



**pennsylvania**  
DEPARTMENT OF HUMAN SERVICES

**Act 55 of 2013**  
**Rate Methodology Task Force**

Report of the Recommendations of the Rate  
Methodology Task Force to the General Assembly

December 2014

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## Executive Summary

Pursuant to Act 55 of 2013, the Department of Human Services<sup>1</sup> (Department) was required to convene a Task Force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of child welfare services which are reasonable and allowable. Written recommendations as to the methodology for the purchase of out-of-home placement services from providers were provided to the General Assembly on May 2, 2014. Written recommendations for a methodology for other purchased services are due by December 31, 2014.

The Department convened a stakeholder Steering Committee to provide guidance to the Task Force and developed a charter to drive the purpose and goals of the Task Force. A period of extensive research and analysis followed, including a review of other state processes and a review of multiple rate methodology options. Members agreed that a collaborative process driven by a renewed and common purpose to the delivery of services while understanding the unique challenges of all system partners was required.

Ad hoc workgroups were established to develop the detailed recommendations of an agreed-upon rate methodology framework to the General Assembly as follows:

- Cost Reporting—development of standard guidance for the cost reporting of other purchased services. Standard guidelines ensure that providers' actual and tentative projected costs are presented to counties in a format that assists with determinations of reasonableness and allowability of costs for state funding
- State Review Process—includes recommendations which strengthen the existing Needs-Based Plan and Budget review process and identifies education and training needs, specifying whose role it will be to provide the education and training, as well as the means to complete it
- County Review Process—the development of a transparent county review and negotiation process that aligns the need for services, provider quality and the reasonableness of costs as essential elements, while taking into account the timing of the Needs-Based Plan and Budget submission

The Task Force also recommends that a review team consisting of county, state and provider agency members be convened on a regular basis to review implementation of the rate methodology process and make recommendations for improvements.

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<sup>1</sup> Act 132 of 2014 amends the Public Welfare Code of June 13, 1967 (P.L.31, No.21), changing the name of the Department of Public Welfare to the Department of Human Services.

## 1. INTRODUCTION

The protection of children from abuse and neglect is part of the core mission of the Department and requires a close partnership with service providers, the counties and the Commonwealth. The Department is responsible to ensure the availability and equitable provision of adequate public child welfare services for all children who need them pursuant to the Public Welfare Code. In addition, the Department is responsible to reimburse counties for expenditures incurred in their performance of the delivery of child welfare and juvenile justice services.

In meeting this mandate, counties utilize a broad array of private service providers to meet the individualized needs of children and families. Private providers may operate as non-profit or for profit, may offer regulated or non-regulated services and vary greatly in size and organizational structure. Pennsylvania takes pride in having this responsive and vital private provider community. The diversity of services offered and delivered reflects the varied needs of families and their children, as well as the creativity exercised by counties in responding to these needs.

County Children and Youth Agencies are responsible to administer their programs consistent with the following provisions:

- Services designed to keep children in their own homes, prevent abuse, neglect and exploitation and help overcome problems that result in dependency and delinquency
- Temporary substitute placement in foster family homes and residential child care facilities for a child in need of care
- Services designed to re-unite children and their families when children are in temporary, substitute placement
- Services to provide a permanent legally assured family for a child in temporary, substitute care who cannot be returned to his or her own home
- Service and care ordered by the court for children who have been adjudicated, dependent or delinquent

One of the most significant reforms in the history of Pennsylvania's juvenile justice system occurred in 1995, when the purpose of the system was fundamentally redefined during a special legislative session on crime. Juvenile justice services are to be provided in response to the purpose clause of the Juvenile Act to effectuate the following objective:

*"...consistent with the protection of the public interest, to provide for children committing delinquent acts, programs of supervision, care and rehabilitation which provide balanced attention to the protection of the community, the imposition of accountability for offenses committed, and the development of competencies to enable children to become responsible and productive members of the community."*

These provisions of the Juvenile Act are based upon the following principles, which are at the foundation of our Balanced and Restorative Justice mission:

- **Accountability** – When a youth commits an offense, the youth incurs an obligation to repair the harm that has been done to the individual crime victim and the community to the greatest extent possible.
- **Competency Development** – Youth who enter the juvenile justice system must be provided with services designed to enable them to become responsible and productive members of their communities by enhancing their pro-social, moral reasoning, academic, workforce development, and independent living skills.
- **Community Safety** – The juvenile justice system has a responsibility to protect the community from known juvenile offenders through a wide range of prevention, treatment, supervision, and control options that correspond to the risk and treatment needs presented by individual offenders.

In an effort to enhance the implementation of Balanced and Restorative Justice, the Pennsylvania Council of Chief Juvenile Probation Officers, Juvenile Court Judges' Commission and Pennsylvania Commission on Crime and Delinquency have developed a strategy to employ evidence-based practices throughout the juvenile justice system, known as the Juvenile Justice System Enhancement Strategy (JJSES). The following Statement of Purpose for Pennsylvania's JJSES was unveiled at the 2010 Pennsylvania Conference on Juvenile Justice:

### **JJSES STATEMENT OF PURPOSE**

We dedicate ourselves to working in partnership to enhance the capacity of Pennsylvania's juvenile justice system to achieve its balanced and restorative justice mission by:

- Employing evidence-based practices, with fidelity, at every stage of the juvenile justice process

- Collecting and analyzing the data necessary to measure the results of these efforts, and with this knowledge
- Striving to continuously improve the quality of our decisions, services and programs

The JJSES emphasizes the use of valid and reliable screening and assessment instruments to measure a juvenile's risks and needs, and to develop strength-based dispositional recommendations and case plans to address them. This component of the JJSES will be increasingly important in helping to ensure that the court is well-prepared at every dispositional hearing to meet the Juvenile Act and procedural rule mandates to state on the record in open court and to include in its order: its disposition, the reasons for that disposition, and if the juvenile is to be removed from the home, the name or type of agency that is to provide care, treatment, supervision or rehabilitation to the juvenile, its findings and conclusions of law that formed the basis of its decision, including why the court found that the out-of-home placement ordered is the least restrictive type of placement that is consistent with the protection of the public and best suited for the juvenile's treatment, supervision, rehabilitation and welfare.

The Department joins the many agencies and organizations that have endorsed the JJSES Statement of Purpose, and will support services and activities to implement Pennsylvania's JJSES.

Child welfare and juvenile justice services are funded by federal, state and local governments. The Department is required to maintain necessary documentation to support the reimbursement of these services through federal and state funds. Furthermore, the Department is accountable to the tax payers of the Commonwealth and must ensure that state and federal funds are used to support allowable services. The Department is also responsible for the licensure of certain child welfare services and is to make recommendations which lead to improved safety, permanency and well-being outcomes for children and families in addition to community protection, competency development and accountability outcomes for youth.

To ensure the availability and sustainability of these services, pursuant to Act 55 of 2013, the Department was required to convene a Task Force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of purchased child welfare and juvenile justice services, which are reasonable and allowable. The Task Force submitted written recommendations for the methodology to determine reimbursement for out-of-home placement services to the General Assembly on May 2, 2014.

The purpose of this document is to transmit the required report specific to the cost of other purchased services to the General Assembly by December 31, 2014. This report includes an overview of the discussions that occurred during the Rate Methodology Task Force (Task Force) Meetings held beginning June 10, 2014.

For the purpose of this report, **other purchased services** are defined as non-placement child welfare services provided to dependent and delinquent children and/or their families; commonly referred to as in-home and intake services. 55 Pa. Code §3140.33 (1) provides examples of in-home and intake services which include, but are not limited to: child protective services – child abuse and general, counseling/intervention services, day care services, day treatment services, homemaker/caretaker services and life skills education. In an effort to clearly document the research conducted to develop a rate methodology recommendation, all non-placement child welfare services are referred to as ‘other purchased services’.

Upon approval of the charter, including the purpose, goals and objectives of the Task Force, the Task Force identified the need to gather relevant information specific to federal and state requirements related to the reimbursement of other purchased services, as well as a review of other states’ processes, provider service arrays, determinations for contracted county-based services and other related concepts. As a result of the information gathered, the Task Force conducted an analysis of all relevant information and determined the need to convene several ad-hoc workgroups to address different aspects of a Pennsylvania-specific model for determining the purchase of other services beyond out-of-home placement services. A summary of the detailed work completed by each workgroup is included within the larger report.

## 2. BACKGROUND

On July 9, 2013, Governor Tom Corbett signed House Bill 1075, enacted as Act 55 of 2013. Act 55 of 2013, in part, amended the Public Welfare Code by adding a new section, 62 P.S. § 704.3. This section requires a provider to submit documentation of its cost of providing placement services to the Department and authorizes the Department to use this documentation to support the claim for federal and state reimbursement. Pursuant to Act 55 of 2013, the Department was also required to convene a Task Force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of child welfare and juvenile justice services which are reasonable and allowable. On May 2, 2014, the Task Force provided written recommendations regarding the methodology for purchase of out-of-home placement services from providers, as well as related payments. The recommendations for other purchased services are due by December 31, 2014.

To fulfill the statutory requirements of Act 55 of 2013 specific to the convening of the Task Force, the Department convened a stakeholder Steering Committee (Refer to **Appendix A**) whose initial purpose was to review the legislative requirements and identify potential Task Force members for appointment by the Secretary. The Steering Committee's ongoing purpose was to provide guidance to the Task Force in developing a comprehensive set of recommendations for a methodology to identify the actual and projected costs of service delivery which are reasonable and allowable. Additionally, the Steering Committee was responsible for joint development of meeting agendas and the development of an ongoing communication plan to ensure that information was gathered from and disseminated to counties and providers, resolving any issues that arose. The first task of the Steering Committee was the drafting of a charter that would serve as the foundation to drive the work of the Task Force.

In developing the charter, the Steering Committee first needed to identify the problem that was to be addressed and agree on a statement of that problem. The following Problem Statement was subsequently approved by all Task Force members and became the framework for future meetings and discussions. A set of unifying principles were developed for use in guiding the discussions to ensure that all members had overarching agreement on the core elements of a cost methodology for both out-of-home placement and other purchased services. In addition, all members achieved consensus on the following goals to facilitate targeted and meaningful discussion and as a way to ensure the achievement of agreed-upon outcomes. A copy of the

full charter, which includes the appointed members of the Task Force, is included as **Appendix A**.

## **2.1 Problem Statement:**

The provision of services to children under the care and jurisdiction of child welfare and juvenile justice is complex. There are funding challenges, evolving statutory and regulatory requirements, the need for increased accountability, shifts in priorities and, most importantly, increasing diversity, complexity and immediacy of the needs of children, youth and their families.

The Department's rate methodology and related regulations, bulletins and transmittals must have a comprehensive review. The Task Force has an opportunity to make changes to improve the system's strengths and coordination and decrease its deficiencies due to incremental changes over the past twenty years.

## **2.2 Goals:**

- To develop a fair and equitable process to set and reimburse provider rates
- To increase awareness of the Task Force members as to operational and budgetary realities and constraints at all levels – providers, counties, state and federal
- To address budget and contracting concerns in an open and transparent process that validates the partnership and relationship among providers, counties and the Department in responding to the public mandates addressing child safety and community protection
- To consider funding implications related to the implementation of juvenile justice initiatives
- To develop a defensible methodology addressing the purchase-of-service process between counties and providers, including identification of all costs based on actual and projected costs that are reasonable and/or allowable
- To clearly identify the protocols to be followed to ensure that documentation requested from service providers and counties is sufficient to support claiming for state dollars
- To develop a fiscal reporting format that captures necessary data in a consistent and well-defined process
- To develop recommendations as necessary for statutory and regulatory changes to support the process and protocols developed by the Task Force

- To consider funding implications related to the implementation of current and future federal and state statutes and regulations
- To model a productive and respectful process supporting broad systemic change that is to the benefit of the populations served and is reflective of the differences in the entities involved
- To consider the implications of the federal Title IV-E Waiver, being implemented in Pennsylvania as the Child Welfare Demonstration Project initiatives, evolving in select counties
- To consider funding implications related to implementation of the Human Services Development Block Grants, as they specifically relate to child welfare and juvenile justice
- To consider funding implications related to the Child Welfare Demonstration Project as it specifically relates to child welfare and juvenile justice
- To consider funding implications and options related to emerging practice precepts such as performance-based contracting and outcomes-based payment contracts as they relate to equity in access to services, as well as consistency in access to funds

### **2.3 Task Force Formation:**

Act 55 of 2013 mandated that the Task Force be convened within 60 days of the effective date of the legislation. While the Steering Committee began meeting in July of 2013, the Task Force was officially convened on September 4, 2013. Meetings were conducted on a bi-weekly basis through March of 2014 for the development of the rate methodology for out-of-home placement services. An educational webinar was held at the end of May to present the proposed methodology to the broader provider community.

The Task Force resumed meeting in June to accomplish the work effort for other purchased services. As indicated in the charter, Task Force membership has been fluid to meet the expertise needed to accomplish both scopes of work. Additional representation from the provider community broadened the experience needed to develop the methodology for the other purchased services recommendations. Recognizing that the Task Force was mandated as a result of systemic funding challenges, considerable time has been spent throughout the entire process building a collaborative and unifying environment resulting in the development of a comprehensive set of recommendations. *It is important to note the time commitment of the Task Force members to this process.*

It was also necessary throughout this process to gain an appreciation of the perspectives of represented system partners to ensure that all members

shared a common understanding of the current landscape. As such, each of the three system partners presented information that was specific to their role. (Refer to **Appendix B**) Representatives from the Department provided an overview of federal and state funding available to support other purchased services. Federal funding includes Temporary Assistance to Needy Families, Social Services Block Grant (Title XX), Title IV-B, and Child Welfare Demonstration Project funds. Emphasis around state Act 148 allowable and non-allowable costs was provided with detail on the parameters for state reimbursement of services. Representatives from the Pennsylvania Children and Youth Administrators, Inc. emphasized that specific county needs are identified through data analysis and assessment which are used to drive the provision and purchase of services locally.

As a result of the unique needs of communities, there is a need for robust provider-delivered services that are flexible in nature. The Pennsylvania Council of Children, Youth and Family Services and the Rehabilitation and Community Providers Association presented on the challenges being faced by service providers. Providers shared challenges faced due to delays in contract execution and reimbursement for services.

After discussing the past and current system challenges, the Task Force focused on the development of a vision for the future to support improved outcomes for children and families. Members agreed that there was a need to look toward enhancing a collaborative process that is driven by a renewed and common purpose to the delivery of services while understanding the unique challenges of all system partners. Task Force members identified the need to gather information related to different rate methodologies and how those methodologies were implemented within other states. As a result, Public Financial Management, Inc. (PFM) provided consultative services during the development of the recommendations for other purchased services.

### 3. DEVELOPING THE COMMONWEALTH FRAMEWORK

After the submission of the initial report to the General Assembly on May 2, 2014, the Task Force resumed meeting on June 10, 2014 to begin developing the recommendations for other purchased services. The critical importance of establishing a defensible and accurate methodology was highlighted, with an emphasis on the need to provide services in a flexible manner and with an emphasis on quality.

#### 3.1 Rate Methodology—Competing Motivations:

The Task Force considered various motivations involved when establishing a provider rate methodology. These motivations can be summarized in the following categories:

- *Government Spending*: Emphasis is on efficiency, cost containment, increased accountability, reduced fraud, balanced budget and optimizing multiple funding streams
- *Quality Control*: Emphasis is on high quality service provision, use of evidence-based practices, individualized services, client choice and provider flexibility and capacity
- *Equity and Politics*: Emphasis is on geographical equity, disproportionately favoring one type of service or delivery method, trends over time, stakeholder satisfaction, compliance with federal, state or local instructions/initiatives and positive relationships with providers
- *Simplicity*: Emphasis is on stability from year-to-year, common rates for all providers or certain provider types, standardized method and limited reporting requirements

The Task Force members identified elements in all of these motivations that are desirable in the Commonwealth methodology. There was a high level of agreement that quality is a key factor in determining a methodology, as well as the need to consider simplicity to the degree possible without sacrificing the ability to meet federal and state funding requirements.

### 3.2 General Framework for a Provider Rate Methodology:

Very similar to the analysis of methodologies for out-of-home placement services, the Task Force considered options that exist in establishing a rate methodology framework for other purchased services. In reviewing the different methodologies, it became evident that the framework could be broken into two core concepts. The first concept was focused on the manner in which provider costs were assessed:

- *Provider-Independent*: Rates are based on a single rate that may be set for all providers and not on specific provider costs
- *Provider-Dependent*: A provider's rate is linked to the same provider's costs

The Task Force favored a provider-dependent concept which has been utilized successfully in the Commonwealth. With such diversity in economics and service populations across the counties, it is important to encourage and support continued variety among our provider population. Often, providers consult with counties to discuss the specific needs of the children and families they serve to establish or modify existing programs to meet those needs. This process supports the ability of providers to be responsive to the local needs of the county. As a result, service delivery is improved. The Task Force also recognized that this method appeared to be more precise in its administration and allowed for the possibility of full reimbursement to each provider.

While provider-independent approaches can address economic and service population diversity by establishing rates based on geographical and service specificity, it fails to address the ability providers currently have to craft programs to meet each county's individual needs. A one size fits all approach often fails to effectively meet the particular needs of the children and families counties served.

It was recognized that a provider-dependent approach does require state and county oversight to ensure the continued allowability and reasonableness of costs, as state and county fund availability is an ongoing concern.

The second concept was based on the manner in which provider costs are projected:

- *Prospective*: Rates are based on an extrapolation of historical costs or based on budgeted costs

- *Retrospective*: A provisional rate is set and then adjusted after the current fiscal period

The Task Force favored a “prospective” approach in developing a methodology. Utilizing current cost data was viewed as a more reasonable basis for establishing rates. Time was spent discussing potential strategies for alleviating the downside of this approach, which is the concern over changing costs and examining how to allow for this factor through a forward-thinking methodology.

### **3.3 Methods of Generating Rates:**

The Task Force was presented with various methods that are commonly used to establish rates. The following methods were included in this discussion:

- *Cost-based Pricing*: Pricing based on historical or budgeted costs (can generate provider-dependent or provider-independent rates)
- *Component Cost Analysis*: Generate a provisional rate based on estimated costs to providers (i.e. through analysis of necessary inputs and market price of those inputs for a hypothetical service provider)
- *Budgeting*: Generate rate based on provider's budgeted costs for the future (currently used by the Commonwealth)
- *Negotiated Rate*: Either the state publicizes a range and providers negotiate individual rates or providers propose a rate based on budget and then negotiate with the state (the county in the case of the Commonwealth)
- *Aggregate Rate Agreement*: Set an average cost-based rate for all participating providers. Providers who opt out of the agreement receive the lesser of the aggregate rate or an individually approved budget amount
- *Flat Rate*: Rate is set by dividing available funds by anticipated caseload or utilization. One rate for all providers for each service type

In discussing the above methodologies, it was agreed that many of the concepts are not mutually exclusive, and that often a state’s methodology contains elements of several different categories. In the Commonwealth, provider rates have traditionally been set using elements of both budgeting and rate negotiations. The Task Force focused on two key areas during discussions of methodologies:

- historical cost-based system was considered desirable given providers concerns about being reimbursed for their actual cost of care

- Both the provider and county representatives agreed that they did not want to lose the ability for providers to individually negotiate rates with county agencies

In terms of generating rates, the Task Force also discussed:

- *Statewide Pricing* (same price across the state)
- *Peer-Group Pricing* (same prices for designated peer agencies based on factors such as geography and service)
- *Provider Specific Pricing* (individual pricing by provider). Similar to the discussion on provider dependent methodologies, the Task Force favored Provider-Specific Pricing as part of a Commonwealth methodology.

### **3.4 Needs-Based Plan and Budget Process**

Act 30 of 1991 mandates an annual needs-based plan and budget process. 62 P.S. §709.2 (b) (relating to Review of County Submissions), requires the Department to consider whether the county's plan and budget is reasonable in relation to past costs, projected cost increases, number of children in the county, number of children served, service level trends and estimates of other sources of revenues.

The plan outlines all services for both delinquent and dependent children, as well as staffing needs for the child welfare agency and various administrative and operations costs. The budget portion of the plan provides projections related to federal, state and local funds which will be used to support planned services. Allocations of state and federal funding, which constitute the majority of dollars used by counties to purchase in-home and community-based services from private providers, are secured through this Needs-Based Process.

In creating the Needs-Based Plan and Budget submission, counties are expected to review data and explore trends while working collaboratively with service providers, consumers and their Child Welfare Advisory Board. Justification should support current practices and the impact of any additional resources, the steps taken in determining the resources being requested and how those requested resources will meet identified needs.

There is a sequence of steps to follow in developing the budget request. The automated system is designed to enable the reviewer of the plan and budget forms to identify the specific service needs and associated costs. The plan will be reviewed by the Department's Office of Children, Youth and Families

(OCYF) according to the plan review criteria described in 55 Pa. Code § 3140.17. Through its regional Offices, OCYF will work with counties to monitor and evaluate both the assessment of needs and the Needs-Based Plan and Budget throughout the year. The goal of the process is to create an ongoing dialogue which will ensure consistent plan implementation, timely plan and budget adjustments and a smooth transition into next year's plan development process.

### **3.5 Return on Investment Studies Regarding Other Purchased Services:**

From June to July 2014, PFM reached out to several states and to experts in the field to determine if other states have measured the return on investment (ROI) of other purchased services.

This outreach, along with a general review of the research, found that there are not any known ROI or "business-based" evaluations of other purchased services to date. Though there are plenty of states evaluating services based on outcomes, the traditional evaluation approach does not include any analysis of the total cost of inputs, which is a necessary element for determining ROI. However, several experts from Casey Family Programs noted that although ROI studies have not been completed specifically for other purchased services, the concept of measuring ROI is starting to gain traction among state child welfare and juvenile justice programs nationally.

PFM and several Task Force members did provide the Task Force with examples of cost analyses that had been completed by child welfare and juvenile justice programs. Three examples have been detailed below:

- Casey Family Programs' Report on Cost Savings of Waiver Interventions
- Colorado's Annual Evaluation of their Core Services Program (other purchased services equivalent)
- Washington State Institute for Public Policy's Cost Analysis of Several Evidenced-Based Juvenile Corrections Programs in Washington

### **Casey Family Programs Cost Savings Report**

Casey Family Programs (CFP), in partnership with the California Evidence-Based Clearinghouse for Child Welfare (CEBC) completed an initial review of several evidence-based programs utilized by Child Welfare Demonstration Project states, which included the cost-savings from those interventions.

(CFP also looked at waiver interventions with and without effectiveness data and without cost savings data.) The interventions were broken up into three categories:

- Well-Supported by Research Evidence
- Supported by Research Evidence
- Promising Level of Research Evidence

A list of these interventions and their cost savings descriptions are included as an addendum. (Refer to **Appendix D**)

### **Colorado's Core Services Program Evaluation**

Colorado's Department of Human Services (DHS) is required to complete an annual evaluation of the overall effectiveness and the cost efficiency of its Core Services Program.

Service outcomes measured by DHS for this program include:

- "Successful" outcomes – all or nearly all treatment goals are met
- "Partially successful" outcomes – service authorizations are closed when a client made some progress while in treatment but all treatment goals were not met

DHS also measures the total children/youth who remained in their homes or who were placed with relatives at the end of the Core Services Program, as well as child safety goals and reunification levels. DHS also evaluates the cost of the Core Services Program by contract type:

- Fee-For-Service Contracts
- Fixed-Rate Contracts
- County-Provided Contracts

### **Washington's Juvenile Court Cost Analysis**

In 2009, the Washington State Institute for Public Policy (WSIPP) analyzed the costs of five evidence-based juvenile court programs:

- Aggression Replacement Training
- Coordination of Services
- Functional Family Therapy

- Family Integrated Transitions
- Multi-Systemic Therapy

WSIPP reviewed average program costs as well as the costs to implement and maintain programs and examined a costs analysis model.

The costs of twelve, distinct program components were surveyed and statewide variations in costs were accounted for, as appropriate, such as differences in salaries, geographic distances, etc. According to the report, average program costs could, in theory, be used to “estimate the number of youth who can be served for a given amount of funding.”

## **4. REVIEW OF OTHER PURCHASED SERVICES PROCESSES IN OTHER STATES AND IN OTHER PENNSYLVANIA DEPARTMENTS**

The Task Force reviewed how specific states, New York City, and other Pennsylvania departments currently identify, track and report other purchased services.

For consistency, this research focused on those states that the Task Force reviewed for the recommendations provided in the initial report for the rate methodology for out-of-home placement services. Like Pennsylvania, many of these states are in the early stages of developing a methodology for other purchased services or have not yet begun to do so.

Identified elements from this analysis applicable to developing the rate methodology for other purchased services include:

- Establishment of clear timelines for submission, review and final analysis of costs
- Utilization of a third party provider audit to support actual costs and practice decisions regarding allocation of costs
- Reinforcement of the value and need for individual provider and county negotiations
- Creation of an allowance for regional/county variations in rates reflecting geographic locations, contract specifications and county specific requests
- Development of standard guidelines to support submission of needed information in a streamlined and efficient format
- Consideration of quality, outcomes and performance in the rate methodology process

Below is a summary of the information reviewed:

### **4.1 California**

Child welfare services are county-administered in California. In September 2012, the state's Department of Social Services (CDSS) launched a Continuum of Care Reform (CCR) effort which will ultimately lead to system and legislative changes, including, but not limited to:

- Recommending revisions to the state's current rate setting system, services and programs serving children and families in the continuum of Aid to Families with Dependent Children-Foster Care eligible placement settings

Based on the information provided, the CCR effort has yet to address other purchased service rates.

## **4.2 Colorado**

Child welfare services are county-administered in Colorado. The state provides "core services" for children who are "at imminent risk of being placed out-of-home." Core services are included under the state's set of family preservation services and are meant to provide eligible families with alternative problem-solving techniques, child-rearing practices and responses to stressful living situations. Core services include types of services such as intensive family therapy, life skills, day treatment, mental health services, substance abuse treatment services and aftercare services.

Based on the information provided, Colorado has yet to address establishing rates for these services.

## **4.3 Florida**

Child welfare services are state-administered in Florida. Other purchased services in Florida include family preservation services and post-placement supervision, as well as services provided to children and their families to prevent a child from either entering the child welfare system or to prevent the possibility of a child being abused, neglected or abandoned. They also include services for children who are returning home after being in an out-of-home placement and for their families.

Based on the information provided, Florida has yet to address establishing rates for these services.

## **4.4 Georgia**

Child welfare services are state-administered in Georgia. Georgia's Department of Human Services, Division of Family and Children Services (DCFS), has specific rates for other purchased services, which are set after

researching local industry rates, as well as other, similar comparable Medicaid service rates.

#### **4.5 Iowa**

Child welfare services are state-administered in Iowa. The Iowa Department of Human Services (DHS)' Child Welfare Services Division contracted with eleven family centered providers in State Fiscal Year (SFY) 2013 to provide other purchased services to families and children. Rates for these services, as of SFY 2013, vary based on the type of service that is provided.

For Safety Plan Services, which are provided during child abuse assessments, there is a defined unit rate and the unit of service is defined as 15 calendar days.

For Family Safety, Risk, and Permanency Services, contractors receive a monthly payment amount for each full calendar month a case is opened and approved for services and for which he/she meets minimum monthly service delivery requirements.

For Aftercare Services (Iowa Aftercare Services Network), which are services and support to youth, age 18-21 years old, who were formerly in foster care:

- Limited payments are made to the youth for direct expenses that must support goals of the self-sufficiency plan
- Contractors are paid for performance, the obtainment of the services, and the outcomes described in the contract

#### **4.6 Maryland**

Child welfare services are both state and county-administered (hybrid) in Maryland. Maryland's Department of Human Resources oversees social services programs which are administered in each county and Baltimore City through local departments of social services. Maryland's Department of Human Resources provides discretionary funding for other purchased services to the state's twenty-four jurisdictions, based on the size of the jurisdiction's caseload. Each jurisdiction receives flex funding, which is allocated based upon caseloads and must be used for direct services. Services may include child protective services, alternative response services and consolidated services. There is, however, no specific rate methodology

currently in place for children and families who are receiving child welfare services alone.

