



MEMORANDUM

TO: State Senator Lynda Schlegel Culver (R-27)
FROM: Terry L. Clark, President and CEO, Pennsylvania Council of Children, Youth, & Family Services (PCCYFS)
RE: Inclusion of Human Services in Governor's Fiscal Year 2024 Budget Tax Credit Budget Proposal
Date: June 6, 2023

Governor Shapiro's Fiscal Year 2024 budget includes important investments for the well-being of children and families, many of which the Pennsylvania Council of Children, Youth, & Family Services (PCCYFS) fully supports. Governor Shapiro has also proposed investments for the workers that support Pennsylvania communities through a workforce tax credit. **While PCCYFS commends this commitment, we further recommend the inclusion of human services as an additional field that is eligible for the Governor's proposed workforce tax credits.**

The field of human services has struggled with high turnover even before the pandemic, driven in large part by devastatingly low wages for workers who support families and children who have experienced extreme trauma and abuse. For decades, this field has been notoriously underfunded, despite delivering critical life-saving services to Pennsylvania's communities. This tax credit would be a much-needed lifeline to the individuals who need and deserve it the most.

Specifically, PCCYFS proposes the use of the employer's licensure to determine a new employee's eligibility to qualify as a worker in the human services field. Employers within the field of human services are licensed under Chapters 3350, 3680, 3700, 3800, 5200 by the Pennsylvania Department of Human Services (DHS). An employer's licensure can be verified by Pennsylvania DHS, thereby allowing the employee to qualify for the proposed tax credit.

Employers under these licenses provide services in areas such as foster care, adoption, juvenile justice, alternative education services, and children's behavioral health. These services provide a valuable safety net to Pennsylvania's communities and deserve to be recognized by Pennsylvania's leaders through the Governor's proposal.

A handwritten signature in black ink, appearing to read 'Terry L. Clark'.

Terry L. Clark, MPA
President/CEO, PCCYFS

cc: Kara Beem, Keystone Ingenuity
Encl.

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PCCYFS is a leading statewide membership organization serving as a united voice for our valued partners through education, data, resources, and advocacy towards achieving a brighter future for children, youth, and families.



WHAT THE GOVERNOR'S BUDGET MEANS FOR CHILDREN'S SERVICES

The Pennsylvania Council of Children, Youth & Family Services (PCCYFS), as the premier association for children's services in Pennsylvania, thanks the Governor for advancing children's needs through investments in subsidized childcare, early education, and Youth Development Centers/Youth Forestry Camps, among other areas.

PCCYFS also proposes the following recommendations for consideration



MENTAL HEALTH COUNTY BASE FUNDS

PCCYFS supports the Governor's proposed \$20MM increase for county mental health services and his long-term plan to fully restore funding levels from prior year cuts to human services, including county base funding levels. However, when the investment is split across 67 counties, it is not sufficient to address the full spectrum of services that rely on this funding source. **PCCYFS proposes a \$50MM investment to address the full spectrum of services that rely on this funding.** The pandemic has hastened the need for mental health supports while also increasing the shortage of mental health professionals. The investment is needed now.

PDE \$100MM BLOCK GRANT

PCCYFS applauds Governor Shapiro's proposal for a \$100MM block grant to provide access to mental health services in schools. **While there are pros and cons to administering these funds through the PA Department of Education (PDE), the Office of Mental Health and Substance Abuse Services (OMHSAS) Children's Bureau must also have an active role in establishing grant guidelines.** OMHSAS has an intricate knowledge of licensures, staff expertise, services available, capacity, and other areas with which PDE may not be as familiar. Both agencies have unique but necessary roles in supporting the mental health needs of youth.

MINIMUM WAGE

PCCYFS supports the Governor's proposal to offer Pennsylvanians a livable wage. **Any minimum wage increase must be implemented with a corresponding increase in state funding for human services, since these agencies rely on government funds to pay their workers.** The increase should reflect the full fiscal impact to an organization, including salary compression. And, while well-meaning, social service or non-profit exemptions are not helpful; if other sectors offer a minimum wage, lower paying human service jobs will become less competitive. PCCYFS' 2021 analysis of the minimum wage hike is [available here](#).

WHAT THE GOVERNOR'S BUDGET MEANS FOR CHILDREN'S SERVICES

The Governor's budget includes a tax credit for certain newly certified/licensed professionals. **PCCYFS recommends the inclusion of human services for workforce tax credits**, this field struggled with high turnover since before the pandemic. A statewide tax credit would convey to workers that human services is valued by Pennsylvania's leaders.

PROPOSING A TAX CREDIT FOR HUMAN SERVICE WORKERS

HOW WOULD THIS WORK?

PCCYFS proposes the use of the employer's licensure to determine a new employee's eligibility as a "human service worker."

Workers who are hired by employers that are licensed under, for example, Chapters 3350, 3680, 3700, 3800, 5200 by the PA Department of Human Services could receive the tax credit.



WHO ARE THESE QUALIFYING EMPLOYERS?

These entities and their workers provide critical services to children and families in areas such as foster care, adoption, juvenile justice, and children's behavioral health,



WHY HUMAN SERVICES?

Human Services offers life-affirming services to PA's most vulnerable populations. For decades human services has been underfunded, resulting in devastatingly low wages. Unsurprisingly, the human services field is now at a workforce crisis. Incentives such as a tax credit would help agencies with recruitment at a time when they need it most.



The FY2024 budget also includes a 0.69% from FY2022-23 for **County Child Welfare**, a rate of increase that does not fully capture the growing fiscal needs of providers that deliver services.

EVALUATING THE TRUE COST OF CARE IN CHILDREN'S SERVICES

ISSUE: The rates that counties pay to providers that deliver government-mandated services do not fully reflect the true cost of care. Providers submit their expenses to PA DHS to receive a "state maximum allowable rate." Counties negotiate a rate that is frequently much lower than the state rate. Counties apply those lower rates when submitting their budgets to PA DHS through the Needs Based Plan and Budget process.

WHAT ARE SOME SOLUTIONS?

- 1 Commission a **third-party evaluation** of the difference between budget participation levels and contracted rates to better understand the gap between what PA DHS approves as a maximum allowable rate and what counties pay.
Require counties to **submit the actual costs that providers give them into their Needs Based Plan and Budget Requests** to PA DHS to provide the true costs of providing services to children and families, instead of the negotiated rates that they agree to pay.
- 2 Enact legislation that would require counties to contract with providers at **no less than the state maximum allowable rate** determined by PA DHS.