

## MEMO



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**To:** PCCYFS Public Policy Committee  
**From:** Alex Rahn, Wanner Associates  
**Date:** January 8, 2010  
**Subject:** January 2010 Report

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The Legislature returned in January to finish long awaited table game legislation. Expanding gambling in Pennsylvania to allow for table games was actually part of funding for this year's budget agreed upon in October, with the expansion expected to raise \$250 million. However, since October legislators and the Governor were not able to agree on the final plan on how to allow table games in the Commonwealth. Governor Rendell said without that money, he was prepared to furlough nearly 1,000 state workers while making what he described as steep cuts to an array of state programs.

Public Welfare Secretary Estelle B. Richman, effective Dec. 31. Richman resigned in December. She had served since the beginning of Governor Rendell's Administration. The Governor has nominated Harriet Dichter of Philadelphia to succeed Richman as secretary. Her nomination is subject to Senate confirmation. Dichter, the Governor's nominee to succeed Richman, currently serves as Deputy Secretary, Office of Child Development and Early Learning for the departments of Public Welfare and Education.

### **DeWeese, Stetler Charged In Third Round of Indictments**

Former House Speaker and current House Majority Whip H. William DeWeese (D-Greene), former House Democratic Campaign Committee Chairman and state Revenue Secretary Stephen Stetler, and former DeWeese district office aide Sharon Rodavich were charged in the ongoing Bonusgate investigation. Stetler, aware he would be charged, resigned as Revenue Secretary. In the presentment, Attorney General Tom Corbett said that DeWeese used his legislative staff extensively for campaign work and fundraising. Rodavich allegedly helped direct the campaign activities from DeWeese's district office in Greene County. According to the presentment, former DeWeese Chief of Staff Mike Manzo, who was indicted in the first round of Bonusgate charges, testified that DeWeese's legislative staff and campaign staff were virtually one and the same." Stetler is also charged with directing legislative employees to conduct political work including continuing a policy of having legislative staff conduct campaign opposition research. All three defendants face six counts and if convicted of all charges could face up to 40 years in prison and \$85,000 in fines. House rules prohibit legislators under indictment from holding leadership positions so DeWeese stepped down from his position as Majority Whip. According to published reports, House Majority Leader Todd Eachus (D-Luzerne) also recently received a letter from the Attorney General's office inviting him to appear before the grand jury. Stetler and DeWeese received letters at the same time and similar letters have also gone out to others indicted in the Bonusgate investigation, including former Speaker of the House John Perzel (R-Philadelphia).

### **House Democrats Elect Dermody Whip**

House Democrats elected Representative Frank Dermody (D-Allegheny) as Caucus Whip to replace Representative Bill DeWeese (D-Greene). Dermody defeated fellow Allegheny County Representative Joe Preston (D-Allegheny) on the second ballot of the caucus election. In 2008, Dermody sought, but lost to

Representative Todd Eachus (D-Luzerne) in the race for Majority Leader. Representatives David Levdansky (D-Allegheny), Joe Markosek (D-Allegheny), Mark Cohen (D-Philadelphia), Peter Daley (D-Washington), and Mike Hanna (D-Clinton) all also sought support for the position in the lead up to the election.

### **Manderino to Retire**

Rep. Kathy Manderino announced this month she will not seek re-election to the state House, ending her 18-year run in the General Assembly. "It has been a tremendous honor and privilege to represent the people of the 194th Legislative District," Manderino said in a statement. "Working with my colleagues in the House, and especially with the residents, community groups, organizations and businesses of my legislative district, I believe we have made a significant and positive impact in our local communities and on Pennsylvania. I have enjoyed my 17 years of service in the state legislature, I'm proud of the work I have done, and I'm looking forward to my remaining year as a state representative." Manderino, a Democrat, chairs the House Committee on Ethics. She's the third lawmaker to announce her retirement, joining Reps. Katie True and Barbara McIlvaine Smith.