#### **4.7 Michigan**

Child welfare services are state-administered in Michigan. Michigan provides In-Home Care Programs to children and their families as an alternative to out-of-home placement. In-Home Care Programs are community-based programs that are funded annually by the state's Child Care Fund Monitoring Unit, based upon the particular program and eligibility criteria for the child.

Michigan is currently developing a Request For Proposal to determine a case rate for placement services that are tied to outcome measures. In February 2014, the state released a report which identified performance measures for both in-home and out-of-home services.

Michigan has not yet developed a methodology for its In-Home Care services.

#### **4.8 Missouri**

Child welfare services are state-administered in Missouri. The Missouri Department of Social Services (DSS), Children's Division, provides Intensive In-Home Services (IIS) to eligible children and families. IIS are short-term, intensive, home-based, crisis intervention services that are provided under the umbrella of the state's Family-Centered Services.

The state sets maximums for competitive bids, which are based on various factors, such as daily rates, employees, overhead, etc.

In 2005, DSS identified an average cost for services, estimating that an IIS costs \$1,990 per child. This was based on the direct cost of the intervention and the indirect staff time incurred by the state for one child. In each fiscal year, contractors can request a mid-year increase, as needed, which is subject to state approval.

IIS outcomes are monitored through a quarterly Peer Record Review process. A sample of IIS cases are reviewed quarterly in each region.

## **4.9 New York**

Child welfare services in New York are county-administered. For every dollar spent on other purchased services, the state pays 62% of the cost and the county pays 38%. In New York, other purchased services are identified and determined based upon the needs of children and their families through assessments and service planning.

Services are tracked through Uniform Case Records which are comprehensive. They include all assessments and service plans, progress notes, an account of all family and children's services delivered to the child and family, as well as documentation of judicial and administrative proceedings related to the child and his/her family.

### **4.10 New York, NY**

New York City's Purchased Preventive and Rehabilitative Services (PPRS) encompass services that seek to prevent the need for removal or foster care placement. These services are funded on a line-item, per slot basis.

- A slot is defined as the capacity to carry a case (i.e. family) at any point in time
- The duration that a slot program is funded varies based on the length of the funded service intervention
- PPRS services are time-limited and the average length of service ranges from four to twelve months

Each PPRS contract contains an award for a certain number of slots and the price per slot is determined by model staffing requirements and caseloads.

PPRS outcomes are monitored. Outcomes monitored include utilization, referrals, rejections, case closure reasons and repeat maltreatment and removal rates. Corrective action is taken if providers do not meet the established goals.

### **4.11 North Carolina**

Child welfare services are county-administered in North Carolina and supervised by North Carolina's Division of Social Services.

For other purchased services, counties engage in a competitive procurement process to provide four evidence-based interventions:

- Incredible Years (preschool, ages 3-6)
- Incredible Years (school, ages 6-11)
- Strengthening Families
- Circle of Parents

Providers must submit a proposal, including a request for funding, to the state to provide services. The state scores the proposals, selects providers, and determines a pro-rated amount of funding. However, no specific rate methodology is currently in place to determine other purchased services as purchasing services other than those above is rare. In these cases, the state negotiates the purchase of private services on a case-by-case basis.

#### **4.12 Ohio**

Child welfare services are county-administered in Ohio. Other purchased services are categorized similarly to those in Pennsylvania. In June 2014, Ohio's Department of Job and Family Services, Office of Families and Children, rolled out Differential Response to all of Ohio's counties.

Counties in Ohio negotiate the cost, pay directly for and track other purchased services. County costs are aggregated at the state level, but the state does not track the actual services purchased.

#### **4.13 Wisconsin**

Wisconsin's child welfare services are state-supervised and county-administered (hybrid) in 71 counties and state-administered in Milwaukee County.

Wisconsin's In-Home Supportive Services (IHSS) is a protection practice model that provides a range of safety intervention services to children and families for typically 90-120 days.

IHSS is provided in 16 Wisconsin counties, which are grouped into four consortia. These consortia are determined based on geography, caseload, providers, and local services. Each consortium subcontracts to other agencies and is allocated funding from a federal block grant annually. Subcontractors are selected through a competitive site selection process,

which targets improvements in information collection, safety decision-making and in-home service delivery. Each county in a consortium receives a portion of this funding and must adhere to a prescribed policy framework.

#### **4.14 Pennsylvania Department Research**

##### ***Department of Drug and Alcohol Programs***

The Department of Drug and Alcohol Programs (DDAP) does not set rates for drug and alcohol services. Single County Authorities (SCAs) serve as local administrators of drug and alcohol services for their geographic areas. Rate setting and contracting for service delivery is the responsibility of the SCA, per the grant agreement between the DDAP and each SCA. The DDAP requires that the SCA develop a standardized rate for the contracted providers of non-residential drug and alcohol treatment services within the SCA's catchment area. Non-standardized rates must be negotiated and established based on a budget that defines staffing, operating and fixed asset costs for the delivery of services.

The DDAP requires SCAs to report, at mid-year and year-end, the expenditure of all Department funds for administration, prevention, intervention, treatment, and treatment-related services. Expenditures are reported for each of the SCA's contracted providers for each of these. The DDAP does not have a formal process for evaluating and tracking rates for services currently; however, each SCA informally evaluates and compares service delivery and expenditure information for each SCA.

##### ***Department of Human Services, Office of Developmental Programs***

The Office of Developmental Programs (ODP) provides participating individuals with developmental disabilities and autism three options that help them live more independently in their homes:

- Participants can live alone and receive a subsidy, measured in units that range from \$10-\$15, to hire someone to provide in-home services
- Participants can live alone and have services provided by an ODP-purchased provider (e.g. a contracted nursing agency) with rates providers base on a fee schedule that is determined by an outside company and that may be affected by area and/or geographic factors
- Participants can reside in an ODP residential facility, where rates for services and residential stays are based on specific cost reports

ODP has engaged in an ongoing process to better align the rates and rate methodologies of its programs by using a market-based approach and has successfully accomplished multiple steps to ensure the success of this process. These steps have included:

- A review and clarification of definitions
- A determination of allowable costs, which focuses on costs that are “reasonable, necessary, and related to the delivery of service”
- In addition, ODP has implemented the following:
  - [Developmental Programs Provider Licensing](#)
  - [Fee Schedule Rates](#)
  - [Fee Schedule Rates Methodology](#)
  - [Provider and SCO Monitoring](#)
  - [Provider Qualifications](#)
  - [Public Notices](#)
  - [Rate Setting Methodology](#)
  - [Supports Coordination Organization Cost Report Rates Methodology](#)
  - [Waiver Provider Cost Report Rates](#)
  - [Rate Assignment Guidelines](#)

*Note: If receiving this report electronically, click on the underlined hyperlinks above to access the specific information or refer to **Appendix E**.*

ODP has also separated its services into two categories to establish fee schedule rates:

- Select Community-Based Services, which includes seventeen types of services
- Agency With Choice/Financial Management Services (AWC/FMS), which includes five types of services and has varying rates depending on whether a participant’s benefit allowance is or is not included

ODP also grouped counties based on area and geographic factors. The service fees in these areas were adjusted according to these factors.

## **5. COUNTY AND PROVIDER SPECIFIC INFORMATION**

As mentioned previously, the Task Force acknowledges the diversity of service provision in counties across the state required to meet the individualized needs of children and families while still operating on a foundation of consistency to validate the appropriate use of public dollars. As such, the Task Force welcomed the presentation of information reflecting this diversity as part of the careful consideration of recommendations for a state methodology for the purchase of other services.

### **5.1 Butler County**

Butler County Children and Youth Services presented to the Task Force regarding their county's decision to implement a managed care model for their in-home/other purchased county and youth service providers. The Task Force members were able to view the county-developed matrix for definitions of services, qualifications, unit definition and rates. Butler County developed this matrix after a review of all purchased in-home/other purchased services that were then collapsed into several different categories, primarily counseling/coaching, crisis intervention, visitation and transportation.

Butler County did not conduct any reviews around agency budgets when they established their rates, but used the existing rates with their Health Choices Managed Care Organization as a guide. Butler County then met with their providers prior to implementation and found support for the rates and the process. Butler County acknowledged the benefits of being a moderate-sized county with local providers who have worked well together for many years. Their providers appreciate the opportunity to have a level playing field. It was critical through this process that no provider was given a lower rate than they already had. Butler County also shared that they have, through the Needs-Based Plan and Budget process, received rate increases as a result of increasing transportation and health care costs.

Pros and cons of managed care systems were discussed. Many of the providers on the Task Force contract for behavioral health services. Lack of incentive to create or expand services could be a deterrent if the rates are already prescribed, but Butler County reported that this has not been their experience as they are still experiencing competition for referrals.

### **5.2 Venango County**

Venango County completed a Service Mapping project using the Hexagon Model from the National Implementation Research Network. The available service array was assessed for need, fit, capacity, resources, evidence, and readiness relative to the identified needs of the target population.

Services that presented as problematic were analyzed using the Competency Drivers Framework, also a tool from Implementation Science, to define and diagnose what the challenges were, and to decide if they could be overcome.

In part due to the Service Mapping efforts, a thorough needs analysis was conducted by completing data mining activities from several sources. Qualitative data were collected and compared to the quantitative data to identify the core needs of the target population. In January 2014, a group of stakeholders who are representative of the county Children and Families System of Care Sub-Committee completed a qualitative analysis by dedicating several meetings to conducting a focus group around identifying what children and families need to heal, grow, and recover. The assets-based method of Appreciative Inquiry was also utilized to obtain input from key stakeholders of the child welfare system such as consumers, providers and staff regarding available services. Data was also extracted from the child welfare software system and AFCARS<sup>2</sup> from 2012 to March 2014 regarding case opening reasons and placement data. Analysis of referral and case opening reasons, and placement trends correlates with the findings of the qualitative needs assessments conducted with stakeholders. This process was utilized to inform decision making about the services offered by the county.

### **5.3 Erie County Office of Children and Youth**

A Task Force member representing the Erie County Office of Children and Youth (OCY) presented information on the contracting process utilized in Erie.

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<sup>2</sup> The Adoption and Foster Care Analysis and Reporting System (AFCARS) collects case-level information from state and tribal title IV-E agencies on all children in foster care and those who have been adopted with title IV-E agency involvement. Examples of data reported in AFCARS include demographic information on the foster child as well as the foster and adoptive parents, the number of removal episodes a child has experienced, the number of placements in the current removal episode, and the current placement setting. Title IV-E agencies are required to submit the AFCARS data twice a year based on two 6-month reporting periods.

The Erie County OCY contracting process timeline (indicated on p. 31) begins with a meeting of all the providers of in-home/other purchased services, which takes place at the beginning of March. Budget packets are handed out at this meeting, along with a Tentative Allocation Letter, the General Instructions for completing the budget packet and the budget forms. The budget packet contains the following documents:

- Tentative Allocation Letter – includes the providers allocation, services, current rates, units and the Budget Hearing date and time
- Agency Consolidated Budget (Format A)
- Detailed Description of Certain Line Accounts (Format A-1) – includes Purchased Personnel, Other Operating Expenses, etc.
- Cost Allocation Plan – a narrative on how Administrative Costs and other costs are distributed across programs
- Schedule D, which is composed of three schedules:
  - Schedule D-1 Detail Listing of Direct Care Staff and Salaries by Program
  - Schedule D-2 Detail Listing of Administrative Staff and Salaries by Program
  - Schedule D Summary Totals of D-1 and D-2 by Program (must agree with Wages and Salary line on the Format A)
- Service Projection Chart by Service Activity - projects utilization revenue and uses current rates
- Work Statement / Program Description
- Organizational Chart
- Board Roster with Term Limits
- Outcomes / Logic Model - report
- Impact Statement
  - Depending on the year, a provider will be asked to provide an Impact Statement (i.e. what happens if your allocation is cut by 5%)

Erie County OCY usually gives providers four weeks to complete budget packets and return them to the OCY office for review. Providers are given tentative allocations and are asked to budget to that tentative allocation and provide supporting documentation that shows the cost of each specified service, the utilization of that service (Service Projection Charts), how costs are allocated to the specific service (Cost Allocation Plan) and the calculation of the rate or rates for that service.

Date	ERIE COUNTY OCY BUDGET/CONTRACTING PROCESS - TIMELINE
January 15, 2015	Providers submit Outcome data for 2nd quarter to Mercyhurst University for Analysis and Reporting
March 3, 2015	County holds Provider Meeting with In-Home/Other Purchased Services and Residential Providers. Budget Packets for In-Home/Other Purchased Services Providers are handed out Tentative allocation Letters and questions are answered. Questions by Residential Providers are answered also.
March 31, 2015	Deadline for the submission of In-Home/Other Purchased Services Budget Packets. Four weeks are given to complete the budget packet.
April 1, 2015	Semi-Annual Outcomes Reports are due from Mercyhurst University for each In-Home/Other Purchased Services Provider. (Also sent to Provider)
April 1 - 14, 2015	Begin to Review Budget Submissions - revisions/corrections are requested before hearing if possible.
April 15, 2015	First Budget Hearing held
April 15 - May 27, 2014	Review of Budget Submissions continues
May 27, 2015	Last Budget Hearing held
June 1 - 5, 2015	2nd Budget Hearings are held if necessary
April 24 - June 24, 2015	Final documents are submitted by Providers for generation of In-Home/Other Purchased Services contracts
April 24 - June 24, 2015	In-Home/Other Purchased Services contracts are generated when final documentation is received from In-Home/Other Purchased Services Providers.
June 30, 2015	Fiscal Year 2014 - 15 ends for the state, counties and most providers
July 30, 2015	96% of all In-Home/Other Purchased Services contracts for SFY 2015 - 16 are generated and in providers hands by this date.

Budget hearings, which last two to three and a half hours, are conducted with each provider of in-home/other purchased services. Some providers have multiple budget hearings due to the number of services/programs for which Erie County OCY contracts. At these meetings, providers present their budget submission and each document is reviewed with the provider. Budget and contract negotiations are conducted during these budget hearings, where rates are adjusted and approved, services are better defined, outcomes are reviewed and the final amount of funding is determined.

During the new contract year, Erie County OCY is open to discuss any change in rate for cause, an increase or decrease in funding, a modification in the contracted service and changes to the logic model or outcomes. Also, during the course of the contract year, referrals and referral policies are reviewed to make sure that contracted services are being utilized. In addition, non-residential/other purchased services providers are asked to present at Erie County OCY's quarterly staff meetings as a means to educate OCY staff on the variety of services that are offered to clients in Erie County.

Two tools were presented and discussed with the Task Force, which were created and used by Erie County OCY. One tool is a Budget Review Tool that captures all the issues and questions that staff have raised during their review of the budget submissions. The Budget Review Tool is then used during the budget hearing and is finally used to record all the decisions that were made during the budget hearing.

The second tool, which is an Excel worksheet, is provided to new providers who are new to Erie County OCY's budgeting process or are new to fee-for-service contracting. This tool can be used to estimate a rate that will cover the cost of a particular service, by plugging in the number of unit-producing staff, the cost of each unit producing staff, the number of hours worked per week, the number of available hours per year, the level of productivity, the operating budget of the particular service, and the amount of administrative overhead. With this information entered into the tool, a rate is calculated which will cover these costs.

#### **5.4 Provider Presentations**

Pennsylvania private providers representing urban, suburban and rural geographical areas of the state reported on individual budget development processes to the Task Force. Captured in these presentations was the diversity of the current private provider network offering services to children, youth and families across the Commonwealth, including both non-profit and for-profit organizations. Similar budgetary practices were evident even with the diversity of size, location, and business practice.

Each agency described the importance of its relationship to its counties, employees, community and clients in the budgetary process. Presentations by providers from non-profit agencies highlighted the role of their Board of Directors, which has fiduciary responsibility over the organization. All the agencies built their budgeting processes upon actual costs from the prior year, encompassing current cost trends and projections, including increased

costs of doing business. Each of the organizations' processes was different in specific ways that mirror the uniqueness of programs or county expectations, while still meeting standardized accounting protocols.

One point stressed throughout all of the presentations is that providers are taking on risk by operating a majority of programs that are not program or grant funded. The need for retained revenue (or net assets) was described as a basic business function to remain financially solvent. The cost of providing each service dictates the projected budget and each unit of service cost. The counties have ultimate control in how much service they purchase and how they choose to buy these purchased services. Some services were described as being program-funded, but this was in a significant minority of programs.

The providers base their rate on the prior year's costs calculated with increases or decreases of costs and what utilization they believe they will have in the coming year. Providers described a communication loop, which through conversations with a county, provides individual program budgetary feedback necessary to meet the counties requests, which then reflects changes to projected budgets. All of the providers reaffirmed that they provide to the counties with whom they contract, an audit from a third party organization that is in accordance with accounting principles generally accepted in the United States of America for overall accountability.

Overall, the county and provider must work in tandem to orchestrate a fair and equitable process that allows the county to choose service providers based on the needs of children and families. It then becomes the county's responsibility to provide documentation of the need for services during the Needs-Based Plan and Budget process, while allowing providers to accurately account for the cost of care for services.

## 6. QUALITY OF SERVICES AND MEASURING OUTCOMES

The role of the quality of services delivered was at the forefront of Task Force discussions related to the major elements of the rate methodology. The provision of quality services is a critical component which needs to be factored into the assessment of reasonableness of costs as contracts are negotiated between counties and providers. The deliverables associated with services purchased by counties should not only reflect quality practice standards but should also support the quality outcomes of safety, permanency and well-being as measured in the Child and Family Service Reviews conducted by the Administration for Children and Families, as well as the juvenile justice principles of accountability, competency development and community safety. Counties are held accountable for these outcomes and many share the responsibility of tracking and reporting data related to safety, permanency and well-being with the providers who serve them.

Quality is an integral part of the broader state review process as reflected in county-reported outcomes data, compiled with provider input, when submitted with the Needs-Based Plan and Budget. The analysis of the impacts and successes of interventions supported with public dollars directly connects with Task Force-valued principles of accountability and transparency.

Incorporation of standards for performance and practice, clear criteria for assessing success, including tracking defined outcome data elements and development of a protocol to incorporate quality expectations into contract negotiations, were recognized as desired long-term systemic goals. Refinement of continuous quality improvement expectations will need to continue beyond the lifespan of the Task Force to bring it to fruition in Pennsylvania.

### 6.1 FAST and CANS Assessment Tools - Dauphin County

The Family Advocacy and Support Tool (FAST) is the family version of the Child and Adolescent Needs and Strengths (CANS)<sup>3</sup> family of planning and outcome management tools. The purpose of the FAST is to support effective interventions when the focus of those efforts is on entire families rather than single individuals. The most common use of the FAST is in efforts to address the needs of families who are at risk of child welfare involvement.

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<sup>3</sup> CANS has been developed by John Lyons, Ph.D., Northwestern University, Chicago, and many stakeholders across multiple states.

The FAST is a tool designed to maximize communication about the needs and strengths of families. The FAST includes ratings of the Family Together, each Caregiver, and all children and youth. Interventions in the family system can be directed at that system or to address the individual needs of family members or dyadic relationships within the family.

The CANS Assessment is an information integration tool. Its purpose is to represent the shared vision for a child -- a vision that should include the perspectives of the child, the family and all service providers. CANS supports decision making in child welfare, mental health, juvenile justice, schools and early intervention service provision, including level of care and planning and well-being and functional status outcomes, to facilitate quality improvement initiatives.

Providers use the assessment process to get to know the children and families they work with and to understand their strengths and needs. The CANS can help decide which of the child's needs are the most important to address in a treatment plan. Families work with the provider during the assessment process to develop a treatment plan that works with the child's strengths and needs.

Dauphin County presented information on the use of the FAST and CANS Assessment Tools, including the frequency of these assessments, and their focus on specific areas of growth for families and children. Once assessments have been completed, these tools guide the workers and families to the providers and services that would address those specific areas.

The use of the tools will aid in improved outcomes for children and families being served. Dauphin County is requesting its contracted providers to be familiar with these tools while assuring that their program descriptions specify which indicators they are designed to impact to assist staff in referring the right families to the right service, at the right time and for the right duration.

## **6.2 Juvenile Justice System Enhancement Strategy**

Pennsylvania's Juvenile Justice System Enhancement Strategy seeks to enhance the juvenile justice system's capacity to effectively meet its Balanced and Restorative Justice goals by infusing evidence-based practices into all phases of the system. Structured decision making involving the use

of the Youth Level of Service (YLS) at intake provides juvenile justice system professionals with an opportunity to effectively assess an offender's risk and structure a plan of supervision designed to address specific criminogenic needs believed to contribute to a juvenile's risk to reoffend. Risk assessment also helps redirect probation department resources to the moderate and higher risk offenders who pose the greatest threat to the community.

Addressing criminogenic needs to reduce risk involves structuring a plan of intervention using activities and provider services. Pennsylvania has an array of social services for juvenile offenders that are offered by both state and private agencies. While some service offerings are truly evidence-based, such as Multi-Systemic Therapy and Functional Family Therapy, many of the service offerings are "home grown" programs that have evolved over the years and are generally believed to be effective. Rather than relying on anecdotal assurances of effectiveness, Pennsylvania's Juvenile Justice System partnered with Dr. Mark Lipsey<sup>4</sup> to see how closely service offerings align with programs that have demonstrated effectiveness at reducing risk.

Additional information on Pennsylvania's Juvenile Justice System Enhancement Strategy can be found in **Appendix F**.

### **6.3 Youth Level of Service/Case Management Inventory (YLS / CMI)**

In April 2009, the Youth Level of Service/Case Management Inventory (YLS/CMI or YLS) was chosen as Pennsylvania's juvenile justice assessment instrument. The YLS is an evidence-based risk/needs assessment instrument which has been determined to be both valid and reliable in measuring the predictors of youth crime/recidivism.

The YLS is designed to measure risk levels (Low, Moderate, High) relating to the examination of forty-two risk/need factors over the following eight domains:

- Prior and Current Offenses
- Family Circumstances / Parenting

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<sup>4 4</sup> Dr. Mark Lipsey et al. conducted a groundbreaking meta-analysis of the characteristics of effective delinquency interventions, with the goal of providing a solid foundation for improving delinquency programs and services. Based on his analysis of over 700 controlled studies of interventions with juvenile offenders, Lipsey developed the Standardized Program Evaluation Protocol (SPEP). Dr. Mark Lipsey is the Director of the Peabody Research Institute at Vanderbilt University.

- Education/Employment
- Peer Relations
- Substance Abuse
- Leisure / Recreation
- Personality / Behavior
- Attitudes / Orientation

Any of the domains may also be identified as areas of strength. Ultimately, a juvenile is assigned an overall risk level of Low, Moderate, High or Very High based on these and other factors gathered through a structured interview/information gathering process. The YLS is designed only to assist in making structured and consistent professional decisions, and does not mandate specific actions or dispositions.

Assessment of risk is only part of the usefulness of the YLS. One of the more important aspects of the initiative is that the results from the assessment are being used to develop a more comprehensive case planning process for juveniles that focuses on reducing identified risk factors and emphasizing identified strengths. The YLS risk and need domains have been shown, through research, to be the strongest predictors of youth crime/potential recidivism. As such, case plans that address specifically identified risk and need areas should effectively reduce the risk to recidivate.

Focused, goal-directed and strength-influenced case plans also provide direction for the probation officer, youth and family throughout the period of supervision. Service providers are also expected to utilize assessment results when developing and providing interventions designed to target identified risk areas. Assessment-driven case plans are effective regardless of the level of intervention determined to be appropriate.

A standardized case plan, utilizing the results of YLS assessment, has been developed and is currently being implemented by many counties. The case plan also incorporates the principles of Balanced and Restorative Justice, and is designed to be developed in collaboration with youth and their families, and is used over time to measure progress and re-define critical goals.

Ultimately, ongoing data collection related to the administration of the YLS will be used to assist both county-specific and statewide research efforts, including planning of resource allocation.

The desired YLS utilization outcome is that this validated risk/needs assessment will be used to assist in determining appropriate levels of supervision, establishing measurable case-specific goals and interventions,

and in allocating the necessary resources to achieve better outcomes for juveniles and their families, and consequently for our communities.

#### **6.4 The Standardized Program Evaluation Protocol (SPEP)**

The SPEP is a validated, data-driven rating system for determining how well a program matches what research indicates is effective for that particular type of program in reducing the recidivism of juvenile offenders. More specifically, the SPEP creates a metric by assigning points to programs according to how closely their characteristics match those associated with similar programs shown, in research studies, to have the best recidivism outcomes.

The body of research on programs for juvenile offenders indicates that several general characteristics are most strongly related to their effects on juvenile delinquency:

- The type of program
- The service quantity or dosage
- The risk levels of the youth served by the program
- The quality with which the program is implemented

While the initial SPEP score is certainly of interest, it more importantly establishes a baseline for program improvement. The difference between the scores for the individual components of the SPEP and the maximum possible point values for each provide information about where program ratings can improve. The resulting program improvement process must be a collaborative effort between probation departments and service providers.

## 7. FEDERAL PERSPECTIVE

While traditional Title IV-E funds are not available to support other purchased services, there are multiple federal revenue streams that support these costs:

- Temporary Assistance to Needy Families (TANF) can be used to provide family preservation, reunification, support services and emergency shelter placement services that are designed to promote TANF purposes for eligible youth
- The Social Services Block Grant, Title XX, is used to support a broad range of social service activities, which include promoting self-sufficiency, preventing child abuse and supporting community-based care for the elderly and disabled
- Title IV-B is used to support most child welfare services, with the exception of investigation services
- Child Welfare Demonstration Project (Title IV-E Waiver) funds are available to reimburse counties who opted to participate in Pennsylvania's Child Welfare Demonstration Project. Counties have the flexibility to use funds for a wide variety of services under parts Title IV-E and Title IV-B of the Social Security Act. Both dependent and delinquent youth, whose cases are shared with the County Children and Youth Agency, are eligible. Placement maintenance costs under the project are only funded when incurred while the eligible youth is placed in a federal foster care setting

The Department is responsible for the administration of federal awards. Accordingly, the federal programs are evaluated to assure compliance with client eligibility, if applicable, and allowability of costs. Due to the complexity and blending of federal, state and local funds, the Task Force reviewed federal guidance to determine allowable costs. OMB Circular A-122 provides principles to be applied in establishing the allowability of certain items of cost. The principles apply whether a cost is treated as direct or indirect.

OMB Circular A-122:

[http://www.whitehouse.gov/omb/circulars\\_a122\\_2004](http://www.whitehouse.gov/omb/circulars_a122_2004)

*Note: OMB Circular A-87, OMB Circular A-122 and OMB Circular A-133 are streamlined and superseded by the Final Rule regarding Uniform Administrative Requirements, Cost Principles, and Audit Requirements for*

*Federal Awards, effective December 26, 2014, 2 CFR Chapters I and II, Parts 200, 215, 220, 225, 230, 78 Fed. Reg. 78590 (Dec. 26, 2013).*

<http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>

## 8. UNALLOWABLE STATE ACT 148 COSTS:

Costs that cannot be reimbursed with state Act 148 funds, consistent with 55 Pa. Code § 3140.21(c), are:

- The cost of mental health or mental retardation treatment services
- The cost of medical and dental services when the client is eligible for other funding or has private resources
- The cost of basic education programs
- The cost of services for children placed outside this Commonwealth in other states:
  - If the placements are not made according to the requirements of the Interstate Compact on the Placement of Children in section 761 of the Public Welfare Code (62 P.S. §761) in states which are signatories to the compact
  - If the placements are not made according to sections 746-765 of the Public Welfare Code (62 P.S. § 746-765) in states which are not signatories to the Interstate Compact on the Placement of Children in section 761 of the Public Welfare Code (62 P.S. § 761)
- The cost of care, maintenance and treatment of children placed in facilities which do not meet the requirements of 55 Pa. Code §3130.39 (relating to services and facilities which may be used)
- The cost of county probation office staff
- The cost of juvenile court staff
- The cost of county social service staff no part of the county agency

Additionally, items of cost not listed in the 55 Pa Code Chapter 3170 are not allowable for Act 148 reimbursement.

Information on state Act 148 costs allowable for reimbursement can be found in **Appendix G**.

