



PCCYFS Recommendations for Governor Shapiro's Administration



As the Transition Team considers the delivery of human services under this new Administration as a whole, PCCYFS recommends that special focus and attention be given to children's services, an often overlooked but critical component of the human services field. Specifically related to the children's services work of the Department of Human Services, PCCYFS, on behalf of its 100 members, proposes the following priorities, which would be transformative to Pennsylvania's communities:



Children's Cabinet

A Children's Cabinet is a collaborative government structure that can promote coordination across multiple state agencies, departments, offices, and program areas to improve the well-being of children and families. Given the complexities of our child-serving systems, a Children's Cabinet would allow a new administration to prioritize major children's initiatives and mobilize resources across agencies to minimize and mitigate program, policy, and financing barriers. The next Administration can materially improve the lives of thousands of children and families with complex needs by establishing and empowering a Children's Cabinet. A coordinated approach at the statewide leadership level would help breakdown some of the systemic and enduring silos that currently impede the level of quality service provision that providers offer, and families deserve.



The Pennsylvania Council of Children, Youth & Family Services proposes a Pennsylvania Children's Cabinet structure, inclusive of multiple child-serving agencies and branches of government, to direct the provision of services to Pennsylvania's children. Read the full PCCYFS report on the establishment of a Children's Cabinet in Pennsylvania [here](#).



Funding Process

The health of the services provided in child welfare, juvenile justice, and children's behavioral health all hinge on the financial well-being of the agencies and systems that bolster these services. For decades, these systems have been woefully underfunded and many of the private agencies that manage this work on behalf of state and local government are supplementing their public services with private funding in order to make ends meet.



- Presently, in child welfare, through provider cost reports for providers who offer services to children in placement settings, the state sets a maximum allowable rate, which is the amount a provider should be reimbursed for their full cost of care. Counties and providers then "negotiate" a payment rate, with counties largely shaping the rate that they will pay, which is commonly far lower than the providers true cost of care.
- Similarly, in behavioral health, the Office of Mental Health and Substance Abuse Services utilizes an actuarial contractor to analyze encounter data and set a per member per month rate for each primary contractor; the rates are set on an annual calendar basis. This rate does not dictate specific rates for services but rather a dollar amount to manage the program. The behavioral health managed care organization will then negotiate rates for specific services based on the guidelines given to them by the state. The negotiation power between the two parties is largely unbalanced, heavily favoring the managed care organization.



The process of setting rates and knowingly funding providers and services at rates that are far below their actual cost of care is essentially setting up the system to fail. In a precursory review of rates paid compared with the state maximum rate allowable, PCCYFS found that in some cases a county is paying as low as only twenty percent of the actual state maximum allowable rate. This pattern of underfunding providers and the system overall is unsustainable. We commend Governor-elect Shapiro's strong history of defending victims of child abuse; supporting the needs of children who have experienced neglect or abuse requires a system that is fully funded to do this work well. We are witnessing the symptoms of this pattern now: workforce crises, limited bed capacity, persisting waitlists, program or agency closures, among others.

PCCYFS recommends an overhaul of the state funding process, starting with a study of the disparity between the state maximum allowable rate/a provider's cost of care and the rates that providers are actually paid. In other states, their PA Department of Human Services equivalents have commissioned a third-party actuarial analysis to study the inconsistency. For providers to offer quality of service, adequately retain their workforce, recruit quality resource parents, develop innovative programming, and increase capacity, policy makers must be willing to take bold steps to re-evaluate the current funding system. Given Governor-elect Shapiro's background in leading one of the largest counties in Pennsylvania, we are sure he is familiar with the limitations of the child welfare funding structure and the challenges it presents to county leaders. Therefore, we recommend the Administration take a serious look at the possibility of moving away from a per diem structure driven by negotiations with 67 different counties, which has proven to be unsustainable. Such alternative options can offer a much more manageable funding model to support the financial health of the agencies providing these critical services; without them, we will continue to lose the safety net of services available to support Pennsylvania's families.

Consistency in Monitoring

A child welfare, juvenile justice, or children's behavioral health organization that is licensed by the Department of Human Services Office of Children, Youth & Families (OCYF) or Office of Mental Health and Substance Abuse Services (OMHSAS) will need to undergo annual audits for compliance with regulations. These same organizations will also undergo annual audits with the various county departments and/or managed care organizations with which they contract for each service that they provide. As the former Attorney General is well aware, monitoring can take place for fiscal compliance, service program compliance, or others. For agencies that are accredited, there are additional evaluations for their reaccreditation. Naturally, given the sheer number of audits that an agency must undergo, there is significant duplication. At various times of the year, providers are expending agency staffing and resources to pull the same information time and time again for each stakeholder that is completing an audit.

As the Pennsylvania Department of Human Services embarks on the establishment of their universal data and case management system, we recommend the incorporation of standardized monitoring

across all partners. Ideally, a single provider could upload documentation to address monitoring needs to the system, which would allow all contracting entities at the local and state levels, and even those in partner systems outside of OCYF, to view the files for their individual auditing needs. This need is particularly pressing now as agencies struggle with limited resources and insufficient staff.

Juvenile Justice Bed Capacity

Since 2006, over 15 juvenile detention centers have closed in the state. There are now 14 facilities providing secure detention services across the state, and 61 of 67 counties must vie for beds at just seven of them. In winter of 2022, the waiting list to the state detention facility has reached 160 youth. Challenges include adequate staffing to increase intake while meeting staffing ratios and funding to fully staff facilities. [Additional details about juvenile justice bed capacity limitations are available in this report.](#) PCCYFS, in conjunction with a network of Pennsylvania's juvenile justice professionals from the judiciary, local government, probation, providers, and others, have come together to identify the scope of the problem, primary drivers of the capacity issues, and potential solutions.

While a fuller report is coming, PCCYFS recommends that the state re-evaluate their funding mechanisms, including the possibility of alternative payment structures beyond the current only a per diem model. Additionally, the intersection between children's behavioral health and juvenile justice cannot be understated. PCCYFS [proposed a number of solutions](#) to allow providers to support more complex behaviorally challenged youth, which we see as a critical component of supporting detention bed capacity limitations.

ABOUT US

The Pennsylvania Council of Children, Youth and Family Services (PCCYFS) is the collective voice for private agencies that serves Pennsylvania's most vulnerable children and their families. PCCYFS represents nearly 100 private agencies employing more than 12,000 professionals statewide. These services include foster care/kinship care, adoption, residential treatment, behavioral health services, education, counseling, independent living/transitional living services and others.