### **Legislation**

#### **HB 685 Payne Amends Public Welfare Code re app/registration**

Amends the Public Welfare Code providing for application for registration certificate by stating that applicants would provide proof of a current general liability insurance policy that covers all persons who are on the premises. The facility's current certificate of compliance, a copy of the applicable department regulations, a copy of the facility's inspection summary and any other record required by the department would be posted in a conspicuous location used by parents. The bill provides for disclosure, in which a facility owner must provide the child's parent with certain required information in writing at the time of the child's application. Upon enrollment, the parent would sign an agreement with the facility operator and provide emergency contact information as required by the department.

*01-21-10 H Hearing set for 11:00 a.m., Room 60, East Wing, House Children and Youth*

#### **HB 967 Cohen Amends Title 23 re petition to adopt**

Amends Title 23 (Domestic Relations) in proceedings prior to petition to adopt, further providing for grounds for involuntary termination by adding that a the rights of a parent convicted of any of several offenses (largely relating to sexual and indecent assault) would involuntarily be terminated. Parental rights would also be terminated if the child has been and is currently removed from the care of the parent under a court order or under a voluntary agreement with an agency and a court has previously determined that aggravated circumstances exist and reasonable efforts to reunify the child with the parent are not required.

*12-29-09 H Discussed in informational meeting, House Judiciary*

#### **HB 1051 Sturla Amends act re background checks, child abuse**

Amends the Public School Code providing an individual may not be employed in a public or private school, intermediate unit or area vocational-technical school if the individual has been identified, within five years immediately preceding the date of application for the employment, as a perpetrator of a founded report upon which there has been a judicial adjudication based on a finding that the child who is the subject of the report has been abused. Also amends Title 23 (Domestic Relations) by stating that the Department of Education and county authorities may release confidential information to an employer of a child-care service employee, service provider, administrator or school employee as it relates to the employee's suitability in the workplace and to the protection of the health, safety and welfare of the children in the employee's workplace.

*01-25-10 o Set on the House Calendar*

#### **SB 47 Robbins Amends Public Welfare Code re county boards**

Amends the Public Welfare Code requiring the department to make a good faith effort to determine whether an applicant for cash, medical or energy assistance is a veteran; limits the ability of Medical Assistance long-term care recipients to deduct unpaid medical expenses in determining the amount of income they must contribute toward the cost of their nursing home care; makes technical corrections to the hospital assessment; clarifies that long-term health care hospitals will be excluded from the assessment; and authorizes

Philadelphia to use its share of the assessment for city health clinics. Further providing for establishment of county boards and expenses by removing the requirement that two-thirds of the members of the Senate consent to the gubernatorial appointments to county boards and adding a requirement that each appointment by the governor must bear the endorsement of the senator of the district in which the nominee resides. Also adds language providing it shall be unlawful for any individual to purchase liquor or alcohol with a gift certificate or a gift card which is in the form of an electronic benefits card issued to convey public assistance benefits administered by the department or a debit card issued to convey support payment moneys. In addition, adds language providing if an employee of a county assistance office who has reason to believe a recipient or applicant of public assistance is committing fraud or providing false information in order to receive public assistance benefits the employee shall make a fraud report directly to the Office of Inspector General. Further provides the employee shall not be subject to any sanctions for making a fraud report.

*02-11-09 S Final Passage (Vote: Y: 47/N: 0)*

*12-16-09 S Senate concurred in House amendments (Vote: Y: 46/N: 3)*

*12-17-09 G Approved by the Governor (Act: 54)*

### **SB 922 Kitchen Amends Public Welfare Code re county boards**

Amends the Public Welfare Code further providing in general powers and duties of the Department of Public Welfare, providing for determining whether applicants are veterans by good faith effort; and, in public assistance for establishment of county boards and expenses by requiring each appointment by the governor to bear the endorsement of the senator of the district in which the nominee resides; providing for reasonable limits (changed from lifetime limit) on allowable income deductions for medical expenses when determining payment toward the cost of long-term care services; further defining "general acute care hospital"; defining "high volume Medicaid hospital"; and further providing for authorization by adding that beginning on or after July 1, 2009, and subject to advance written approval by the secretary, a municipality may impose a monetary assessment on the net operating revenues reduced by all revenues received from Medicare of each high volume Medicaid hospital located in the municipality; and further providing for administration, no hold harmless, and tax exemption.