## 9. DIRECT COSTS VERSUS INDIRECT COSTS

The Task Force recognized the need to gain an understanding from representatives of the Department's Bureau of Financial Operations (BFO) of the specific differences between direct costs and indirect costs in regard to cost reporting. Therefore, the Task Force invited David R. Bryan, CPA, CGMA, Manager, Audit Resolution Section (DHS) and Alexander Matolyak, CPA, CGFM, CGMA, Director, Division of Audit and Review (DHS) to discuss this topic with the Task Force.

The reference for the discussion was:

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards contained in 2 CFR § 200.412 –200.414:  
<http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>

From the OMB Uniform Administrative Requirements:

2 CFR § 200.56 Indirect (facilities & administrative (F&A)) costs defines indirect costs, in part, as: "those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved..."

2 CFR § 200.412 Classification of Costs states: "There is no universal rule for classifying certain costs as either direct or indirect (F&A) under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect (F&A) cost in order to avoid possible double-charging of Federal awards. Guidelines for determining direct and indirect (F&A) costs charged to Federal awards are provided in this subpart."

2 CFR § 200.413 (a) General states: "Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs."

Typical costs charged directly are the compensation of employees, related fringe benefit costs and the costs of materials.

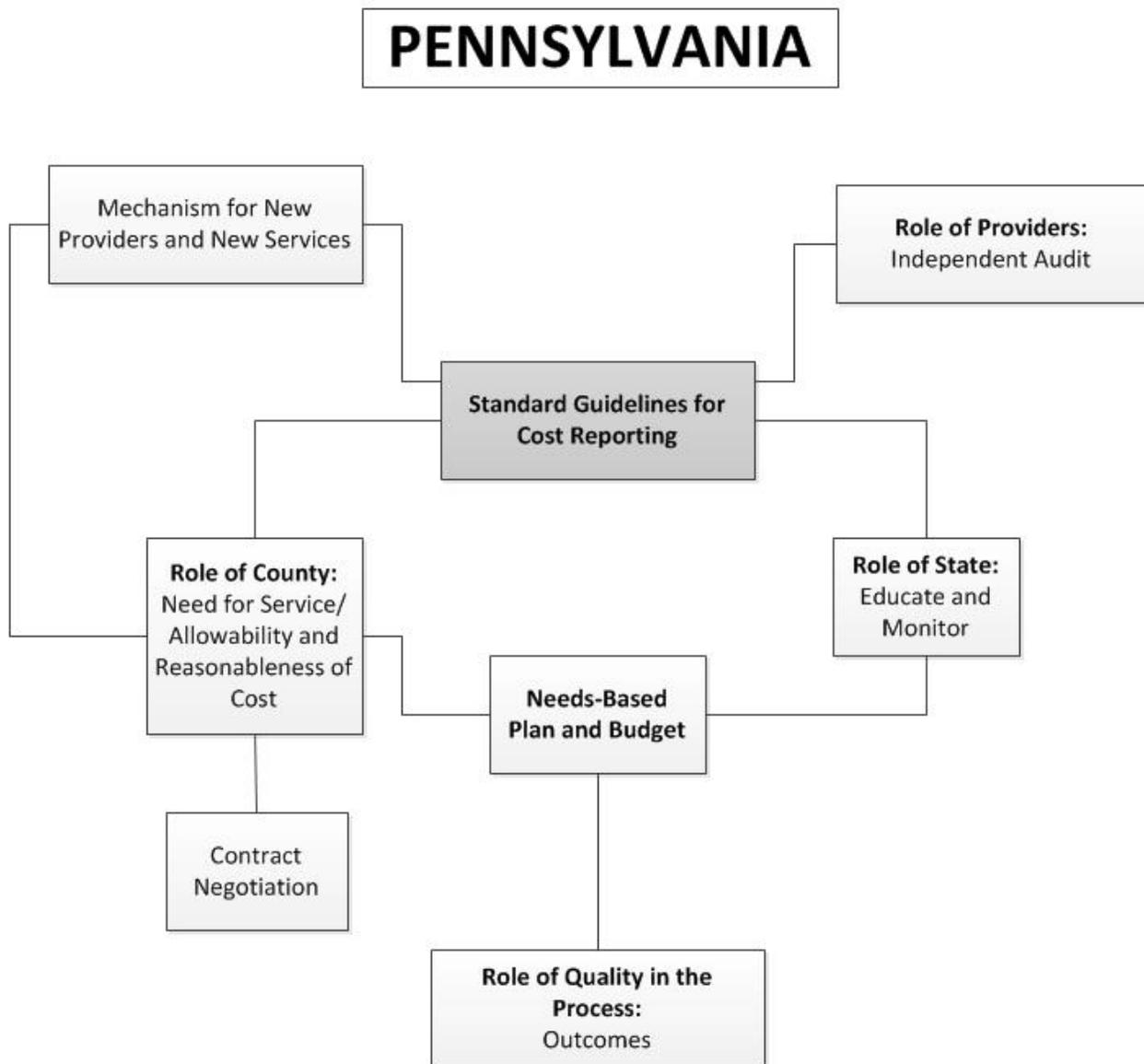
Generally speaking, indirect costs are costs that are not directly identified with a single program but which are allocated among multiple programs or funding sources. 55 Pa. Code § 3170.60 provides additional clarification regarding administrative overhead/indirect costs:

- Administrative overhead costs are those incurred for a common or joint purpose and are not readily assignable to one specific cost category. These costs are the supportive activities which are necessary to maintain the direct effort involved in providing the services. The activities include, but are not limited to: general supervision, bookkeeping, data processing and auditing (to the extent that these costs are not directly charged to the services being provided)
- The cost of administrative overhead, as defined, shall be apportioned into the direct delivery cost of the services being provided. Thus, in order to be claimed, the cost of general supportive activities provided to a program or another unit of a program's organization shall be apportioned into the services as an administrative overhead of indirect cost. The overall objective of the allocation process is to distribute the administrative overhead costs of the organization to its various services or cost categories
- The basis for allocating these costs is at the discretion of the program; however, this basis shall result in a fair and equitable distribution of costs, in direct relation to actual benefits accruing to the services to which costs are charged. Programs shall note that when administrative overhead costs are allocated into direct services, these costs shall not be claimed for Departmental reimbursement as a separate non-allocated service or cost category

As a result of the discussion, it was determined that providers control the basis for allocating costs within their programs and services. Providers must adhere to accounting principles generally accepted in the United States of America, which in many cases are subject to an independent audit that includes examining the classification of costs to test their consistency with the provider's policies regarding direct or indirect costs. An education need was identified for counties with regards to this discussion.

## 10. THE PENNSYLVANIA RATE METHODOLOGY FRAMEWORK: A COLLABORATIVE CREATION

The Task Force considered all information regarding the elements presented, other state methodologies and challenges, and the best interest of providers, counties and the Commonwealth. A framework of agreed-upon methodology elements was established and a process was created utilizing ad-hoc workgroups to further develop the major elements of the methodology. The chart below depicts the major elements of the Pennsylvania Rate Methodology Model. A description of how these items were selected follows.



## **10.1 Role of the Provider - Cost Reporting:**

The first major decision made by the Task Force was to establish an ad hoc workgroup to explore creation of a cost report or other item to assist in the determination of allowable and reasonable costs.

The Task Force decided that standardized guidelines would be utilized to manage reporting of prior year actual costs, current budgeted year costs and projected year costs to support the negotiation process between counties and providers. Standard guidelines ensure that provider's actual and tentative projected costs are presented to counties in a format that assists with determinations of reasonableness and allowability of costs for state or applicable federal funding. It was further determined that providers and counties may follow existing processes for reporting costs for other purchased services as long as that process includes reporting standards in the guidelines

One other key component of the Pennsylvania model related to this section is as follows:

- *Use of Independent Audits:* The Task Force decided that the independent audit documentation provided as part of the contract process between counties and providers could support the reporting of actual costs incurred by the provider and validate the classification of direct and indirect costs.

The proposed methodology utilizes the standard guidelines in conjunction with the independent audit report as the primary source of cost validation and becomes the basis of rate negotiation between the counties and the providers.

## **10.2 Role of the County – Need for Service/Reasonableness of Costs:**

The Task Force emphasized that the role of the county in a Commonwealth rate methodology is critical. County agencies have the strongest connection with the provider community and are best suited for determining both the need for service and the reasonableness of costs related to that service. Related elements of the county role in this methodology include the following:

- *Relationship to Needs-Based Plan and Budget Process:* The rate methodology must take into consideration the timing and requirements of

the current Needs-Based Plan and Budget process. County agencies need to be able to plan, evaluate and provide justification for provider costs in order to request funding as part of their Needs-Based Plan and Budget submission.

- *Contract Negotiations:* The Task Force agreed that individual county negotiations with providers must be a part of the rate methodology. Current regulations require such negotiations, and all parties agreed that providers and counties should retain that mandate. The Task Force recognized the current use of the county review process in the contracting process.
- *Reasonableness standards:* After discussion, the Task Force concluded that the current regulatory language provides the mechanism for negotiation without setting caps and allows for a more flexible negotiation process accounting for variances based on regional fluctuations in operation and personnel costs.

### **10.3 Role of the State – Educate and Monitor:**

The Task Force acknowledged understanding that the state is responsible for overseeing the proper use of state Act 148 and applicable federal funds in the Commonwealth. Monitoring of other purchased services is handled primarily through the Department's review of counties' Needs-Based Plan and Budget requests. In particular, 55 Pa. Code §3140.17(6)(7)(8) requires the Department to evaluate the reasonableness of purchased service costs.

It was agreed that a process that requires a preliminary state-level review of both public and private provider cost reports was unnecessary in the methodology as long as counties were provided enough information and support to make determinations regarding allowability and reasonableness of costs as the Department, in accordance with 55 Pa. Code § 3170.106, may review and audit the records of the county and its contracted service providers to determine compliance with regulations and policies.

An additional ad hoc workgroup was developed to identify the role of the state in providing policy, training and educational resources for use by providers and counties as it relates to:

- Needs-Based Plan and Budgeting
- Direct versus Indirect Costs
- Allowable versus unallowable Act 148 costs
- How to use audit information in the analysis of budget documentation
- Retained revenue for non-profit organizations

#### **10.4 Mechanism for New Providers and New Services:**

The Task Force recognized that an alternative process needed to be in place for:

- New Private Providers
- New services performed by Private Providers that have no historical costs

For consistency, new providers and providers providing new services will use the Standard Reporting Guidelines and exclude the prior year actual and current budgeted year as no historical costs exist. Counties will determine the need for the services and reasonableness based on the Projected Year Cost and the Detailed Narrative along with Program Descriptions. It supports good fiscal oversight for counties to compare a rate for a similar service between a comparable county and the provider, if possible.

#### **10.5 The Role of Measureable Outcomes in the Process:**

As mentioned in Section 6 (Measuring Outcomes) of this report, the provision of quality services is a critical component which needs to be factored into assessment of reasonableness of costs as contracts are negotiated between counties and providers. The deliverables associated with services purchased by counties should not only reflect quality practice standards but should also support quality outcomes. Incorporation of standards for performance and practice, clear criteria for assessing success, including tracking defined outcome data elements and development of a protocol to incorporate quality expectations into contract negotiations were recognized as desired long-term systemic goals.

The Task Force established ad hoc workgroups to develop a general framework for a rate methodology as described above. These groups were tasked with establishing detailed recommendations for presentation to the Task Force so that final recommendations could be developed for presentation to the General Assembly.

Detailed information of each ad hoc workgroup is contained in subsequent sections of this report.

## **11. COST REPORTING AD HOC WORKGROUP**

### **11.1 Members of the Cost Reporting Ad Hoc Workgroup:**

A listing of participants in the Cost Reporting Ad Hoc Workgroup is provided in **Appendix H**.

### **11.2 Purpose of the Cost Reporting Ad Hoc Workgroup:**

The Cost Reporting Ad Hoc Workgroup developed standard guidance for the cost reporting of other purchased services. Standard guidelines ensure that provider's actual and tentative projected costs are presented to counties in a format that assists with determinations of reasonableness and allowability of costs for state funding. Providers and counties may follow existing processes for reporting costs for other purchased services as long as reporting standards included in the guidelines are included in that process.

The workgroup consulted with the other ad hoc workgroups on the Task Force as well as the Task Force at large. These groups were provided with the standard guidelines to assist in determining both how counties should use the information in the guidelines and what the Department's role should be in educating and training providers and counties in this process.

### **11.3 Process of the Cost Reporting Ad Hoc Workgroup:**

The Cost Reporting Ad Hoc Workgroup included representatives of the Department, the counties, providers, consultants and advocacy groups.

The workgroup adopted a charter to define the task charged to the workgroup. The workgroup held conference calls and convened with the larger Task Force, as well as reviewed cost reporting documents between meetings and calls.

The Cost Reporting Ad Hoc Workgroup began its process by reviewing the cost reporting tool developed as part of the recommendations for a rate methodology process for out-of-home placement services. The workgroup determined that the same tool could not be used for other purchased services--it was too complex for the reporting of these services, included a rate adjustment factor and was designed to incorporate the review of allowable costs for federal Title IV-E funding.

The Cost Reporting Ad Hoc Workgroup discussed the inclusion of a rate adjustment factor. Since other purchased services are funded primarily through state and county dollars, the workgroup found that a rate adjustment factor for other purchased services would have to be flexible enough to ensure that counties can still fund their programs. Instead of pursuing the rate adjustment factor, the workgroup focused on ensuring that cost reporting of other purchased services emphasized actual spending so that providers can show their true costs and counties can consider those costs during negotiations and in their ability to fund provider programs. Counties and providers are able to re-negotiate the terms of their contract to consider potential issues at any time.

While a standardized cost reporting tool was recommended for use with out-of-home placement costs, the workgroup determined that a standardized tool was not necessary to review other purchased service costs. The review of other purchased services for allowability is less difficult as funding comes primarily from state and county dollars. However, it was decided that standard guidance for the cost reporting of other purchased services is necessary to provide a baseline for providers and counties. Counties will have sufficient information to review provider budget documentation for allowable and reasonable costs, negotiate fairly based on those determinations and supply adequate justification to support their Needs-Based Plan and Budget requests.

With regards to federal funding, counties have a responsibility to establish and monitor eligibility for TANF. Furthermore, each county must determine that costs reimbursed with TANF, Title XX, Title IV-B and Child Welfare Demonstration Project funds meet the allowability requirements of each program prior to requesting reimbursement of costs.

Throughout the process, the workgroup prioritized the guidelines to reflect both provider and county perspectives. The guidelines were drafted being mindful of the need to minimize the additional time and expense that is required of both parties to report on other purchased services.

To develop the standard guidelines, the workgroup reviewed a series of cost reporting documents that are currently used by Pennsylvania counties, including the following:

- Allegheny County's Contracts/Budget template
- Bucks County's Children and Youth/Juvenile Probation Contract Rate Packet
- Chester County's Human Services Contract Budget template

- Erie County's Program Costing/Rate Setting template
- Philadelphia County's City Program Funded Contract Report
- Crawford County's Budget Worksheets
- Montgomery County's Contract Rate Packet

The workgroup also reviewed a provider's Statement of Functional Costs template, which had been discussed in earlier Task Force meetings and determined that this Statement of Functional Costs could serve as a baseline in developing the cost reporting guidelines because it broadly mirrored what multiple other providers use when responding to county requests for information.

In completing this review, there were several items in county documents that the workgroup identified as absolutely necessary to include in the cost reporting guidelines, namely, prior year actual, current budgeted year,<sup>5</sup> and projected year costs, for both direct and indirect costs. There were also several items in county documents that the workgroup determined were not necessary to include in the guidance; for example, projection charts and personnel rosters. The workgroup determined that counties may still request, and providers may still produce, additional documents, such as these two items, but that these additional documents are specific to individual county requests and individual county/provider negotiations.

In developing the guidelines, there were extensive conversations around clearly defining what was meant by prior year actual costs and current budgeted year costs.

- *Prior Year Actual Costs:* By including prior year actual costs, the guidelines allow providers to report their actual expenses. The workgroup decided that if not already submitted, the provider should include in their submission, their most recently completed audit, which may be on a calendar or fiscal year. The workgroup recognized that in many cases, audits are not program or service specific and therefore, in most cases, audits will only reflect the provider's programs or services as a whole.

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<sup>5</sup> The Current Budget Year will be included in the guidelines in the two fiscal years after the legislative changes have been enacted. Prior to year three, the need for Current Budget Year will be reassessed. The Current Budget Year has been included during the initial years of implementation to help validate the annual incurred costs by providers and also to help counties better understand those costs and to support them in preparing their Implementation plans. Once a history is established and documented, it may not be necessary to include Current Budget Year going forward.

- *Current Budgeted Year Costs:* Because the current budgeted year is an estimate based on the provider's expenses before March 31<sup>st</sup>, there were concerns about including current budgeted year costs in the guidelines. However, county workgroup representatives felt strongly that, at least during the initial implementation of these guidelines, current budgeted year costs provide more information when reviewing provider requests, as they provide a link between the prior year actuals and the projected year costs. The workgroup determined that once a history is established and documented, it may no longer be necessary to include current budgeted year costs. It was agreed to include current budgeted year costs in the guidelines for two fiscal years after the legislative changes have been enacted. It was also agreed upon to reassess the need to include them in the cost reporting guidelines prior to year three.

There were also extensive discussions about direct versus indirect costs and gaining clarity around how those costs are allocated. As part of the guidelines, the workgroup developed a list of sample direct costs, but acknowledged and noted that providers classify and allocate costs based on individual financial practices which meet independent auditor approval. It was also noted that based on these individual practices, cost categories vary in terms of what falls under direct costs (i.e. personnel, operating and capital expenses), as well as what falls under indirect costs. The workgroup also reviewed guidance on indirect costs and developed a definition for indirect costs that will be supplemented by educational and training pieces included in both the County and State Process Ad Hoc Workgroup's recommendations.

The workgroup also discussed the need to include offsetting revenues. The workgroup weighed provider concerns about including revenues from fundraising dollars or other resources as those dollars do not actually offset costs as much as cover costs that are not already covered by federal, state and county funding. Ultimately it was determined that any offsetting revenues that come from public dollars and directly relate to the program or services purchased by the county should be included as a credit in the provider's cost reporting for other purchased services within the Detailed Narrative. The reporting of fundraising dollars and revenue from other non-public resources is not required, although to comply with Generally Accepted Accounting Principles, all revenue and expenses related to private agency operations are reflected in the annual independent audit independent report. Copies of these independent audits are submitted by providers to all counties engaging in a purchase-of-service contract as part of the documentation process.

To ensure that the issues discussed above, as well as the guidelines as a whole are clear, the workgroup developed a Definitions List that provides clarification on each piece of the guidelines.

The workgroup, in tandem with the larger Task Force and the County Process Ad Hoc Workgroup, also agreed to a March 31<sup>st</sup> deadline for providers to submit other purchased services information to counties. This deadline ensures that counties have sufficient time to pull together information for their Needs-Based Plan and Budget submission and also breaks up the work for providers who are expected to submit their congregate care and foster family home information by December 31<sup>st</sup>.

The workgroup developed three documents:

- Other Purchased Services Cost Reporting Guidelines
- Other Purchased Services Cost Reporting Definitions
- Sample Other Purchased Services Cost Reporting Tool

The Sample Other Purchased Services Cost Reporting Tool, which is Excel based, is not required but is available for the provider or county to use if they wish to do so.

#### **11.4 Recommendations of the Cost Reporting Ad Hoc Workgroup:**

The Cost Reporting Ad Hoc Workgroup recommends that standard Cost Reporting Guidelines are implemented for other purchased services. The Guidelines, included in **Appendix I**, ask providers to identify the prior year's actual costs, current year's budgeted costs, and projected year's costs to the counties they contract with for other purchased services. In addition, the Guidelines request that providers submit a detailed narrative explanation of costs, including detailed reporting of offsetting public revenues, including types and amounts.

To supplement these recommendations, the workgroup has developed a sample formatted reporting structure (Other Purchased Services Cost Reporting Tool), included in **Appendix J**, and an informational document (Other Purchased Services Definitions List), included in **Appendix I**, to provide definitions and examples of the documentation requested in the recommended Guidelines.

In tandem with the County Process Ad Hoc Workgroup, the Cost Reporting Ad Hoc Workgroup recommends that the Cost Report for other purchased services be submitted to counties by March 31<sup>st</sup> of each year. Providers may submit these cost reports to counties earlier if they are available.

**Standard Guidelines:** This document (Refer to **Appendix I**) provides counties and providers with standard guidance for the cost reporting of other purchased services. Providers must submit the following information:

- A Coversheet, which includes:
  - Agency name and contact information
  - Budget contact person's name and contact information
  - Provider contact person's name and contact information
  - List of programs in the county, including name of the program, a brief service description and current year contracted rate/unit of service
  - Projected Year Rate/Unit of Service
- Expenditures by Program, which includes:
  - Agency's name and type of service
  - Cost reporting of prior year actual costs, current budgeted year costs, and projected year costs
    - The following cost categories must be reported:
      - Personnel expenses
      - Operating expenses
      - Capital expenses
      - Indirect costs
- A Detailed Narrative, which provides additional clarification on specific costs or certain budget areas

Provider costs should be consolidated onto one comprehensive report, streamlining the cost report process.

One exception to the Cost Reporting Guidelines is for new private providers and/or new services performed by private providers that have no historical costs.

- New providers and/or new services will need to send to the county, the Projected Year Cost and the Detailed Narrative along with Program

Descriptions to enable the counties to make a determination on the need for the service and the reasonableness of the costs.

- Providers will have the ability to note significant changes that occur after the reported year.

The Cost Report will be completed for the period of July 1 through the following June 30, and for each annual reporting period thereafter.

The Department's Office of Children, Youth and Families (OCYF) will provide state level oversight to ensure accuracy, transparency, and allowability, as determined by the State Review Process Ad Hoc Workgroup.

The 67 counties in the Commonwealth will provide a county level review for reasonableness, service, service enhancement necessity and contract negotiation, as determined by the County Review Process Ad Hoc Workgroup.

## **12. COUNTY REVIEW PROCESS AD HOC WORKGROUP**

### **12.1 Members of the County Review Process Ad Hoc Workgroup:**

A listing of participants in the County Review Process Ad Hoc Workgroup is provided in **Appendix H**.

### **12.2 Purpose of the County Review Process Ad Hoc Workgroup:**

The County Review Process Ad Hoc Workgroup developed a transparent county review and negotiation process that takes into account both the need for the existing service, the level of existing service, any service enhancements, the quality of the service based on desired outcomes, federal and state funding allowability and the reasonableness of costs included in the Cost Report.

The county review process will utilize the cost report submission as the basis to undertake the cost reasonableness, federal and state funding allowability and service review, while incorporating other county data associated with the contractual scope of service and outcomes data. The county review will establish the framework to move forward with contract negotiation with each provider for each service.

The ability to negotiate, with the objective to fund the agreed-upon services rate with applicable federal, state and county funds is predicated on the inclusion of the agreed-upon negotiated rates and cost impact in the Implementation Plan and Needs-Based Plan and Budget submission. The structure and format currently used by the county to submit the Implementation Plan and the Needs-Based Plan and Budget is agreed to be the means by which to request each service cost increase negotiated and agreed to between the county and provider. The county maintains the provider detail that reconciles to the Implementation Year Plan and Needs-Based Plan and Budget request.

There are many dependencies between the agreed-upon activity within each of the ad hoc workgroups. Coordinating these activities is accomplished through identification of a timeline illustrating target due dates. Meeting the dates shown on the timeline is critical for overall rate methodology to meet the objectives of all stakeholders. (See the Business Process Timeline for Other Purchased Services on the next page)

<b>Business Process Timeline for Other Purchased Services</b>	
1/1/2015 thru 8/1/2015	County engages in rate negotiation with provider for State Fiscal Year (SFY) 2015 - 16
3/01/2015	Deadline for counties to send Letters of Intent to Contract to providers
3/31/2015	Providers submit SFY 2015 - 16 Other Purchased Services Cost Report packets to county for review
6/30/2015	Provider contracts are executed for SFY 2015 - 16
6/30/2015	SFY 2014 - 15 ends for most providers, counties and state
7/15/2015	Counties receive Final Allocations for OCYF/DHS for SFY 2015 - 16 (contingent upon passage of budget)
8/15/2015	Counties complete 4 <sup>th</sup> Qtr. SFY 2014 - 15 Actual Act 148, Title IV-E, TANF and MA invoices
8/15/2015	Counties submit Implementation Plan for SFY 2015 - 16, Needs-Based Plan and Budget request for SFY 2016 - 17
10/31/2015	Counties submit funding confirmations to providers
11/15/2015	Counties complete 1 <sup>st</sup> Qtr. SFY 2015 - 16, Actual Act 148, Title IV-E, TANF and MA invoices
11/30/2015	OCYF/DHS Regional offices complete Needs-Based Plan and Budget review for SFY 2016 - 17 and Implementation Plan for SFY 2015 - 16
1/1/2016 thru 8/1/2016	County engages in rate negotiation with provider for SFY 2016 - 17
2/15/2016	Counties complete 2 <sup>nd</sup> Qtr. SFY 2015 - 16, Actual Act 148, Title IV-E, TANF and MA invoices
3/01/2016	Deadline for counties to send Letters of Intent to Contract to providers
3/31/2016	Providers submit SFY 2016 - 17 Other Purchased Services Cost Report packets to county for review
3/31/2016	Counties receive Tentative Allocations from OCYF/DHS for SFY 2016 - 17
5/15/2016	Counties receive Implementation Plan for SFY 2016 - 17, Needs-Based Plan and Budget template and instructions for SFY 2017 - 18
5/15/2016	Counties complete 3 <sup>rd</sup> Qtr. SFY 2015 - 16 Actual Act 148, Title IV-E, TANF and MA invoices
6/30/2016	SFY 2015 - 16 ends for most providers, counties and state

The state and federal allowability and reasonableness review is conducted to assess whether proposed costs exceed the customary costs for performing similar functions within similar programs of the same size and population of children served. The focus of the reasonableness review will be the Cost Report for areas of cost allocation, compensation equity, capacity and

utilization, and any other measurable cost or service comparison the county may develop at its discretion.

### **12.3 Process of the County Review Process Ad Hoc Workgroup:**

The County Review Process Ad Hoc Workgroup included representatives of the Department, the counties, providers, state representatives and association representatives.

The County Review Process Ad Hoc Workgroup completed the recommendations through conference calls specific to this workgroup, with participation of County Review Process Workgroup members participating in both the State Ad Hoc Workgroup and the Cost Reporting Ad Hoc Workgroup calls and in-person meetings. The agenda for each session was consistent with the meeting goals of the Task Force Charter.

### **12.4 Recommendation of the County Review Process Workgroup:**

The recommendations of the County Review Process Ad Hoc Workgroup have been separated into two categories – Regulatory and Administrative.

#### **Regulatory Recommendations:**

The Task Force recommends that 55 Pa. Code § 3170.84(a)(2) be repealed or permanently waived. This provision currently restricts state participation to the lowest rate for the same service. While this approach may have had merit when originally adopted, county expectations and contract requirements of service providers have increased and diversified, resulting in service variations, even under the same program/service title.

For a number of years both counties and providers have recognized that even though the same service may be delivered in different counties, the costs incurred by providers are not identical. These variations result from transportation costs for family and child contacts, visitation supervision and care-related meetings, differences in the staff time used for travel and follow-up, county wage and training expectations for provider agency staff, documentation requirements, county contract performance standards, provider involvement in court proceedings and wage scales in urban and suburban locales.

The elimination of this regulatory citation would support open and individualized contract negotiations and allow the state to appropriately participate in the costs of these services.

### **Administrative Recommendations:**

The basis of county and provider negotiation will be the cost report and related outcomes data. The cost report is due to the county by March 31<sup>st</sup>. Providers may submit their cost reports to the counties earlier if they are available. Counties may begin review and negotiation with the provider upon receipt of the cost report. This review and negotiation should include federal and state funding allowability and reasonableness. To enable the provider to know who to send the cost reports to, the recommendation is that the county sends out a Letter of Intent to Contract or other correspondence to the provider by March 1<sup>st</sup>. The provider will have 30 days from the date of the letter or other correspondence to respond with their cost reports. If the county does not send a Letter of Intent to Contract by March 1<sup>st</sup> or does not contact the provider in any way, the provider may still complete the cost reports by March 31<sup>st</sup> to send to prospective contracting counties.

