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Testimony Presented
To
Children and Youth Committee
Pennsylvania House of Representatives
June 20, 2012

Submitted by
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Thank you for receiving this written testimony which is being submitted on behalf of the more than 120 member agencies of the PA Council of Children, Youth and Family Services (PCCYFS), a statewide membership association of private providers. We appreciate the opportunity to offer input for consideration by this Committee and value the recognition of the private provider community as a key stakeholder in Pennsylvania's children, youth and family serving systems.

PCCYFS members offer a wide variety of services including prevention, in-home, foster care, residential, behavioral health, and drug and alcohol programs. Many of our member agencies also offer educational programming and other family and community based services. The majority of these programs and services are funded through contracts with counties using a complex combination of local, state, federal and often private dollars. Many of these services and supports are mandated through statute or regulation. And all focus on the desired outcomes of keeping children safe, supporting permanency, competency development, accountability, and ensuring community safety.

Pennsylvania's child and juvenile justice delivery system is state supervised and county administered. This structural relationship is established in law. Each Pennsylvania county must "provide or arrange for the provision of" a specified set of social services for dependent and delinquent children and youth, which are further defined in law and regulation. To meet these legal mandates, all counties, to some extent, rely on private providers to deliver direct social services.

Funding Background and Complexities

In 1976, Act 148 established a formal process by which County Children and Youth (C&Y) agencies are financed through a combination of federal, state and county dollars. Act 148 included fiscal incentives for County C&Y agencies to use in-home and community based services for dependent and delinquent youth, rather than residential programs, whenever appropriate. These financial incentives, reflected in reimbursement rates, served as the catalyst for unprecedented growth of community based and in-home services in Pennsylvania and the development of the infrastructure upon which our current continuum of quality services was built.

This Act was amended in 1991 by Act 30 which established the intent of the legislature to fund County C&Y agencies based upon financial need identified by individual counties and certified by DPW - the Needs-Based Plan and Budget process. Act 30 of 1991 created a process that was intended to provide adequate funding to meet the widely-differing needs of Pennsylvania's 67 County C&Y agencies in an equitable manner using consistent standards. Each County C&Y agency is annually required to submit a needs-based plan and budget to the DPW Office of Children, Youth and Families (OCYF). It was intended that this document accurately reflect the child welfare and juvenile justice needs of each county and be the product of collaborative county planning involving the C&Y agency, juvenile court and commissioners. The intent of Act 30 is that the total DPW-certified dollar amount for all 67 counties is the basis for the figures in the Budget presented by the Governor to the Legislature.

In the past several years, the funding environment has become more challenging, competitive and contentious. As dollars have become more restricted at the federal, state and local levels, there has been movement away from developing budget calculations based on projected need, to one based on actual expenditures from the previous year. This shift has reduced creative planning to effectively respond to the changing needs of children, youth and families, minimized the inclusionary process of providers and community representatives in the planning process, restricted prevention services, and even caused an overly-conservative approach to accepting cases for service.

Contract Language

County Children and Youth and Juvenile Probation Offices are not required to purchase services from private providers. However, the majority (75-85%) of direct services - foster care, group home care, residential, as well as an array of therapeutic, support and in-home services - are purchased by counties from private agencies across the Commonwealth. In many cases, contracted rates do not cover actual costs of mandated services, which must be increasingly subsidized by private dollars raised by providers. Competition for referrals as the basis of continued viability of agency programs, especially in the current environment where referrals for almost all levels of service are decreasing, is a very real part of our service delivery system.

Contracts governing the purchase of services are required by existing fiscal regulations (Chapter 3170), applicable federal rules and local county government requirements. These contracts define the working relationship and payment process between private providers and the individual counties purchasing services. By regulation, counties must negotiate and establish rates with providers. In practice, there is little true negotiation. Even with state reviewed and confirmed maximum allowable costs, contract rates fall short and are not adjusted regularly to reflect increased costs and elevated requirements. Unfunded mandates are the norm, and service providers are expected to produce better outcomes for children and youth without acknowledgement of their financial realities.

Why do we need HB 2295?

The Needs-Based Plan and Budget (NBP&B) process established by Act 30 of 1991 is not working as it was intended. Act 30 delineates the public responsibility to fund mandated services, a responsibility that has not been met for close to a decade. In addition, the timing of the county needs-based process, the current county/state rate determination process of the maximum allowable Title IV-E and Act 148 rates in which the Commonwealth will participate, and the budget and planning process of private providers are disconnected and dysfunctional.

HB 2295 amends Act 30 of 1991 to require that contracted rates cover the costs of mandated services, and requires counties to submit needs-based plan and implementation budget requests that reflect the actual and reasonable projected costs of purchased services. These changes will put the child welfare and juvenile justice systems on a sound fiscal path that will return stability to our social service system.

HB 2295 amends law to require that purchase-of-service contracts between counties and service provider agencies include contract extension language to provide for continuing services and payment at the last contracted rate until a new contract agreement is signed. Without this amendment, there is no legal basis for the continuation of payment for services provided to youth who remain in care beyond the end of the contract term. Upon expiration of purchase-of-service contracts, some banks are reluctant to advance lines-of-credit to agencies that technically do not have "accounts receivable". Provider agencies are then forced to provide services "on faith" that payment will eventually be made, and must identify other sources of funding to meet payroll and other critical operating expenses.

HB 2295 amends law to require that all purchase-of-service contracts include a timely payment clause that requires counties to make payment to private service providers within 30 days of receipt of an accurate invoice for services rendered, or pay an

additional amount of one percent of the outstanding balance due for each month the balance remains due. This amendment should end the practice by some counties of not paying for services for three to six months (or even longer!) after service delivery, a practice that costs service providers thousands of dollars in interest payments, and/or depletion of endowment principle, to provide cash flow to continue business operations.

HB 2295 requires the Department of Public Welfare to convene a time-defined rate methodology task force consisting of delineated representation from the private and public sectors charged with developing a protocol and guidelines for a process to determine the calculation of the actual cost of services purchased.

HB 2295 would insert a long overdue "Purpose Section" in the Public Welfare Code with language that prescribes current child welfare and juvenile justice practice and aligns that practice with existing law and regulations.

HB 2295 amends law to allow the use of state Act 148 funds to reimburse counties for non-basic education program costs incurred on behalf of dependent and delinquent youth under the care of the juvenile court that are intended to enable youth to catch up to expected grade level and/or provide career and technical training opportunities not otherwise available through basic education programs. The allowed use of Act 148 funds for these purposes will help give affected youth a better chance to return to normative grade level, and leave the child welfare and juvenile justice systems with education and vocational skills that give them a better chance to eventually be self-supportive.

In Conclusion

HB 2295 provides changes in statutory language that bring the Public Welfare Code into conformity with language in law and current practices in the child welfare and juvenile justice systems. It also amends and prescribes changes in county purchase-of-service

contracting practices that are needed to ensure the continuity of services for children and youth in care.

Our Commonwealth has heavily relied upon the private sector to deliver the majority of child welfare and juvenile justice services for more than 150 years. The current business model, however, cannot be sustained, and jeopardizes the survivability of the private sector. Placing private agencies in jeopardy adds to the threat of harm to children and families in crisis as it impedes access to interventions needed to keep children safe and to protect communities.

For these reasons, it is critical that the Public Welfare Code, particularly those sections pertaining to Act 30 of 1991 that defines the state/county funding formulas that pay for those services, be amended as proposed in HB 2295.

Respectfully,

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