

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1341 Session of
1993

INTRODUCED BY EVANS, STETLER AND JOSEPHS, APRIL 19, 1993

REFERRED TO COMMITTEE ON HEALTH AND WELFARE, APRIL 19, 1993

AN ACT

1 Amending the act of June 13, 1967 (P.L.31, No.21), entitled "An
2 act to consolidate, editorially revise, and codify the public
3 welfare laws of the Commonwealth," further providing for a
4 performance evaluation of the Pennsylvania Community Work
5 Program; providing for the New Directions Jobs Program and
6 for employment and training programs for the transitionally
7 needy and for referral to Pennsylvania Conservation Corps;
8 establishing an exemption for education savings accounts;
9 establishing a residency requirement and requiring residency
10 data collection; further providing for determination of
11 paternity and enforcement and for Federal benefits as the
12 primary source of assistance; ensuring aid to families with
13 dependent children eligibility for children; requiring prior
14 authorization for home health services; further providing for
15 medical assistance payments and for Medicaid fraud; providing
16 for certain purchases of private insurance, for certain
17 purchases of laboratory and medical supplies and mail order
18 prescriptions, for maximization of Federal funds for
19 children's nutrition and drug and alcohol treatment and for
20 independent disability determinations; removing the limit on
21 the Employment Fund for the Blind; further providing for
22 employment incentive payments; and making a repeal.

23 The General Assembly of the Commonwealth of Pennsylvania
24 hereby enacts as follows:

25 Section 1. Section 405.2 of the act of June 13, 1967
26 (P.L.31, No.21), known as the Public Welfare Code, is amended by
27 adding a subsection to read:

1 Section 405.2. Community Work Program.--* * *

2 (g) An independent performance evaluation shall be performed
3 on the Pennsylvania Community Work Program to assess its
4 effectiveness and utilization and to make recommendations for
5 improvements in the implementation of the program. The report
6 shall be submitted to the Governor and the General Assembly no
7 later than June 30, 1994, and shall include, but not be limited
8 to, the following information:

9 (1) The number of persons eligible for the program.

10 (2) The number of persons actively participating in the
11 program.

12 (3) The number and type of community work projects approved
13 by the department.

14 (4) The number of persons who have been disqualified from
15 cash assistance for noncompliance with the program.

16 Section 2. The act is amended by adding sections to read:

17 Section 405.3. New Directions Jobs Program.--To increase the
18 employment training and job placement potential of all
19 employable recipients of aid to families with dependent
20 children, the department shall solicit and receive voluntary
21 donations as a match to draw down additional Federal funds
22 available under the Family Support Act of 1988 (Public Law 100-
23 485, 102 Stat. 2343).

24 Section 405.4. Employment and Training Demonstrations for
25 Transitionally Needy General Assistance Recipients.--(a) The
26 department is hereby authorized to establish a program of grants
27 to any private industry council or designated administrative
28 entity, public or private school, institution of higher
29 learning, business enterprise or nonprofit organization for the
30 implementation of programs to provide employment assistance for

1 transitionally needy general assistance recipients. Grants may
2 be authorized for either supported employment demonstration
3 programs under subsection (b) or the employment initiatives
4 demonstration program under subsection (c).

5 (b) The supported employment demonstration program
6 recognizes that transitionally needy general assistance
7 recipients can be productive assets of an employer's work force.
8 While having some work skills, many clients have barriers which
9 may initially result in poor attendance, less than optimum
10 performance or difficulty in following directions. This can
11 result in increased supervisory burdens for employers. This
12 program shall utilize job coaches located at employers' worksite
13 who shall work one-on-one with each client to ensure that
14 attendance is maintained, that work assignments and training are
15 understood, that work assignments are completed on time and
16 correctly and that strong relationships are built among the
17 client, coworkers and supervisor. Specifically:

18 (1) Grantees under this subsection shall develop competitive
19 work opportunities for eligible clients. These work
20 opportunities shall be in entry-level employment with private or
21 nonprofit employers. Employers shall hire the clients and
22 provide the same rate of pay and benefits as regular employees.

23 (2) Employers shall not receive financial reimbursement for
24 hiring clients under this program since the presence of the job
25 coach will ensure the employer that the work duties of the
26 client will be carried out each day even if the job coach has to
27 directly assist the client in performing them.

28 (3) Transitionally needy general assistance recipients shall
29 be recruited who have the skills or aptitude for available
30 employment opportunities but who have barriers to employment

1 that have previously made them incapable of being hired.

2 (4) Job coaches shall be assigned to each client and shall
3 provide the ongoing support services necessary to permit the
4 client to perform the job and shall guarantee to the employer
5 that the work will be completed. If the client is unable to
6 perform all or any part of the job, the job coach shall assist
7 the client in the actual performance of the job until the
8 client's skills reach acceptable levels. Job coaches shall meet
9 frequently with the client's supervisor and other employer
10 representatives to ensure employer satisfaction with the client.