The idea of caps on certain line items or categories was discussed and the recommendation is to not include caps in the review process. It was determined that each county can determine these levels in the reasonableness review, and that various factors within each geographic area can contribute to varying levels of the line item fluctuation from county-to-county and provider-to-provider. The responsibility is on the county to submit a responsible rate request submission consistent with the interest of the provider, the state, and the county in the Needs-Based Plan and Budget request.

Counties are encouraged to select desired areas for improved outcomes based on individual county data and identification of local need. Counties have very different needs - the outcomes prioritized by one county may not be the same as those selected by another county. The Task Force discussed the connection between identified and desired outcomes and the quality of the services delivered. It quickly became clear that this relationship, with its related implications for rates for purchased services, was beyond the scope of the current Task Force configuration given the current time constraints. The Task Force recommends that the selection of outcomes remain the decision of each county based on identification of local need. It would be beneficial to convene another workgroup charged with defining and

structuring the relationship between desired outcomes, performance and payment, if the Commonwealth desires to move toward validating this connection as the basis for purchased services.

For transparency, the provider should be able to clearly see that the result of the agreed-upon negotiated rate and the subsequent cost impact was included in the Implementation and Needs-Based Plan and Budget request submitted to the Department by the contracting county.

The Task Force looked at the impact of retained revenue and how the process is currently being handled. The Task Force recommends that a workgroup be convened to discuss the issues of retained revenue and program losses.

## **13. STATE REVIEW PROCESS AD HOC WORKGROUP**

### **13.1 Members of the State Review Process Ad Hoc Workgroup:**

A list of participants on the State Review Process Ad Hoc Workgroup is provided in **Appendix H**.

### **13.2 Purpose of the State Review Process Ad Hoc Workgroup:**

The State Review Process Ad Hoc Workgroup, in conjunction with the other ad hoc workgroups, developed recommendations which strengthen the existing Needs-Based Plan and Budget review process, determined the Department's role in educating and training providers and counties, and identified a means to complete the education and training.

### **13.3 Process of the State Review Process Ad Hoc Workgroup:**

The workgroup adopted a charter on October 8, 2014 to define the task charged to the workgroup.

The workgroup completed the recommendations through conference calls with its own workgroup members, as well as participation in conference calls and meetings held by the other ad hoc workgroups. The agenda for each session was consistent with meeting the goals of the Task Force Charter.

The basis for discussion in the workgroup was solely on the recommendations and discussions of the other ad hoc workgroups.

Discussions regarding the Needs-Based Plan and Budget process were specific to firming the county's ability to provide justification for increased provider costs. Improved justification of provider-specific increase requests, presented consistently across 67 counties, will lead to an enhanced review by the Department. The Department reviews Needs-Based Plan and Budgets to determine reasonableness of the county's request, which includes other purchased services.

The workgroup addressed education and training needs presented by the other ad hoc workgroups. Recurring themes included:

- Needs-Based Plan and Budget
- Direct versus indirect Costs

- Allowable versus unallowable Act 148 costs
- Use of audit information in the analysis of budget documentation
- Retained revenue for non-profit organizations

Training needs around the Sample Other Purchased Services Cost Reporting (Excel) Tool proposed by the Cost Reporting Ad Hoc Workgroup were not addressed as the recommendations do not include any requirement to use the tool.

Discussions regarding the content, delivery and timing of the education and training ensued. The result was that the needs identified did not require formal training; clarification in the form of an attachment to the standard issued documents could suffice, with the exception of education regarding the Needs-Based Plan and Budget process.

The workgroup developed a draft document to address Act 148 allowability of costs based on 55 Pa. Code Chapter 3140 (Planning and Financial Reimbursement Requirements for County Children and Youth Social Service Programs) and Chapter 3170 (Allowable Costs and Procedures for County Children and Youth), and the Office of Management and Budget (OMB) Circular A-122, titled "Cost Principles for Non-Profit Organizations," as well as the OMB Final Rule regarding Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

The workgroup did not develop draft documents to clarify the difference between direct and indirect costs or to provide guidance to counties to assist in utilization of independent audit information in the analysis of actual and projected costs as reported in the budget documentation, as these documents should include input and review from a larger stakeholder group, beyond that of the Task Force.

Retained revenue for non-profit organizations was a challenging topic that was not able to be fully addressed by this workgroup. While the importance of having funds available to support ongoing operational needs was agreed upon, the workgroup felt that this subject was a larger issue that needed to be discussed separately from of any recommendations of the Task Force.

Training for the Needs-Based Plan and Budget process currently exists in the form of facilitated discussions. Training opportunities are presented yearly, at a minimum, by the Department.

### **13.4 Recommendations of the State Review Process Ad Hoc Workgroup:**

The recommendations of the State Review Process Ad Hoc Workgroup have been separated into two categories – Regulatory and Administrative.

#### **Regulatory Recommendations:**

The Department develops a process and timeline for revisions to 55 Pa. Code Chapter 3170 (Allowable Costs and Procedures for County Children and Youth) to incorporate inclusion of a cost reporting document that meets the standard guidelines proposed by the Cost Reporting Ad Hoc Workgroup. Specifically, 55 Pa. Code § 3170.93 (e)(1) be amended to include a cost reporting document as agreed upon by the Task Force as an attachment to any contract or service agreement for other purchased services.

#### **Administrative Recommendations:**

The Department releases the proposed standard guidelines and the accompanying definitions and Excel Tool created by the Standardized Cost Report Ad Hoc Workgroup, as a policy document to counties. This recommendation is contingent upon regulatory change (see above). The standard guidelines cover all areas deemed necessary to complete a contract negotiation based on budget documentation. Furthermore, requiring data in a similar format with standard cost categories from providers eases the reporting and review process for all involved. The Department's role includes initial release of the policy, and release of any updates or clarifications as needed and agreed upon by the Task Force.

The Department addresses the educational needs listed below by creating, with the involvement of stakeholders, training resources to be released in the form of attachments to the policy document recommended above.

- Direct versus indirect costs – Who decides?
- State Act 148 reimbursement - allowable and unallowable costs
- How to use audit information in the analysis of budget documentation
- A Frequently Asked Questions document

The Department continues to assess any additional needs for education or training that may develop.

The Department plays a role in the presenting of the Task Force recommendations for other purchased services in a large public forum. This presentation should be recorded in video format and will serve as the initial education and training opportunity for providers and counties regarding the recommendations.

The Department will continue to provide Needs-Based Plan and Budget education opportunities to both counties and providers. The Department currently provides, at a minimum, annual education opportunities regarding the Needs-Based Plan and Budget process to counties. The use of a cost report document supports the counties ability to include and justify provider-specific increase requests to the Department for review.

The Task Force recommends development of a separate workgroup to address the unresolved matter of retained revenue and program losses.

## **14. RECOMMENDATIONS REQUIRING SPECIFIC REGULATORY CHANGES**

The Department will develop a process and timeline for revisions to 55 Pa. Code Chapter 3170 (Allowable Costs and Procedures for County Children and Youth) to incorporate inclusion of a cost reporting document that meets the standard guidelines proposed by the Cost Reporting Ad Hoc Workgroup.

### **55 Pa. Code § 3170.84(a) (2):**

The Task Force recommends that 55 Pa. Code § 3170.84(a)(2) be repealed or permanently waived. This provision currently restricts state participation to the lowest rate for the same service. While this approach may have had merit when originally adopted, county expectations and contract requirements of service providers have increased resulting in service variations, even under the same program/service title. Counties and providers should be able to negotiate without the constraint of having to maintain the same rate as other counties using this same provider. The elimination of this regulatory cite would support open and individualized contract negotiations.

### **55 Pa. Code § 3170.93:**

The Task Force recommends that 55 Pa. Code § 3170.93 (e)(1) be amended to include a cost reporting document as agreed upon by the Task Force as an attachment to any contract or service agreement for other purchased services.

## 15. ADMINISTRATIVE RECOMMENDATIONS

The Task Force recommends that the county sends out a Letter of Intent to Contract or other correspondence to the provider by March 1<sup>st</sup>. The provider will have 30 days from the date of the letter or other correspondence to respond with their cost reports. If the county does not send a Letter of Intent to Contract by March 1<sup>st</sup> or does not contact the provider in any way, the provider may still complete the cost reports by March 31<sup>st</sup> to send to prospective contracting counties. Counties may begin review and negotiation with the provider upon receipt of the cost report.

The Task Force, after careful consideration, does not recommend the inclusion of caps on certain line items or categories. Counties can determine these levels in the reasonableness review, as various factors within each geographic area can contribute to varying levels of the line item fluctuation from county-to-county and provider-to-provider. The responsibility is on the county to submit a responsible rate request submission consistent with the interest of the provider, the state, and the county in the Needs-Based Plan and Budget request.

The Task Force recommends the convening of an additional workgroup to be charged with defining and structuring the relationship between desired outcomes, performance and payment as the basis for purchased services. The selection of outcomes should remain the decision of each county based on identification of local need.

For transparency, the provider should be able to clearly see that the result of the agreed-upon negotiated rate and the subsequent cost impact was included in the Implementation and Needs-Based Plan and Budget request submitted to the Department by the contracting county.

The Task Force looked at the impact of retained revenue and how the process is currently being handled. The Task Force recommends that a workgroup be convened to discuss the issues of retained revenue and program losses.

The Task Force recommends that the Department release the proposed standard guidelines and the accompanying definitions and excel Tool created by the Standardized Cost Report Ad Hoc Workgroup as a policy document to counties. This recommendation is contingent upon regulatory change as referenced earlier in this report. The standard guidelines cover all areas deemed necessary to complete a contract negotiation based on budget documentation. Requiring data in a similar format with standard cost

categories from providers eases the reporting and review process for all involved. The Department's role includes initial release of the policy, and release of any updates or clarifications as needed and agreed upon by the Task Force.

The Task Force recommends that the Department address identified educational needs through training resource aides and job tools released at the same time as the applicable process documents. Training will clarify direct and indirect costs, allowable Act 148 reimbursement, the use of independent audit information and a Frequently Asked Questions document. The Department should continue to assess any additional needs for education or training that may develop. The Department currently provides annual educational opportunities regarding the Needs Based Plan and Budget process and will expand the audience to include providers.

The Task Force recommends that the Department plays a role in the presenting of the Task Force recommendations for other purchased services in a large public forum. This presentation should be recorded in video format and will serve as the initial education and training opportunity for providers and counties regarding the recommendations.

# Appendix A

## Act 55 Rate Methodology Steering Committee Members

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### Association Representatives:

Bernadette Bianchi, Executive Director  
Pennsylvania Council of Children, Youth & Family Services

Brinda Penyak, Deputy Director  
Pennsylvania Children & Youth Administrators, Inc.

Brian Bornman, Executive Director  
Pennsylvania Children & Youth Administrators, Inc.

Connell O'Brien, Policy Specialist  
Rehabilitation & Community Providers Association

### County Representative:

Elaine Kita, Administrative Officer II  
Northampton County  
Children, Youth and Families Division

### Commonwealth Staff and Associates:

Gloria Gilligan, Acting Director  
Bureau of Budget and Fiscal Support  
Department of Public Welfare  
Office of Children, Youth & Families

Amy Grippi, Chief of Staff  
Department of Public Welfare  
Office of Children, Youth & Families

Roseann Perry, Director  
Bureau of Children & Family Services  
Department of Public Welfare  
Office of Children, Youth & Families

Marissa Litman, Senior Analyst  
Public Financial Management, Inc.

Jennifer Lydic, Analyst  
Public Financial Management, Inc.

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## Act 55 Rate Methodology Steering Committee Members

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Cathy Utz, Acting Deputy Secretary  
Department of Public Welfare  
Office of Children, Youth & Families

Carolyn K. Ellison, Project Manager  
Department of Public Welfare  
Office of the Secretary

# Appendix A

## Act 55 Rate Methodology Charter

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### **Purpose:**

Act 55 of 2013 required the Department to convene a Task Force to review and provide recommendations to the General Assembly on a methodology to determine reimbursement for actual and projected costs, which are reasonable and allowable, for the purchase of services from providers and for other purchased services.

### **Problem Statement:**

The provision of services to children under the care and jurisdiction of child welfare and juvenile justice is complex. There are funding challenges, evolving statutory and regulatory requirements, the need for increased accountability, shifts in priorities and, most importantly, increasing diversity, complexity and immediacy of the needs of children, youth and their families.

The Commonwealth's rate methodology, and related regulations, bulletins and transmittals must have a comprehensive review. The Rate Methodology Task Force, the focus of this Charter, has an opportunity to make changes to improve the system's strengths and coordination and decrease its deficiencies due to incremental changes over the past twenty years.

### **Unifying Principles:**

A rate methodology process must adhere to the following principles:

- It must develop a standardized and streamlined process to determine reasonable and allowable reimbursement of actual and projected costs for services provided.
- It must reflect the times and current environment. However, opportunities for periodic review and revisions should be built in to ensure that changing circumstances are regularly addressed.
- It must be sensitive to deadlines. Time-lines require both accurate and swift processing of information critical to state, county and provider budget and contract approvals.
- It must be transparent and provide all stakeholders with reasonable and timely access to details of the process, requirements and decisions made.
- It must reflect the statutory and practice base of Pennsylvania's juvenile justice and child welfare system - state-supervised and county-administered with significant private provider provision of service.
- It must provide counties with the ability to purchase the services and interventions most appropriate for children under their jurisdiction.

# Appendix A

## Act 55 Rate Methodology Charter

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- It must support the provision of services provided by a private sector which encourages innovation and requires accountability.
- It must address the opportunity to identify funding necessary to provide for a workforce of dedicated and adequately compensated individuals, understanding that successful outcomes are most often directly connected to the relationships established with children, youth and their families.
- It must satisfy the federal and/or state requirements to access funding.
- It must satisfy Generally Accepted Accounting Principles and audit requirements.
- It must support the use of best practices and evidence-based services which align child, youth and family strengths and needs to promote improved outcomes for children and families.
- It must support access to funding resources that encourage the implementation and delivery of desired outcome focused practices.

### Rationale:

Recognizing that funding for child welfare and juvenile justice-related services is built upon a complex mix of local, state and federal dollars, a valid, verifiable, and well-documented rate methodology process is essential. Recognizing as well that the majority of counties purchase services from private service providers, a valid methodology is needed to ensure that reasonable and allowable dollars are connected to supporting continued delivery of these mandated and desired programs and services.

This Task Force will develop a defensible methodology addressing the purchase-of-service process between counties and providers. The broad scope of the costs of doing business as a service provider in the Commonwealth will be compiled and considered. The Task Force shall develop a methodology to determine reimbursement for purchased services based on the actual and projected costs incurred by providers, which are reasonable and allowable as defined by the related funding sources. The scope of this work includes the development of documentation details and formats to ensure that federal and/or state funding to support the costs of providing placement services and other purchased services to children and youth continues without disruption.

The Task Force shall provide written recommendations as to the methodology for purchase of out-of-home placement services from providers and related payments to the General Assembly no later than April 30, 2014. The Task Force shall provide written recommendations for other purchased services no later than December 31, 2014.

# Appendix A

## Act 55 Rate Methodology Charter

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### Goals:

- To develop a fair and equitable process to establish and reimburse provider rates
- To increase awareness of the Task Force members as to operational and budgetary realities and constraints at all levels - providers, counties, state and federal
- To address budget and contracting concerns in an open and transparent process that validates the partnership and relationship among providers, counties and the Commonwealth in responding to the public mandates addressing child safety and community protection
- To consider funding implications related to the implementation of juvenile justice initiatives
- To develop a defensible methodology addressing the purchase-of-service process between counties and providers, including identification of all costs based on actual and projected costs that are reasonable and/or allowable
- To clearly identify the protocols to be followed to ensure that documentation requested from service providers and counties is sufficient to support claiming for federal and/or state dollars
- To develop a fiscal reporting format that captures necessary data in a consistent and well-defined process
- To develop recommendations as necessary for statutory and regulatory changes to support the process and protocols developed by the Task Force
- To consider funding implications related to the implementation of current and future federal and state statutes and regulations
- To model a productive and respectful process supporting broad systemic change that is to the benefit of the populations served and is reflective of the differences in the entities involved
- To consider the implications of the federal child welfare demonstration project waiver initiatives evolving in select counties
- To consider funding implications related to implementation of the Human Services Development Block Grants, as they specifically relate to child welfare and juvenile justice
- To consider funding implications and options related to emerging practice precepts such as performance-based contracting and outcomes-based payment contracts as they relate to equity in access to services as well as consistency in access to funds

### Points for Discussion:

- Scope of operational costs of doing business in PA as a private business - not-for-profit and for-profit and differences between budget prep/reporting requirements for both

# Appendix A

## Act 55 Rate Methodology Charter

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- Review applicable regulations related to county fiscal operations and contracting for purchased services
- Reviewing the role of the state, counties and providers in the current process
- Defining the role of the state, counties and providers in the new process
- Review of current data on rates/ranges of purchased services
- Identify how to establish fair and equitable rates, including cost of living considerations
- Reconsideration of the 3170.84 waiver request and discussion of other applicable regulatory chapters/sections that address purchase of service (Note: On March 20, 2014, the Department of Public Welfare approved the waiver request submitted by the Pennsylvania Council of Children, Youth & Family Services regarding 55 Pa. Code, Chapter 3170, subsection 3170.84(a)(2), Maximum Levels of Reimbursement for the State Fiscal Year 2014-2015.)
- Exploration of the option of multi-year contracts for purchased services
- Exploration of defined (existing and developing) service categories as a basis for deliverables/costs
- Compilation of county-specific contract standards to address equity, consistency, accuracy in associated costs
- Identification of and determination/commitment of support for quality, sustainable in-home/community-based services that counties want to purchase - promising practices, effective and evidence-based; use of EPIS Center data on evidence-based practices
- Applicable federal and state rules, regulations, fiscal reporting requirements
- Review of other county-based states' models for contracting and claiming federal funds
- Defining reasonableness of costs and allowability of activities for funding sources
- Review of federal requirements to support claims for Title IV-E funding
- Review of state requirements/limitations for use of Act 148 dollars
- Determination of allowability and appropriateness of use of federal Title IV-E and state Act 148 dollars as funding sources for identified activities and costs centers
- Identification of cost allocation plan components - allowable direct and indirect expenses
- Development of guidance for provider Time Studies - frequency, format and level of detail
- Identify a standard methodology of setting and/or approving rates, associated with defining measurable outcomes, and timeframes each party has to work within
- Consider the changes to information technology systems
- Consider funding implications related to implementation of System of Care models and Medicaid
- Other items as identified by the Task Force

# Appendix A

## Act 55 Rate Methodology Charter

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### Boundaries:

- A fresh approach and willingness to think openly and constructively is required.
- Discussion should focus on general funding and purchase of service/contracting criteria and not specific public or private agency experience.
- Active and regular participation in the Task Force discussions is expected. Once a vote is taken on an issue/topic/recommendation, it will not be revisited due to an absent participant's request. The timeline for development of recommendations requires preparation and participation.
- All recommendations are subject to legal review and approval by the General Assembly as needed for statutory amendments.
- The need for compromise and negotiation is integral to successful outcomes, and all alternatives proposed will be given due consideration by the Task Force as a group.
- Written records of meetings will reflect areas of consensus as well as unresolved/disputed points of discussion.
- Development of additional operational ground rules will be addressed as the group convenes, and will include consideration of a process to report minority opinions, agreements, consensus, and how votes on issues will be taken. Votes will be taken by a two-thirds majority vote. Motion will be made with a second motion and final vote.
- Since appointment to the Task Force is person-specific and the appointed individual holds the authority to vote, no substitutes/proxy votes can be considered.

### Timeframes:

The meeting dates and locations are as follows:

- The initial in-person meeting is scheduled for Wednesday, September 4, 2013 from 9:30 AM to 3:30 PM at the Child Welfare Resource Center.
- While most meetings will be conducted through conference calls/web ex sessions, there will be occasions where in-person attendance for presentations/discussions will be strongly encouraged. In-person meetings will be held in the greater Harrisburg area. Frequency and duration of Task Force meetings will be determined by the larger Task Force as part of the agenda on September 4, 2013.
- The need for smaller ad hoc workgroups as identified to support the work of the larger Task Force. These ad hoc workgroups may be convened by providers, the counties and/or DPW as needed to ensure that the process remains focused and timely. The composition of the groups may vary, based on topics. The determined need and identified members will be determined by the larger Task Force.

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## Act 55 Rate Methodology Charter

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- As per Act 55 of 2013, the Task Force shall provide written recommendations as to the methodology for purchase of out-of-home placement services from providers and related payments to the General Assembly no later than April 30, 2014. The Task Force shall provide written recommendations for other purchased services no later than December 31, 2014.

### Communication Plan:

- DPW will provide record keeping services at each scheduled session and will distribute minutes and documentation to all Task Force members within a timely manner.
- All work compiled through ad hoc workgroups will be compiled by the workgroup members and presented to the larger Task Force.
- Progress and status updates will be distributed to all stakeholders via newsletters and conference calls.
- Interim reports will be provided to the General Assembly as an update on progress, decisions made and to request feedback as appropriate.
- At the conclusion of each meeting, the Task Force members will indicate which key messages can be shared.

### Task Force Members:

The Secretary of the Department will appoint members of the Task Force, to include:

- The Deputy Secretary for the Office of Children, Youth and Families or a designee of the Deputy Secretary
- One representative from each of the Program, Policy and Fiscal Bureaus of the Office of Children, Youth and Families
- Four representatives from County Children and Youth offices
- Two representatives from County Juvenile Probation offices
- One representative from the County Commissioners Association or a county commissioner or executive
- No fewer than five private service provider agencies representing the diversity of purchased services
- One representative from the Pennsylvania Council of Children, Youth and Family Services
- One representative from the Juvenile Court Judges' Commission
- One representative from the Pennsylvania Community Providers Association

*Note: it is anticipated that some county and provider representatives may change as the focus of the Task Force moves from placement services to other non-placement and community based options.*

# Appendix A

## Act 55 Rate Methodology Charter

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### Private Provider Representatives

Craig Adamson  
Executive Director  
Community Service Foundation

Patricia Flood  
Executive Director  
Family Intervention Crisis Services

Michelle Gerwick  
Chief Financial Officer  
George Junior Republic

Rich Gitlen  
Executive Director  
Lutheran Children & Family Services

Robert Haussmann, Ph.D.  
Chief Information Officer  
Tabor Children's Services, Inc.

John Kokales  
Chief Financial Officer  
JusticeWorks YouthCare

Bridget Mangold  
Senior Financial Analyst  
Children's Center for Treatment &  
Education

Mark Palastro  
Chief Financial Officer  
Holy Family Institute

Charles (Bud) Seith  
President  
Bethanna

Joseph Semulka  
Director of Financial Operations  
Abraxas Youth & Family Services

James Sharp  
Regional Executive Director  
NHS Human Services Northwestern  
Academy

### County Children & Youth Agency Representatives

Anne Bennett  
Fiscal Officer  
Union County Children & Youth Services

Matthew Conjelko  
Administrative Officer  
Cambria County Children & Youth  
Services

Diane Cottrell  
Northwest Regional Lead and Contract  
Consultant  
Erie County Office of Children & Youth

Daniel Evancho  
Assistant Deputy Director  
Allegheny County Department of Human  
Services  
Administration & Information  
Management Services

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## Act 55 Rate Methodology Charter

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Elaine Kita  
Administrative Officer II  
Northampton County Children, Youth &  
Families Division

Lori Partin  
Director  
Fiscal Monitoring Unit, Finance Division  
City of Philadelphia  
Department of Human Services

Julia Sprinkle  
Director  
Centre County Children & Youth  
Services

### County Juvenile Probation Office Representatives

Michael Schneider  
Chief Juvenile Probation Officer  
Northampton County Juvenile  
Probation Department

Robert Stanzione  
Chief Juvenile Probation Officer  
Bucks County Juvenile Probation Office

### Association Representatives

Bernadette Bianchi  
Executive Director  
PA Council of Children, Youth & Family  
Services

Brian Bornman  
Executive Director  
PA Children & Youth Administrators

Connell O'Brien  
Policy Specialist  
Rehabilitation & Community Providers  
Association

Brinda Penyak  
Deputy Director  
County Commissioners Association of  
Pennsylvania

### Legislative Representatives

Ann Bertolino  
Senior Budget Analyst  
House Appropriations Committee (R)

Thomas Diehl  
Appropriations Analyst  
Senator Corman's Office

# Appendix A

## Act 55 Rate Methodology Charter

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### Commonwealth Staff & Associates

Carolyn K. Ellison (non-voting)  
Project Manager  
Performance Management Office  
Department of Public Welfare

Gloria Gilligan  
Acting Director  
Bureau of Budget and Fiscal Support  
Department of Public Welfare  
Office of Children, Youth & Families

Amy Grippi  
Chief of Staff  
Department of Public Welfare  
Office of Children, Youth & Families

Cindi Horshaw  
Acting Director  
Bureau of Policy, Programs & Operations  
Department of Public Welfare  
Office of Children, Youth & Families

Jonathan McVey  
Executive Policy Specialist  
Department of Public Welfare  
Office of Policy Development

Roseann Perry  
Director  
Bureau of Children & Family Services  
Department of Public Welfare  
Office of Children, Youth & Families

Richard Steele  
Deputy Director  
Juvenile Court Judges' Commission

Marissa Litman (non-voting)  
Senior Analyst  
Public Financial Management, Inc.

Cathy Utz  
Acting Deputy Secretary  
Department of Public Welfare  
Office of Children, Youth & Families

Jennifer Lydic (non-voting)  
Analyst  
Public Financial Management, Inc.

# Appendix B

## Presentation to the Rate Methodology Task Force – June 10, 2014



**Rate Methodology Task Force**  
**Act 55**

June 10, 2014

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Confidential: The contents of this document are internal pre-decisional records of the DPW and individuals receiving and reviewing this document must not provide this information to any other person without written permission. 66 P.S. § 67.708 (b) (10).



**Rate Methodology Task Force**

**Agenda for Today:**

- Welcome and Introductions
- Charter Review
- Where We Are Now
- Where We Are Going

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Rate Methodology Task Force



### Our Vision and Mission

*Our Vision is to see Pennsylvanians living  
safe, healthy and independent lives.*

*Our Mission is to improve the quality of life  
for Pennsylvania's individuals and families.  
We promote opportunities for independence  
through services and supports while  
demonstrating accountability for taxpayer  
resources.*

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Rate Methodology Task Force



- Introduction of Task Force Members
- Framework and Purpose
  - Background
  - Legislation
  - Work Process
  - Work of the Task Force
  - Commitment

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# Appendix B

## Presentation to the Rate Methodology Task Force – June 10, 2014

### Rate Methodology Task Force



#### Background:

- Child welfare services are funded by the federal, state and local governments
- DPW is required to maintain necessary documentation to support the reimbursement of these services through federal and state funds
- DPW is accountable to Commonwealth taxpayers and must ensure funds are used to support allowable services
- DPW is responsible for the licensure of certain child welfare services and to make recommendations which lead to improved safety, permanency and well-being outcomes for children and families

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### Rate Methodology Task Force



#### Legislation:

- On July 9, 2013, Governor Tom Corbett signed House Bill 1075, now known as Act 55 of 2013
- Act 55 of 2013, in part, amended the Public Welfare Code by adding a new section, Section 704.3
- This section requires a provider to submit documentation of its cost of providing placement services to the Department and authorizes the Department to use the documentation to support the claim for federal and state reimbursement

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## Presentation to the Rate Methodology Task Force – June 10, 2014

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### Rate Methodology Task Force



#### **Legislation:**

- Pursuant to Act 55 of 2013, DPW is required to convene a Task Force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of child welfare services which are reasonable and allowable
- The Task Force shall provide written recommendations as to the methodology for purchase of out-of-home placement services from providers and related payments to the General Assembly April 30, 2014
- The Task Force shall provide written recommendations for other purchased services by December 31, 2014

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### Rate Methodology Task Force



#### **Work Process:**

- Preparation for each meeting is essential
- Work collaboratively
- Build partnerships at the county level
- Specifically outlined in the Charter
- In person and via WebEx
- Commitment is important

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# Appendix B

## Presentation to the Rate Methodology Task Force – June 10, 2014

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### Rate Methodology Task Force



#### **Work of the Steering Committee:**

- Reviewed Legislation
- Developed Draft Charter
- Develop Agendas
- Monitor Progress
- Ensure Timely Distribution of Materials
- Ensure Needed Resources are Available
- Review and Finalize Reports

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### Rate Methodology Task Force



#### **Expectations and Ground Rules:**

- Attendance
- All electronics turned off
- Respect for each person's viewpoint
- Agree to disagree
- Open discussion
- Limit use of acronyms
- Participate
- Be on time from breaks and lunch

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Rate Methodology Task Force



## Charter Review

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Rate Methodology Task Force



## Where We Are Now

Overview of Act 148 allowable costs  
and requirements around purchasing  
services

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## Presentation to the Rate Methodology Task Force – June 10, 2014

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### Allowable Costs



Act 148 Reimbursement is made:

- (1) At varying percentages based on the type of service or activity for which the expenditure was incurred
- (2) According to allowable cost requirements established in Chapter 3170 (relating to allowable costs and procedures for county children and youth programs)

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### Purchasing Services § 3170.82



Nonresidential services shall be purchased for children for whom the public agency has accepted responsibility, for children referred by the court under informal adjustment, and for children being diverted from the system by agencies exclusively operated for this purpose.

