



**Written Testimony of Pennsylvania Council of Children, Youth & Family Services (PCCYFS)
Pennsylvania Senate Democratic Policy Committee
Philadelphia Department of Human Services Overnight Stays
October 27, 2022**

Chairwoman Muth, Senator Haywood, Senator Cappelletti, and Members of the Senate Democratic Policy Committee:

On behalf of the Pennsylvania Council of Children, Youth & Family Services (PCCYFS), thank you for the opportunity to submit testimony regarding the challenges faced by providers that have resulted in the capacity limitations that our system is presently facing. PCCYFS is the collective voice for private agencies that serve Pennsylvania's most vulnerable children and their families. PCCYFS represents nearly 100 private agencies employing more than 10,000 professionals statewide. Their services include foster care/kinship care, adoption, residential treatment, behavioral health services, education, counseling, independent living/transitional living services and many others. PCCYFS members are committed to providing excellent care in safe and supportive environments.

The issue of capacity for young children in Philadelphia's foster care and juvenile justice system is a complicated and intricate one with many factors that have impacted capacity:

- 1) **Funding:** The system of funding streams that support the child welfare system is complex. At a basic level, private foster care providers submit documentation to the Pennsylvania Department of Human Services to receive a state-approved maximum allowable rate. This is the rate that reflects an agency's reimbursable true cost of running their organization. Thereafter, a provider is expected to negotiate their rate with the individual counties with which they contract for each service that the provider offers. Rarely does this rate actually reflect the maximum allowable rate approved by the state and, from the provider perspective, there is very little room for negotiation of rates. Providers have struggled with astronomical increases to their liability insurance, workforce recruitment and retention have reached crisis levels, and the needs of young people have grown increasingly complex. Particularly, in Philadelphia, the rates are standardized in foster care and providers have no opportunity to request higher rates on an annual basis or as special circumstances arise, regardless of their increases in their budgets. In the past couple of years, a number of emergent priorities have come up that would require an increase and serious review of per diem rates.

In order to ensure that providers are reimbursed for their full costs of care, PCCYFS recommends that the legislature study the disparity between the state maximum allowable rate/a provider's cost of care and the rates that providers are actually paid

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by counties. In other states, their PA Department of Human Services (DHS) equivalents 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 re-evaluate the current funding system.

- 2) **Workforce Challenges:** Also related to the limitations of funding is workforce. While workforce challenges are prevalent across industries, the child welfare workforce issues are unique because they were significant even prior to the pandemic and have reached crisis levels as a result. Given the historically low rates that counties have paid providers, the child welfare workforce in Philadelphia and across Pennsylvania are seeing historic levels of turnover, unfilled vacancies, and other workforce challenges. With some providers estimating an average turnover rate of over 45 percent, many agencies have had to limit bed capacity and discontinue or re-evaluate their programming. In the Philadelphia area, some providers have closed their foster care and family-based programming in the past couple of years because of financial difficulties. Each time this happens, while other agencies will help with the transition, we lose some resource parents who are unwilling to continue with another agency.

Some agencies have found that the single foster care rate that Philadelphia pays for their general foster care and specialized behavioral health foster care programs can be only half of what the agency's state approved allowable rate is. Realistically, for example, if an agency requires a \$100+ per diem to pay a competitive rate to their staff but are funded at 50% of that rate, their ability to pay fair wages and identify quality staff is severely inadequate. After issuing a survey to Philadelphia foster care providers, PCCYFS found that foster care agencies spend an average of 45 percent of their per diem rates on salaries, and 14 percent on benefits, resulting in an average of 59 percent of their per diem going to employee compensation. Despite this large majority of spending, average salaries in the Philadelphia area averaged \$40,000 for a foster care provider case worker position. This current year, in response to our workforce concerns, Philadelphia increased their foster care provider rate by \$2/day. While appreciated, some programs have gone over five years without an increase and, again, workforce challenges are at crisis-levels.

We also issued a survey of child welfare workers in Philadelphia, which confirmed our concerns. Based on the feedback of 281 respondents, 52 percent of which were foster

care provider workers and 48 percent of which were community umbrella agency workers, we found:

- 45 percent of CUA respondents and 43 percent of foster care provider respondents reported having a second job to supplement their income and
- When asked for the top five factors that have made workers consider leaving this profession, 80.1 percent - the overwhelming majority of respondents - cited inadequate pay, which exceeded the next most popular reason by almost 40 percent. The fourth most common reason was student loan debt.

