fault,
8 but a DA may choose not to prosecute. Am I right
9 or wrong on that?

10 INSPECTOR GENERAL BEEMER: Correct. The
11 district attorneys would have -- We're not --

12 Act 29 provides us with investigative
13 authority like a police agency, but we do not have
14 prosecutorial authority like the Attorney General's
15 Office would. So, we bring our cases to local
16 district attorneys, and they would have the
17 ultimate say in whether or not charges should be
18 filed and the case prosecuted.

19 MAJORITY CHAIRMAN SAYLOR: Maybe the
20 General Assembly wants to consider that the
21 Inspector General's Office in the future will turn
22 over all DAs who refuse to prosecute. Might be
23 good help to getting the job done.

24 But, anyway, we'll move to the next
25 questioner. Representative Heffley.

1 REPRESENTATIVE HEFFLEY: Thank you,
2 Mr. Chairman.

3 Thank you, Inspector General, for
4 testifying today. I guess I wanted to follow up a
5 little bit on the EBT cards.

6 I had introduced legislation, and it
7 actually passed the House, House Bill 1095. I
8 talked a little bit to the human service secretary
9 yesterday, and it will be proof of identity and --
10 for public benefits, and their eligibility and
11 identity.

12 In that bill there's also a part in
13 there about EBT cards. It's my understanding that
14 -- Now, we had some local police down to testify,
15 and they had apprehended folks that had several
16 fake ID's with them and they were able to
17 confiscate the fake driver's license that they had.
18 And they also had in their possession 10, sometimes
19 15, EBT cards. I think a lot of times they use an
20 EBT card the same as cash, as you spoke earlier, in
21 the drug trade. And they were unable to confiscate
22 those EBT cards.

23 There's nothing in statute right now, to
24 my understanding, that if they catch somebody, even
25 if you catch a vendor with 10 or 12 EBT cards, you

1 can't confiscate those cards. Is that --

2 INSPECTOR GENERAL BEEMER: Well, it
3 depends on -- I think a lot of times with local law
4 enforcement, they're not sure or in tune with how
5 the EBT system works. And so, our agents and
6 investigators want to be on the ground and involved
7 in that, because they're -- there's gonna be
8 circumstances where you absolutely can confiscate
9 them.

10 REPRESENTATIVE HEFFLEY: These were
11 instances in stops for speeding or different police
12 stops or highway stops. And then, in pursuing the
13 search of the vehicle, there were found to be large
14 volumes of cash, fake IDs, and also, in most cases,
15 EBT cards. And they were -- From everything that
16 they -- the feedback that we got and they testified
17 they were not able to confiscate the EBT cards.
18 They could take the fake ID's. So I guess --

19 And I have legislation introduced. I
20 didn't know through your office if there was
21 something you could do to confiscate them.

22 INSPECTOR GENERAL BEEMER: Well, the
23 difficulty there, I think, is what you described on
24 the front end of the question, which is, if you
25 don't know -- And there's no identification

1 necessarily on the card, it can require a lot of
2 investigation before you seize something to
3 determine whether or not those are cards that
4 they're supposed to have in their possession.

5 REPRESENTATIVE HEFFLEY: But if there's
6 like 10 or 12 of them in their possession and with
7 somebody else's name on them, I would say chances
8 are that --

9 INSPECTOR GENERAL BEEMER: In that
10 situation, I would -- I'm curious as to why they
11 couldn't confiscate because -- from what you've
12 described.

13 REPRESENTATIVE HEFFLEY: So, anyway, I
14 think it would be helpful for law enforcement to
15 have a clear and defined language, and also
16 something that we supported in the past, and I
17 think would really cut down on fraud. I don't know
18 what your opinion is on it. But you're
19 investigating and you see these are public dollars
20 that are being stolen from the taxpayers, but
21 stolen from those citizens who need those services.

22 And, you know, just having a photo ID on
23 an EBT card I think would go a long way to cut back
24 on fraud in the system.

25 Would you comment on that or -- You

1 don't have to.

2 INSPECTOR GENERAL BEEMER: Yeah. I
3 think the issue there is, the SNAP trafficking
4 program is a federal program operated out of the
5 USDA along with F and S. And that -- Because of
6 that, I think they have control of how those EBT
7 cards -- what's on them and how they are -- what
8 the federal regulations and guidelines are for the
9 disbursement of those cards and those dollars.