*01-05-10 H Set on the House Voting Schedule*

### **SR 161 Argall Resolution re: government operation management study**

Resolution establishing a commission of private and public sector cost-minded leaders of this Commonwealth to study the management of current government operations and to make recommendations of cost-cutting measures. (Prior Printer Number: 1375)

*12-16-09 S Adopted (Vote: Y: 49/N: 0)*

### **New Legislation**

#### **SB 1118 Greenleaf Act re PA Office for Faith-Based/Neigh. Ptnrsp**

The Pennsylvania Office of Faith-Based and Neighborhood Partnerships Act establishes the Pennsylvania Office of Faith-Based and Neighborhood Partnerships within the Governor's Office and the Pennsylvania Advisory Commission on Faith-Based and Neighborhood Partnerships. The bill provides for the powers and duties of the office and commission.

*12-17-09 S Introduced and referred to committee on Senate State Government*

### **Upcoming Meetings of Interest**

House Children and Youth    WEDNESDAY - 2/10/10    10:00 a.m., Room 39, East Wing  
Meeting on Youth Transitioning from Foster Care

### **2010 SENATE SESSION SCHEDULE**

January	5 (non-voting), 25, 26, 27		
February	1, 2, 3, 8, 9, 10	(Budget Hearings: 16, 17, 18, 22, 23, 24, 25)	
March	8, 9, 10, 15, 16, 17, 22, 23, 24	(Budget Hearings: 1, 2, 3, 4)	
April	12, 13, 14, 19, 20, 21	May	3, 4, 5, 24, 25, 26
June	7, 8, 9, 14, 15, 16, 21, 22, 23, 28, 29, 30		

## **2010 HOUSE SESSION SCHEDULE**

January: 5, 6, 7, 25, 26, 27  
February: 8, 9, 10  
March: 8, 9, 10, 15, 16, 17, 22, 23, 24  
April: 19, 20, 21, 26, 27, 28  
May: 3, 4, 5, 24, 25, 26  
June: 7, 8, 9, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30

Copies of all bills of interest can be accessed via the Internet at:

<http://www.legis.state.pa.us/WU01/LI/BI/billroom.htm>

### **House Children & Youth Committee**

*11:00 a.m., 12/03/09, Room 60 East Wing*

The committee conducted an informational meeting on the implementation of Act 33 of 2008 and reports on child abuse related fatalities and near fatalities. Members present included Chairman Louise Bishop (D-Philadelphia) and Representatives Vanessa Brown (D-Philadelphia), Gary Day (R-Lehigh), Dan Moul (R-Adams), Kevin Murphy (D-Lackawanna), Brad Roae (R-Crawford), Steve Samuelson (D-Northampton) and Will Tallman (R-Adams). Also present was Rep. Brendan Boyle (D-Philadelphia).

[Estelle Richman](#), Secretary of the Department of Public Welfare, provided an overview of department's [2008 Annual Child Abuse Report](#). She told committee members, "The most staggering statistics in the 2008 report are that 50 children died as a result of abuse or neglect and 24 children nearly died as a result of abuse or neglect" and noted, "This is the highest number of child deaths in Pennsylvania since 2002." Secretary Richman pointed out that for the first time the report includes a full year of detailed information on child fatalities and near fatalities due to child abuse and neglect. She commented, "While these summaries are not easy to read, they help to change the perception of these tragic events so that each death has a human face and is not just another statistic." Secretary Richman added, "I believe that understanding is essential in our efforts to raise awareness and expand our network so that we can continue to make progress toward bringing an end to these horrific acts that physically, mentally and emotionally affect our children. These statistics are more than mere numbers in a report; they represent the lost lives and lost potential in this Commonwealth." She reviewed who the children that died are; how they died; and who was responsible for their death.