11 (5) Job coaches shall gradually withdraw their day-to-day
12 hands-on support of the client. This transitional phase shall be
13 coordinated with the employer to ensure that productivity
14 continues when the job coach is absent.

15 (6) Job coaches shall not work with any client under this
16 program for more than one year.

17 (7) The demonstration program shall run for a minimum of two
18 years.

19 (c) (1) The department shall establish an employment
20 initiatives demonstration program which will assess
21 transitionally needy recipients to determine their job
22 readiness. Those who are determined to be job ready and capable
23 of being hired shall be referred to a contracted agency for job
24 search assistance and job placement services.

25 (2) The department shall provide for job search assistance
26 and referral of transitionally needy general assistance
27 recipients to contracted agencies under contract with the
28 department. The department may provide for reasonable incentives
29 and commissions to contracted agencies who successfully place
30 current general assistance recipients. Any incentives and

commissions established under this subsection shall be based on
job retention rates. In no case shall any incentive or
commission continue for more than twenty-four months after the
month the recipient received his last cash assistance grant.

(3) The demonstration program shall run for a minimum of two
years.

(d) The department shall submit a separate independent
evaluation to the General Assembly within six months of the
completion of the programs under subsections (b) and (c) which
shall include, but not be limited to, the following information:

(1) The number of persons served.

(2) The number of persons obtaining full-time employment.

(3) The number of clients who remain in full-time employment
after ninety days, six months, one year and eighteen months.

(4) The average cost per participant.

(5) A comparison of the results of these demonstration
programs with the results of the projects funded under the act
of July 13, 1987 (P.L.342, No.65), known as the "Employment
Opportunities Act."

(e) As used in this section:

"Competitive work" means work that is performed on a full-
time basis averaging at least thirty hours per week for each pay
period and for which an individual is compensated in accordance
with the Fair Labor Standards Act of 1938 (52 Stat. 1060, 29
U.S.C. § 201 et seq.).

"Ongoing support services" means continuous or periodic job
skills training services provided at the worksite throughout the
term of employment to enable the individual to perform the work.

"Supported employment" means competitive work in an
integrated work setting with ongoing support services for

individuals with barriers to employment that have precluded
their being hired to perform competitive work.

Section 405.5. Referral to Pennsylvania Conservation
Corps.--The department shall refer all recipients of assistance
who meet the criteria for consideration in the Pennsylvania
Conservation Corps to the Job Center which is operated by the
Department of Labor and Industry that is in the same area as the
county assistance office in which the application for assistance
is being made.

Section 408.2. Education Savings Accounts.--(a) Any
individual or family receiving assistance under this act may
establish an interest-bearing savings account at a bank for the
purpose of paying for tuition, books and incidental expenses at
any elementary, secondary or vocational school or any college or
university. Any funds deposited in this account, and any
interest earned thereon, shall be exempt from consideration,
subject to Federal approval, in any calculations under any
assistance program administered by the department for as long as
the funds and interest remain on deposit in the account.

(b) Subject to Federal approval, any amounts withdrawn from
the account for the purpose stated in subsection (a) shall be
exempt from consideration in any calculations under any
assistance program administered by the department. The
department shall promulgate regulations to establish penalties
for any amounts withdrawn from any accounts for any other
purpose.

(c) Any tuition account establishing and any college savings
bond purchased under the provisions of the act of April 3, 1992
(P.L.28, No.11), known as the "Tuition Account Program and
College Savings Bond Act," shall be deemed to meet the

1 requirements of this section.

2 Section 3. Sections 432.2(b) and 432.4 of the act, amended
3 April 8, 1982 (P.L.231, No.75), are amended to read:

4 Section 432.2. Determination of Eligibility.--* * *

5 (b) As a condition of eligibility for assistance, all
6 applicants and recipients of assistance shall cooperate with the
7 department in providing and verifying information necessary for
8 the department to determine initial or continued eligibility in
9 accordance with the provisions of this act. An individual
10 applying for assistance shall complete an application containing
11 such information required to establish eligibility and amount of
12 grant. The application shall include, but not be limited to, the
13 following information:

14 (1) Names of all persons to receive aid[;]_.

15 (2) Birth dates of all persons to receive aid[;]_.

16 (3) Social security numbers of all persons to receive aid,
17 or proof of application for such social security number[;]_.

18 (4) Place of residence for all persons to receive aid[;]_.

19 (5) The names of any legally responsible relative living in
20 the home[;]_.

21 (6) Any income or resources as defined in this act or in
22 regulations promulgated pursuant to this act.

