

The Public Assistance Integrity Act

2017-18 Legislative Session



SENATOR MIKE REGAN

Welfare Fraud: Diagnosing the Problem



Public assistance (“welfare”) fraud is a multifaceted and **expensive** issue facing the Commonwealth of Pennsylvania



Individuals who abuse our welfare system **cheat taxpayers** and divert critical resources from our most vulnerable friends and neighbors



Comprehensive legislation is needed to address glaring deficiencies in current law

A Comprehensive Approach to Tackling Fraud



Withholding public assistance from convicted criminals and deviants



Closing loopholes in the Public Welfare Code (Act 21 of 1967)



Ensuring taxpayer-funded welfare benefits are spent appropriately



Increasing penalties for willful fraud and deterring fraudulent activity



Withholding Public Assistance from Convicted Criminals and Deviants

The **Public Assistance Integrity Act (PAIA)** withholds welfare benefits from **sex offenders** who fail to register or maintain compliance under Megan's Law

- This provision alone has been estimated to save taxpayers **as much as \$2,800** for each non-compliant individual
- This measure will also help **ensure compliance** with court-ordered registration requirements
- Identical language contained in **HB 166** (2015-16 Session) passed the House of Representatives with **unanimous consent (198-0)**

PAIA also withholds welfare benefits from **convicted drug traffickers**

- PAIA **prioritizes substance abuse treatment** – first time offenders could remain on public assistance if they comply with court-ordered treatment and submit to periodic drug screenings
- Subsequent convictions or failed drug tests would render such persons **permanently ineligible** for public assistance
- Identical language contained in **HB 222** (2015-16 Session) passed the House of Representatives with **overwhelming bipartisan support (170-20)**



Closing Loopholes in the Public Welfare Code (Act 21 of 1967)



PAIA closes the **Luxury Car Loophole**

- Under current law, one motor vehicle is exempt when calculating a welfare applicant's "available resources"
- **PAIA** would cap the value of an exempted vehicle at \$40,000
- Any vehicle which exceeds \$40,000 in fair market value would count as an available resource of the welfare applicant and would **reduce benefit entitlements, thereby saving taxpayer dollars**

PAIA would also close the **Lottery Loophole** once and for all

- Under the legislation, cash lottery winnings in excess of \$600 would count as income for a welfare applicant
- This information would be used by the Department of Human Services in determining prospective benefit eligibility



Ensuring Taxpayer-Funded Welfare Benefits Are Spent Appropriately

The **Public Assistance Integrity Act (PAIA)** amends the Public Welfare Code to prohibit the use of an electronic benefit transfer (EBT) card for the purchase of:

- ✓ **Liquor & alcohol products**

Access cards would also be denied if used for any transaction in:

- ✓ A casino or other gaming establishment
- ✓ Any retail establishment that provides adult-oriented entertainment
- ✓ An entity licensed by the PA Gaming Control Board (**PGCB**) and/or the PA Liquor Control Board (**PLCB**)

PGCB and **PLCB**, in consultation with **DHS**, will oversee enforcement to prevent the improper use of public assistance funds

The PAIA includes monetary penalties for retailers who willfully violate the provisions of this section



Increasing Penalties for Willful Fraud and Deterring Fraudulent Activity

PAIA will **increase and standardize the grading and penalties** for individuals who commit welfare fraud

- An offense which leads to the receipt of fraudulent benefits of **\$1,000 or more** would be graded as a **3rd degree felony**
- Less serious offenses (<\$1,000) would be graded as a **1st degree misdemeanor**
- In addition to acting as a deterrent, these upgraded penalties would be commensurate with penalties for other fraudulent benefit activities under Title 18

PAIA will institute **financial penalties** on welfare recipients who lose their EBT cards

- Modest **\$5** replacement fee for the first card lost
- **\$100** replacement fee for any additional card lost within the same calendar year
- This fine structure will **deter recipients from exchanging or selling their EBT cards to unauthorized individuals** while protecting those who have legitimately lost or misplaced their cards
- DHS will be required to report repeat offenders to the Office of Inspector General