Secretary Richman explained that Act 33 of 2008 prescribes a child death review process which includes community partners so that specific solutions can be identified to promote systems change through greater awareness and prevention activities. She further explained that Act 33 requires county agencies to convene a child fatality or near child fatality review team for all deaths and near deaths that are the result of child abuse or when a decision cannot be made within 30 days of receipt of a report. Secretary Richman said information suggests that most counties are utilizing existing multi-disciplinary teams to review child deaths and near deaths. According to Secretary Richman, "Through the Office of Children, Youth and Families Regional Offices, DPW is fulfilling its mandate to review child fatalities and near fatalities." She concluded her testimony by telling the lawmakers, "Through our ongoing leadership and ability to provide case specific information to the public for child fatalities and near fatalities we will have a system that is more accountable and transparent." Secretary Richman added, "However, I am strongly supportive of efforts to further amend the confidentiality law to provide more information to the public when children die as a result of abuse. Sharing additional information will create further transparency in government and allow for a more honest discussion about the improvements needed in the child welfare system."

Rep. Day wanted to know if Secretary Richman has implemented, in the process of implementing Act 33 or any other processes under her purview, any type of external consultants coming in to perform system reviews or if she has considered it. Secretary Richman replied that should be considered but has not been. She explained the department has been considering over the last couple of years, but has not been able to put into operation because of the financial crisis, a child ombudsman which would give some opportunity for external review. Secretary Richman further explained this idea has been "tossed around" for several years in the Commonwealth. She added, "We have now a plan where we think we can work with some of the organizational factors getting it into law and then try to figure out how we fund it." Secretary Richman

described the ombudsman as a "critically important factor to have for children." She also advocated for a similar position for adults that are between ages 18 to 59. Secretary Richman said, "Both are number 1 on my agenda to try to get through." Rep. Day said he has been exploring how to apply certain processes in private sector management organizations to government processes. He conceded it would be financially impossible to do with the entire department but said he would like to work with the department on some of the individual processes such as implementing this Act. Secretary Richman said her department would be happy to work with him on that.

Rep. Samuelson described the statistic of 50 deaths as "staggering" and he wanted to know the number of deaths in previous years. Secretary Richman responded there were 49 in 2002; 36 in 2003; 44 in 2004; 40 in 2005; 31 in 2006; 46 in 2007; and 50 in 2008. She added the department has a packet of information outlining the age of the child, the cause of death and who caused the death. Rep. Samuelson noted that in her testimony Secretary Richman indicated that of the 50 cases, 27 had received services from the children and youth agency while 23 had no prior involvement with the children and youth agency. He wanted to know if the department has determined why those 23 cases had not come to the attention of authorities. Secretary Richman explained that part of the review is questioning the mandated reporters who saw the child on a continual basis and did not pick up something. She said the department continually trains mandated reporters such as teachers and doctors on identifying signs of abuse. Rep. Samuelson wanted to know if the department has identified any gaps in the system or if the current network of mandated reporters is efficient. Richard Gold, Deputy Secretary for the Office of Children, Youth and Families, explained that one of the largest areas of previous contact is cases where there was a report which was suspicious but not conclusive. He further explained that many of the children who died who were not known were very young (13 of the children were under one year of age) and might have been a co-sleeping death and there wasn't an opportunity to be known to the system. Gold explained many have died even before the second "well baby" visit. He added the statistic has to be taken into the context of the age of the child. Gold admitted, "We do have cases where we too are puzzled how this child escaped the network of mandatory reporters as well as just people concerned." Secretary Richman said, "There still seems to be some discussion around whether a child under one should sleep with a parent." She added, "We know it is responsible for many child deaths yet there are still many people who encourage a parent to take a very young infant to bed with them. With the number of deaths we see across the country related to co-sleeping, I think it begs for a policy discussion that people can be educated about."