23 (7) For applicants for general assistance who are over the
24 age of twenty-one, proof that they have been residents of this
25 Commonwealth for at least thirty days preceding their
26 application.

27 The department shall provide assistance as needed to complete
28 the application and shall insure that all applicants or
29 recipients have or promptly obtain a social security number.

30 * * *

1 Section 432.4. Identification and Proof of Residence.--(a)

2 All persons applying for assistance shall provide acceptable
3 identification and proof of residence; the department shall by
4 regulations specify what constitutes acceptable identification
5 and proof of residence. A person shall be deemed to be a
6 resident when he or she documents his or her residency and that
7 residency is verified by the department. Verification may
8 include, but is not limited to the production of rent receipts,
9 mortgage payment receipts, utility receipts, bank accounts or
10 enrollment of children in local schools.

11 (b) For the purpose of determining eligibility for
12 assistance, the continued absence of a recipient from the
13 Commonwealth for a period of thirty days or longer shall be
14 prima facie evidence of the intent of the recipient to have
15 changed his residence to a place outside the Commonwealth.

16 (c) If a recipient is prevented by illness or other good
17 cause from returning to the Commonwealth at the end of thirty
18 days, and has not acted to establish residence elsewhere, he
19 shall not be deemed to have lost his residence in the
20 Commonwealth.

21 (d) When a recipient of aid to families with dependent
22 children or general assistance is absent from the United States
23 for a period in excess of thirty days, his aid shall thereafter
24 be suspended whenever need cannot be determined for the ensuing
25 period of his absence.

26 (e) Beginning no later than September 1, 1993, the
27 department shall collect information on all general assistance
28 applicants to determine how long they have been residents of
29 this Commonwealth. The department shall reports its findings to
30 the Governor and the General Assembly no later than December 31,

1 1994. Based on its findings, the department may make
2 recommendations to the Governor and the General Assembly on
3 changes to the residency requirement for general assistance
4 recipients.

5 Section 4. Section 432.7 of the act is amended by adding a
6 subsection to read:

7 Section 432.7. Determination of Paternity and Enforcement of
8 Support Obligations.--In accordance with a child support plan
9 approved by the Federal Government, the department shall have
10 the power and its duty shall be to:

11 * * *

12 (j) Contract where cost effective and feasible with
13 qualified persons to establish pilot projects throughout the
14 Commonwealth to assist in the location of absent parents and in
15 the collections of support payments which are in arrears,
16 including medical support, for individuals receiving assistance
17 under this act. The pilot projects shall seek to demonstrate the
18 efficiency and productivity in terms of savings to the State and
19 the amount and benefits to the custodial parent and children of
20 cash and medical support orders recouped through the efforts of
21 the project staff.

22 Section 5. Section 432.21 of the act, added April 8, 1982
23 (P.L.231, No.75), is amended to read:

24 Section 432.21. Requirement that Certain Federal Benefits be
25 Primary Sources of Assistance.--(a) All recipients or
26 applicants for assistance in this Commonwealth shall cooperate
27 with the department in identifying the eligibility of such
28 recipients or applicants for Federal Social Security
29 Supplemental Security Income (SSI), Federal Social Security
30 Retirement, Survivor's and Disability Income benefits (RSDI) or

1 other Federal programs as the primary source of financial
2 assistance for such persons. Any person who, without good cause,
3 fails to cooperate with the department in an effort to establish
4 such person's eligibility for SSI, RSDI or other Federal
5 benefits shall have his assistance terminated, or if he has not
6 previously received assistance, shall thereby be rendered
7 ineligible for such assistance for a period of sixty days by
8 reason of his noncooperation.

9 (b) The department shall institute steps to identify any
10 recipients and applicants for assistance who may be eligible for
11 social security survivor's benefits and shall provide assistance
12 to them in applying for and obtaining these benefits, including,
13 but not limited to, informing recipients and applicants of the
14 eligibility standards for social security survivor's benefits,
15 helping them complete social security application forms and
16 helping them obtain records establishing paternity.

17 (c) The department shall institute steps to aid recipients
18 or applicants for assistance who are users of mental health and
19 mental retardation (MH/MR) and drug and alcohol treatment
20 services, beginning with high users of services, to apply for
21 and receive SSI and RSDI. In furtherance of this end, the
22 department may offer incentives, financial and otherwise, to
23 county MH/MR programs and/or providers of MH/MR and drug and
24 alcohol treatment services, such as hospitals and community-
25 based MH/MR centers, to assist their patients in applying for
26 SSI and RSDI and to provide medical records and reports to
27 support the applications.

28 [(b)] (d) All applicants for or recipients of assistance
29 shall reimburse the department for any public assistance grants
30 made to them in months for which SSI, RSDI or other Federal

benefits are awarded them, as a condition of eligibility for assistance.

