



## HOUSE COMMITTEE ON APPROPRIATIONS

### FISCAL NOTE

SENATE BILL NO. 6

PRINTERS NO. 2105

PRIME SPONSOR: Regan

#### COST / (SAVINGS)

FUND	FY 2018/19	FY 2019/20
General Fund	See Fiscal Impact	See Fiscal Impact

**SUMMARY:** Senate Bill 6, Printer's Number 2105, amends the Human Services Code to: limit the valuation of a family vehicle that is excluded from resources; include lottery winnings as a resource for eligibility determination; establish provisions for eligibility for individuals convicted of drug distribution; address Megan's Law compliance provisions; change the grading of welfare fraud; limit the use of an access device; and establish a procedure for the replacement of a lost access device. This legislation is effective in 60 days.

**ANALYSIS:** This legislation shall be referred to as the Public Assistance Integrity Act and makes the following revisions to the Human Services Code:

- Modifies the available assets to be reported to DHS in Section 432.5 (Resources) to:
  - Include a family vehicle if the difference between the value of the vehicle and the amount owed on the vehicle is more than \$40,000.
  - Include lottery winnings of over \$600 as available resources for the individual applying for or renewing their application for public assistance.
- Updates Section 432.23 (Verification System) to require the Department of Human Services (DHS) to check the lottery winners database maintained by the PA Lottery as part of the verification system.
- Creates a new Section 432.25 (Eligibility for Individuals Convicted of Drug Distribution). Individuals convicted of a felony for violating specific sections of the Controlled Substance, Drug, Device, and Cosmetic Act and Title 18 Section 7508 (relating to drug trafficking sentencing and penalties) while collecting public assistance will be ineligible for Temporary Assistance to Needy Families (TANF), general assistance and State supplemental assistance so long as these provisions are not prohibited by federal law unless:
  - The individual is complying or has complied with obligations imposed by the criminal court
  - The individual is actively engaged or has completed court ordered treatment and submits to periodic drug screenings for ten years after the drug-related conviction or term of probation, whichever is longer.

- Second or subsequent convictions will render an individual ineligible for public assistance for a period of ten years, as will failing a drug test or retest for the second time.
- Minor children will remain eligible for public assistance benefits.

DHS shall determine when it is cost effective to implement the provisions of Section 432.25.

- Creates a new Section 432.26 (Eligibility for Violators of Sexual Offender Registration) that prohibits individuals convicted of any offense requiring them to register under Megan's Law, and who are not in compliance with those registration requirements, from receiving public assistance.
  - Offenders who lose benefits for failure to comply with the registration requirements can have their benefits reinstated immediately upon showing evidence of their compliance.
  - DHS may promulgate regulations necessary to track compliance with transient or homeless Megan's Law registrants.
  - Minor children who receive benefits will continue to receive those benefits even if their parent or guardian is a non-compliant Megan's Law registrant.
- Revises Section 481 (False Statements; Investigations; Penalty) as follows:
  - Obtaining assistance or food stamps valued in excess of \$1,000 is a felony of the third degree;
  - Obtaining assistance or food stamps valued at \$999 or under is a misdemeanor of the first degree
- Updates Section 484 (Prohibited Use of Public Assistance Funds) to ban the use of an access device, defined as an electronic benefits transfer (EBT) card issued by DHS, for the following:
  - The purchase of liquor or alcohol;
  - The withdrawal of funds at a licensed facility or retail establishment which provides adult-oriented entertainment in which performers disrobe or perform in an unclothed state for entertainment; or
  - The withdrawal of funds or use of the access device through a point of sale transaction at a licensed gaming entity.
- Creates a new Section 485 (Lost Access Devices) that includes the following provisions:
  - Requires a recipient to pay \$5 to replace the access device the first time it is requested.
  - Requires a recipient to pay \$100 for any subsequent requests made by individuals who are 64 years of age or younger.
  - A recipient who is 65 years of age or older who requests additional replacement access cards shall pay \$5.
  - DHS must receive payment of the fee prior to issuing the new access device and shall notify the Office of the Inspector General of any recipient who requests two or more replacement access devices in a calendar year.
  - No fee will be charged if the recipient can: prove the device was lost in the mail or by DHS; the device is damaged or does not function; or the device was lost or damaged in fire, flood or other natural disaster.

- Adds a provision to Section 488 (Violation; Penalty) that any licensed gaming entity or retailer that willfully violates Section 484 (Prohibited Use of Public Assistance Funds) commits a misdemeanor and shall, upon conviction, pay a fine not to exceed \$1,000.

**FISCAL IMPACT:** The revisions to Sections 432.5, 432.23 and 432.26 could result in savings to the Commonwealth. It would prevent individuals, if previously eligible, from receiving cash assistance (annual cost of \$2,500) and the State Supplementary Payments (annual cost up to \$340). At this time, there is no methodology to determine the number of individuals that would be impacted. There would be no additional administrative cost as these reviews can be done in the normal course of eligibility review by DHS caseworkers. There could be a cost of \$320,000 in state funds (\$680,000 in federal funds) for information technology changes related to checking the Lottery winners database, however, this cost can be absorbed within DHS's current information technology funding.

There could be savings related to Section 485 as this provision would prevent individuals from potentially receiving Supplemental Nutrition Assistance Program (annual federal cost up to \$1,900), cash assistance (annual cost of \$2,500) and the State Supplementary Payments (annual cost up to \$340) from stolen or illegally purchased EBT cards.

There is no adverse fiscal impact related to Section 432.25 as DHS has the discretion to determine when it is cost-effective to implement this provision.

There is no adverse fiscal impact related to Sections 481, 484 or 488.

**PREPARED BY:** Ann Bertolino  
House Appropriations Committee (R)

**DATE:** October 17, 2018

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