Rep. Brown emphasized the role of education and wanted to know how the department encourages education on the subject and if mandatory reporters know their responsibilities. Secretary Richman responded that she is not sure every teacher, pediatrician, etc. is adequately trained but people directly involved in child welfare do get training. Rep. Brown wanted to know how the public can get information on child abuse. Cathy Utz, director for Policy and Program Development for the Office of Children, Youth and Families, said the department can provide some information. She said the department is looking at putting the report on its website and summaries will be come out more frequently. Secretary Richman added that it is a good idea to make the public more aware. She related that recently she found a child locked in a car while the mother went into a Starbucks. Secretary Richman said she waited at the car and waited for the mother to return. She explained to the mother the danger of leaving a child in a locked car. Secretary Richman said, "If we are serious about this issue, we all need to take responsibility." Rep. Brown asked if there has been any study regarding post partum depression and the death of a child. Utz responded that they are "honing in on underlying issues and causes". She said there is a need to dig deeper into the causes and the department is working on new safety assessments. Secretary Richman said the department is working with the Department of Health and other stakeholders on an initiative dealing with prenatal and postnatal depression.

Rep. Tallman commented that he had attended a meeting regarding autistic children and he noticed how young the counselors and advisors seemed to be. He wondered if they had the experience to deal with these issues. Secretary Richman said these individuals would have received training during their college education and after graduation, but noted "some experience does come with age." Rep. Tallman asked about a case in Adams County where the mother did not follow the recommendations of family services and the child died and no charges have been filed. Gold said the department is aware of the case and noted that the people in Adams County did receive additional training. Rep. Tallman wanted to know when the department intervenes in a case. Gold said it becomes involved when a death is brought to its attention. Rep. Tallman asked if it is

up to law enforcement to bring charges. Gold said it is up to law enforcement to file criminal charges. Utz added if the department receives a report of child abuse it reports it to law enforcement.

Chairman Bishop expressed concern with a specific case in Philadelphia and wanted to know what the department has in place to avoid this particular problem in the future. Secretary Richman explained that the value of any system is the quality of the supervisory staff and there needs to be a level of accountability. She said the department tries to train not only line workers but also managers and supervisors. Rep. Moul wanted to know how CACs (children's advocacy centers) fit into the implementation of the Act. Secretary Richman said they do joint interviews with the department. Rep. Moul wanted to know what happens when a CAC spots a problem. Secretary Richman said the CAC is required to report it to the Office of Youth, Children and Families and can report it to law enforcement. She added that they all do it and the counties learned early on the importance of CACs. Secretary Richman also said teamwork is critical. Rep. Moul asked about Secretary Richman's suggestion regarding amending the confidentiality law. Secretary Richman said some parts of the law are too restrictive. She added transparency is critical. Secretary Richman went on to say that the Commonwealth made a major step in enacting Act 33 in 2008. She suggested that after the law has been in effect for a couple of years the General Assembly and the department need to go back and review what changes may be needed.

Rep. Boyle noted that in the last 10 years the number of substantiated cases has dropped from 5,000 per year to 4,000. He said the number is still too high but there has been improvement. Secretary Richman credited her department and the counties. She explained the department works closely with the counties who work on this on a daily basis. She said the statistics are headed in the right direction and it is a good trend but the number of deaths has still not gone down. Gold said the counties deserve credit for striving for more specialized family services and they have tried to be more creative. Rep. Boyle wanted to know if the reduction is just in Pennsylvania or if it is a nationwide trend. Secretary Richman responded that it is a nationwide trend, which she credited to more public awareness and better treatment. Rep. Roae asked if there have been any kind of studies indicating whether there are any characteristics of people who abuse children. Secretary Richman said there have been prevalence studies but the data is unclear. She explained some factors lead to higher incidents while some factors lead to lower incidents. She also pointed out that it is not related to income. Secretary Richman said there are some factors that lead to a higher risk but not necessarily a causation. She added the department tries to identify the risk factors.