Section 6. The act is amended by adding a section to read:

Section 432.22. Eligibility of Children.--The department shall not categorize any child as eligible for general assistance unless the department has fully explored whether the child is eligible for aid to families with dependent children (AFDC). In furtherance of this end, the department shall do all of the following:

(1) Use the broadest possible definition of incapacity under Federal law and regulations and design a medical assessment form consistent with that definition.

(2) Use the broadest possible criteria permitted under Federal law and regulations regarding eligibility for AFDC for unemployed parents (AFDC-U).

(3) Create flexible verification criteria for establishing the necessary degree of relatedness for specified relatives. The pursuit of AFDC eligibility for any child shall not delay the child's receipt of public assistance. By October 1, 1993, the department shall complete a review of all general assistance household cases that contain at least one child to determine whether the household can be converted to AFDC.

Section 7. Section 443.1 of the act is amended by adding a paragraph to read:

Section 443.1. Medical Assistance Payments for Institutional Care.--The following medical assistance payments shall be made in behalf of eligible persons whose institutional care is prescribed by physicians:

* * *

(5) Hospitals shall provide medically necessary inpatient

1 hospital services to persons who qualify for general assistance
2 benefits under section 432(2) of this act as a condition of
3 participation in the medical assistance program so long as
4 payments for such services are available under Federal law as a
5 disproportionate share payment. The receipt of a
6 disproportionate share payment shall be considered as full
7 payment for inpatient hospital services provided to these
8 clients. No other moneys shall be available to pay for these
9 services if disproportionate share payments are made.

10 Section 8. Section 443.3 of the act, amended November 28,
11 1973 (P.L.364, No.128), is amended to read:

12 Section 443.3. Other Medical Assistance Payments.--Payments
13 on behalf of eligible persons shall be made for other services,
14 as follows:

15 (1) Rates established by the department for outpatient
16 services as specified by regulations of the department adopted
17 under Title XIX of the Federal Social Security Act consisting of
18 preventive, diagnostic, therapeutic, rehabilitative or
19 palliative services; furnished by or under the direction of a
20 physician, chiropractor or podiatrist, by a hospital or
21 outpatient clinic which qualifies to participate under Title XIX
22 of the Federal Social Security Act, to a patient to whom such
23 hospital or outpatient clinic does not furnish room, board and
24 professional services on a continuous, twenty-four hour a day
25 basis. Hospitals and hospital clinics shall provide medically
26 necessary outpatient hospital services to persons who qualify
27 for general assistance benefits under section 432(2) of this act
28 as a condition of participation in the medical assistance
29 program so long as payments for such services are available
30 under Federal law as a disproportionate share payment. The

receipt of a disproportionate share payment shall be considered as full payment for outpatient hospital services provided to these clients. No other moneys shall be available to pay for these services if disproportionate share payments are made.

(2) Rates established by the department for (i) other laboratory and X-ray services prescribed by a physician, chiropractor or podiatrist and furnished by a facility other than a hospital which is qualified to participate under Title XIX of the Federal Social Security Act, (ii) physician's services consisting of professional care by a physician, chiropractor or podiatrist in his office, the patient's home, a hospital, a nursing home or elsewhere, (iii) the first three pints of whole blood, (iv) remedial eye care, as provided in Article VIII consisting of medical or surgical care and aids and services and other vision care provided by a physician skilled in diseases of the eye or by an optometrist which are not otherwise available under this Article, (v) special medical services for school children, as provided in the Public School Code of 1949, consisting of medical, dental, vision care provided by a physician skilled in diseases of the eye or by an optometrist or surgical care and aids and services which are not otherwise available under this article.

Section 9. Section 443.6(b) of the act is amended to read:

Section 443.6. Reimbursement for Certain Medical Assistance Items and Services.--* * *

(b) Payment for the following medical assistance items and services shall be made only after prior authorization has been secured:

(1) Prostheses and orthoses.

(2) Purchase of appliances or equipment if the appliance or

1 equipment costs more than one hundred dollars (\$100).

2 (3) Rental of medical appliances or equipment for a period
3 in excess of three months.

4 (4) Oxygen and related equipment in the home unless a
5 physician states that the physical surroundings in the home are
6 suitable for the use of oxygen and that the recipient is
7 adequately prepared and able to use the equipment.

8 (5) Dental services as the department may provide, including
9 but not necessarily limited to, dental prostheses and
10 appliances, extractions related to dental prostheses and
11 appliances, and other extractions as may be provided by
12 department regulations.

13 (6) Orthopedic shoes or other supportive devices for the
14 feet when such shoes or devices are prescribed by a physician
15 for the purpose of correcting or otherwise treating
16 abnormalities of the feet or legs which cause serious
17 detrimental medical effects.

18 (7) Home health services.

