

**House Bill 2295 and Senate Bill 929**

**Bev Mackereth, Deputy Secretary  
Office of Children, Youth and Families**

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**pennsylvania**

**DEPARTMENT OF PUBLIC WELFARE**

Good morning, Chairwoman Harper, Chairwoman Bishop, committee members and staff. I am Bev Mackereth, Deputy Secretary for the Department of Public Welfare's (DPW) Office of Children, Youth and Families (OCYF). I am pleased to submit this testimony regarding House Bill 2295 and Senate Bill 929.

The primary focus of Pennsylvania's child welfare system is on the safety, permanency and well-being of the children we serve. We operate from the assumption that children belong with their own families and should receive necessary services in the community rather than being placed outside of their home and away from their families. Placement should be the last resort and children should be placed in the most appropriate setting to meet the child's needs in a location that promotes reunification with the family – if possible – as soon as possible. Section 701.1 of both House Bill 2295 and Senate Bill 929 support these values and would put into statute the best practices in child welfare.

The purpose of children and youth social services is to provide for the care, protection, safety and mental and physical development of children coming within the child welfare and juvenile justice system in our commonwealth. The Federal Adoption and Safe Families Act establishes three primary tenets related to the delivery of child welfare services: 1. that child safety is of paramount concern, 2. that efforts are made to provide permanency for children in a timely manner, and 3. that a child's well-being needs are addressed. With these tenets in mind, emphasis is placed on preserving the unity of the family whenever possible and separating the child from his or her parents only when necessary for the child's welfare, health or safety or in the interest of public safety. When the unity of the family cannot be maintained, an alternative permanent family is vital to the health and development of a child.

Currently, the department is engaged in a number of initiatives which complement and strengthen best practices in the Commonwealth's child welfare system.

These practices are aligned with our goals to: increase safety, reduce reliance on out-of-home care, improve permanency, and reduce re-entry into the child welfare system. These best practices will result in positive outcomes for children, their families, the counties and DPW. These outcomes will include fewer children in out-of-home placements, more children in permanent homes, and more placements in nurturing, family-like homes.

On October 7, 2008, the Federal Fostering Connections to Success and Increasing Adoptions Act of 2008 was signed into law. This law provides states with new opportunities to strengthen child welfare practice. Grounded in themes that are viewed as best practices, the new law emphasizes the need for more accountability in ensuring that we are achieving lasting permanency for children receiving our services. The law's overarching themes focus on maintaining family connections, ensuring that youth exiting the system are prepared for adulthood and that all children are afforded quality education.

The law underscores the need to explore relatives as resources for children entering care and requires that notice be provided to all relatives within 30 days of a child entering placement. Because siblings who enter placement are often separated, the law also supports continuing sibling relationships through frequent visitation when they cannot be placed together.

While use of kin as resources has been a priority for Pennsylvania for many years, there is still room for improvement. We have continued to increase the number of children placed in kinship homes and kinship homes who have become permanent resources. However, we often delay our search until the time of placement or when a child is no longer able to return to their family. Recognizing that we lose essential time through the waiting period, our efforts are more focused on identification and preparation of kin at the initial point of involvement with the child and his family.

Fostering Connections not only supports use of kin as a best practice, but it also provides states with the option of seeking additional Federal funds to support relative placements for eligible children and families. We are happy to report that Pennsylvania was one of the first states to submit a plan that would permit us to claim additional Federal funds for relative placements. We began claiming Federal funds for certain relative placements beginning in April of 2010.

In addition to Fostering Connections, I would also like to highlight greater support for youth through focused efforts to promote permanency, including ensuring that a young person is prepared to make the transition to adulthood. Fostering Connections requires that each youth have a transition plan developed at least 90 days prior to leaving placement. Too often, children are discharged from the child welfare system with little stability in the form of housing, employment or even just one individual that they can call for advice or guidance.

Improving the educational stability of children in placement is another overarching theme of the Federal law. States are now required to coordinate with the child's home school district at the time of placement in order to minimize disruption of the child's education. The law also permits states to claim Federal funds to support the child's transportation to and from their home school district. Finally, if it is not in the child's best interest to be placed in the same school district, she must be enrolled immediately in the school district where the placement setting is located.

While the points that I have covered are not inclusive of all aspects of Fostering Connections, they serve to highlight some of the key requirements. Additionally, some of the changes in the Fostering Connections Act are in line with work that continues in partnership with the Administrative Office of Pennsylvania Courts (AOPC) through the Permanency Practice Initiative. This initiative utilizes various strategies to decrease the

use of out-of-home, congregate services in particular and foster care in general and increasing permanence.

The Permanency Practice Initiative calls for the incorporation of strength-based social work practices with specific court-related changes that will safely accomplish the following seven goals:

1. Reduce the number of children/youth adjudicated dependent and in court-ordered placement
2. Reduce the time children/youth spend in the foster care system
3. Reduce the number of children/youth who re-enter care
4. Reduce the Dependency Court caseload
5. Reduce placement costs in order to ensure that funds are redirected to other services, including placement prevention, aftercare, and adoption services
6. Reduce the level of care (i.e. – reduce the number or percent of children in restrictive placements and increase the number of children in kinship care, when placement is needed)

And finally:

7. Increase placement stability, which equates to less moves throughout the child welfare system.

In its role as a partner in the Permanency Practice Initiative, DPW is supporting the implementation of Family Finding. This strategy uses intensive searches and outreach efforts for extended family members at the beginning of a case and/or later in a placement case in order to find as many resources for a child as early as possible. This effort will hopefully lead to kin resources and even better permanent life connections for the child.