Rep. Samuelson asked if deaths caused by co-sleeping, non use of a seat belt and water related accidents are included. Secretary Richman said they are included because when a child dies it is reported. Rep. Samuelson noted that a recent study has shown an increase in aggressive driving and accidents in the Lehigh Valley. He wanted to know if it is reported when a child dies in an automobile accident because they were not wearing a seat belt. Utz said Act 86 looks at all child deaths involving children under the age of 21. Rep. Samuelson then cited a recent news story that one in eight people is now relying on food stamps and that Missouri signs up to 98% of its eligible claimants. He wanted to know how Missouri has such a high rate. Secretary Richman said she did not know why Missouri does so well but noted that Pennsylvania is always one of the top ten states in outreach regarding food stamps and heating assistance. She added the lack of both food and home heating are risk factors for child abuse. Chairman Bishop said the committee would like to work with the department on an educational program. She commented, "For too long we have been too quiet about the child abuse laws." Chairman Bishop advocated putting a program together including public service announcements and being more aggressive in education the public.

Charles Songer, executive director of the Pennsylvania Children and Youth Administrators, expressed appreciation for the "support of our state partners." He said it has been a learning year for both the counties and the state in implementing Act 33. Songer told the committee that child abuse is a "community issue" and no one agency can solve it alone. He added they have made great progress in the fight against child abuse but "they are not working their way out of a job." He said counties are working smarter and are using better tools and training and strategies. According to Songer, staff turnover is a significant problem for counties. He also said there is a concern that smaller counties don't have the resources to bring people in. Songer told the committee no significant issues have shown up in implementing the Act. He agreed with Secretary Richman on the need for changes in the confidentiality law. Songer expressed concern with how and by whom the medical community is being trained. He did note his group is working with the Academy of Pediatricians on a training program.

Rep. Samuelson wanted to know if the counties have made any changes in their prevention efforts because of tight budgets. Songer responded that each county is somewhat different. He added they have had to put "everything on the table" but they know cutting back on prevention is short sighted. Rep. Samuelson wanted to know where the state could direct limited resources. Songer said they balk at specific funding and would prefer more flexibility. Rep. Moul praised the work of the Adams County CAC and wanted to know how to make sure CACs are available in all of the counties. Songer said the best way is to show how successful CACs have been in other counties. He added "cookie cutters don't work." Songer said some communities won't embrace it but there is a need to embrace the concept. Rep. Day wanted to know what structures would work best in the counties. Songer responded that more flexibility in funding is needed along with more accountability; getting a handle on staff recruitment and retention; and working with the department and stakeholders to develop clear practice standards.

### **Senate Public Health and Welfare and Senate Republican Policy Committees**

*9:30 a.m., 12/16/09, Hearing Room One North Office Building*

The committees held a joint public hearing on the Auditor General's reviews of portions of the Department of Public Welfare programs. Committee members in attendance included Public Health and Welfare Chairman Pat Vance (R-Cumberland) and Minority Chairman Vincent Hughes (D-Philadelphia), SRPC Chairman Edwin Erickson (R-Delaware), Senator Richard Alloway (R-Franklin), Senator Michael Brubaker (R-Lancaster), Senator Jay Costa (D-Allegheny), Senator Mike Folmer (R-Lebanon), Senator Richard Kasunic (D-Fayette), Senator Daylin Leach (D-Montgomery), Senator Sean Logan (D-Allegheny), Senator Bob Mensch (R-Montgomery), Senator Kim Ward (R-Westmoreland), Senator LeAnna Washington (D-Philadelphia), Senator Anthony Williams (D-Philadelphia), and Senator Gene Yaw (R-Bradford).

[Auditor General Jack Wagner](#), focused his remarks primarily on the special performance audit of the Special Allowance Program. "The economic hardships facing more Pennsylvanians require us to make certain the Special Allowances Program is working efficiently and effectively without any fraud, waste or abuse in the program. Special Allowances are vital to help people in need," he stated. Auditor General Wagner said the audit "identified critical flaws in the program" and uncovered a program that was "rife with mismanagement and poor oversight, creating an environment for potential fraud and abuse that could cost taxpayers tens of millions of dollars." The audit identified "four systemic control weaknesses affecting special allowance processing at the county assistance offices that we audited" which included: "a lack of adequate documentation, a lack of adequate supervisory review, inadequate monitoring of recurring special allowance payments, and inconsistent application of special allowance policies and procedures."