19 * * *

20 Section 10. The act is amended by adding sections to read:

21 Section 443.7. Provider Medicaid Fraud.--(a) By October 1,
22 1993, and annually thereafter, the department shall issue a
23 report to the General Assembly which outlines civil and criminal
24 enforcement efforts and results during the previous fiscal year.
25 The report shall provide statistics regarding provider civil
26 enforcement actions, criminal prosecutions, provider restitution
27 and provider penalties for the period. It shall also identify
28 areas which have been most susceptible to fraud and abuse during
29 the report period.

30 (b) The department shall provide a written notice that a

claim has been submitted to selected recipients for whom a claim
has been submitted for service. The written notices will
represent a statistically valid sample of claims for each month.
The department shall also send such notices for specifically
targeted services which may be susceptible to fraud and abuse.
The notice shall clearly state "This is not a bill" and shall
inform the recipient of any and all procedures to be followed if
the recipient believes the claim to be fraudulent, false or to
be a medically unnecessary or inadequate service or merchandise.

(c) The department may use a toll-free number for recipients
to report suspected fraudulent, false or medically unnecessary
or inadequate services or merchandise.

Section 443.8. Purchase of Private Insurance.--Subject to
Federal approval, the department shall, as provided in Title XIX
of the Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et
seq.), purchase private insurance with Medicaid funds under the
most cost-effective option available.

Section 443.9. Purchase of Laboratory Services and Other
Supplies and Equipment.--The department shall, where cost
effective and feasible, enter into arrangements through a
competitive bidding process or other means for the purchase of
laboratory services, medical supplies and devices and durable
medical equipment. The department may purchase laboratory
services pursuant to this section only from laboratories that
meet the applicable requirements of Titles XVIII and XIX of the
Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.) and
that have no more than seventy-five percent of their charges
based on services to beneficiaries or recipients of Title XVIII
or XIX. This section shall not apply to prepaid capitation
programs.

1 Section 443.10. Mail-Order Prescription Drugs.--The
2 department shall, where cost effective and feasible, enter into
3 an arrangement through a competitive bid process or otherwise to
4 provide prescription drugs to eligible recipients by mail order.
5 Participation by recipients shall be voluntary. This section
6 shall not apply to prepaid capitation programs.

7 Section 454. Maximization of Federal Funds for Children's
8 Nutrition.--(a) For the purpose of increasing Federal funding
9 and facilitating health in children, preventing malnutrition,
10 low birth weight and infant mortality and providing nutritious
11 foods for infants, children, pregnant women and nursing mothers,
12 the department may, subject to Federal approval, designate State
13 supplemental Women, Infants and Children (WIC) benefits as a
14 special need item for persons eligible for Federally funded
15 categories of cash assistance.

16 (b) Special medical services shall include, in addition to
17 those services under section 443.3(2)(v) of this act,
18 supplemental food prescribed by a physician for children,
19 infants, pregnant women and nursing mothers that is available
20 under the State supplemental WIC appropriation.

21 Section 455. Maximization of Federal Funds for Alcohol and
22 Other Drug Dependency Treatment.--The department shall maximize
23 Federal funds under the medical assistance program for alcohol
24 and other drug dependency treatment now solely funded with State
25 funds. Such efforts shall, at a minimum, include all of the
26 following:

27 (1) Train Disability Advocacy Project workers in social
28 security disability criteria for persons with alcoholism and
29 other drug dependencies.

30 (2) Design a system to identify persons on general

assistance who are alcohol or other drug dependent and refer those persons to specially trained Disability Advocacy Project workers.

(3) Transfer persons on general assistance who appear to meet the social security disability criteria to Federal medical assistance and seek Federal match for the cost of the services provided to them.

Section 456. Maximization of Federal Funds for Residential Alcohol and Other Drug Dependency Treatment.--The department shall maximize Federal funds under the medical assistance program for nonhospital residential alcohol and other drug dependency treatment now solely funded with State funds pursuant to sections 2334 and 2335 of the act of April 9, 1929 (P.L.177, No.175), known as "The Administrative Code of 1929." Such efforts shall, at a minimum, include all of the following:

(1) Where cost effective, seek Federal match for Medicaid-eligible persons under twenty-one years of age treated in residential alcohol and other drug dependency treatment facilities that are accredited by the Joint Commission on Accreditation of Health Care Organizations.

(2) Seek Federal match for any individual eligible for medical assistance under Federal requirements being treated in a residential facility having fewer than seventeen treatment beds.

(3) Enter into negotiations with the Health Care Financing Administration regarding obtaining Federal match under medical assistance for other individuals receiving residential alcohol and other drug dependency treatment.