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## Presentation to the Rate Methodology Task Force – June 10, 2014

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### **In-home and Intake Services § 3140.33**



#### **Purchased In-home and Intake Services:**

- Adoption Service
- Counseling/Intervention Services
- Day Care Service
- Day Treatment Service
- Homemaker/Caretaker Service
- Information and Referral Service
- Life Skills Education
- Child Protective Services – child abuse
- Child Protective Services – general
- Service Planning

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### **Reimbursable Services § 3140.22**



#### ***Adoption services***

Adoption services are activities designed to culminate in legal adoption of a child, including adoptive home recruitment, study of adoptive parent applicants, adoptive parent preparation, placement and supervision of the child in an adoptive home, preparation and presentation of material for the adoption hearing, help in obtaining adoption assistance when needed, and supportive services to the adoptive family after placement.

*– reimbursed at 100%*

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### Reimbursable Services § 3140.22



#### *Counseling/Intervention services*

Supportive and therapeutic activities provided to a child or a child's family and directed at preventing or alleviating conditions, including crisis conditions, which present a risk to the safety or well-being of the child, by improving problem-solving and coping skills, interpersonal functioning, the stability of the family or the capacity of the family to function independently.

- reimbursed at 80%

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### Reimbursable Services § 3140.22



#### *Day Care service*

Out-of-home care for part of a 24-hour day to children provided in day care centers, group day care homes and family day care homes as part of a family service plan required by § 3130.61 and § 3130.67 (relating to family service plans and placement planning) to prevent removal of a child from his parents' custody or as a part of the process of re-establishing a child with his family following an out-of-home placement.

- reimbursed at 80%

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### Reimbursable Services § 3140.22



#### *Day Treatment service*

Intensive services provided to a child for part of a day. These activities are designed to provide supervision and counseling of the child and coordination of the range of related human services necessary to establish consistent developmental relationships and skills to enable the child to function in the community. They do not include the cost of juvenile probation services, education programs, primary health care programs and programs designed to treat the intellectual disabilities of a child.

- reimbursed at 80%

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### Reimbursable Services § 3140.22



#### *Homemaker/caretaker service*

Home help, home care skills instruction and child care and supervision provided to a child and the child's family in the child's home by a trained homemaker or caretaker.

#### *Information and Referral service*

The provision to an individual or requested information about needed services and referral to appropriate providers.

- reimbursed at 80%

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## Presentation to the Rate Methodology Task Force – June 10, 2014

### Reimbursable Services § 3140.22



#### *Life Skills education*

Practical education and training to the child and other family members, either in or outside of their own homes, in skills needed to perform the activities of daily living, including child care and parenting education, home management and related functions.

#### *Service planning*

County agency staff activities provided to determine what services are needed, to develop a service plan and to arrange for provision of needed services.

- reimbursed at 80%

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### Reimbursable Services § 3140.22



#### *Child protective services—child abuse*

Activities, functions and services provided to children reported as abused and to their families under 23 Pa.C.S. Chapter 63 (relating to Child Protective Services Law) and Chapter 3490 (relating to protective services).

#### *Child protective service—general*

Activities and services to protect the health and safety of children who are without proper parental supervision or who have been neglected, exploited or injured by the parents to an extent not sufficient to be covered by 23 Pa.C.S. Chapter 63.

- reimbursed at 80%

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## Presentation to the Rate Methodology Task Force – June 10, 2014

**Unallowable Costs § 3140.21**



**ACT  
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The cost of mental health or intellectual disabilities treatment services	No
The cost of medical and dental services when the client is eligible for other funding or has private resources	No
The cost of county probation office staff	No
The cost of juvenile court staff	No
The cost of county social service staff not a part of the county agency	No
The cost of Basic Education Programs	No

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**Establishing Rates § 3170.83**



**When purchasing social services, the county may:**

- Request bid proposals in writing
- Establish a maximum rate or range of rates for the service. Rates developed:
  - ✓ Considering the reasonableness of the cost
  - ✓ In an open and public manner
  - ✓ On an annual basis

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# Appendix B

## Presentation to the Rate Methodology Task Force – June 10, 2014

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### Purchase of Service § 3170.23



- Unit of service funding is a charge per service (per diem or fee)
- Program funding supports the total eligible expenditures for a privately administered and staffed facility or agency; allowable when all of the following conditions are met:
  - (1) The county provides documentation that the desired services are available from only one provider in the geographical area to be served
  - (2) The cost of the service is reasonable and if it can be computed on a unit-of-service basis, the rate does not exceed those charged the general public or actual cost
  - (3) The amount of funding paid by the county are those allowable provider costs remaining after other sources of income to the provider have been applied to the program being funded

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## Where We Are Now

### County Perspective

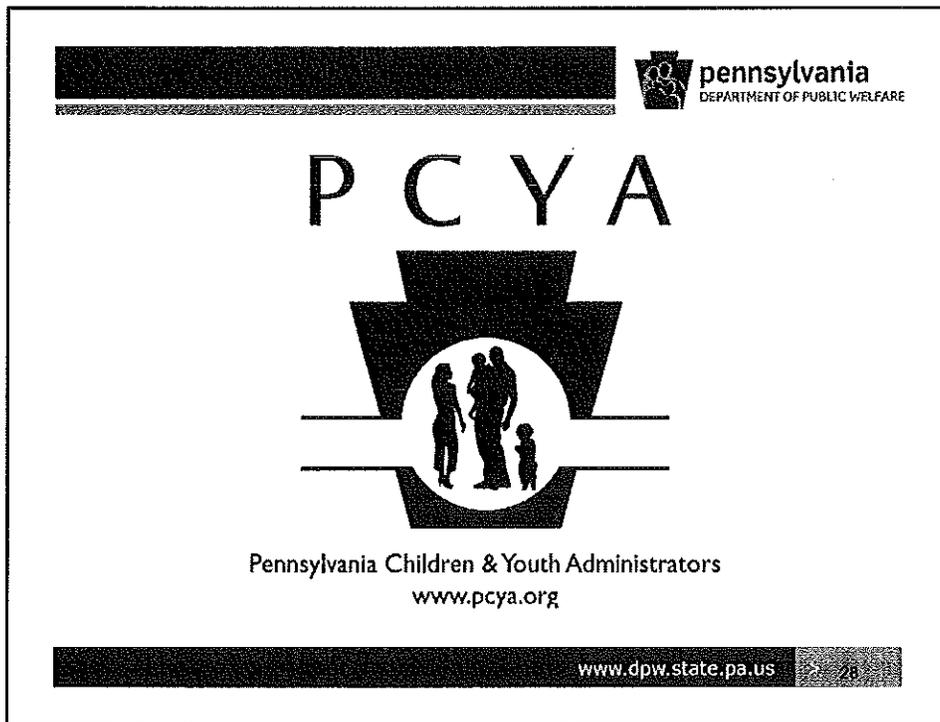
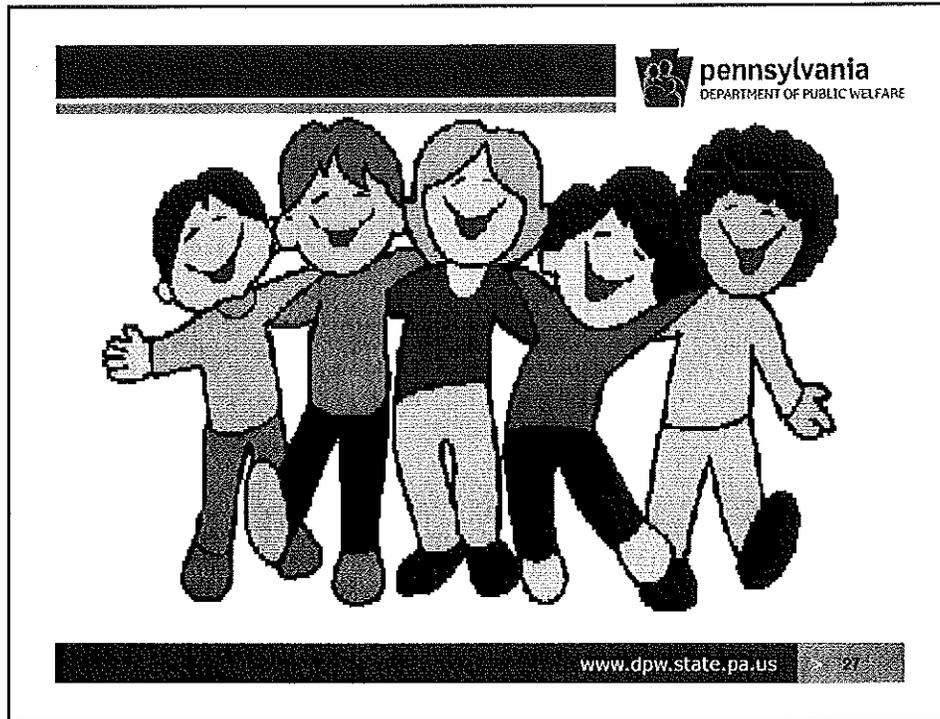
- Child and Family Assessments
- Identification of Service Needs
- Matching Services with Identified Needs
- Ensuring Availability of Needed Services

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### PCYA MISSION STATEMENT

The mission of the Pennsylvania Children and Youth Administrators is to enhance the quality of service delivery for children, youth and their families by providing for its members:

- (1) A forum for the exchange of information;
- (2) Assistance in educating the general public and its constituencies; and
- (3) An environment of support for the Association membership

*An Affiliate of the County Commissioners Association of Pennsylvania*

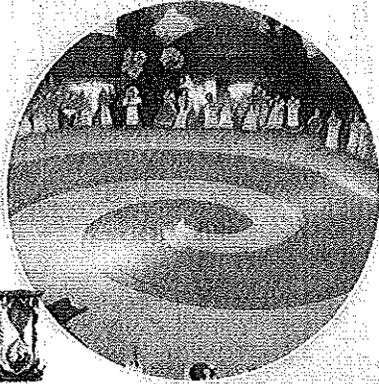
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## Where Are We Going?

Where no man/woman has gone before?  
On a cruise down memory lane?  
On a wild and exciting adventure?



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### Where Are We Going?

If you don't know where  
you are going, you might  
wind up someplace else.

Yogi Berra



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### Working to reach the identified goals will create opportunities for:

- Honest and open discussion
- Increased awareness of diverse realities
- Renewed sense of common purpose
- Achievement of solutions
- Coordinated efforts to plan for what children and families really need
- Exploration of alternative models to ensure stable funding

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## Presentation to the Rate Methodology Task Force – June 10, 2014

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### Rate Methodology Task Force



#### **As Private Service Providers, we are.....**

- Independent social welfare business operations with both fixed and fluctuating costs
- Contractors with the public sector, acting as agents of the county in the delivery of required or desired services, supports and interventions
- Invested in privatization as the transfer of economic resources from the public to the private sector to meet the social needs of people
- Not bound by civil service hiring practices
- Operating within a business context which differs from the public sector with varied compensation and fringe benefit options including retirement and health care coverage

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#### **As Private Not-For-Profit agencies, we are....**

- Governed by federal and state laws and regulations and accountable to a governing Board of Directors
- Voluntarily operating based on mission, history and ability to be creative and responsive
- Often engaged in restricted use or unrestricted fund raising activities--agencies retain separateness from governmental control regarding use of private dollars
- Focused on the achievement of quality outcomes which requires financial stability and the ability to build a fund balance to be re-invested in programming and operations

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### As For-Profit Agencies, we are...

- Governed by federal and state laws and regulations and are accountable to investors and shareholders
- Voluntarily operating based on gap and market analysis, history and ability to be creative and responsive
- Not dominated by profit as a business enterprise, but making a reasonable and decent profit is a good practice and presents an indication that the agency is functioning well

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### Moving Forward:

- Series of scheduled meetings
  - June 25th, July 16th, August 21st, September 29th, October 16th, November 13th, December 15th
- Work will need to be done between meetings—ad hoc workgroups will need to be established
- Conference calls/WebEx
- Research
- Circulation of interim reports in preparation for the final report

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### **Moving Forward:**

- Recommendations framed
- Summary report prepared
  - May include legislative changes
  - May include regulatory changes
  - May include clarification of current policy

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### **Next Steps:**

- Get familiar with DocuShare
  - Meeting documents are stored here
  - Ad hoc workgroup information is transparent
- Next meeting of the Task Force:
  - June 25<sup>th</sup> 9:30-3:30
  - Child Welfare Resource Center

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**pennsylvania**  
DEPARTMENT OF PUBLIC WELFARE

**Pennsylvania Rate Methodology Task Force**  
June 25, 2014



**The PFM Group**  
Public Financial Management, Inc.  
PFM Asset Management LLC  
PFM Advisors

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### Agenda

- Review of Research On:
  - Return on Investment (ROI) Studies
  - In-Home Purchased Services in Other States
  - Purchased Services in Other PAAgencies
- Next Steps

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### Return on Investment (ROI)

- Question: Have other states measured the return on investment (ROI) of In-Home Purchased Services?
  - *“There are no ROI-based or “business based” evaluations of in-home services in the field. There are evaluations of various in-home services practice modalities that provide outcomes for some services, but the traditional evaluation approach has yet to include any analysis of the total cost of inputs – an element that is necessary for determining an ROI.”*
  - *“True ROI studies have been completed in other areas of child welfare and juvenile justice, but the focus has not yet moved specifically to in-home purchased services. The concept of creating an ROI/business analysis for services is a new concept for child welfare and is only now starting to gain traction in State thinking.”*

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### Cost Analysis

- Despite the lack of “true” ROI research on in-home purchased services, several states have completed cost analysis in the child welfare and juvenile justice realm. For example:
  - Casey Family Programs Report on Cost Savings of Waiver Interventions
  - Colorado's annual evaluation of their Core Services Program (in-home equivalent)
  - The Washington State Institute for Public Policy's cost analysis of Washington's Juvenile Courts

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### Casey Research

- Casey Family Programs, in partnership with the California Evidence-Based Clearinghouse for Child Welfare (CEBC) completed an initial review of several evidence-based programs utilized by Waiver states, and the cost-savings from those interventions. The interventions were broken up in to three categories:
  - Well-Supported by Research Evidence
  - Supported by Research Evidence
  - Promising Level of Research Evidence
- A list of these interventions and their cost savings descriptions is included as an addendum

\*Casey also looked at Waiver interventions with and without effectiveness data and no cost savings data.

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### Colorado's Evaluation System

- Colorado's Department of Human Services is required to complete an annual evaluation of the overall effectiveness and the cost efficiency of their Core Services Program
  - They measure service outcomes including:
    - "Successful" outcomes – all or nearly all treatment goals are met
    - "Partially successful" outcomes – service authorizations closed when the client made some progress in treatment but not all treatment goals were met
  - They measure the total children/youth who remained in the their homes or were placed with relatives at the end of Core Services, child safety goals, and reunification levels
  - They evaluate the cost of the Core Services Program by contract type:
    - Fee-for-Service Contracts
    - Fixed-Rate Contracts
    - County-Provided Contracts

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### Washington's Juvenile Court Cost Analysis

- In 2009, the Washington State Institute for Public Policy analyzed the costs of five evidenced-based juvenile court programs:
  - Aggression Replacement Training (ART)
  - Coordination of Services (COS)
  - Functional Family Therapy (FFT)
  - Family Integrated Transitions (FIT)
  - Multi-Systemic Therapy (MST)
- They reviewed average program costs, costs to implement and maintain programs and examined a costs analysis model
  - The costs of twelve, distinct program components were surveyed
  - Statewide variations in costs were accounted for as appropriate (differences in salaries, geographic distances)
- According to the report, average program costs could, in theory, be used to "estimate the number of youth who can be served for a given amount of funding"

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### Rate Methodology Reviews

- In addition, like Pennsylvania, several states, have convened a taskforce to evaluate rates for placement services and some are now beginning a review of in-home services
  - California (placement only)
  - Colorado (beginning to look at in-home)
  - Iowa (placement only)
  - Michigan\* (developed metrics for in and out-of-home; now evaluating rates)
  - New York City (currently developing a scoring methodology)

\*Michigan applied some of the placement services metrics to in-home services.

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### RMTF First Phase Review of States

- During the first phase of the RMTF, placement rate methodologies and their pros/cons were reviewed for several states.
- The Taskforce looked at the following methods for generating rates:
  - Cost-based pricing
  - Component cost analysis
  - Budgeting
  - Negotiation
  - Aggregate rate agreement
  - Flat rate
  - Global budget transfer
- Based on:
  - Statewide pricing
  - Peer-group pricing
  - Provider-specific pricing
- And taking under consideration:
  - Performance-based pricing
  - Case rates
  - Base payments
  - Rate limits
  - Cost reimbursement

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### California

- As part of their Continuum of Care Reform (CCR) efforts, California has been developing recommendations for revisions to the state's rate system, services, and programs
  - California reviewed its rates for placement and has issued standardized rates
  - A detailed action plan is slated for submission to the State Legislature in October 2014
  - California has not yet reviewed in-home service rates

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### Iowa

- The RMTF reviewed Iowa's Department of Human Services Rate Methodology during the first phase
  - Iowa considered rate methodology for "group care" and determined that a Cost Report model was the best option
- Iowa also considered:
  - Development of a single rate system
  - Development of individualized provider rates
  - Development of the group care maintenance rate separate from the child welfare services rate
  - Recommendation for an ongoing methodology
  - Use of "market-based" indices to build a rate
  - Building a new rate from indices and other data
  - Setting rate maximums

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### Michigan

- Michigan's Taskforce considered three funding mechanisms for out-of-home care:
  - Case rates (ultimately recommended)
  - Capitation
  - Per diem rates
- They also considered using the Cost Calculator for Children's Services (CCfCS)
- The Taskforce has identified metrics for in-home services, which are similar to their metrics for out-of-home services.

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<b>Michigan's In-Home Services Metrics</b>		
• In-Home Services Metrics		
	The Children's Bureau	Michigan's Children's Trust
Safety: Maltreatment Incidence	Of children and youth in a specified area, what proportion are subjects of a maltreatment allegation in a given period?	Community risk indicators
Safety: Maltreatment Recurrence	Of children who are subjects of a maltreatment report in period, what proportion is re-reported in a given period?	Caseworker visit with family Caseworker visits with specific child
Permanency: Placement in Out-of-Home Care	Of children & youth in a specified area, what proportion is placed in out-of-home care	Caseworker visit with family Caseworker visits with specific child
Permanency: Placement in Out-of-Home Care	Of children and youth in a specified area who have cases opened in a given year, what proportion is placed within a specified time period?	
Well-Being: Family Functioning	Family improvement on safety and risk assessments is observable	Service Linkages
Well-Being: Physical Health	Of children in open cases what proportion maintained or improved physical/dental health?	Children in open cases receive regular health exams and dental exams
Systemic Factors: Quality of Care	Local area is implementing Enhanced MTEAM practice model with fidelity	Number of counties trained Quality services reviews
Systemic Factors: CQI	Local area is implementing Expanded CQI	CQI Plan and Report is disseminated regularly to area stakeholders CQI process to include public, private, community groups, courts, and stakeholders is ongoing

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<b>New York City</b>	
<ul style="list-style-type: none"> <li>• New York City is currently developing a scoring methodology to evaluate preventative services               <ul style="list-style-type: none"> <li>▪ The methodology is not applied to all in-home or purchased services, strictly general preventative and family treatment rehabilitative services. The methodology should be finalized by August 2014                   <ul style="list-style-type: none"> <li>○ Evidence-based preventative services are still being implemented and will be reviewed next year.</li> </ul> </li> </ul> </li> <li>• Preventative rates are not tied to outcomes. Budgets are line items, with a price-per-slot determined by the model staffing requirements and caseloads               <ul style="list-style-type: none"> <li>▪ Low end general preventive is around \$9000-\$9500/slot</li> <li>▪ Evidence based models are in the range of \$11,000 - \$13,100/slot</li> <li>▪ High end services are about \$50,00/slot</li> </ul> </li> <li>• Depending on the program model, they are expected to maintain an average length of service of as little as 4 months and up to 12 months</li> <li>• They monitor program outcomes such as utilization, referrals, rejections, case closure reasons, repeat maltreatment and removal rates (among others) and take corrective action if providers don't meet those goals</li> </ul>	

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### In-Home Purchased Services in Other States

• Questions:

- What services are funded?
- How are they funded?
- How are they tracked?
- Have rates been evaluated?
- Have rates been established?
- Do they tie services to outcomes?

State	County/State Administration	Funded?
California	County	Yes
Colorado	County	Yes
Florida	State	Yes
Indiana	State	Yes
Iowa	State	Yes
Maryland	Hybrid	Yes
Michigan	State	Yes
Missouri	State	No
New Jersey	State	No
New York	County	No
North Carolina	County	Yes
Ohio	County	Yes
Texas	State	No
Washington DC	State	No
Wisconsin	Hybrid	Yes

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### Colorado

• Colorado's "Core Services Program" includes:

- Home based interventions (therapeutic services, crisis intervention, etc.)
- Intensive family therapy
- Life skills
- Day treatment
- Sexual abuse treatment
- Special economic assistance
- Mental health services
- Substance abuse treatment services
- Aftercare services
- Other county designated services

• Funding/Tracking:

- Core Services Program is part of Colorado's Family Preservation, and funds therapeutic service delivery at 100%
- Colorado's state statutes allow the Child Welfare Block (\$347,861,307) to fund prevention and service delivery
- All of the Core Services are tracked as service authorizations, connected to each child (or to parents on behalf of a child) in their SACWIS system, Trails
- Contracted services are also paid out of Trails, then reimbursed if the expenditure is eligible and appropriate

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### Iowa

- Iowa's in-home services/rates:

Service	Rate
Safety Plan Services	<ul style="list-style-type: none"> <li>15 calendar day unit of service with a defined unit rate. A worker can purchase 1 additional unit of service if needed</li> <li>Max reimbursable unit rate for the initial unit of service = \$552.29</li> <li>If 2nd unit of service is authorized, max reimbursable = \$458.27</li> <li>Performance Measure incentive payment = \$105</li> </ul>
Family Safety, Risk, and Permanency (FSRP)	<ul style="list-style-type: none"> <li>Contractors receive a monthly payment amount for each full calendar month a case is opened/approved for services and the contractor meets the minimum monthly service delivery requirements.</li> <li>Base monthly payment = \$504.30/mo</li> <li>Performance Measure incentive payment ranges from \$105-\$263 per case or \$525 per child</li> </ul>
Aftercare Services	<ul style="list-style-type: none"> <li>Limited payments to the participant for direct expenses (must support goals of self-sufficiency plan)</li> <li>Contractor is paid for performance, obtainment of the services, and outcomes described in the Contract</li> </ul>
Drug Testing Collection and Drug Testing Lab	<ul style="list-style-type: none"> <li>Determined by contractual agreement</li> </ul>

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### Purchased Services in Other PA Agencies

- PFM reached out to the following PA Departments for more information on their Purchased Services funding/tracking/etc:
  - DPW's Office of Developmental Program
  - DPW's Office of Mental Health and Substance Abuse Services
  - Pennsylvania Department of Aging
  - Pennsylvania Department of Drug and Alcohol Programs

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### Department of Drug and Alcohol Programs

- For inpatient treatment, counties set their own rates unless they go with their managed care rate
- For outpatient treatment, rates vary by county and are negotiated at the county level
- There are no fixed rates for services

### Next Steps

- Report back on outstanding States
- Report back on other PA agencies
- Further research requests?

