



NEWS RELEASE

Treasurer McCord Announces \$5.2 Million in Savings to Pennsylvanians through New Debit Card Program

Treasurer asks current cardholders to verify their addresses to avoid delays in receiving a new card

Harrisburg -- State Treasurer Rob McCord today announced significant improvements to the debit card program that Treasury uses to disburse unemployment and workers' compensation payments – saving individual Pennsylvanians an estimated \$5.2 million per year in transaction fees.

The new program, administered by JP Morgan Chase, will offer cardholders a 25 percent increase in the number of in-network ATM machines where cardholders can make unlimited cash withdrawals and balance inquiries for free. The program also offers other free services, such as online bill pay, customer service calls, and cash withdrawals from tellers at participating banks.

"We've developed a national model for how to pay benefits via a debit card in a way that does not 'nickel and dime' recipients with high fees and excessive transaction costs. Instead, workers who have earned benefits – and need those dollars to get through hard times – will have more resources to survive and support their families," McCord said.

"Labor & Industry is pleased to be working with the Pennsylvania Treasury to provide a more user-friendly, easily accessed debit card for the state's UC claimants," Labor & Industry Deputy Secretary Gregg Shore said. "It's important to help claimants access benefits quickly and at little or no cost to them while they are relying on UC to pay bills and put food on the table. Our ultimate goal is to help claimants transition from UC to gainful employment in the state."

Anyone who received a debit card and a deposit since May 2012 will receive a new card in the mail during the first week of March. McCord stressed that for uninterrupted service, debit card holders must visit www.debitcard.patreasury.gov to verify their mailing address. For security purposes, the post office will not forward debit cards.

Treasury's efforts earned praise from Lauren Saunders, Managing Attorney with the National Consumer Law Center (NCLC) and author of the 2011 report "Unemployment Compensation Prepaid Cards: How States Can Deal Workers a Winning Hand by Discarding Junk Fees."

"The Pennsylvania unemployment prepaid card is now one of best in the country," said Saunders. "Pennsylvania is a model for how states that put their minds to it can save unemployed workers millions that they need for their families."

The NCLC will soon release a report announcing that Pennsylvania is one of only three states in the country to earn a “two thumbs up” rating for having a card program that focuses on low fees and access to customer service. One factor the NCLC cites for that high rating is that Pennsylvania does not require debit card use. Forty-one percent of Pennsylvania unemployment compensation claimants have selected to receive benefits by that method.

Prepaid debit cards for government payments have been criticized in recent years for imposing fees on cardholders that are not charged for traditional banking products. In its 2011 report, the NCLC described several problems such as denied transactions fees, overdraft fees, and in-network ATM balance inquiry fees.

While Pennsylvania’s prior program did not contain many of the problematic fees described in the NCLC report, Treasury saw room for improvement.

“We reviewed the NCLC report about work done before I became Treasurer, and we asked what we needed to do to ensure that our cardholders would not pay excessive fees for services that the general population takes for granted, such as taking money out of an ATM or calling customer service to check a balance,” said McCord.

The new Treasury program gives cardholders free access to approximately 3,250 in-network ATM machines, an increase of more than 600. Cardholders will enjoy unlimited free online bill paying, have access to a website that is optimized for viewing on mobile browsers, and be able to use an ATM locator application that is also viewable on mobile browsers. Recipients can begin using their new cards on March 15. The new cards will not affect benefit levels.

The state began using debit cards for unemployment compensation and workers compensation in 2007 under management of the Department of Labor and Industry. A change to the state Fiscal Code, enacted in 2010, gave Treasury the authority to administer electronic payment programs.

While lowering fees overall and increasing services, the new card will carry slightly higher fees on a few infrequently needed services. Cardholders will still be entitled to one free replacement card per year and will automatically receive a free new card when their current one expires, but the cost of an additional replacement card will rise from \$4 to \$5, and the cost of expedited shipment of a replacement card will go from \$12 to \$15. Only about 2.6 percent of cardholders, or 4,500, request excess replacements each year.

The six financial institutions offering free in-network ATM withdrawals and other services are Allpoint, Chase, First National Bank of Pennsylvania, MoneyPass, Sovereign Bank, and Susquehanna Bank. Allpoint and MoneyPass do not have physical banking locations; they are networks of ATM machines placed in establishments such as grocery stores, gas stations and pharmacies.

For more information, visit www.debitcard.patreasury.gov.

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