Section 457. Independent Disability Determinations.--The department shall develop a plan to increase the use of independent disability determinations for the purpose of

maximizing Federal funds. These determinations shall be used for persons, including those with drug and alcohol dependencies, who appear to meet the disability criteria under Title XIX of the Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.).

Section 11. Section 491 of the act, added April 18, 1982 (P.L.231, No.75), is amended to read:

[Section 491. Employment Incentive Payments.--(a) Any corporation, bank, savings institution, company, insurance company, or mutual thrift institution employing persons, who prior to their employment were cash assistance recipients, shall be entitled to employment incentive payments to be provided as a credit against taxes imposed by Article IV, VII, VIII or IX of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971," or by the act of June 22, 1964 (P.L.16, No.2), known as "The Mutual Thrift Institutions Tax Act," and any person, partnership or proprietorship employing such persons shall be entitled to payments to be provided as a credit against taxes imposed by Article III of the "Tax Reform Code of 1971." For the purposes of computing any tax liabilities against which the credit may be applied, deductions from taxable income shall be reduced by employment incentive payments. Employment incentive payments unused as a tax credit in any taxable year may be carried over against tax liabilities of the employer in the three immediately subsequent taxable years.

(b) An employment incentive payment may be claimed by an employer who hires any person who is receiving aid to families with dependent children or who is classified as chronically or transitionally needy at the time of employment except that payments shall not be provided for:

(1) The employment of any person who displaces any other

1 individual from employment, except persons discharged for cause
2 as certified by the Office of Employment Security.

3 (2) The employment of any person closely related, as defined
4 by paragraphs (1) through (8) of section 152(a) of the Internal
5 Revenue Code, to the taxpayer, or, if the taxpayer is a
6 corporation, to an individual who owns, directly or indirectly
7 more than fifty percent of the outstanding stock of the
8 corporation, bank, savings institution, company, insurance
9 company, or mutual thrift institution.

10 (3) The employment of an individual for whom the employer is
11 simultaneously receiving Federally or State funded job training
12 payments.

13 (c) (1) The employment incentive payment shall be the sum
14 of thirty percent of the first six thousand dollars (\$6,000) of
15 qualified first-year wages for such year, twenty percent of the
16 first six thousand dollars (\$6,000) of qualified second year
17 wages for such year and ten percent of the first six thousand
18 dollars (\$6,000) of the qualified third year wages for such
19 year.

20 (2) If the employer provides or pays for day care services
21 for the children of the employee, the employer shall be eligible
22 to receive an additional employment incentive payment of six
23 hundred dollars (\$600) during the first year of employment, five
24 hundred dollars (\$500) during the second year of employment, and
25 four hundred dollars (\$400) during the third year of employment.

26 (3) Total employment incentive payments shall not exceed
27 ninety percent of total taxes paid by the employer against which
28 the incentive payments may be claimed as a credit. Qualified
29 wages must be cash remuneration to the employee, including any
30 amounts deducted or withheld.

1 (d) To be eligible for employment incentive payments, the
2 employment must continue for at least one year unless the
3 employe voluntarily leaves the employment of the employer,
4 becomes disabled or is terminated for cause. If the employe
5 leaves his position voluntarily, becomes disabled, or is
6 terminated for cause in less than one year, the employment
7 incentive payment shall be reduced by the proportion of the year
8 not worked. Employment initiated during the year may be claimed
9 as an employment incentive payment in the subsequent year.

10 (e) The Department of Revenue, in cooperation with the
11 Department of Public Welfare and the Department of Labor and
12 Industry, shall administer the provisions of this section,
13 promulgate appropriate rules, regulations and forms for that
14 purpose and make such determinations as may be required.
15 Determinations made with respect to the employment incentive
16 payment provided in this section may be reviewed and appealed in
17 the manner provided by law for other corporate or personal tax
18 credits.

19 (f) The total amount of employment incentive payments
20 authorized by this section shall not exceed twenty-five million
21 dollars (\$25,000,000) in any fiscal year. To insure that credits
22 are not claimed in excess of this amount, an employer may claim
23 the incentive payments only upon presentation of an authorizing
24 certificate. Certificates will be issued to the employe by the
25 Department of Public Welfare upon presentation to the Department
26 of Public Welfare of evidence of a qualifying offer of
27 employment. The Department of Revenue shall advise the
28 Department of Public Welfare of the total number of certificates
29 which may be issued in each calendar quarter consistent with the
30 limitation on total incentive payments. If an employe does not

1 accept the job for which the certificate is authorized, the
2 certificate shall be returned by the employe to the Department
3 of Public Welfare. If an employe terminates employment for any
4 reason prior to the expiration of three years, the employer
5 shall return the certificate, noting the date of the employe's
6 hiring and termination, to the Department of Revenue. The
7 Department of Public Welfare may issue certificates through the
8 Office of Employment Security and may promulgate regulations to
9 allocate certificates.

