



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1312

PRINTERS NO. 1643 PRIME SPONSOR: Stephens

COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$0	\$0

SUMMARY: Amends the Public Welfare Code reforming the special allowance program from a grant program to a Job Transition loan program. Effective date is in 60 days.

ANALYSIS: This legislation provides recipients, who would otherwise be unable to comply with the conditions of their agreement of mutual responsibility or work requirements, with assistance (special allowances) which must be directly related to employment, education, training, job interviews or work-related activities. Assistance (special allowances) can include clothing costs, testing fee, union dues or professional fee, books, tools and supplies, transportation (limited to public, private or personal). The department is authorized to make interest-free job transition loans available to recipients for the purchase of assistance items if: the loan is preapproved by the department; the terms of the loan/ repayment schedule are included in a promissory note which is signed by the recipient to the disbursement of any funds which would be made directly to the recipient upon receipt of an invoice. A loan amount cannot exceed \$2,000 and a 24 month term. The department would be responsible for reporting each loan to the major credit reporting agencies and for promulgating rules regarding loan repayment terms/ conditions, penalties/ sanctions, application process, standard form promissory note. The department is authorized to deduct loan repayments from a recipient's cash assistance amounts, when practical. Loan payments for public and private transportation could be made by the department if the payment is not made directly to the recipient (except when the payment is made for mileage reimbursement for the recipient's own vehicle) or is made directly upon receipt of an invoice and the payment has been preapproved by the department and these payments would not continue beyond the recipient's first paycheck. The department would be required to retain documentation of payments and loans and to submit an annual report to the Legislature's Majority/ Minority leadership and Majority/ Minority chairs of the Standing and Appropriations committees. The legislation limits the funds for this loan program to the amount appropriated to the department for special allowances. A Job Transition Loan Fund is created as a special fund within the State Treasury into which the state appropriation will be credited as well as for the deposit of any loan repayments. This Fund is to serve as a revolving loan fund.

FISCAL IMPACT: Adoption of the legislation would have minimal fiscal impact on Commonwealth funds. This estimate assumes that the department would be able to absorb any administrative cost associated with a change from a grant to a loan program. For current fiscal year 2010-2011, \$12.830million in state and \$31.395million in federal funds are allocated for the Special Allowances. For fiscal year 2011-2012, \$5.461million in state and \$31.395million in federal funds are proposed; the reduction in state funds is the result of the proposed Fair Share initiative to 'rightsize' employment/ training contracts. It is also assumed that, dependent on the job placement rates and compliance with repayment schedules, state savings (up to \$5.461million) could be generated in the outyears as loans are repaid and reissued.

PREPARED BY: Kathy Vranicar
House Appropriations Committee (R)

DATE: April 26, 2011

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.