House Bill 2295 and Senate Bill 929 also include provisions regarding payments and services. Funding for county child welfare services is based on a combination of

Federal, state and county funds. Approximately 80 percent of the funding comes from a combination of state and federal funds. The remaining 20 percent of the funding for child welfare services is provided from county general funds and used to provide the necessary local match, as required by Title 67 Public Welfare §704.1. Some services do not require a local match, however there are services where the local match is up to 50 percent, whether a local match is required depends on the type of service or activity being funded.

DPW recognizes and appreciates the need for a quality education for all children in the child welfare system. As discussed earlier, child welfare is required to provide educational stability for youth in foster care. The provision of education services is, however, currently outside of the scope of child welfare. DPW regulations state that basic education programs are not allowable costs for Act 148 reimbursement under 55 Pa. Code §3140.21. While nonbasic education is not defined by departmental regulations, our regulations state that "Expenses that have not been included in this chapter are considered to be a cost that is not eligible for Department financial participation", 55 Pa Code §3170.11(d).

By adding nonbasic education programs as an allowable expense, the scope of child welfare services for which counties could provide and seek reimbursement with state funds would be expanded. It is DPW's position that it is the local school district's responsibility to fund education services. By adding nonbasic education services to the allowable expenses under the Public Welfare Code, the financial burden to both the counties and the state will be increased. House Bill 2295 and Senate Bill 929 would place the financial responsibility of nonbasic education on the county and state. Additionally, an unintended consequence of this provision may cause a conflict between school districts and child welfare agencies as to who is responsible to fund needed education services for children and youth. This conflict, in turn, may keep a child from

getting education services because both the county and child welfare agency feel it is the responsibility of the other entity to provide these services.

House Bill 2295 and Senate Bill 929 also address contracting. Contract provisions are negotiated between counties and providers. Services that are eligible for federal Title IV-E reimbursement submit detailed documentation to counties. This information is reviewed by both the county child welfare agency and DPW to determine a maximum allowable state reimbursement rate and a Federal Title IV-E reimbursement rate. Services that are not eligible for Federal Title IV-E reimbursement, such as in-home services, are not reviewed by DPW and may have different documentation requirements based on the county's needs. The Department supports the consideration of reasonableness of costs based on documentation in determining contracting rates.

Timely payment to providers for services varies from county to county for multiple reasons. The accuracy of invoices submitted by providers to counties and county cash flow issues often play into this. Counties will often cite the current state payment schedule for child welfare funds as a reason for cash flow issues. Act 148 payments to counties for child welfare services are established in the Public Welfare Code and regulations. Within 45 days of each calendar quarter, the department is required to pay 50% of the department's share of the children and youth agency's estimated expenditures for that quarter. This is done as follows:

- For the first and second quarters, the Department advances 12.5% of the county's allocated state share.
- The third and fourth quarter includes the 12.5% advance, plus payments tied to the reconciliation and reimbursement of the actual first and second quarter child welfare expenditures.
- The final 25% of the allocation is tied to the submission of the third and fourth quarter actual expenditure reports.

Late and inaccurate invoices submitted by counties hold up the payment process, which leads to cash flow issues for the counties.

DPW does not control when a county pays its providers; however, the Commonwealth participates in 80 percent of the cost of most services including foster care, community residential placements, in-home services, and counseling and 60 percent of residential and secure residential services. Due to this, the Commonwealth may be responsible to pay up to 80 percent of any penalty through the county's Needs Based Plan & Budget. Given this, DPW does not support a penalty of one percent of the outstanding balance for each month a balance is due, as proposed in the legislation, if counties fail to make timely payment for services. While we do believe that counties should pay an accurate invoice received from private providers within 30 days of receipt for delivered and non-disputed services, we do not believe that this provision will lead to more timely payments given the county's small financial stake. Additionally, some providers do not submit timely and accurate contract documentation to the county for the determination of the maximum state reimbursable rate and Federal Title IV-E eligible rate. Without an established rate, the county and DPW are unable to draw Title IV-E funds for these services, which causes greater cash flow issues.

Currently, there are no provisions in the Public Welfare Code to restrict an automatic extension. Some counties choose to automatically extend contracts until a new contract can be negotiated; however, there are counties who currently choose to not extend contracts without having an established maximum state reimbursement rate and Federal Title IV-E eligible rate. If counties choose to provide an extension keeping all terms the same, DPW would consider the existing contract in full force and effect. However, if the terms of the contract change, DPW would deem this a new contract subject to agency review.



Finally, I would like to address the proposed establishment of a task force to provide recommended protocol to determine calculation of cost for purchased child welfare services. The Department currently has a work group, which includes state staff, counties, providers and external stakeholders to identify service categories and eventually determine a standard Federal Title IV-E eligible rate. This group has been meeting monthly for the past year. The complexity and variation of services has made their work difficult, but progress has been made, in determining categories of foster care services. Given the progress made and the time that it has taken the work group to identify categories for just one service type, the Department does not believe that a new task force should be developed. Additionally, the Department finds that it is not realistic to expect that a quality recommendation can be made to the General Assembly in six months.