The audit made 32 recommendations, including the following:

- Provide active leadership and appropriate policies and procedures to CAOs to ensure accountability for approval and use of special allowances through adequate documentation including receipts of all special allowance purchases, supervisor review, and management oversight.
- Monitor to ensure duplicate special allowances are not issued by CAO and employment and training contractors, and ensure that training schools and other institutions notify DPW if they believe that DPW has overpaid for recipient expenses.
- Cooperate fully with government audits and provide auditors with all requested information in a timely manner, and do not hinder the audit process by informing personnel to correct documents prior to providing them to the auditors.
- Provide sufficient oversight with respect to all aspects of electronic benefits transfer cards, including performing a review of all management controls at each CAO related to the inventory, printing/activating, distributing, and monitoring of electronic benefits transfer cards.

[Estelle Richman](#), Secretary of the Department of Public Welfare, said the Department has "taken significant steps to tighten our processes to prevent fraud and abuse." She emphasized that it is not easy to sign up for public benefits and discussed the application process in which "each of the applications undergoes more than a dozen electronic checks."

Secretary Richman then discussed the audits beginning with the LIHEAP report. She indicated that auditors used "data mining to identify 253,358 LIHEAP cases with potential errors." "Over 99.9 percent of the

applications that were flagged as potential fraud in the original report were in fact paid out correctly, she said, "The majority of the cases that we reviewed turned out to be related to data entry errors like transposing digits on a social security number." Since the audit was conducted, the Department has implemented "a new computer system for LIHEAP that automatically checks Social Security numbers" and "a robust monitoring system that uses an outside forensic accounting firm to monitor the largest counties and crisis contractors." In regards to the audit on Medical Assistance program, Secretary Richman said the Department "strongly disagrees with the finding that there is a 14 percent error rate." She stated that the finding was "based on limited data and includes mistakes by the auditors" and indicated that the sample used by auditors "was not geographically representative." Although the Department did not "agree with the Auditor General's methodology and analysis," Secretary Richman said the Department has "strengthened one of our electronic checks to identify if someone has an increase in income even if the employer has not changed."

Secretary Richman said the Department agreed with many of the findings in the Auditor General's special performance audit of the Special Allowance Program. "We made several major changes to the program to tighten verification requirements and improve accountability," she stated. She highlighted several of the changes including improving accountability for Child Care Allowances by integrating "services for all children, parents, and providers participating in the childcare subsidy program by having the local Child Care Information Services (CCIS) serve all families in the subsidized child care program." In an effort to provide greater accountability for Clothing Allowances, the Department implemented "PA Workwear which replaces payments to individuals with vouchers that can only be redeemed at our clothing vendor." Secretary Richman also gave an overview of the "operations memos" that are intended "improve verification and accountability and make sure that every county assistance office uses the same set of rules." Secretary Richman emphasized that the Department is also updating the regulations that govern the Special Allowance program.

Chairman Erickson asked if the Auditor General followed up with the Department to determine if the recommendations are made. Auditor General Wagner responded "yes" and said the Department of Auditor General follows up every special performance audit twelve months after recommendations have been made. Chairman Vance asked if there is any way to recover money from the Medical Assistance provider in the event that an ineligible payment was made to it for someone who is no longer eligible for assistance. Auditor General Wagner said "we can't collect that; the Department of Auditor General is not a collection agency." Secretary Richman said she does not believe the Department can because "it is a contract based on eligibility." She indicated that the Department has implemented a new "recording mechanism" that enables the Department to check to see if a person got a raise which would disqualify them for the assistance. She stressed that the Department does not take fraud lightly and said the audits provided the Department an opportunity to tighten up the programs.

Senator Costa thanked Secretary Richman for her service. He asked the Secretary to respond to the following comment that was made in a report by Auditor General Wagner: "We discovered that the organizational culture within DPW adheres to a philosophy of issuing special allowances based on entitlement rather than based on recipients' actual needs." Secretary Richman reiterated that the entire Department "takes fraud and abuse very seriously." She said the staff at the County Assistance Office face tremendous pressure and pointed out the clients they interact on a daily basis "are not out to game the system...they don't want to be there." She acknowledged that there may be a "very small percentage of staff that don't follow the regulations" but stressed that they are the exception to the rule. "We take the training of our supervisors very seriously and we do checks on all our workers," she said. Secretary Richman assured the committee members that there is not a culture of "close your eyes and authorize."