10 I don't know if it's for me necessarily
11 to comment on the wisdom of that or the -- But I --

12 REPRESENTATIVE HEFFLEY: I hear from a
13 lot of folks that feel -- Obviously, I get a lot of
14 insight from people that I talk to on a day-to-day
15 basis back in my -- in the district, and they feel
16 that that would be a -- that would go a long way to
17 just ensure that the right people, the people that
18 need these benefits are going to get 'em. They're
19 not going to be stolen or diverted.

20 INSPECTOR GENERAL BEEMER: And there's a
21 tremendous amount of frustration out there about
22 that exact issue, and I really appreciate any
23 conversation about how -- what we can do to limit
24 not only the amount of fraud, but how we can get at
25 curbing the market for the -- for the easy

1 availability.

2 It's cheap money for folks to get as
3 opposed to where it should be going. Sometimes
4 food for kids that should be having it, and that's
5 -- that's a real source of frustration I think for
6 all of us at the table.

7 REPRESENTATIVE HEFFLEY: Thank you.

8 And just -- One other question:
9 Workers' comp. It's my understanding, I don't
10 think you have any oversight over that or if you
11 do. So, I've had folks that have come to me and
12 they've identified a lot of companies -- larger
13 companies or smaller will actually hire
14 investigators to go out and pursue workers' comp
15 fraud.

16 And if there's a case and they have the
17 evidence, and a local DA will not prosecute, is
18 that something they can turn over to the -- to your
19 office to look into? Or where else -- where else
20 can these business that are being -- that are being
21 frauded out of money that should be going to
22 injured employees, what other avenue would they
23 have to pursue that?

24 INSPECTOR GENERAL BEEMER: If it's a
25 criminal violation, they've got very limited

1 options if it's involves a workers' compensation
2 statute.

3 REPRESENTATIVE HEFFLEY: Somebody is
4 stealing from -- from -- from them and from their
5 fellow employees --

6 INSPECTOR GENERAL BEEMER: Right.

7 REPRESENTATIVE HEFFLEY: -- and they
8 have the proof of it and they want to turn it over,
9 and the district attorney just doesn't want to
10 prosecute it.

11 INSPECTOR GENERAL BEEMER: The only
12 other avenue that I'm aware of would be to request
13 an investigation by the Attorney General's Office
14 in certain limited circumstances. But, our office
15 wouldn't have jurisdiction to look at that kind of
16 theft because the act doesn't provide it. So, we
17 would be -- We would be sort of limited. And if it
18 didn't involved a state --

19 If it involved a state agency and it was
20 a process or programmatic, we could look into it
21 from the administrative side of things, but not
22 with an eye towards filing criminal charges.

23 REPRESENTATIVE HEFFLEY: Thank you very
24 much.

25 INSPECTOR GENERAL BEEMER: Thank you.

1 MAJORITY CHAIRMAN SAYLOR:

2 Representative James.

3 REPRESENTATIVE JAMES: Good afternoon.

4 INSPECTOR GENERAL BEEMER: Good
5 afternoon.

6 REPRESENTATIVE JAMES: Thank you,
7 Mr. Speaker. Excuse me, Mr. Chairman.

8 I just -- Yesterday we spent a good many
9 hours with Secretary Miller of Human Services, and
10 of course, welfare fraud was high on our list of
11 issues to discuss there as well. There's an
12 indication that it's a common practice for any
13 department to quickly refer, especially new --
14 newfound issues of potential welfare fraud.

15 So, my two-part question is: Number 1,
16 are you getting very much of these? If so, how
17 many?

18 And then, let me actually turn your last
19 comment back over to you. Is there anything that
20 you would recommend that we look into to improve
21 the situation; for example, ID cards with pictures
22 on them?

23 INSPECTOR GENERAL BEEMER: Sure.

24 To answer the first part of your
25 question, when it comes to investigative referrals,

1 we received about 24,800 in fiscal year -- We did
2 about 24,800 investigations in the last fiscal
3 year. Many of those -- The vast majority of those
4 come from -- of our field investigations are as a
5 result of an individual in a county assistance
6 office providing us information that someone's made
7 an application for benefits and we have a concern
8 that there's an issue, would you do an
9 investigation?

