



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1251

PRINTERS NO. 1370 PRIME SPONSOR: Toohil

### COST / (SAVINGS)

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

**SUMMARY:** Amends the Public Welfare Code by realigning the definitions and penalties for welfare fraud with those in the Crimes Code. Effective date is in 60 days.

**ANALYSIS:** House Bill 1251 expands the definition of welfare fraud to include electronic benefits transfer (EBT)/ ACCESS and authorization cards (as currently defined in the Crimes Code); clarifies that knowingly making a false or misleading statement to secure an EBT/ Access card or violations regarding buying/ exchanging EBT cards or food stamps is a crime subject to penalties; and revises the penalty schedule to mirror Crimes Code penalties for welfare fraud. The current Public Welfare Code penalty schedule deems fraud of \$999 or less as a misdemeanor of third degree; \$1,000-\$1,499 as misdemeanor of the second degree; \$1,500-\$2,999 a misdemeanor of the first degree and \$3,000 or more as a felony of the third degree. House Bill 1251 would change the degree of crime to a value of \$999 or less as a misdemeanor of the first degree and \$1,000 or more as a felony of the third degree. (The maximum penalty for a misdemeanor of the first degree is \$10,000 in fines and 5 years of incarceration; the maximum penalty for a felony of the third degree is \$15,000 in fines and 7 years of incarceration.) The legislation would also provide that the Inspector General's Office rather than the Treasury Department would be responsible for investigating and prosecuting cases of fraud. County assistance office employees who, in good faith, make a report of suspected fraud would be provided with whistleblower status (Act 169 of 1986) and would be given immunity from civil or criminal liability.

**FISCAL IMPACT:** It is estimated that adoption of the legislation would have no fiscal impact on Commonwealth funds. The department's current Application for Benefits, (under sections entitled, Prohibitions and Penalties as well as Affidavit-Client's Copy) includes the notice that if an individual is found guilty of violating the rules or committing fraud, that individual may be fined up to \$15,000 for cash and jailed up to seven years for cash assistance. The legislation would bring the Public Welfare Code language regarding welfare fraud penalties into compliance with the Crimes Code and with the reference to the Crimes Code maximum penalty for a felony of the third degree as indicated in the department's Application for Benefits form. However, to the extent that increased incarceration would result, the estimate assumes that convicted offenders would serve the specified term of incarceration in county jails. Section 1417 of the Public Welfare Code allows an employee of a county assistance office to make a report of suspected fraud directly to the Office of Inspector General. The legislation would provide the employee with protection to report.

**PREPARED BY:** Kathy Vranicar  
House Appropriations Committee (R)  
**DATE:** April 11, 2011

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