10 (g) Employment incentive payments shall not be available for
11 employes hired after December 31, 1985, unless reenacted by the
12 General Assembly. Not later than July 1, 1985, the Department of
13 Public Welfare shall report to the General Assembly on the
14 effectiveness of incentive payments to encourage the employment
15 of cash assistance recipients and recommend whether the program
16 should be continued. Credits may be claimed against taxes
17 payable for tax years beginning January 1, 1982, and thereafter,
18 and may be claimed for employes hired after the effective date
19 of this section.]

20 Section 491. Employment Incentive Payments.--(a) Any
21 corporation, bank, savings institution, company, insurance
22 company, or mutual thrift institution employing persons, who
23 prior to their employment were recipients of aid to families
24 with dependent children or who are classified as chronically or
25 transitionally needy, pursuant to section 432 of this act, shall
26 be entitled to employment incentive payments to be provided as a
27 credit against taxes imposed by Article IV, VII, VIII, IX or XV
28 of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax
29 Reform Code of 1971," and any person, partnership or
30 proprietorship employing such persons shall be entitled to

1 payments to be provided as a credit against taxes imposed by
2 Article III of the "Tax Reform Code of 1971." For the purposes
3 of computing any tax liabilities against which the credit may be
4 applied, deductions from taxable income shall be reduced by
5 employment incentive payments. Employment incentive payments
6 unused as a tax credit in any taxable year may be carried over
7 against tax liabilities of the employer in the three immediately
8 subsequent taxable years.

9 (b) An employment incentive payment may be claimed by an
10 employer who hires any person who is receiving aid to families
11 with dependent children or who is classified as chronically or
12 transitionally needy at the time of employment except that
13 payments shall not be provided for:

14 (1) The employment of any person who displaces any other
15 individual from employment, except persons discharged for cause
16 as certified by the Office of Employment Security.

17 (2) The employment of any person closely related, as defined
18 by paragraphs (1) through (8) of section 152(a) of the Internal
19 Revenue Code, to the taxpayer, or, if the taxpayer is a
20 corporation, to an individual who owns, directly or indirectly
21 more than fifty percent of the outstanding stock of the
22 corporation, bank, savings institution, company, insurance
23 company, or mutual thrift institution.

24 (3) The employment of an individual for whom the employer is
25 simultaneously receiving Federally or State funded job training
26 payments.

27 (4) The employment of an individual as a domestic or other
28 household employe in the home of the employer.

29 (c) (1) The employment incentive payment shall be the sum
30 of thirty percent of the first six thousand dollars (\$6,000) of

qualified first-year wages for such year, twenty percent of the first six thousand dollars (\$6,000) of qualified second year wages for such year and ten percent of the first six thousand dollars (\$6,000) of the qualified third year wages for such year.

(2) If the employer provides or pays for day care services for the children of the employee, the employer shall be eligible to receive an additional employment incentive payment of six hundred dollars (\$600) during the first year of employment, five hundred dollars (\$500) during the second year of employment, and four hundred dollars (\$400) during the third year of employment.

(3) Total employment incentive payments shall not exceed ninety percent of total taxes paid by the employer against which the incentive payments may be claimed as a credit. Qualified wages must be cash remuneration to the employee, including any amounts deducted or withheld.

(d) To be eligible for employment incentive payments, the employment must continue for at least one year unless the employee voluntarily leaves the employment of the employer, becomes disabled or is terminated for cause. If the employee leaves his position voluntarily, becomes disabled, or is terminated for cause in less than one year, the employment incentive payment shall be reduced by the proportion of the year not worked. Employment initiated during the year may be claimed as an employment incentive payment in the subsequent year.

(e) The Department of Revenue, in cooperation with the Department of Public Welfare and the Department of Labor and Industry, shall administer the provisions of this section, promulgate appropriate rules, regulations and forms for that purpose and make such determinations as may be required.

Determinations made with respect to the employment incentive payment provided in this section may be reviewed and appealed in the manner provided by law for other corporate or personal tax credits. The Department of Public Welfare shall conduct a program of employer education to inform employers of the benefits available under this section as well as to inform them of any similar tax credits for hiring welfare recipients available under Federal law.

(f) The total amount of employment incentive payments authorized by this section shall not exceed twenty-five million dollars (\$25,000,000) in any fiscal year. To insure that credits are not claimed in excess of this amount, an employer may claim the incentive payments only upon presentation of an authorizing certificate. Certificates will be issued to the employer by the Department of Public Welfare upon presentation to the Department of Public Welfare of evidence of a qualifying offer of employment. If necessary to avoid certificate issuances in excess of the maximum authorized amount for any fiscal year, the Department of Revenue shall advise the Department of Public Welfare of the total number of certificates which may be issued in each calendar quarter. The Department of Public Welfare may issue certificates through the Office of Employment Security and may promulgate regulations to allocate certificates.