Minority Chairman Hughes asked what steps the Department has taken to implement the recommendations that were made in the audits. Based on recommendations made in the LIHEAP audit, Secretary Richman said all applications are going through "the most stringent eligibility process we have." In terms of the Medical Assistance audit, she reiterated that the Department implemented a new recording mechanism that enables the Department to check to see if a person got a raise which would disqualify them for assistance. Secretary Richman indicated that the largest amount of recommendations came from the Special Allowance audit and said the Department has "proposed a list of regulation changes."

Senator Kasunic questioned if instances of fraud will increase with the greater utilization of the COMPASS program. Auditor General Wagner emphasized that the audits identify "potential fraud" and stressed that

"proper verification is a critical component of the process" regardless if it's done online or face to face. Secretary Richman agreed and said the Department aims to "eliminate as much of the potential" for fraud as it can.

Senator Ward questioned why auditors had a hard time gathering information from DPW. "I think we tried to be helpful and accountable to the Auditor General's staff," Secretary Richman responded, "I am not aware of any time we ever came close to not giving information to them." Senator Ward read an email between DPW staff that "comes close to "obstruction" which essentially said to "fix everything before the auditors see it." Secretary Richman said the Department tries to give the Auditor General accurate information. Senator Ward asked how the Department recoups money that is inadvertently paid out. "For many of these folks we deduct it from their cash assistance," Secretary Richman said. "In certain audits we had good cooperation in other audits we have had difficulty getting the information we requested," Auditor General Wagner stated, "This is all about where we are going forward and how we improve these programs." He noted that there "must be verification of all expenditures" in the Special Allowance program.

Senator Leach asked for clarification on the term "management" in the Auditor General's report on the Special Allowance program and questioned if it is the Department's responsibility to ensure that recipients spend the Special Allowance money in its intended way. Auditor General Wagner said there "needs to be a constant component of oversight" and opined that the Special Allowance program needs "a singular person overseeing the program." Secretary Richman stated that it is the Department's responsibility to "make sure the dollars we're issuing are spent for the purpose they were issued for."

Senator Brubaker asked if the Department is "taking action on the deficiencies on which you agree" or is the Department looking to implement all of the recommendations. Secretary Richman said, "We've taken action on those we believe there is an implementation that reduces the potential for fraud" and indicated that the Department is still working with the Auditor General to clarify any remaining issues. "We have had overwhelming support in the audit of the Special Allowance program," Auditor General Wagner said, "They have agreed with implantation on 30 of 32 recommendations." He expressed concern about the LIHEAP recommendations and said he "would like to see a more cooperative spirit."

Senator Yaw, noting that the Auditor General's audit found a 45 percent error rate in the Special Allowance program, questioned if the Department does internal audits. Secretary Richman said the Department does do internal audits and increased the number of audits on each individual case worker. She said the audit was conducted "when the Child Care System was converted to a system which pays the vendor directly." She stressed that the Department has "put in more systemic systems and more double-checks." Auditor General Wagner stated "where you don't have receipts for 45 percent of expenditures, red flags go up." "Taxpayers must know their money is being properly spent," he added. "We are putting every check in balance to identify and apply consequences to people who try to game the system and cheat the taxpayers," Secretary Richman stated.

Senator Vogel asked if there has been "more stringent training" in place for CAO staff. Secretary Richman said the staff is civil servants who train six to twelve months initially and then train continually. She stated that it is the "toughest job in DPW" and the Department has strengthened training practices in key areas. "We take the training very seriously we put a great deal of investment in our workers," she added. Chairman Vance questioned under what circumstances the Department allows a recipient to make a vehicle purchase. Secretary Richman said a \$750 voucher is offered to people in rural areas so they can get to work and school and stated that the Department does not provide a voucher for anyone in an area where there is "comprehensive mass transit systems."