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### Addendum

### 1 - Waiver Interventions and Cost Savings

Waiver Intervention Strategy	Economic Analysis Results
<b>Well-Supported by Research Evidence</b>	
<b>Cognitive Behavioral Treatment (CBT)</b>	<ul style="list-style-type: none"> <li>↓ Canada: In a review of 22 health economic studies of diverse populations around the world on anxiety, mood, psychotic and somatoform disorders, CBT costs were lower than the benefits to society.<sup>34</sup></li> <li>↓ Washington-Adult: Adult Depression and Adult Anxiety: A WSIPP review of studies applied to Washington found that CBT for Adult Depression and Adult Anxiety save more than they cost by \$17,134 and \$17,604, and have benefit-to cost ratios of \$74.90 and \$61.45, respectively.<sup>35</sup> For children with trauma, it showed savings of \$11,369 per child.<sup>36</sup></li> </ul>
<b>Incredible Years</b>	<ul style="list-style-type: none"> <li>↓ Ireland: An internal rate of return of 13.3% per family was found in a RCT study.<sup>37</sup></li> <li>↓ A willingness to pay study showed that including multiple components of the Incredible Years program was cost effective compared to none or single components was cost-effective as measured by improvements in child behavior. These results were achieved by combining data from several clinical trials.<sup>38</sup></li> <li>↓ Washington: With evaluation results applied in WA state, WSIPP found that the Incredible Years Parent Training alone and Parent Training with Child Training costs exceeded benefits by \$316 and \$464 per participant or a return of \$ 65 or \$ 79 for every dollar invested, respectively.<sup>39</sup></li> </ul>
<b>Multisystemic Therapy (MST)</b>	<ul style="list-style-type: none"> <li>↓ The direct cost per MST participant is about \$4,743. In sum, there is gain of approximately \$31,661 per participant for taxpayers in subsequent criminal justice cost savings. Crime victims accrue benefits that increase the expected net present value per participant to \$151,916. This results in a benefit-to cost ratio of \$28.33 for every dollar spent.<sup>40</sup></li> <li>↓ Oakland County Michigan: The cost benefit ratio ranged from 1 to \$1240 – \$3852 (i.e., every dollar invested is expected to return between \$1240 to \$3852 to taxpayers and crime victims in the future).<sup>41</sup></li> <li>↓ Washington: The child welfare cost-benefit data could not yet be calculated by WSIPP but for youth with serious emotional disturbance (SED), a WSIPP review of results applied to Washington showed per family costs exceeding benefits by \$503 per family and returns of \$1.69 for every dollar invested. And</li> </ul>

Excerpted from Casey Family Program's, "Levels of Research Evidence and Cost Savings Data for Title IV-E Waiver Interventions," Research Brief, March 17, 2014

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### 2 - Waiver Interventions and Cost Savings

Waiver Intervention Strategy	Economic Analysis Results
	<ul style="list-style-type: none"> <li>Over the women in the control group. Taking into account the net program cost (\$4,901) this resulted in a recovery of 10% of the cost to provide FFTN services. Stated differently, for every dollar invested, the program returned \$0.10.<sup>44</sup></li> </ul>
Nurse Family Partnership for Low-Income Families	<ul style="list-style-type: none"> <li>Across trials: A recent report aggregating results across many trials found that NFP yields about \$12,345 per family with a return of \$3.66 for every dollar spent.<sup>45</sup></li> <li>Washington: Applying cost benefit information to Washington, WSFP found that for every dollar spent per participant, \$2.73 is saved. The total cost savings per participant was \$16,956.<sup>46</sup></li> </ul>
Parent-Child Interaction Therapy	<ul style="list-style-type: none"> <li>Washington: A WSFP review of studies applied to Washington found that PDI for families in the child welfare system saves \$10,044 and has a benefit-to-cost ratio of 3.73.<sup>47</sup> For children with disruptive disorders, the WSFP review found that PDI yields savings of \$3,091 per family and \$3.27 in benefits for every dollar spent.<sup>48</sup></li> </ul>
Trauma-Focused Cognitive Behavioral Treatment	<ul style="list-style-type: none"> <li>Delaware: One study found that a cost savings of \$1,619 per client are realized in 4-month periods.<sup>49</sup></li> <li>Washington: For children with trauma, it showed savings of \$11,309 per child.<sup>50</sup></li> </ul>
Triple P Positive Parenting Program or for Level Four Triple P	<ul style="list-style-type: none"> <li>South Carolina: Level 4 Standard Triple P saves \$1,785 per participant by reducing child mental health problems.<sup>51</sup></li> <li>Washington: A public health review of the entire Triple P system could save an additional \$1,127 per participant by preventing child abuse and neglect. And it produces savings of \$8.24 for every dollar spent.<sup>52</sup> In terms of mental health, use of Triple P level 4 individual treatment produced \$1,035 in savings, and \$1.55 in benefits for every dollar spent. And use of Triple P level 4 group treatment produces \$1,604 in savings, and \$5.42 in benefits for every dollar spent.<sup>53</sup></li> </ul>
<b>Supported by Research Evidence</b>	
Functional Family Therapy (FFT)	<ul style="list-style-type: none"> <li>Florida: Youth recidivism rates are 8% lower and the Florida Recidivists project has saved Florida taxpayers \$163 million.<sup>54</sup></li> <li>Pennsylvania: The Commonwealth receives a cost benefit of \$14.56 for every dollar spent on this program. The potential statewide economic benefit was estimated at \$195 million. For 2010, 1542 youth were served in FFT. This translates into an economic benefit of \$67 million dollars.<sup>55</sup></li> <li>Washington, D.C.: The expected net benefit per participant of FFT is over \$5,000.<sup>56</sup></li> <li>Washington: Overall savings for youth on probation were estimated at \$34,254 for every dollar spent on probation FFT. \$11.24 is saved.<sup>57</sup></li> </ul>
Healthy Families America	<ul style="list-style-type: none"> <li>New York: A group of women who received Healthy Families New York (HFNY) had an average savings of \$229, (EER=\$1,613), in the net cost to government.<sup>58</sup></li> </ul>

Excerpted from Casey Family Programs, "Levels of Research Evidence and Cost Savings Data for Title IV-E Waiver Interventions," Research Brief, March 17, 2014

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### 3 - Waiver Interventions and Cost Savings

Waiver Intervention Strategy	Economic Analysis Results
	<ul style="list-style-type: none"> <li>Over the women in the control group. Taking into account the net program cost (\$4,901) this resulted in a recovery of 10% of the cost to provide FFTN services. Stated differently, for every dollar invested, the program returned \$0.10.<sup>44</sup></li> </ul>
Homebuilders model of family-based services	<ul style="list-style-type: none"> <li>Washington: For every dollar spent per participant, \$4.49 is saved. The total cost savings per participant in terms of total savings versus total program cost was \$11,716.<sup>59</sup></li> </ul>
SafeCare	<ul style="list-style-type: none"> <li>Washington: A WSFP review of studies applied to WA found that SafeCare yields savings of \$2,112 per family and \$12.92 in benefits for every dollar spent.<sup>60</sup></li> </ul>
<b>Promising Level of Research Evidence</b>	
Alternative Response or Differential Response	<ul style="list-style-type: none"> <li>Massachusetts: For every dollar spent on a family in Family Assessment Response (FAR), \$1.59 was spent on families in services as usual over a 36- to 50-month follow-up period. FAR cost is estimated \$1,275 less per family for this period.<sup>61</sup></li> <li>Ohio: In contrast, Ohio found slightly higher costs (a difference of \$87 per family) for the non-intervention pathway for a shorter follow-up period that ranged from 10-16 months.<sup>62</sup></li> <li>Washington: Analyses using results from the OH and MN cost studies applied to Washington state shows savings of \$1,330 per family and a savings of \$4.67 for every dollar spent.<sup>63</sup></li> </ul>
Head Start and Early Head Start	<ul style="list-style-type: none"> <li>For every \$1 invested in Head Start, the return on investment (ROI) ranges from \$1 to \$3.<sup>64</sup></li> <li>Washington: A WSFP review of studies applied to Washington found that Head Start saves \$13,693 per family or \$2.63 for every \$1 invested. Early Head Start, on the other hand, costs more than it saves by \$12,461.<sup>65</sup></li> </ul>
Homebuilders model of family reunification services	<ul style="list-style-type: none"> <li>Washington: For every dollar spent per participant, \$4.43 is saved. The total cost savings per participant in terms of total savings versus total program cost was \$11,716.<sup>66</sup></li> </ul>
Nurturing Parenting Program (NPP)	<ul style="list-style-type: none"> <li>Louisiana: The benefit-cost ratio of 0.67 demonstrates that the NPP approaches cost neutrality with a short time period of 4.6 years, even without the consideration of long-term benefits or benefits to child systems.<sup>67</sup></li> </ul>
Substituted Guardianship (a policy intervention)	<ul style="list-style-type: none"> <li>Washington: A WSFP review of studies applied to Washington found that Substituted Guardianship saves more than it costs by \$7,560.<sup>68</sup></li> </ul>
Substance abuse treatment	<ul style="list-style-type: none"> <li>Michigan: START yielded \$1.97 in benefits for every dollar spent.<sup>69</sup></li> </ul>

Excerpted from Casey Family Programs, "Levels of Research Evidence and Cost Savings Data for Title IV-E Waiver Interventions," Research Brief, March 17, 2014

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### 4 - Waiver Interventions and Cost Savings

Waiver Intervention Strategy	Economic Analysis Results
<p>for Caregivers with Substance Use Disorders: Project Connect<sup>11</sup></p> <p>Since no cost data are available on Project Connect we present cost data on two other promising substance abuse interventions: Parent Child Assistance Program<sup>12</sup> and Sobriety Treatment and Recovery Teams (START)<sup>13</sup></p>	<p>out-of-home care costs.<sup>11</sup></p> <p>Washington: Children of mothers enrolled in PCAP reunify approximately seven months more quickly than the statewide average of children age both to three who exit foster care to reunification.<sup>12</sup> This translates into a potential cost savings of \$4,097 per case.<sup>11</sup></p>
<p>Wraparound Services (including the Rhode Island model):</p>	<p>Investment in this model of intensive care coordination, even at the higher rate, results in per capita cost savings through reduced use of expensive facility-based care (e.g., inpatient psychiatric hospitalizations, residential treatment, emergency room use). Wraparound programs, in their intensive care coordination or low caseload ratios, have produced quality outcomes and per capita cost savings analogous to those expected in the least home option.<sup>14</sup> But more child welfare applications need to be tested.</p> <p>Contra Costa County: There was over a 75% reduction in out-of-home days for youth entering Wraparound services (July 2004–December 2004) when comparing the six months prior to service entry to the six months after enrollment. Maintaining 50 at-risk youth in their homes and supporting them with community-based services can result in cost savings/avoidance of over \$1 million dollars per year.<sup>15</sup></p> <p>Minnesota: The Wraparound Minnesota program has achieved notable results over its 14-year history and reports significant cost-savings. In 2007, the average monthly cost to place a youth at a traditional Wisconsin residential treatment center was over \$8,000. Due to Wraparound's lessened use of residential treatment options, Wraparound's average care cost was nearly \$4,000 over the same period. Wraparound cites a drop in residential treatment placements since its inception, from 375 youth placements in 1996 to 60 placements in 2008.<sup>16</sup></p> <p>Oklahoma: A recent study of improved case management in mental health documented substantial cost savings when Wraparound was included with other innovations.<sup>17</sup></p>

Excerpted from Casey Family Program's, 'Levels of Research Evidence and Cost Savings Data for Title IV-E Waiver Interventions,' Research Brief, March 17, 2014

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## PFM Presentation to the Rate Methodology Task Force – July 24, 2014

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**pennsylvania**  
DEPARTMENT OF PUBLIC WELFARE

**Pennsylvania Rate Methodology Task Force**  
July 24<sup>th</sup>, 2014



**The PFM Group**  
Public Financial Management, Inc.  
PFM Asset Management LLC  
PFM Advisors

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### Agenda

- Additional Research on:
  - Return on Investment (ROI) Studies
  - In-Home Purchased Services in Other States
  - Purchased Services in Other PA Agencies

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## Return on Investment (ROI) Study

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### Washington - ROI

- The Washington State Institute of Public Policy identified the cost-effectiveness of prison drug and community-based treatment programs for drug offenders in the Washington
- These programs were found to be highly effective, saving Washington state money and reducing crime

Programs	Savings per Offender	Reduction in Crime
Prison drug treatment	\$7,835	5.7%
Community-based treatment	\$10,054	9.3%

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### In-Home Purchased Services in Other States

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### Iowa

Service	Rate
Safety Plan Services	<ul style="list-style-type: none"> <li>15 calendar day unit of service with a defined unit rate. A worker can purchase 1 additional unit of service, if needed</li> <li>Maximum reimbursable unit rate for the initial unit of service = \$552.29</li> <li>If second unit of service is authorized, maximum reimbursable = \$458.27</li> <li>Performance Measure Incentive payment = \$105</li> </ul>
Family Safety, Risk, and Permanency (FSRP)	<ul style="list-style-type: none"> <li>Contractors receive a monthly payment amount for each full calendar month a case is opened/approved for services and the contractor meets the minimum monthly service delivery requirements.</li> <li>Base monthly payment = \$504.30</li> <li>Performance Measure Incentive payment ranges from \$105-\$263 per case or \$526 per child</li> </ul>
Aftercare Services	<ul style="list-style-type: none"> <li>Limited payments to the participant for direct expenses. Payments must support goals of the self-sufficiency plan.</li> <li>Contractor is paid for performance, obtainment of the services, and outcomes described in the contract</li> </ul>
Drug Testing Collection and Drug Testing Lab	<ul style="list-style-type: none"> <li>Determined by contractual agreement</li> </ul>

#### Iowa Aftercare Services Network (IASN)

- Open to young adults age 18-21
- Average involvement in program is just over two years
- Focus on Employment, Education, Housing, Health Insurance Coverage, Life Skills, and Relationship Building
- Participants must meet with Self-Sufficiency Advocate (SSA) at least two times per month, develop a person self-sufficiency plan, and work towards the goals in the self-sufficiency plan
- Some IASN participants are eligible for financial support through Preparation for Adult Living (PAL)

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### Missouri

- Missouri's Intensive In-Home Services (IIS) are run as a short-term, intensive, home-based, crisis intervention program under the umbrella of the State's Family-Centered Services (FCS)
- The State sets maximums for competitive bids
  - Bids are based on various factors: daily rate, employees, overhead, etc.
    - In 2005, IIS identified an average cost for services, estimating that an IIS costs \$1,990 per child (based on the direct cost of the intervention and the indirect staff time incurred by the State for one child)
  - In each fiscal year, contractors can request a mid-year increase, as needed, which is subject to state approval
- IIS outcomes are monitored through a quarterly Peer Record Review (PRR) process
  - A sample of IIS cases is reviewed quarterly in each region
  - The State and providers for the region partner to review cases to ensure contract compliance and to help identify barriers to providing quality services
- An IIS Annual Report is produced once a year
  - It includes data collected at the end of the IIS intervention and at three, six, and twelve month intervals following the intervention

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### New York City

- New York City's Purchased Preventive & Rehabilitative Services (PPRS) are funded on a line-item, per slot basis
  - Slot = The capacity to carry a case (i.e. family) at any point in time
  - The duration that a slot program is funded varies based on the length of the funded in-home intervention
    - PPRS services are time-limited and the average length of service ranges from four to twelve months
- Each PPRS contract contains an award for a certain number of slots and the price per slot is determined by model staffing requirements and caseloads
  - Low end general preventive is around \$9000-\$9500/slot
  - Evidence based models are in the range of \$11,000 - \$13,100/slot
  - High end services are about \$50,00/slot
- PPRS outcomes are monitored, including: utilization, referrals, rejections, case closure reasons, repeat maltreatment and removal rates, corrective action is taken if providers don't meet the established goals

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### Wisconsin

- Wisconsin's In-Home Safety Services Initiative (IHS) provides a range of services to children and families
  - IHS service categories exist, but they are not tied to funding
  - Children/families typically receive services for 90-120 days
  
- IHS is provided in 16 Wisconsin counties, which are grouped into four consortia
  - Consortia are determined based on geography, caseload, providers, and local services
  - Each Consortium subcontracts to other agencies
  - Each Consortium is allocated W2 funding (a federal block grant) annually
  - Each County in a Consortium receives a portion of this funding
  - Each County must adhere to a prescribed, policy framework

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### Other State Models

State	Model
Maryland	<ul style="list-style-type: none"> <li>• Discretionary funding for in-home services is allocated to the State's 24 jurisdictions, based on the jurisdiction's caseload size</li> </ul>
Michigan	<ul style="list-style-type: none"> <li>• As discussed previously, Michigan is developing an RFP to determine a case rate for placement services that are tied to outcome measures</li> <li>• Michigan has not yet developed a methodology for in-home services beyond establishing performance measures</li> </ul>
North Carolina	<ul style="list-style-type: none"> <li>• Most counties provide in-home services directly</li> <li>• For purchased services, counties engage in a competitive procurement process to provide four evidence-based interventions                             <ul style="list-style-type: none"> <li>◦ Providers submit a proposal, including a request for funding, to the State to provide these services</li> <li>◦ The State scores the proposals, selects providers, and determines a pro-rated amount of funding</li> </ul> </li> </ul>
Ohio	<ul style="list-style-type: none"> <li>• Ohio's counties negotiate the cost, pay directly for, and track in-home services</li> <li>• County costs are aggregated at the state level but the state does not track the actual services purchased</li> </ul>

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### Purchased Services in Other PA Agencies

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### PA Office of Developmental Programs (ODP)

- ODP provides three options that allow participants to live more independently in their homes
  - Participants can live on their own and receive a subsidy to hire someone to provide in-home services
    - In-home services are provided in units that range from \$10-\$15
  - Participants can live on their own and have services provided by an ODP purchased provider (e.g. a contracted nursing agency)
    - Rates for providers are based on a fee schedule and are posted online
    - The formula/methodology is determined by an outside company
    - Rates may be affected by area and/or geographic factors
  - Participants can reside in an ODP residential facility
    - Rates for participating receiving services and residing in these facilities are based on cost reporting

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### PA Office of Developmental Programs (ODP)

- ODP has engaged in an ongoing process to better align the rates and rate methodologies of its programs by using a market-based approach. This process has included:
  - A review and clarification of definitions
  - A determination of allowable costs, which focuses on costs that are “reasonable, necessary, and related to the delivery of service”
  
- In addition, ODP has implemented the following:
  - Developmental Programs Provider Licensing
  - Fee Schedule Rates
  - Fee Schedule Rates Methodology
  - Provider and SCO Monitoring
  - Provider Qualifications
  - Public Notices
  - Rate Setting Methodology
  - Supports Coordination Organization Cost Report Rates Methodology
  - Waiver Provider Cost Report Rates
  - Rate Assignment Guidelines

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### PA Office of Developmental Programs (ODP)

- ODP separated its services into two categories to establish fee schedule rates
  - Select Community-Based Services include seventeen types of services
  - Agency With Choice/Financial Management Services (AWC/FMS) include five types of services and have varying rates depending on whether a participant's benefit allowance is or is not included
  
- ODP also grouped counties based on area and geographic factors. The service fees in these areas were adjusted according to these factors

Area	Counties
1	Adams, Cumberland, Dauphin, Delaware, Lancaster, Lebanon, Lehigh, Montgomery, Northampton, Perry, Philadelphia, York
2	Allegheny, Berks, Bucks, Chester, Franklin, Fulton
3	Armstrong, Beaver, Bedford, Blair, Bradford, Butler, Cambria, Cameron, Carbon, Centre, Clarion, Clearfield, Clinton, Columbia, Crawford, Elk, Erie, Fayette, Forest, Greens, Huntingdon, Indiana, Jefferson, Juniata, Lackawanna, Lawrence, Luzerne, Lycoming, McKean, Mercer, Mifflin, Monroe, Montour, Northumberland, Pike, Potter, Schuylkill, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Wayne, Westmoreland, Wyoming

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### ODP Fee Schedule Rates

Fee Schedule Rates (continued)

Service	Procedure Code	Modifier	Unit	Area 1	Area 2	Area 3
Companion, Basic staff support	W1724		15 min.	\$1.20	\$1.19	\$1.12
Companion, level 1	W1725	ET	15 min.	\$1.46	\$1.33	\$1.20
Companion, level 2	W1726	ET	15 min.	\$2.23	\$2.11	\$1.97
Companion, level 3	W1727	ET	15 min.	\$5.11	\$5.73	\$5.41
Supplemental Habitation, 1(PA)	W7370	ET	15 min.	\$5.41	\$5.32	\$4.79
Supplemental Habitation, 2-1(PA)	W7354	ET	15 min.	\$10.51	\$10.24	\$9.57
Additional Individualized Staffing, 1(PA)	W7355	ET	15 min.	\$5.41	\$5.32	\$4.79
Additional Individualized Staffing, 2-1(PA)	W7356	ET	15 min.	\$10.51	\$10.24	\$9.57
Order Adult Day Habitation	W7094	ET	15 min.	\$2.57	\$2.43	\$2.27
Behavioral Support	W7366	ET	15 min.	\$19.42	\$19.39	\$17.15
Supports Enrich	W7356		15 min.	\$5.65	\$5.19	\$7.65
Licensed Day Adult	W7072		15 min.	\$2.50	\$2.75	\$2.57
	W7073		15 min.	\$3.55	\$3.58	\$3.14
	W7074		15 min.	\$4.20	\$4.29	\$3.88
	W7075		15 min.	\$3.16	\$3.67	\$5.11
	W7076		15 min.	\$13.35	\$12.64	\$11.61
	W7035		15 min.	\$17.20	\$16.29	\$15.22
	W7036		15 min.	\$25.57	\$24.21	\$22.63
	W7037		15 min.	\$2.06	\$1.95	\$1.82
Preventational	W7353		15 min.	\$2.43	\$2.30	\$2.15
	W7353		15 min.	\$3.26	\$3.09	\$2.88
	W7350		15 min.	\$9.08	\$9.58	\$8.82
	W7391		15 min.	\$12.59	\$11.92	\$11.14
	W7392		15 min.	\$17.75	\$18.31	\$15.71
Supports Cooperation	W7263		15 min.	\$24.82	\$23.50	\$21.96
	W7210		15 min.	\$21.70	\$20.55	\$19.20
	W7235		15 min.	\$17.75	\$18.51	\$15.71

## Cost-Savings Data

Strategies where we could locate any cost-savings or cost-benefit data are listed first in Table 1 with cost savings data. Note that some of these interventions have not been as widely used and evaluated with child welfare populations.

Table 1. Waiver Interventions for Which We Have Economic Analysis Data

Waiver Intervention Strategy	Economic Analysis Results
<b>Well-Supported by Research Evidence</b>	
<b>Cognitive Behavioral Treatment (CBT)</b>	<ul style="list-style-type: none"> <li>✦ Canada: In a review of 22 health economic studies of diverse populations around the world on anxiety, mood, psychotic and somatoform disorders, CBT costs were lower than the benefits to society.<sup>34</sup></li> <li>✦ <i>Washington-Adult Adult Depression and Adult Anxiety</i>: A WSIPP review of studies applied to Washington found that CBT for Adult Depression and Adult Anxiety save more than they cost by \$17,134 and \$17,604, and have benefit-to-cost ratios of \$74.90 and \$51.46, respectively.<sup>35</sup> For children with trauma, it showed savings of \$11,309 per child.<sup>36</sup></li> </ul>
<b>Incredible Years</b>	<p><i>Ireland</i>: An internal rate of return of 13.3% per family was found in a RCT study.<sup>37</sup></p> <ul style="list-style-type: none"> <li>✦ A willingness to pay study showed that including multiple components of the <i>Incredible Years</i> program was cost effective compared to none or single</li> <li>✦ components was cost-effective as measured by improvements in child behavior. These results were achieved by combining data from several clinical trials.<sup>38</sup></li> <li>✦ <i>Washington</i>: With evaluation results applied in WA state, WSIPP found that the <i>Incredible Years</i> Parent Training alone and Parent Training with Child Training costs exceeded benefits by \$315 and \$464 per participant or a return of \$.85 or \$.79 for every dollar invested, respectively.<sup>39</sup></li> </ul>
<b>Multisystemic Therapy (MST)</b>	<p>The direct cost per MST participant is about \$4,743. In sum, there is gain of approximately \$31,661 per participant for taxpayers in subsequent criminal justice cost savings. Crime victims accrue benefits that increase the expected net present value per participant to \$131,918. This results in a benefit-to cost ratio of \$28.33 for every dollar spent.<sup>40</sup></p> <ul style="list-style-type: none"> <li>✦ <i>Midland County Michigan</i>: The cost benefit ratio ranged from 1 to \$12.40 – \$38.52. (i.e., every dollar invested is expected to return between \$12.40 to \$38.52 to taxpayers and crime victims in the future.)<sup>41</sup></li> <li>✦ <i>Washington</i>: The child welfare cost-benefit data could not yet be calculated by WSIPP but for youth with serious emotional disturbance (SED), a WSIPP review of results applied to Washington showed per family costs exceeding benefits by \$593 per family and returns of \$1.09 for every dollar invested. And</li> </ul>

Waiver Intervention Strategy	Economic Analysis Results
	in Juvenile Justice, a WSIPP review of results applied to Washington showed per family costs exceeding benefits by \$26,545 per family and returns of \$4.53 for every dollar invested. <sup>42</sup>
<b>Nurse Family Partnership for Low- Income Families</b>	<ul style="list-style-type: none"> <li>✦ <i>Across trials:</i> A recent report aggregating results across many trials found that NFP saves about \$12,385 per family with a return of \$9.50 for every dollar spent.<sup>43</sup></li> <li>✦ <i>Washington:</i> Applying cost benefit information to Washington, WSIPP found that for every dollar spent per participant, \$2.73 is saved. The total cost savings per participant was \$16,956.<sup>44</sup></li> </ul>
<b>Parent-Child Interaction Therapy</b>	✦ <i>Washington:</i> A WSIPP review of studies applied to Washington found that PCIT for families in the child welfare system saves \$10,044 and has a benefit-to-cost ratio of \$7.35. <sup>45</sup> For children with disruptive disorders, the WSIPP review found that PCIT yields savings of \$3,091 per family and \$3.27 in benefits for every dollar spent. <sup>46</sup>
<b>Trauma-Focused Cognitive-Behavioral Treatment</b>	<ul style="list-style-type: none"> <li>✦ <i>Delaware:</i> One study found that a cost savings of \$1,617 per client were realized in 4-month period.<sup>47</sup></li> <li>✦ <i>Washington:</i> For children with trauma, it showed savings of \$11,309 per child.<sup>48</sup></li> </ul>
<b>Triple P Positive Parenting Program or for Level Four Triple P</b>	<ul style="list-style-type: none"> <li>✦ <i>South Carolina:</i> Level 4 Standard <i>Triple P</i> saves \$1,788 per participant by reducing child mental health problems.<sup>49</sup></li> <li>✦ <i>Washington:</i> A public-health rollout of the entire <i>Triple P</i> system could save an additional \$1,127 per participant by preventing child abuse and neglect. And it produces savings of \$8.74 for every dollar spent.<sup>50</sup> In terms of mental health, use of <i>Triple P</i> level 4 individual treatment produces \$1,036 in savings, and \$1.56 in benefits for every dollar spent. And use of <i>Triple P</i> level 4 group treatment produces \$1,694 in savings, and \$5.42 in benefits for every dollar spent.<sup>51</sup></li> </ul>
<b>Supported by Research Evidence</b>	
<b>Functional Family Therapy (FFT)</b>	<ul style="list-style-type: none"> <li>✦ <i>Florida:</i> Youth recidivism rates are 8% lower and the Florida Redirections project has saved Florida taxpayers \$193 million.<sup>52</sup></li> <li>✦ <i>Pennsylvania:</i> The Commonwealth receives a cost benefit of \$14.56 for every dollar spent on this program. The potential statewide economic benefit was estimated at \$136 million. For 2010, 1642 youth were served in FFT. This translates into an economic benefit of \$67 million dollars.<sup>53</sup></li> <li>✦ <i>Washington, D.C.:</i> The expected net benefit per participant of FFT is over \$6,900.<sup>54</sup></li> <li>✦ <i>Washington:</i> Overall savings for youth on probation were estimated at \$34,254. For every dollar spent on probation FFT, \$11.24 is saved.<sup>55</sup></li> </ul>
<b>Healthy Families America</b>	✦ <i>New York:</i> A group of women who received <i>Healthy Families New York (HFNY)</i> had an average savings of \$628 (SE=\$1,613) in the net cost to government

Waiver Intervention Strategy	Economic Analysis Results
	<p>over the women in the control group. Taking into account the net program cost (\$4,101) this resulted in a recovery of 15% of the cost to provide HFNY services. Stated differently, for every dollar invested, the program returned \$0.15.<sup>66</sup></p> <p>✦ <i>Washington</i>: A WSIPP review of studies applied to Washington showed per family costs exceeding benefits by \$2,563 per family, and returns were only \$.45 for every dollar invested.<sup>67</sup></p> <p>Because <i>Healthy Families</i> evaluation results have been mixed over the past couple of decades, study findings, applications, and methods should be reviewed carefully.<sup>68</sup></p>
<b>Homebuilders model of family-based services</b>	✦ <i>Washington</i> : For every dollar spent per participant, \$4.49 is saved. The total costs savings per participant in terms of total savings versus total program cost was \$11,718. <sup>69</sup>
<b>SafeCare</b>	✦ <i>Washington</i> : A WSIPP review of studies applied to WA found that <i>SafeCare</i> yields savings of \$2,112 per family and \$12.92 in benefits for every dollar spent. <sup>60</sup>
Promising Level of Research Evidence	
<b>Alternative Response or Differential Response</b>	<p>✦ <i>Minnesota</i>: For every dollar spent on a family in <i>Family Assessment Response (FAR)</i>, \$1.59 was spent on families in service as usual over a 39 – 56 month follow-up period. FAR cost an estimated \$1,279 less per family for this period.<sup>61</sup></p> <p>✦ <i>Ohio</i>: In contrast, Ohio: found slightly higher costs (a difference of \$87 per family) for the non-investigation pathway for a shorter follow-up period that ranged from 10-15-months.<sup>62</sup></p> <p>✦ <i>Washington</i>: Analyses using results from the OH and MN cost studies applied to Washington state, showed savings of \$1,338 per family and a savings of \$14.67 for every dollar spent.<sup>63</sup></p>
<b>Head Start and Early Head Start</b>	<p>✦ For every \$1 invested in <i>Head Start</i>, the return on investment (ROI) ranges from \$7 to \$9.<sup>64</sup></p> <p>✦ <i>Washington</i>: A WSIPP review of studies applied to Washington found that <i>Head Start</i> saves \$13,888 per family or \$2.63 for every \$1 invested. <i>Early Head Start</i>, on the other hand, costs more than it saves by \$12,401.<sup>65</sup></p>
<b>Homebuilders model of family reunification services</b>	✦ <i>Washington</i> : For every dollar spent per participant, \$4.49 is saved. The total costs savings per participant in terms of total savings versus total program cost was \$11,718. <sup>66</sup>
<b>Nurturing Parenting Program (NPP)</b>	✦ <i>Louisiana</i> : The benefit-cost ratio of 0.87 demonstrates that the NPP approaches cost neutrality within a short time period of 4.5 years, even without the consideration of long-term benefits or benefits to other systems. <sup>67</sup>
<b>Subsidized Guardianship (a policy intervention)</b>	✦ <i>Washington</i> : A WSIPP review of studies applied to Washington found that <i>Subsidized Guardianship</i> saves more than it costs by \$7,590. <sup>68</sup>
<b>Substance abuse treatment</b>	✦ <i>Kentucky</i> : <i>START</i> yielded \$1.07 in benefits for every dollar spent, just using