Again, reimbursing agencies at their state maximum allowable rate affords providers the opportunity to offer fair and competitive wages, a standard that, in other industries, can be changed through increased prices or other strategies. In child welfare, unless a county is willing to pay a higher per diem, there is very little a foster care provider is able to do. Being able to offer competitive wages is a critical component of quality workforce recruitment and retention within Philadelphia's child welfare system.

- 3) **Insurance Liability:** PCCYFS members are committed to providing excellent care in safe and supportive environments. Unfortunately, within the past couple of years, regardless of claims history, providers of placement services have found it increasingly cost prohibitive, if not impossible, to obtain professional liability insurance. In a 2019 survey of our members, although 70.27% of respondents stated that they have not had a substantiated or indicated incident in the past 5 years, 48.65% noted a significant premium increase in liability coverage. Providing 24-hour care through foster care, adoption or residential services, carries inherent risk. Agencies that support traumatized families and children face increasing costs but stagnant funding and a shrinking workforce, while the need for services and complexity of cases increases exponentially. In addition to the nature of the work, increased media attention around high-profile cases with multimillion-dollar settlements both locally and nationwide have led to disruptions in the insurance market.

The issue is a multifaceted one that requires a multilayered solution. **In addition to increased funding to meet these needs, PCCYFS has advocated for the passage of House Bill 2214, which offers an important protection to foster care providers across Pennsylvania by limiting the use of language in county contracts that unfairly shifts risk to the foster care provider, regardless of who is at fault.** While this bill would not

alleviate all affordability challenges that providers currently face, it will ultimately help more insurance carriers stay in the market, thereby increasing the pool of options and driving down costs for provider agencies. Many major carriers have withdrawn from the market or significantly increased the cost of coverage to account for the variables driven by contract language. House Bill 2214 offers insurance carriers a clear understanding of who and what they are insuring.

- 4) **Resource Parent Needs:** A decisive factor in finding quality placement for the young people in Philadelphia is effective recruitment and retention of resource and foster parents. Foster care agencies are reporting that many long-time parents are leaving the system and recruitment of parents has slowed due to a multitude of factors, the most common of which include:
- a. *High acuity youth:* Resource parents and the child welfare system generally is encountering children with increasingly complex and challenging mental health needs. There is a category of resource families in Philadelphia known as Specialized Behavioral Health (SBH) homes, with more intensive training to take in children with greater mental and behavioral health needs. Yet, these parents – including many long-time, experienced resource parents – report that the behaviors of young people far exceed their competencies; some of these children need a more intensive placement setting than a resource home is intended to provide. With limitations in the availability of behavioral and mental health services, parents are also unwilling to take in young people without the adequate supportive services in place.
 - b. *Education issues:* While resource parents have a firm grasp on the expectations and commitment they make to the children in their homes, oftentimes taking in certain placements can make unreasonable and taxing demands of their schedule. Given delays in coordinating transportation with the School District of Philadelphia and the scheduling of best interest determination conferences, resource parents are often responsible for transporting children to their school of origin, which can often be in a completely different school district or extreme distances. Some foster care provider agencies have reported having their Resource Parent Support Worker, a position equivalent to a caseworker, transport children across the city for months at times when resource parents are unable because school transportation is extremely delayed. Over time, resource parents are risking their employment, unable to support other children in their home, or making exhausting sacrifices without any communication from the

systems and leaders that are supposed to be supporting the educational needs of these young people.

- c. *Referrals*: The referral system in Philadelphia feels like a constant state of emergency. While referrals can happen at all hours of the day, the quantity of placements happening after hours has been increasing on a startling basis. Further, resource parents are often receiving incomplete or outdated information on the young people to which they are expected to open their homes. This can result in incredible safety issues, especially when resource parents are uninformed of challenging behaviors, medication needs, and other critical pieces of information.

Resource parents are the backbone of the foster care system in Philadelphia and across the country. Without their generosity and openness, there would be no safety net for the young people in need of a home. Yet, they are being driven away from continuing to operate in Philadelphia because of the limited coordination and support available to them. **Overall, these challenges expressed by resource parents and the foster care agencies that license and support them exhibit an intensive need for greater coordination and connection among all of the partners in Philadelphia's child welfare system, including education partners and behavioral health.** At a time when referrals have increased and young people's needs have intensified, losing quality resource parents would lead to yet an even greater capacity crisis.

Again, the placement capacity issues that our system is seeing is a complex one. There is no simple fix or solution, but we think the recommendations we have proposed would be an important start to alleviating some of the system's most intensive pressure points. Thank you for the opportunity to submit testimony on this important issue. If you have any questions or if we can provide you with additional information, please do not hesitate to contact me at TerryC@pccyfs.org or 717-651-1725.

Sincerely,



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