

A copy of the letter below was sent in hard copy to key committee members and by email to all other House and Senate members

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From: PCCYFS Harrisburg Office [mailto:hbgooffice@pccyfs.org]
Sent: Wednesday, July 08, 2009 9:17 AM
To: bernadetteb@pccyfs.org
Subject: House Bill 1351 - Senate

June 26, 2009

Good Afternoon,

During this legislative session, the Pennsylvania Council of Children, Youth and Family Services (PCCYFS) has advocated for legislative intervention to influence the direction of the Pennsylvania Department of Public Welfare's (DPW) proposed changes to the Pennsylvania Welfare Code in a proposed Department Bulletin and legislative language. Private agencies, contracting with counties to provide direct services to at-risk and dependent children and delinquent youth, reacted to these proposed changes as being overly intrusive in their business operations. PCCYFS is pleased to announce that it was able to work with the DPW to modify language in the original proposal into an amendment that we believe is acceptable to our provider members.

County Children and Youth and Juvenile Probation Offices are not required to purchase services from private providers. However, the majority (estimated 80%) of placement services – foster care, group home care, residential - are purchased by counties from private agencies across the Commonwealth. Because the proposed changes in HB 1351 have direct implications on how private agency service providers conduct business and the terms of their purchased service contracts with county Children and Youth and Juvenile Probation Offices, private providers represented by PCCYFS identified a variety of concerns which were repeatedly communicated to legislators.

Following the hearing of the House Appropriations Subcommittee on Health and Human Services Subcommittee in March 2009, DPW Secretary, Estelle B. Richman, convened a workgroup to review the proposed changes to the child welfare needs-based budgeting process in House Bill 1351. The workgroup, which included diverse representatives from counties, private providers, advocates, and court and juvenile probation, was charged with developing revisions to the original provisions of HB 1351 reflecting consensus/compromise.

As a result of our involvement in the workgroup, the following modifications were made to the original language resulting in a proposed amendment that is deemed acceptable by PCCYFS on behalf of our private provider members:

- Objectionable language regarding restrictions/caps on retained revenues or gross profits as well as references to limits on executive compensation has been removed.
- While still disputing the DPW cost savings projections relative to indirect administrative costs, a compromise of caps at not more than 17% for FY 2010-2011, 16% for FY 2011- 2012 and remain steady at 15% from FY 2012-2013 were agreed to with federal guidelines addressing not-for-profits to be used as the definitional base for indirect costs.

- Effective July 1, 2010, occupancy calculations will be based on the most recent year of actual (audited year) utilization data as reported on the federal IV-E fiscal forms divided by the denominator of licensed number of beds times 365 days for a minimum of 85%. Exceptions as agreed to and a defined process for modification as needed are included.

As with any compromise, there is clearly not total agreement with, or acceptance of, these modifications across the private provider community. Many private agencies, including several of our member agencies, are still advocating for all the items addressing private provider business operations to be completely stricken from HB 1351. However, all private providers are committed to complying with reasonable requirements for fiscal detail and transparency that support compliance with federal Administration for Children and Family (ACF) requirements to ensure continued Title IV-E funding.

Although the affected services are mandated by law, regulation or court order and are focused on keeping children safe and protecting communities, the contracted rates paid for purchased services do not cover actual costs incurred by private agencies. Efforts to ensure that funding is more directly connected to the direct service delivery level will continue to need legislative attention with discussions focused on current assessed need and documented experiences and expenses.

We look forward to continued interaction with you on these critically important issues. Please do not hesitate to contact me at (717) 651-1725 (or Alex Rahn, our Government Relations Consultant at 717-236-2050 - arahn@wannerassoc.com), if you have any questions or comments.

Sincerely,

Bernadette M. Bianchi, LSW
Executive Director