Waiver Intervention Strategy	Economic Analysis Results
<p><b>for Caregivers with Substance Use Disorders: Project Connect*</b></p> <p><i>Since no cost data are available on Project Connect we present cost data on two other promising substance abuse interventions: Parent Child Assistance Program* and Sobriety Treatment and Recovery Teams (START)*</i></p>	<p>out-of-home care costs.<sup>69</sup></p> <p>✦ <i>Washington:</i> Children of mothers enrolled in PCAP reunify approximately seven months more quickly than the statewide average of children age birth to three who exit foster care to reunification.<sup>70</sup> This translates into a potential cost savings of \$4,057 per case.<sup>71</sup></p>
<p><b>Wraparound Services</b> (including the Rhode Island model)</p>	<p>✦ Investment in this model of intensive care coordination, even at the higher rate, results in per capita cost savings through reduced use of expensive facility-based care (e.g., inpatient psychiatric hospitalization, residential treatment, emergency room use). <i>Wraparound</i> programs, with intensive care coordination at low caseload ratios, have produced quality outcomes and per capita cost savings analogous to those expected in the health home option.<sup>72</sup> But more child welfare applications need to be tested.</p> <p>✦ <i>Contra Costa County:</i> There was over a 75% reduction in out-of-home days for youth entering <i>Wraparound</i> services (July 2004 –December 2004) when comparing the six months prior to service entry to the six months after enrollment. Maintaining 30 at-risk youth in their homes and supporting them with community-based services can result in cost savings/cost avoidance of over \$1 million dollars per year.<sup>73</sup></p> <p>✦ <i>Milwaukee:</i> The <i>Wraparound Milwaukee</i> program has achieved notable results over its 14-year history and reports significant cost-savings. In 2007, the average monthly cost to place a youth at a traditional Wisconsin residential treatment center was over \$8,000. Due to <i>Wraparound's</i> lessened use of residential treatment options, <i>Wraparound's</i> average care cost was nearly \$4,000 over the same period. <i>Wraparound</i> cites a drop in residential treatment placements since its inception: from 375 youth placements in 1996 to 90 placements in 2008.<sup>74</sup></p> <p>✦ <i>Oklahoma:</i> A recent study of improved case management in mental health documented substantial cost savings when <i>Wraparound</i> was included with other innovations.<sup>75</sup></p>

# Appendix E

## Office of Developmental Programs (ODP)

### Rate Methodology Resources

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Developmental Programs Provider Licensing

<http://www.dpw.state.pa.us/provider/doingbusinesswithdpw/developmentalprograms/feeschedule ratesmethodology/index.htm>

Fee Schedule Rates

<http://www.dpw.state.pa.us/provider/doingbusinesswithdpw/developmentalprograms/feeschedule rates/index.htm>

Fee Schedule Rates Methodology

<http://www.dpw.state.pa.us/provider/doingbusinesswithdpw/developmentalprograms/feeschedule ratesmethodology/index.htm>

Provider and SCO Monitoring

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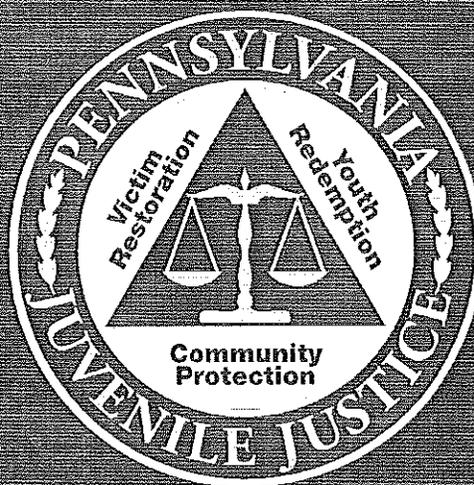
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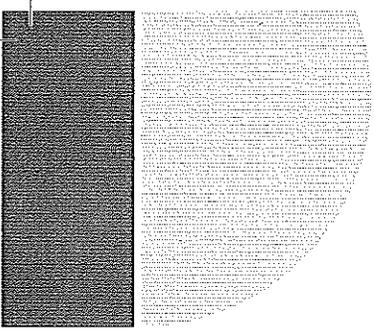
# **PENNSYLVANIA'S JUVENILE JUSTICE SYSTEM ENHANCEMENT STRATEGY**



**Achieving Our  
Balanced and Restorative Justice Mission  
Through Evidence-Based Policy and Practice**

April 2012

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# FOREWORD

The world around us is rapidly changing. Knowledge is growing at an exponential rate. New processes leading to improved outcomes are routinely generated. These changes are affecting all aspects of our lives, including juvenile justice. New assessment tools, interviewing techniques, community-based interventions, and practitioner tools are constantly emerging and improving. Today's professional is challenged to keep abreast of these changes and to integrate this knowledge and innovation in day-to-day practice. Like a whitewater rafting experience, the fast-paced waters can make one uneasy and exhilarated at the same time. Today, there is an undeniable sense of anticipation, a realization that the strategic application of these research findings can produce—will produce—outcomes that make communities safer. A similar sense of expectancy was stirring in the 1990s, when Pennsylvania's juvenile justice system embraced its balanced and restorative justice (BARJ) mission. From this BARJ effort came many improvements including, but not limited to, a greater emphasis on the needs of victims, community participation in addressing the consequences of delinquency, and a readiness to determine how the justice system could partner with others to repair harm caused by illegal activity.

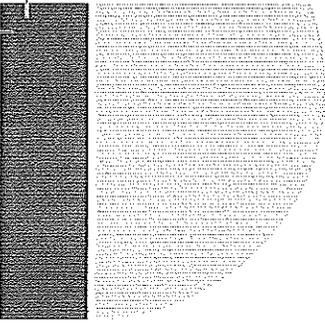
The goals of Pennsylvania's Juvenile Justice System Enhancement Strategy (JJSES) align with those of BARJ. JJSES seeks to reduce harm by applying the best-known research to the principles and goals of BARJ. Using actuarial assessment tools, cognitive behavioral interventions, and performance measures to make incremental improvements, and addressing not just the youthful

offender but the entire family, are just a few ways that JJSES supports a BARJ mission of reduced harm.

JJSES is a "from the bottom up" initiative. In recent years, various counties throughout Pennsylvania have been adopting evidence-based practices. However, those efforts have been loosely supported and uncoordinated from a statewide perspective. It was recognized that evidence-based practices would advance more quickly and comprehensively if the counties received support. Through the leadership and collaborative partnership of three agencies—the Juvenile Court Judges' Commission, the Pennsylvania Council of Chief Juvenile Probation Officers, and the Pennsylvania Commission on Crime and Delinquency—the JJSES initiative was launched.

This initiative provides juvenile justice stakeholders with training, technical assistance, literature, web-based support documents, and overall guidance. The purpose of this Monograph is to provide these stakeholders with practical information on how daily practices can be improved to achieve better juvenile justice outcomes. The Monograph divides and groups the implementation activities of JJSES into four stages. Support resources for each stage are identified.

A heartfelt appreciation is extended to the dozens of individuals who contributed to the development of this Monograph. The many hours of spirited debate and sacrifice have produced what we hope will be a roadmap to achieve and improve upon the outcomes so clearly articulated in our BARJ mission.



# A WORD ABOUT VICTIMS AND COMMUNITIES

The reader may notice that while the Juvenile Justice System Enhancement Strategy (JJSES) emphasizes those processes related to reducing the risk of reoffense and enhancing public safety, little direct reference is made to victims or communities. This Monograph purposefully highlights the research and subsequent key activities needed to achieve a reduction in victimization and thereby advance safer communities. By doing so, it enhances the ability to achieve our balanced and restorative justice (BARJ) mission. The activities, processes, products, and outputs described in this Monograph are designed to achieve greater community protection for the citizens of Pennsylvania through reduced recidivism.

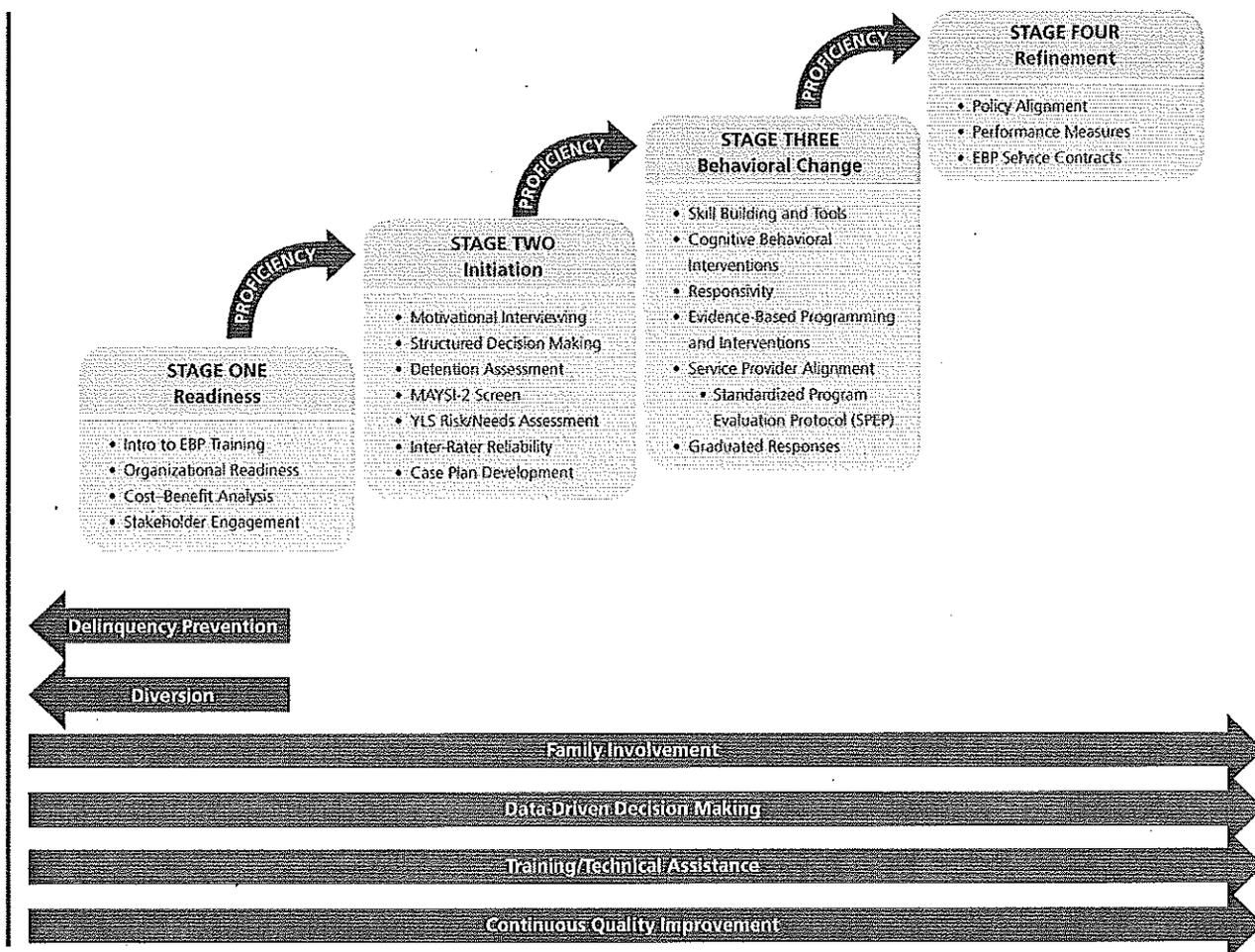
One of the benefits of a balanced and restorative justice mission is that it does not pit one stakeholder group against another (i.e., victim against juvenile, community against victim, or juvenile against community). Instead, the true spirit of BARJ is demonstrated when each affected party's need is attended to and future harm is diminished. We are excited about the potential implications that a successful application of JJSES can achieve: fewer victims, safer communities, and youth who gain prosocial competencies and who contribute to their families and communities.

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# PENNSYLVANIA'S JUVENILE JUSTICE SYSTEM ENHANCEMENT STRATEGY: A MONOGRAPH

Welcome to the Juvenile Justice System Enhancement Strategy (JJSES) Monograph. This document is designed to assist juvenile justice stakeholders throughout the Commonwealth in implementing strategies that are grounded in evidence-based practices (EBP) and that aim to enhance youth's competencies and to change youthful behavior that leads to unlawful acts. Consistent with Pennsylvania's balanced and restorative justice (BARJ) mission, EBP seeks to prevent delinquency and out-of-home placement by working with juveniles to reduce their risk of recidivism and to enhance those protective factors that result in a law-abiding life. JJSES is the framework within which EBP will become a reality in Pennsylvania's juvenile justice system. It consists of four stages of implementation:



This Monograph is divided into four sections that match the Framework's stages:

- Stage One: Readiness
- Stage Two: Initiation
- Stage Three: Behavioral Change
- Stage Four: Refinement.

Each of these sections includes short descriptions of the tasks to be accomplished at each stage, background information about the purpose of the tasks, and helpful hints about how to achieve them.

Other steps involved in implementing the JJSES Framework—ones that cut across all stages—are included in the final section of the Monograph, “Key JJSES Building Blocks.” These include

- delinquency prevention
- diversion
- family involvement
- data-driven decision making
- training/technical assistance
- continuous quality improvement.

We hope that you find this Monograph useful in implementing evidence-based practices to achieve the goals of balanced and restorative justice. It is meant to provide you with guidance, tips, and resources that will help you as you work with juveniles to prevent delinquency, avoid over-reliance on detention, and reduce recidivism for the benefit of all who live and work in the Commonwealth.

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#### **Evidence-Based Practice Defined**

“Evidence-based practice” simply means applying what we know in terms of research to what we do in our work with youth, their families, and the communities in which we live. It is the progressive, organizational use of direct, current scientific evidence to guide and inform efficient and effective services. It is through the use of research evidence and the demonstration of outcomes that Pennsylvania’s juvenile justice system can achieve and confirm the effectiveness of its BARJ mission.

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# AN INTRODUCTION TO PENNSYLVANIA'S JUVENILE JUSTICE SYSTEM ENHANCEMENT STRATEGY

As a national leader in juvenile justice, Pennsylvania has an ongoing commitment to improving its balanced and restorative justice outcomes through innovation and vision, strong partnerships at both the state and local levels, and cooperation with both public and private sector service providers. Most recently, between 2005 and 2010, the John D. and Catherine T. MacArthur Foundation selected Pennsylvania as the first state in the country to participate in its Models for Change initiative. Virtually all components of Pennsylvania's juvenile justice system were engaged, in some way, in system reform.

Pennsylvania's Models for Change reform efforts focused on three targeted areas of improvement: coordinating the mental health and juvenile justice systems, improving aftercare services and supports for youth and their families, and addressing disproportionate minority contact within the juvenile justice system. Models for Change accelerated the pace of Pennsylvania's previous efforts at reform at both the state and local levels, and supported various evidence-based practices, such as the introduction of screening and assessment instruments. A number of juvenile probation departments began working toward implementing a valid and reliable risk/needs instrument, developing a case plan model to address the identified risks and needs, and providing targeted evidence-based interventions.

In June 2010, with the five-year commitment of the MacArthur Foundation drawing to a close, the Executive Committee of the Pennsylvania Council of Chief Juvenile Probation Officers and Juvenile Court Judges' Commission (JCJC) staff agreed, at their annual strategic planning meeting, that the "Juvenile Justice System Enhancement Strategy" (JSES) was needed, both to consolidate the gains of the previous five years "under one roof" and to develop strategies to sustain and enhance those efforts.

Pennsylvania's JSES rests on two interlinked foundations: the best empirical research available in the field of juvenile justice and a set of core beliefs about how to put this research into practice. These beliefs assert that

- children should be diverted from formal court processing whenever appropriate
- meeting the needs of victims is an important goal of the juvenile justice system
- we need to develop and maintain strong partnerships with service providers
- we can, and should, do a better job of involving families in all that we do.

To these ends, a JSES coordinator was appointed, a leadership team was created, and The Carey Group, Inc. was retained to begin developing an implementation strategy.

One year later, the Center for Juvenile Justice Reform at Georgetown University selected Berks County and the Commonwealth of Pennsylvania as one of four sites in the nation to participate in its Juvenile Justice System Improvement Project (JJSIP).<sup>1</sup> The JJSIP assists states in improving outcomes for juvenile offenders by better translating knowledge on "what works" into everyday policy and practice—an approach very consistent with Pennsylvania's JSES. Pennsylvania intends to incorporate "lessons learned" from Berks County's participation in the JJSIP into the statewide Juvenile Justice System Enhancement Strategy.

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## BALANCED AND RESTORATIVE JUSTICE

One of the most significant reforms in the history of Pennsylvania's juvenile justice system occurred in 1995, when the purpose of the system was fundamentally redefined during a special legislative session on crime. The Juvenile Act now states that the purpose of Pennsylvania's juvenile justice system is

*"... to provide for children committing delinquent acts programs of supervision, care, and rehabilitation which provide balanced*

1 The JJSIP takes the vast amount of knowledge gained through Dr. Mark Lipsey's meta-analysis of effective juvenile justice programs, which he translated into the Standardized Program Evaluation Protocol (SPEP), and embeds it within the Office of Juvenile Justice and Delinquency Prevention's *Comprehensive Strategy for Serious, Violent, and Chronic Juvenile Offenders*, developed by Dr. James C. Howell and John Wilson. (For more information on this approach, please refer to *Improving the Effectiveness of Juvenile Justice Programs: A New Perspective on Evidence-Based Practice* by Mark Lipsey et al.)

*attention to the protection of the community, the imposition of accountability for offenses committed, and the development of competencies to enable children to become responsible and productive members of the community.”*

So how does Pennsylvania’s Juvenile Justice System Enhancement Strategy correspond to the principles of balanced and restorative justice—the foundation upon which our juvenile justice system is built? Simply put, JJSES emphasizes the use of research evidence to achieve one of the core BARJ objectives: increasing youth skills (competency development) in order to reduce the likelihood that those involved in the juvenile justice system will commit delinquent acts in the future.

#### **STATEMENT OF PURPOSE**

The first concrete step in developing Pennsylvania’s JJSES was to create a Statement of Purpose. The Statement of Purpose was designed to reflect the underlying goals of BARJ and of the JJSES initiative:

- enhancing the capacity of our juvenile justice system to achieve its balanced and restorative justice mission through the implementation of evidence-based practices
- demonstrating an ongoing commitment to data collection, analysis, and research
- demonstrating a commitment to continuous quality improvement in every aspect of the system.

A significant and growing number of state agencies, statewide organizations, and service providers have endorsed the Statement of Purpose. If your department or organization has not yet endorsed the Statement of Purpose for JJSES, we invite you to do so.

#### **JJSES Statement of Purpose**

We dedicate ourselves to working in partnership to enhance the capacity of Pennsylvania’s juvenile justice system to achieve its balanced and restorative justice mission by

- employing evidence-based practices with fidelity at every stage of the juvenile justice process;
- collecting and analyzing the data necessary to measure the results of these efforts; and, with this knowledge,
- striving to continuously improve the quality of our decisions, services, and programs.

#### **The Nexus Between Balanced and Restorative Justice (BARJ) and JJSES**

Act 33 of Special Session No. 1 of 1995 amended the purpose clause of Pennsylvania’s Juvenile Act to establish balanced and restorative justice as the philosophical and theoretical framework for Pennsylvania’s juvenile justice system. The statute clearly defined three goals for Pennsylvania’s juvenile justice system:

- the protection of the community
- the imposition of accountability for offenses committed
- the development of competencies to enable children to become responsible and productive members of the community.

Since the statute’s enactment, juvenile justice agencies throughout the Commonwealth have devoted a great deal of time and resources to implement policies, practices, and programs that advance BARJ and to accomplish the goals embodied in Act 33. To enhance and support these efforts, the Juvenile Justice System Enhancement Strategy emphasizes the following:

- **The use of research-based evidence to guide the development of policy and practice in all aspects of BARJ:** Evidence-based practices is a mindset or way of going about the business of juvenile justice. New information is constantly challenging existing processes and providing opportunities for improved outcomes. Evidence should be used to help guide practitioners’ actions, whether those actions are to protect the community from further harm, restore the harm done to victims and the community, or redeem youth involved in the system.
- **The application of evidence-based research to protect the community from further harm by reducing rearrest and recidivism rates for youth involved in the juvenile justice system through a process of behavioral change:** Ultimately, juveniles must take full responsibility for their past actions and gain the motivation and competencies to change their conduct in the future. Probation officers, treatment providers, family members, and other prosocial people in the lives of juveniles must take advantage of the best available research and knowledge as they work to reach these goals.

# THE APPLICATION OF EVIDENCE-BASED PRACTICES TO JUVENILE JUSTICE

Juvenile justice organizations around the world are moving to align their programs and services with what has become known as evidence-based practice (EBP). Starting in the medical profession two decades ago, EBP asserts that public policy and practice should be based on the best available scientific evidence in order to effectively achieve stated goals and efficiently use taxpayers' dollars. Failure to match services to rigorous, evidentiary standards not only makes poor use of limited public funds but can even lead to an exacerbation of the problems and issues that government seeks to resolve. In the juvenile justice context, research has demonstrated that the proper implementation of EBP can lead to significant reductions in juvenile delinquency and recidivism.

## RESTORATION AND PUBLIC SAFETY ARE THE GOALS

Juvenile justice interventions and programs are considered effective when they reduce a juvenile's risk to reoffend. In this context, the application of evidence-based practices translates directly into enhanced public safety. The research over the last two decades is both clear and compelling regarding those interventions that result in reduced recidivism. Juvenile probation departments in the Commonwealth of Pennsylvania must adopt the principles of EBP in order to achieve their stated mission of repairing harm to victims, restoring the health and welfare of communities, and enabling juveniles to become productive and law-abiding members of society.

## KEY CONCEPTS IN EVIDENCE-BASED PRACTICE: THE RISK, NEEDS, AND RESPONSIVITY PRINCIPLES

The *risk principle* refers to the probability that a youth will reoffend, based on characteristics that are correlated with future delinquency. These risk factors are static, or non-changeable. They include, for example, current age, age at first arrest, and number of prior arrests. Risk information is used to classify juveniles for purposes of supervision and to determine the level of external control and treatment required during that supervision.

The *need principle* defines the juvenile's individual and environmental attributes that are predictive of future delinquent behavior and that can be changed (i.e., that are dynamic in nature). These are known as criminogenic needs. Examples of criminogenic needs include antisocial attitudes and beliefs,

antisocial peers, temperament issues (such as impulsivity and poor problem-solving and decision-making skills), lack of family support, substance abuse, lack of education, and lack of prosocial leisure outlets. In order to reduce the probability of delinquency and recidivism, a juvenile's criminogenic needs must be accurately assessed and then effectively addressed through individual supervision and programmatic interventions. The primary tool for formally establishing, tracking, and documenting the accomplishment of these goals is a comprehensive case plan that describes the steps that must be taken by the juvenile probation officer, service provider, and juvenile to reduce the risk of recidivism.

The *responsivity principle* emphasizes the importance of characteristics that influence a juvenile's ability and motivation to learn. Individual traits that interfere with—or facilitate—learning are known as “responsivity factors.” The basic assumption underlying the responsivity principle is that all juveniles and all programs are not the same. As such, better treatment outcomes will result from properly matching a young person's individual characteristics (e.g., culture, cognitive ability, maturity, and gender) with service characteristics (e.g., location, structure, length, dosage, methodology, and facilitator traits).

In short, the risk principle helps identify *who* should receive juvenile justice interventions and treatment. The need principle focuses on *what* about the young person must be addressed. The responsivity principle underscores the importance of *how* treatment should be delivered, with behavioral and cognitive behavioral skill-building techniques being the most effective.

## THE EIGHT PRINCIPLES OF EFFECTIVE INTERVENTIONS

There are eight evidence-based principles for effective intervention with juveniles:

Eight Principles	In Practitioners' Language
Assess risk/needs using actuarial instruments	Use assessments to guide case decisions by applying actuarial and statistically valid tools that describe the <i>who</i> (which juveniles will most likely require interventions), the <i>what</i> (which specific needs must be addressed to reduce reoffense), and the <i>how</i> (how to match interventions with an individual's traits) of supervision.
Enhance intrinsic motivation	Get juveniles treatment-ready and keep them engaged by using motivational interviewing, strength-based approaches, and rewards and sanctions.
Target interventions	Apply a laser-like focus on the criminogenic factors that are proven to be linked to future delinquency, and work to enhance those protective factors that act as barriers against delinquent behavior. Pay attention to youths' responsivity factors, including developmental age, gender, ethnic and cultural background, and learning style.
Develop skills through directed practice	Use behavioral and cognitive behavioral techniques to help medium and high-risk juveniles learn thinking patterns, skills, and behaviors that can reduce their risk of recidivism. Train juvenile probation officers and service providers to reinforce, in the community and family, new skills that youth have learned in treatment groups.
Increase positive reinforcement	Use rewards and incentives to encourage prosocial attitudes and behavior. Seek to provide four to six positive affirmations for every message of disapproval.
Engage ongoing support in natural communities	Strengthen the influence of prosocial communities in juveniles' lives, and support the ability of families to assist youth as they learn prosocial values, attitudes, beliefs, and skills.
Measure relevant processes and practices	Ensure that the department is routinely measuring and documenting key indicators that inform individual staff members and the department whether programs and services are being implemented with sufficient quality and whether intended changes are occurring. The identification of these outcome measurements is foundational to evidence-based organizations.
Provide measurement feedback	Use data to provide feedback and make adjustments. Outcomes will more likely be improved when feedback is offered to those individuals providing services, developing policy, and managing staff.

### THE DAY-TO-DAY APPLICATION OF THESE PRINCIPLES

*From a criminogenic risk perspective:* The evidence is clear that low-risk juveniles should be given the least amount of attention because they are already largely connected to prosocial

communities and are likely to be self-correcting. Juvenile justice intervention beyond arrest and prosecution will likely only increase the probability of reoffense for this population. Medium and high-risk youth are much more likely to respond positively to interventions, if administered correctly. The intensity of treatment

programs should be matched to each person's risk level, with higher dosages, lengths, and intensities applied to higher-risk offenders.

Therefore, in terms of supervision and treatment, the juvenile justice system should

- **use minimal intervention with low-risk juveniles.** Supervision staff should manage the risk of reoffense but avoid vigorously applying juvenile justice system interventions to low-risk juveniles unless individual traits change, resulting in a youth's increased risk level. Interventions should be the least restrictive in nature.
- **maximize accountability with extremely high-risk juveniles.** Employ techniques such as surveillance, electronic monitoring, curfew, and police-probation partnerships to control the risk. These youths' risk levels can be reduced through the strategic application of interventions that match their risk (i.e., interventions become more intensive as risk increases), criminogenic needs, and responsivity traits (e.g., learning disabilities, mental health, gender), but they may need external control until these interventions take hold.
- **focus programs and services specifically on medium and high-risk juveniles.** Levels of risk can especially be reduced for medium and high-risk juveniles by applying appropriately matched services and supervision.