(g) Employment incentive payments shall not be available for employes hired after June 30, 1996, unless reenacted by the General Assembly. Not later than September 1 of each year, the Department of Public Welfare shall report to the General Assembly on the effectiveness of incentive payments to encourage the employment of cash assistance recipients and recommend whether changes are need in the program and whether the program

1 should be continued. The report shall contain information,
2 including the number of authorizing certificates issued by the
3 Department of Public Welfare, the number of authorizing
4 certificates accepted by the Department of Revenue from
5 employers as evidence of qualified hires, the number and dollar
6 amounts of tax credits approved by the Department of Revenue in
7 each tax year, the average hourly starting wage of employes
8 hired and the category of assistance received previously by
9 employes hired. The report shall also include an analysis of the
10 types of businesses identified as either corporations or
11 individuals or partnerships which have had tax credits approved
12 by the Department of Revenue and the types of employment
13 positions into which employes have been hired as indicated by
14 Standard Occupational Classification Codes. The report shall
15 describe outreach and publicity efforts by the Department of
16 Public Welfare. The report shall contain similar information
17 about the day care tax credit authorized in paragraph (2) of
18 subsection (c). Credits may be claimed against taxes payable for
19 tax years beginning January 1, 1989, and thereafter, and may be
20 claimed for employes hired on or after January 1, 1989.

21 Section 12. Section 803 of the act, amended July 27, 1967
22 (P.L.187, No.59), is amended to read:

23 Section 803. Business Enterprises; Equipment; Leases;
24 Repayment.--(a) The department is hereby authorized to
25 purchase, own, install, maintain, license and lease equipment,
26 accessories and vending machines to be used for suitable
27 business enterprises for or on behalf of the blind and to
28 advance to deserving blind persons out of moneys in the
29 employment fund for the blind, such reasonable amounts as may be
30 considered proper to enable such blind persons to purchase the

1 merchandise, equipment, stock and accessories necessary to put
2 into operation a vending or refreshment stand or other suitable
3 business enterprises in some suitable location to be leased or
4 arranged for by the department. Pennsylvania blind veterans of
5 the world wars shall be given first preference for locations
6 established, in accordance with the provisions of the Federal
7 Randolph-Sheppard Act (20 U. S. C. A. Sec. 107, et seq.), and
8 the rules and regulations pursuant thereto.

9 (b) Such business enterprises shall be approved by the
10 department and supervised periodically by the department.

11 (c) The leases or permits for the installation and operation
12 of any such stands or other suitable business enterprises shall
13 be secured by the department in its own name.

14 (d) Any moneys advanced to a blind person under the
15 authority of this act shall be repaid by such person in monthly
16 installments, which shall in no case be less than two percent of
17 the gross monthly sales made at the stand or business in
18 question.

19 (e) Equipment and accessories purchased, owned, installed
20 and maintained by the department may be leased to deserving
21 blind persons for an amount not to exceed four percent of the
22 gross monthly sales, except in those locations in which the
23 gross monthly sales do not exceed one thousand dollars (\$1,000).
24 Such rental in these locations shall not exceed one percent of
25 the gross monthly sales. The department shall periodically
26 regulate the rental fees charged to such blind persons in
27 accordance with the regulations to be adopted by it, in such a
28 manner as to achieve approximate equality of opportunity to such
29 blind persons[, and to assure that the fund shall at no time
30 exceed one hundred fifty thousand dollars (\$150,000)]. The

1 department shall transmit all such repayments and rental fees
2 into the State Treasury, where they shall be credited to the
3 Employment Fund for the Blind.

4 (f) The department is authorized to receive and transmit to
5 the State Treasury for credit to the Employment Fund for the
6 Blind, all moneys heretofore or hereafter received by the
7 Commonwealth on account of contracts between the Commonwealth,
8 acting through the Department of [Property and Supplies] General
9 Services and vending machine owners, whereby the Commonwealth is
10 to receive a percentage of the profits from vending machines
11 operated in State buildings, except for those vending machines
12 in State buildings wherein a restaurant or cafeteria is operated
13 by the Department of [Property and Supplies] General Services.

14 Section 13. Section 1701-A of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, is
16 repealed.

17 Section 14. The provisions of this act are severable. If any
18 provision of this act or its application to any person or
19 circumstance is held invalid, the invalidity shall not affect
20 other provisions or applications of this act which can be given
21 effect without the invalid provision or application.

22 Section 15. This act shall take effect as follows:

23 (1) The amendment of section 443.6 of the act shall take
24 effect January 1, 1994.

25 (2) The remainder of this act shall take effect July 1,
26 1993, or immediately, whichever is later.