10 Under the statutory language, we have
11 30 days to complete that investigation; return that
12 information and what we found to the county
13 assistance offices. I can tell you that in
14 approximately 50 percent of those cases, there's a
15 determination made that there was some sort of
16 fraud that would either deny the benefits
17 altogether or reduce them in some way.

18 So, there's a -- And quite -- It seems
19 that, historically, over the number of years, that
20 50 percent number stays pretty level regardless of
21 the number of investigations were provided or that
22 we start. So if it's 40,000, we find something in
23 about 20,000. If it's 10,000, we find something in
24 about 5,000 of 'em. It's made -- It stayed pretty
25 steady through time.

1 As to your second question about
2 specific recommendations on the, you know, the SNAP
3 issues, I can say that the biggest recommendation
4 that I had, as I sat around this time last year
5 was, give us the ability to really go out and
6 aggressively pursue this from our end and let us
7 control what we can control. And all of you have
8 done that, and myself and all the employees in my
9 agency applaud you for -- for doing that, because
10 that's what we can control.

11 So much of the other parts of programs
12 like SNAP come from the federal end of things, and
13 it can be very difficult to set parameters on. So,
14 in terms of controlling what we can control, you've
15 given us the tools now. We have the responsibility
16 going out and executing this on a day-to-day basis.
17 I hope to be back here next year providing some
18 real data and information about things we've been
19 able to do.

20 REPRESENTATIVE JAMES: All right. Thank
21 you very much.

22 INSPECTOR GENERAL BEEMER: Thank you.

23 MAJORITY CHAIRMAN SAYLOR: For one
24 minute, Representative Quinn.

25 REPRESENTATIVE QUINN: Hold that clock.

1 Can your agency -- It's great we've
2 given you additional tools. Can your agency have,
3 under Act 29 or any other authority that you have,
4 the ability to partner with Department of Revenue
5 to go on the other side of fraud; those people who
6 are not putting -- paying their taxes?

7 I'm tired of just saying, oh, we put a
8 tax lien on. What is it that really goes -- Can
9 you go out and try and get these with your new
10 authority?

11 INSPECTOR GENERAL BEEMER: No. That --
12 The taxation issue falls almost exclusively as it
13 relates to state taxes under the -- from a criminal
14 investigatory side, the Attorney General's Office.

15 REPRESENTATIVE QUINN: How do we know
16 with, like, through the AG or Gene DePasquale and
17 yours that there's no redundancy in some of these
18 investigations? Do you guys chat with each other
19 to make sure that tax dollars aren't being spent
20 through three different offices on the same issue?

21 INSPECTOR GENERAL BEEMER: We do
22 regularly. We --

23 REPRESENTATIVE QUINN: Thank you.

24 MAJORITY CHAIRMAN SAYLOR: Thank you.

25 Representative Markosek, any comments?

1 MINORITY CHAIRMAN MARKOSEK: Just thank
2 you very much. Very good, interesting testimony.
3 Thank you.

4 INSPECTOR GENERAL BEEMER: Thank you,
5 Chairman.

6 MAJORITY CHAIRMAN SAYLOR: Inspector
7 General, I appreciate you coming forth. I think
8 this is the first time we've ever had it in. I
9 don't know -- Chairman Markosek has been here since
10 Gettysburg, I think. One of his members started
11 that. Representative Kim started picking on him
12 for how long he's been here.

13 INSPECTOR GENERAL BEEMER: And he will
14 be greatly missed.

15 MAJORITY CHAIRMAN SAYLOR: He will be
16 greatly missed. He's a great guy. We've been
17 looking forward -- We've been having fun working
18 with together.

19 In the end, I think that what you do is
20 great, and I think recommendations to improve your
21 office as far as additional legislation, we're
22 always in the General Assembly looking forward to
23 that, because I know your office is responsible for
24 accounting in a lot of cases for any fraud, things
25 like that, holding people accountable.

1 So, I appreciate anything in the future
2 you feel needs to be done to give you the ability
3 to do better for the taxpayers of Pennsylvania.
4 And thank you for testifying today.

5 INSPECTOR GENERAL BEEMER: Thank you.
6 And thank you for your leadership, and very much
7 appreciate the whole General Assembly's confidence
8 in the agency and providing us with these
9 additional tools. I think it's really going to
10 make a difference for the citizens. So, thank you.

11 MAJORITY CHAIRMAN SAYLOR: Thank you.

12 This hearing is adjourned until 2:45
13 when we will have the Gaming Control Board.

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