

HONORABLE  
**SETH M. GROVE**  
196<sup>TH</sup> LEGISLATIVE DISTRICT

**HARRISBURG OFFICE**  
7 EAST WING  
P.O. BOX 202196  
HARRISBURG, PA 17120-2196  
PHONE: (717) 783-2655

**DISTRICT OFFICE**  
2501 CATHERINE STREET  
SUITE 10  
YORK, PA 17408  
PHONE: (717) 767-3947

Website: RepGrove.com  
Twitter: @RepGrove  
Facebook.com/RepSethGrove



*House of Representatives*  
Commonwealth of Pennsylvania

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**LEGISLATIVE APPOINTMENTS**  
STATE PLANNING BOARD  
YAMPO

March 28, 2022

Governor Tom Wolf  
508 Main Capitol Building  
Harrisburg, PA 17120

Dear Governor Tom Wolf,

In 2020, prior to the release of Pennsylvania Pandemic Unemployment Assistance, former Pennsylvania Department of Labor and Industry Secretary Olesiak promised the Pennsylvania General Assembly there will be internal controls to prevent improper payments and fraud. Unfortunately, this promise was not kept and Pennsylvanians lost millions of dollars in fraudulent unemployment claims. Since the start of the pandemic, unemployment compensation fraud has cost Pennsylvania over \$570 million.<sup>1</sup> In fiscal year 2021, unemployment compensation fraud was estimated to cost at least \$78 billion in federal funding, with this estimate not including the period of the greatest fraudulent activity.<sup>2</sup> As a result of the surge in complaints, unemployment fraud investigations now account for 92% of the U.S. Labor Department Office of Inspector General investigative case inventory, compared with 12% prior to the pandemic.<sup>3</sup>

On February 7, 2022, the U.S. Department of Labor's Employment and Training Administration issued Unemployment Insurance Program Letter No. 21-21, Change 1, allowing states to apply blanket waivers to forgo recovery of overpayments in pandemic unemployment programs. These waivers let states off

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<sup>1</sup> [https://www.sharonherald.com/pennsylvania/news/unemployment-fraud-tops-570m-in-pennsylvania-l-i-secretary/article\\_60b4aa04-709f-597f-9542-3f695c1cc2ab.html](https://www.sharonherald.com/pennsylvania/news/unemployment-fraud-tops-570m-in-pennsylvania-l-i-secretary/article_60b4aa04-709f-597f-9542-3f695c1cc2ab.html)

<sup>2</sup> White House, Updated Data on Improper Payments, December 30, 2021.

<sup>3</sup> <https://www.oig.dol.gov/doloiguoversightwork.htm>

the hook for due diligence and fact finding for large volumes of suspicious unemployment claims potentially involving billions of fraudulently obtained taxpayer dollars.

It is my hope you will take action to correct improper payments rather than apply for and utilize blanket waivers which would cheat Pennsylvanians out of their stolen hard-earned money. We owe it to our constituents to be responsible stewards of their money and investigate every fraudulent case, take corrective actions to ensure these improper payments stop and hold those defrauding Pennsylvanians responsible for their actions. We cannot simply turn our head and look the other way.

I would also request your support of three bills which would assist the Department of Labor and Industry in their handling of unemployment fraud. House Bill 104 (Rep. Gaydos) is modeled after the Federal Improper Payments Information Act of 2002 and requires agencies to periodically review all programs and activities, identify those which may be susceptible to significant improper payments, take steps to minimize those improper payments and annually report information on their improper payments monitoring and minimization efforts. House Bill 108 (Rep. Owlett) proposes to create a *Do Not Pay* initiative to monitor improper payments across commonwealth agencies and to verify the accuracy and integrity of payments issued by the agency. Finally, House Bill 39 (Rep. Grove) which directs of the Governor's Office of the Budget to expand Recovery Audit Contracts to any program within the state government which expends over \$50 million. Recovery Audits Contracts have been adopted by the federal government and state governments, including Pennsylvania, under the Medicaid program. These bills passed the house with overwhelming support and are awaiting concurrence in the senate.

Should you have any comments, questions or concerns please do not hesitate to contact me.

Sincerely,



**Seth Grove**

State Representative

196<sup>th</sup> Legislative District