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MEMORANDUM

TO: All House Members

FROM: Representative Todd Stephens *TS*

DATE: March 29, 2011

SUBJECT: Co-Sponsorship – Special Allowance Job Transition Loans

In the near future I will be introducing a measure aimed at restoring integrity and increasing accountability to the state's public welfare system by transitioning certain Special Allowance grants to loans. A few weeks back I circulated a memo with similar goals but this legislation contains enhancements not contained in the prior memo.

The Department of Public Welfare's (DPW's) Special Allowance program has been a central focus of fraud and abuse in recent years. It was the subject of a Special Performance Audit by Auditor General Jack Wagner in August 2009 which revealed "lax oversight and the fostering of an environment that encourages potential fraud and abuse involving the administration of Special Allowance payments made to recipients by [County Assistance Offices]."

The plan I am proposing would not only implement greater oversight, but ensure it is used by those who truly aim to transition themselves from welfare to work. The Special Allowance Program is intended as a means to overcome that one last hurdle preventing those receiving government assistance from being gainfully employed. Examples of expenses permitted by through the Special Allowance program are tools, training, books, clothes, transportation, etc. Currently, cash payments for Special Allowances may be made directly to the person receiving government assistance and the existing statute does not require a receipt to demonstrate the cash was used for the stated purpose.

My legislation will ensure payments are made directly to vendors providing the tools, books, training, etc. and require a receipt to ensure continued accountability in the special allowance program.

Additionally, instead of continuing the practice of cash handouts through the existing Special Allowance program, support will be offered through Job Transition Loans. This will allow DPW to provide support for job training or job-related activities to motivated and eligible individuals and deter those intent on “gaming the system” from wasting its resources.

These interest-free loans will be repaid through monthly reductions from recipients’ cash assistance benefits to ensure they are accountable for the money provided by the taxpayers. This initiative will also provide incentives to become self sufficient by providing loan credits for transitioning off the welfare rolls and onto the payrolls.

With the goal of transitioning welfare recipients from government dependency to self sufficiency, this welfare-to-work plan focuses on helping those who are willing to help themselves while preventing the fraud uncovered in recent years.

Anyone interested in cosponsoring this legislation should contact Lindsey Freidly at LFreidly@pahousegop.com or call (717) 260-6163.