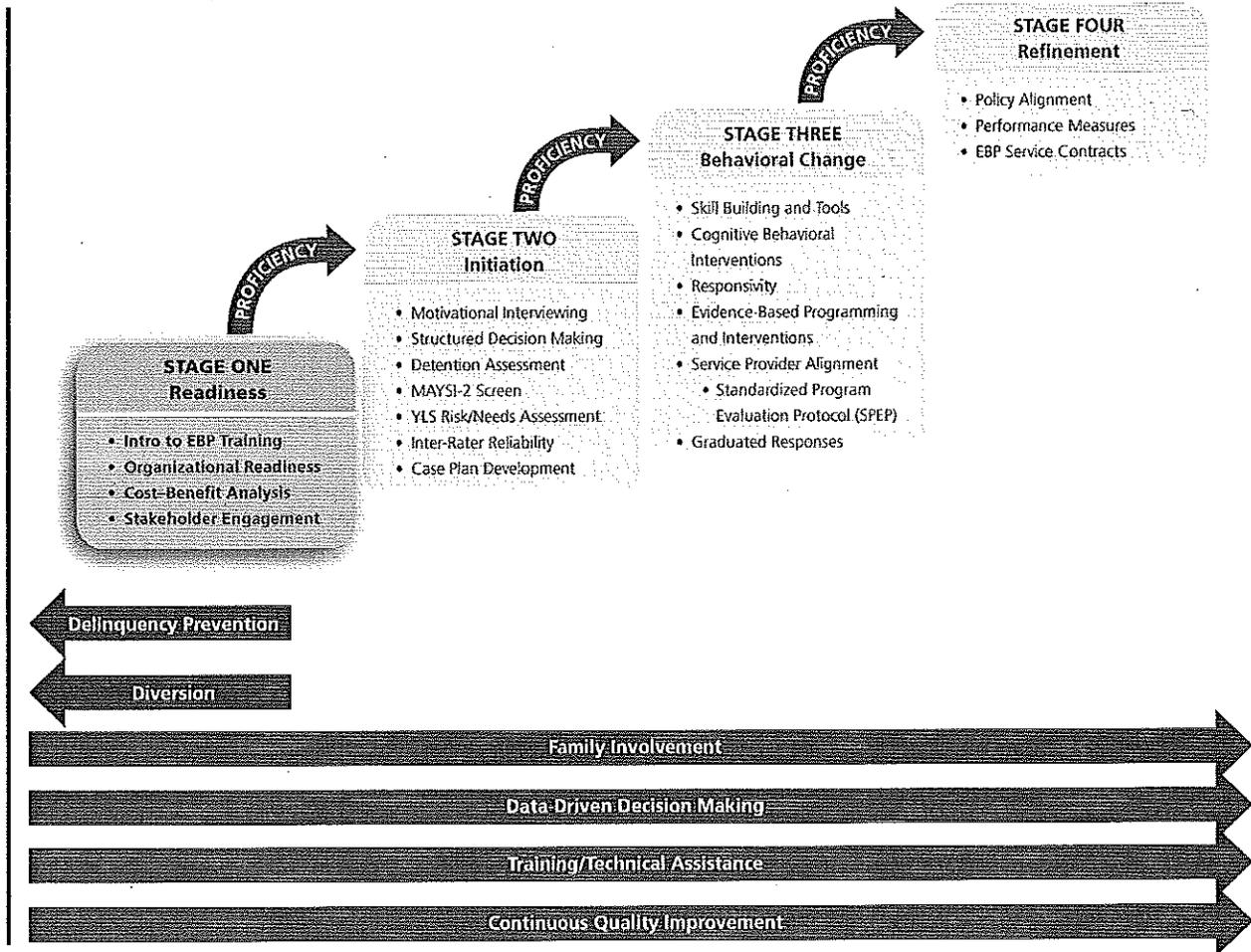
*From a criminogenic need perspective:* Traits that are delinquency-influencing and changeable should be targeted for intervention. Attention to non-criminogenic needs will not yield positive recidivism results and may even do harm.

*From a responsivity perspective:* Interventions should be closely matched to each individual's unique qualities and attempts should be made to increase the youth's intrinsic motivation to engage in behavior change. The most effective interventions create a match between a youth's traits, the characteristics of treatment, and the counselor/facilitator's attributes, and acknowledge the youth's current stage of change.

#### SUMMARY

The body of knowledge that serves as the foundation for evidence-based practices in juvenile justice (Andrews & Bonta, 2006; Barnoski, 2004; Lipsey & Cullen, 2007) is both clear and convincing. Today, the challenge for juvenile justice policymakers and practitioners is not so much *what* should be done; scientific research has shed much light on this question over the past two decades. Instead, the challenge today lies in transforming our current system of juvenile justice from one based solely on gut instinct and officer experience to one that routinely uses research to inform practice and policy.

# STAGE ONE: READINESS



"After all is said and done, there is no such thing as managing change. You lead change or you follow it."

Peter Drucker

Nearly 70 percent of all innovation and implementation initiatives in the public and private sectors fail. While new technologies, programs, and procedures are introduced on a daily basis, most efforts to make them a reality result in disappointment and frustration. Stage One of the Framework was crafted with this problem in mind. It recognizes that change is a long-term process—one that requires strategic and careful planning before an initiative truly begins.

A number of tasks are recommended to help ensure a successful launch of JJSES. Some of these tasks include preparing and engaging juvenile probation staff and stakeholders by

- informing them of the JJSES model, anticipated tasks and timelines, and ways in which the juvenile justice and service delivery system may change

- providing training about research that could guide practice
- setting up a planning process that allows stakeholders to help shape the local JJSES plan.

In addition, local probation departments are urged to take an honest look at their readiness to undertake a change initiative. If conditions are not conducive to moving forward, the JJSES effort will likely not succeed, and attempts to reinitiate it later could be resisted by those who view the first effort as flawed. One way to understand and cope with these preliminary conditions is to conduct an organizational readiness-to-change analysis, referred to here as a “cost–benefit analysis,” to increase awareness of the amount of time and effort that will be required to implement all four stages of the JJSES initiative.

### INTRODUCTION TO EBP TRAINING

In order to determine a department’s or juvenile justice system’s readiness to proceed with evidence-based practices, the department must know what EBP is and what it entails. Many departments mistakenly view EBP as applying an actuarial risk/needs instrument, as if it were a singular event. While implementing a risk/needs assessment is foundational to evidence-based practices, it is just one activity. A department needs to know the totality of what it is committing to in order to successfully implement change.

Conducting an “Introduction to Evidence-Based Practices” training session is a key part of preparing for JJSES. This one-day training should be designed to ground participants in the *what* and *why* of EBP. It provides basic knowledge about evidence-based and risk reduction research and explores how the principles of risk, need, and responsivity are relevant to decisions made by staff (e.g., how intensively to supervise the youth, which criminogenic needs to target for case management, and how to customize the approach based on the youth’s unique traits) and other juvenile justice system stakeholders (e.g., who should be eligible for diversion, what dispositional conditions to impose, how to handle violations, and how court reports might be structured). An “Introduction to Evidence-Based Practices” does not provide training in how to apply this knowledge, but it reviews why such application is needed. It is the foundation upon which all other training is built.

Lessons learned about EBP implementation suggest that probation departments should take a staged approach to staff development. Staff often have difficulty accepting and integrating knowledge and skills acquired through training when they

have not received the appropriate prerequisite training. Just as one has to learn how to walk before running or to swim before SCUBA diving, one has to understand the risk principle before being asked to use an actuarial assessment instrument. There is an important sequence that must be followed when providing training to staff. Following this sequence will increase the likelihood that staff will be receptive to new information, adopt and adapt to new practices and approaches, and retain information and skills for a longer period of time.

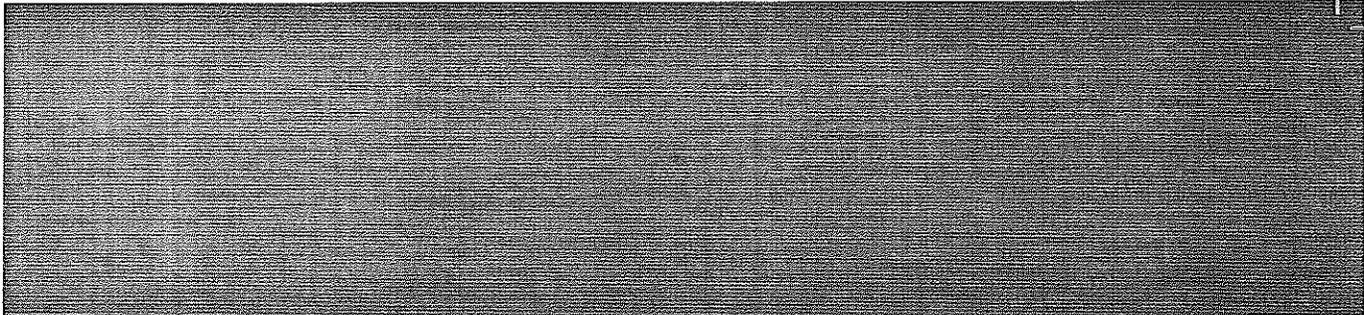
If juvenile justice system stakeholders seem reluctant to embrace an evidence-based practices model, the juvenile probation department may want to reevaluate its strategy regarding JJSES implementation. It may want to take more time collecting outcome information, examining other jurisdictions’ experiences, and understanding EBP’s potential benefit before making a concerted push toward JJSES.

### ORGANIZATIONAL READINESS

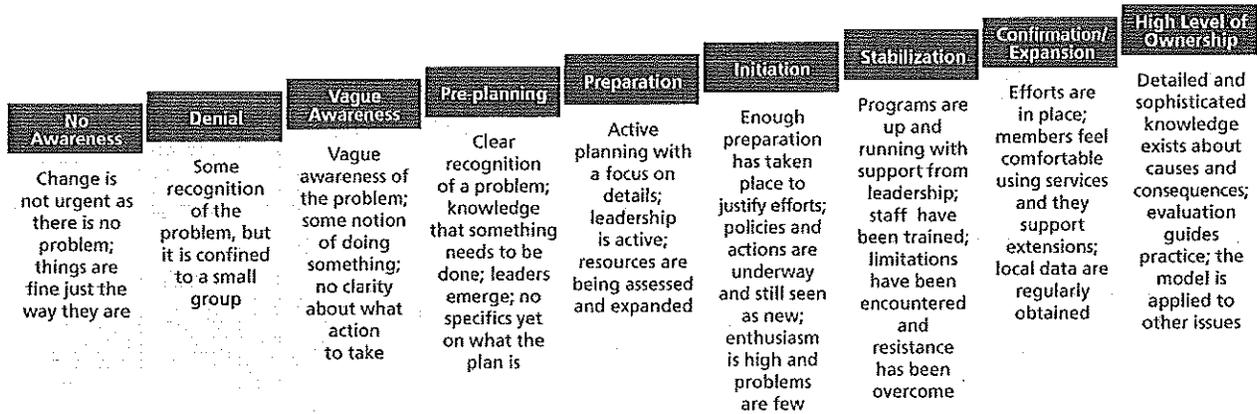
Implementing JJSES and the principles of evidence-based practices that underlie it requires juvenile justice organizations to modify their way of doing business in order to be successful. Unfortunately, research shows that this is not an easy task, as demonstrated by implementation failure rates of 70 percent or more for new initiatives. These dismal rates make the very idea of change daunting.

The reasons for failure are fairly common, including a lack of department resources, an overreliance on the status quo, high workloads, a lack of will on the part of leadership, and stakeholder reluctance. Organizations can avoid these pitfalls and maximize the potential for successfully implementing JJSES/EBP by using readiness assessment tools. These tools help department leadership determine whether the climate of their organization is conducive to change, since an unsuccessful change effort will only lead to more difficult hurdles later when change is attempted again.

Fortunately, a myriad of experiences by other jurisdictions implementing system improvements point to factors that increase the likelihood of successful change efforts. A department will be more likely to successfully implement a change effort if its leadership is firmly committed to change, if direct service staff is convinced that change is necessary, if there is agreement that EBP is the right strategic fit, and if implementing the change will result in improvements that are relevant to staff’s individual



## COMMUNITY READINESS MODEL



needs. Departments that simply pile EBP activities onto an existing pool of activities run the risk of marginalizing the importance of EBP initiatives.

“Whenever there is a complex problem, there is a simple, fast, and wrong solution.”

Author unknown

Before starting a major change process, there should be a “gut check.” That is, leadership should revisit its core BARJ mission<sup>2</sup> and be clear about what its primary function is, decide whether EBP gets the department closer to that function, and determine what trade-offs may be required to put in motion EBP activities. There needs to be a “strategic fit” between these new practices and what the department ultimately intends to accomplish with its resources. If this fit is not clear or if there is not a willingness to make choices that may require redirecting resources, the department should rethink how it wants to move forward with JJSES.

Just as important is how well an organization functions and performs. According to Rensis Likert’s research (1967), there are a few areas within an organization that need to be high-functioning in order for a change effort to be successful. Some of them include good communication “up and down” the chain of command, shared values, support for the mission, effective

use of rewards, effective leadership, and shared responsibility. Indeed, research on implementation readily supports the concept of addressing shortcomings before initiating system enhancement activities. Without this preparation, departments are more likely to experience perfunctory change “on paper” instead of actual modified staff activities (Rogers, Wellins, & Conner, 2002).

JJSES has developed a set of activities and products to help jurisdictions determine their readiness for change. One of them is an organizational readiness survey. This survey should be taken by all levels of an organization to determine its strengths and weaknesses in terms of implementing change. Individuals rate certain aspects of the organization (e.g., communication and shared responsibility) on a scale, indicating the preferred level compared to the actual level. Small gap scores indicate strengths and readiness for change; large gap scores indicate weaknesses and areas that need attention before successful change initiatives can be maximized.

Edwards, Jumper-Thurman, Plested, Oetting, & Swanson (2000) developed a model of organizational readiness entitled the Community Readiness Model, as shown above. According to this model, communities tend to be in one of nine stages of readiness for change. Different strategies can be employed within each stage to improve change sustainability.

2. For more information on core missions, consider the concept of BHAG (Big, Hairy, Audacious Goal), as described by Jim Collins and Jerry Porras in their book *Built to Last: Successful Habits of Visionary Companies*.

While the Community Readiness Model is applied to community-based efforts, the concepts can be applied to organizations. Departments engaged in the JJSES initiative are encouraged to determine their current stage of readiness by comparing their condition with the characteristics of these nine stages. An action plan can then be put in place depending on which stage of change the department is in.

### **COST-BENEFIT ANALYSIS**

One of the goals of the first stage of JJSES is to analyze what an EBP effort costs from human, political, mission, and fiscal points of view. Starting initiatives is relatively easy; sustaining them takes persistence and strategy. Organizational resources are finite and activities consume resources—especially attention and time. Attention spans can be short as new pressures, statutes, and directives are added to the list of urgent “must do’s.” In addition, a remarkable number of departments jump right into action only to find out later that they underestimated the requisite resources and did not foresee certain issues that ultimately threaten their efforts. This can result in expending precious time and goodwill without the benefit of advancing JJSES.<sup>3</sup>

While the organizational readiness assessment will help identify possible barriers to implementation, the cost-benefit analysis will help quantify the costs required to overcome these barriers and to make more informed decisions as to whether, when, and under what conditions to move ahead with JJSES. Some questions to consider include the following:

- What exactly do EBP and JJSES entail? What exactly are we committing to?
- How much time and what kinds of tools, resources, caseloads/workloads, and supports are needed to do it right?
- Are we committed to doing the hard work to make the necessary changes? Can we sustain the effort over a number of consecutive years?
- Do we have the right personnel in the right places?
- How and when might this effort be communicated to staff?
- How will we get input and buy-in from all levels of the organization and the juvenile justice system?
- Is this the right timing for us as a department? Do we have issues that we need to address first, such as morale, workload, or the immersion of too much recent change, before taking on yet another initiative?
- Do we have the information technology capacity to implement and monitor fidelity to EBP?

- How will we know if our current services are achieving positive outcomes and, if they are not, what is the cost/benefit of enhancing these services?
- What are the anticipated positive outcomes of EBP and JJSES from a public safety and risk reduction point of view?
- How will those risk reduction outcomes benefit potential victims, taxpayer costs, and our departments?
- Are there other benefits that should be anticipated, such as improved staff job satisfaction and morale?
- How might these changes benefit our working relationships with other stakeholders?

A cost-benefit guidebook will be made available to help you analyze your department and system capacities before significant action steps are taken. The guidebook will include a self-administered checklist to examine the likely personnel, political, and fiscal costs of full or partial JJSES implementation, as well as the potential benefits.

To conduct a cost-benefit analysis (especially to analyze the time and money required to implement JJSES), it is recommended that a work team made up of a diagonal slice of the department be put in place to examine the issues described above. This team might talk with other jurisdictions, read key documents from other departments that have implemented JJSES, and conduct a “field trip” to a department that has undertaken a similar effort and that can offer advice on what to do or not to do.

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*“For every minute spent in organizing, an hour is earned.”*

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Once staff are trained and the department decides to further explore the steps toward JJSES, a more detailed action plan is needed. This plan will identify what immediate next steps need to be taken to deal with the issues that arose from the readiness assessment and cost-benefit analysis, who will be responsible for these steps, and what will be put on hold until these first steps are completed. This plan should not be longer than roughly 18 months in duration. The landscape often changes within a year and a half; therefore, it is usually not useful to plan any

<sup>3</sup> Implementation research by Howard Adelman and Linda Taylor (2003) emphasizes the need to develop an understanding of the “big picture” when considering how JJSES may contribute to the intended benefits of public safety and risk reduction.

further. Furthermore, despite best intentions, there are often unanticipated delays and changes in direction that will need to be attended to, making longer-term plans irrelevant.

### STAKEHOLDER ENGAGEMENT

The juvenile justice system is comprised of a constellation of individual stakeholders and departments, including victims, judges, prosecutors and defense counsel, probation officers, juveniles, families, the community, those responsible for government budgets, and departments that protect the rights of the accused, represent the needs of victims, ensure that the process is fair and in accordance with the law, and hold law violators accountable. Sometimes stakeholders' interests are similar; sometimes they are different and potentially conflicting. The success of JJSES is partially dependent on aligning the missions, intentions, understandings, and resources of the stakeholders. Research demonstrates that when system activities are driven by a unified purpose through collaboration, outcomes are improved (Adler, Kwon, & Hecksher, 2008; Henggeler, Schoenwald, Borduin, Rowland, & Cunningham, 1998; Larson & LaFasto, 1989). Successful results are less likely to be achieved when stakeholders are pulling in different directions.

JJSES proposes that all stakeholders rally around a unifying principle: harm reduction. The principle of harm reduction aligns with BARJ principles, as demonstrated by its targeted outcomes of safer and stronger communities, fewer victims, reduced delinquency rates, improved confidence in the juvenile justice system, and reduced taxpayer costs. To ensure that the entire juvenile justice system and its community partners work together to achieve these outcomes, certain processes must be implemented, including

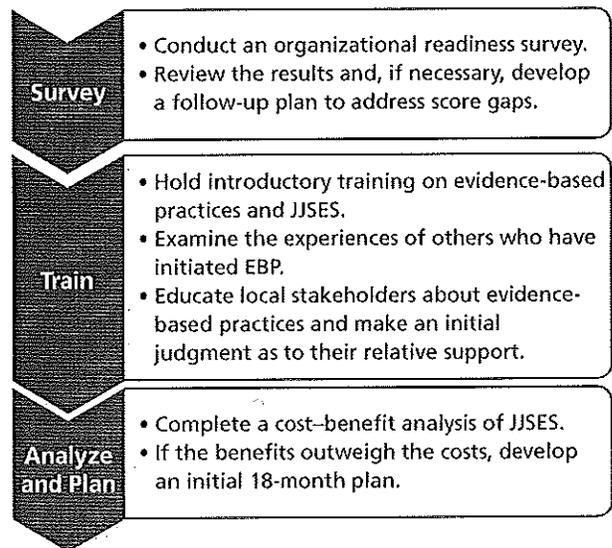
- sharing, in a user-friendly way, research evidence that supports evidence-based practices
- establishing a set of common performance measures
- conducting a service gap assessment
- engaging in continuous quality improvement.

The cultures of juvenile justice systems differ across counties. In some, the courts, service providers, and other stakeholders are actively involved in helping shape juvenile justice policy. In others, stakeholders prefer to support initiatives without a significant role in shaping them. Facilitators of a JJSES process will want to take this matter into account when assessing juvenile justice system readiness and developing action plans.

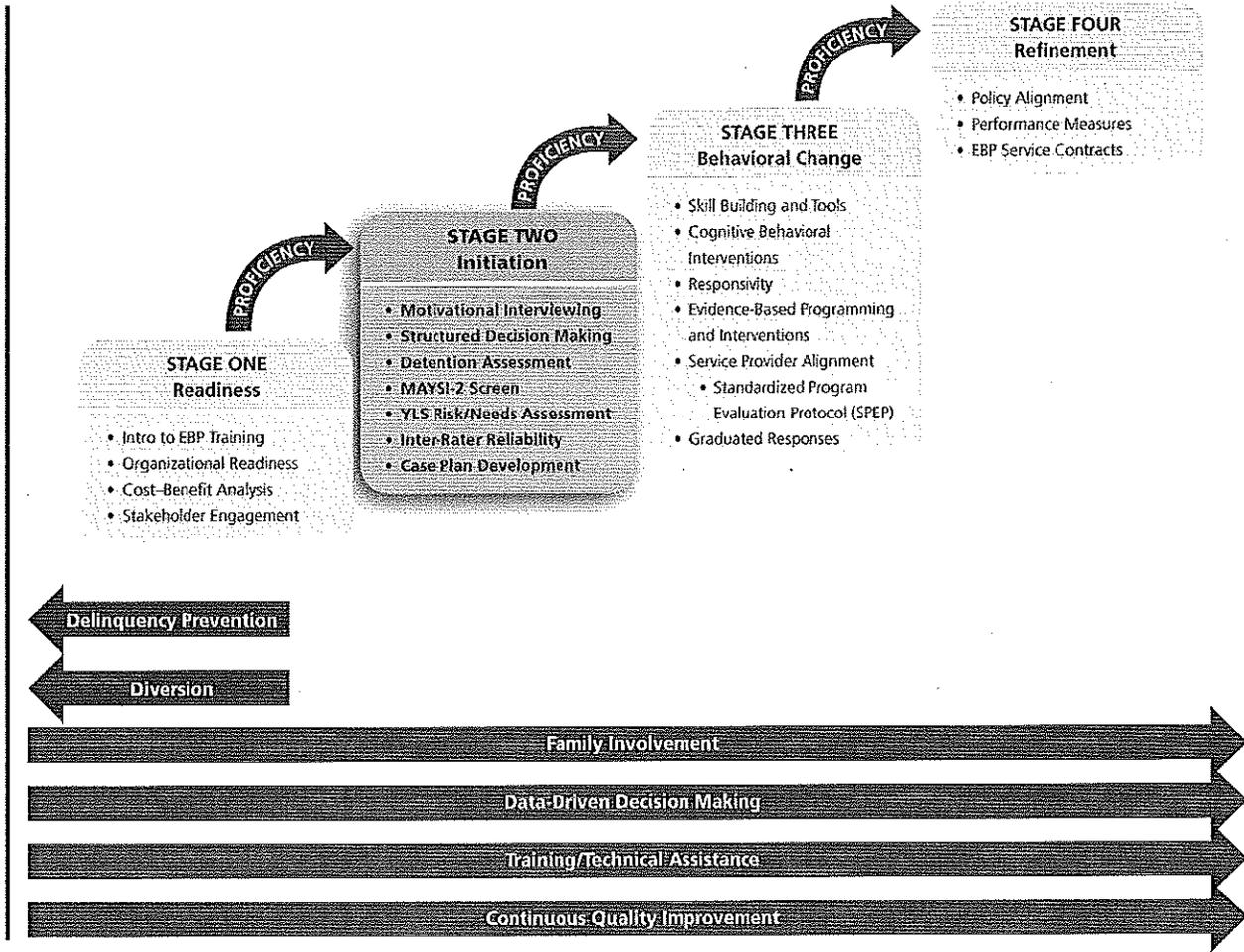
### SUMMARY

A department's action plan should contain a sufficient amount of detail, such as how to restructure caseloads, whether to specialize, how to handle the various offender populations based on risk level, what strategies to put in place to involve stakeholders, how to conduct a service gap analysis, and how to get the service provider community involved and aligned with EBP. Just as importantly, the action plan should include follow-up steps from the organizational readiness survey.

The following sequence of events summarizes the recommendations for Stage One:



# STAGE TWO: INITIATION



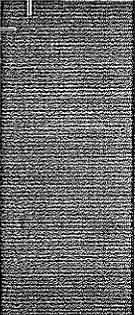
“Long-range vision and strategic planning are great tools, but we need to get some things done before lunch.”

Author unknown

After a department has adequately prepared itself and its stakeholders for the JJSES change initiative, Stage Two: Initiation can begin. This stage helps departments prepare for behavioral change practices that are effective in reducing the risk to reoffend. These practices are identified in Stage Three.

During the assessment process, a number of actuarial tools are used that more accurately identify the needs of youth. These

tools identify a juvenile’s risk to reoffend, criminogenic and non-criminogenic needs, and the appropriate level of supervision. They are not meant to replace decision-makers’ discretion; rather, they are intended to help guide and inform decisions related to detention, diversion, disposition, violations, and referrals for service. The importance of these assessments cannot be overstated; they are significantly more effective at identifying risk and need than professional judgment alone. However, they



will only remain valid assessments if there is a system in place to ensure quality through inter-rater reliability. Stage Two, therefore, includes procedures to ensure that all assessors utilize the tools properly in order to retain their predictive properties, thereby allowing decision makers to rely on the accuracy of the data.

### **MOTIVATIONAL INTERVIEWING**

One of the most important skills introduced in Stage Two is motivational interviewing. This skill enhances the amount and quality of information collected during the assessment process and helps engage youth and families in creating their own case plans.

Originally described by William R. Miller in 1983 based on his experience in the addiction field, motivational interviewing is a “collaborative, person-centered form of guiding to elicit and strengthen motivation for change” (Miller & Rollnick, 2009). It helps case managers explore and resolve their clients’ ambivalence to change by focusing on motivational processes within individuals that facilitate change. It seeks to align individuals’ own values with their concerns regarding change; as such, it is distinguished from coercive, externally controlled methods of motivating change.

Criminal and juvenile justice fields began using motivational interviewing in earnest approximately 20 years ago; its application has expanded as practitioners have noted how much more information is elicited when administered appropriately. Practitioners were frustrated at the ineffective results and unrewarding process derived from techniques such as lecturing, arguing, challenging, and threatening. Their experiences contradicted the prevailing view that motivation is a condition that wholly resides within an offender—that is, only an offender can motivate him/herself. That view, however, has been disputed through motivational interviewing research findings and field experience. Using an effective interviewing approach, probationers can be guided to positions where they literally talk themselves into change (Walters, Rotgers, Saunders, Wilkinson, & Towers, 2003). In fact, practitioners have discovered that motivational interviewing changes and strengthens their relationships with their probationers so that they become guides. This, in turn, helps move probation departments into the “business of behavior change” (Clark, Walters, Gingerich, & Meltzer, 2006). It elevates the officer’s role from that of a mere observer and reporter of compliance to that of a professional with specialized skills to influence positive behavior change.

Stage Two: Initiation

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For most people, change is a process that unfolds over time. People can range from having no interest in making changes (precontemplation), to having some awareness or mixed feelings about change (contemplation), to preparing for change (preparation), to having recently begun to make changes (action), to maintaining changes over time (maintenance). Practitioners must adapt their style to meet their clients where they are in the change process.

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Motivational interviewing does not address a skill deficit; it prepares probationers and their families for change. Furthermore, it helps establish a professional alliance—one in which juvenile justice professionals establish rapport and align their approach with probationers’ goals. These outcomes set the stage for probation officers, probationers, and youths’ families to work on the issues identified through the assessment and case planning sessions. For these reasons, JJSES places motivational interviewing in Stage Two: Initiation instead of in Stage Three: Behavioral Change.

To help counties establish effective motivational interviewing practices, JJSES will provide training, coaching, and continuous quality improvement assistance. It should be noted that it often takes years for staff to become proficient in motivational interviewing. County probation departments and their service providers should be prepared to attend to the required proficiency processes. Some of those processes include observing staff–youth sessions, providing booster trainings, conducting coaching sessions, and integrating motivational interviewing terminology and concepts into policies and practices.

### **STRUCTURED DECISION MAKING**

System professionals must make key decisions at numerous points as youth move through Pennsylvania’s juvenile justice system. These decisions determine not only how a case will be processed but, ultimately, how youth, their families, victims, and the community will be impacted by and engaged in restorative practices. Decisions include whether to divert a case and, if so, at what point; whether to detain a youth pending further processing; whether to handle an allegation through informal or formal means; how to determine which services and what level of supervision should be incorporated into a disposition; whether placement out of the home is necessary and, if so, into what type of service; when to initiate a violation action; and when to appropriately close a case.

A cornerstone of the juvenile justice system is the concept of fundamental fairness. In a most basic sense, this concept ensures that all youth are treated in the same manner under similar circumstances. The use of structured decision-making tools designed to help system professionals make consistent, appropriate, effective, and fundamentally fair decisions has increased dramatically in the juvenile justice system over the past number of years. These tools, which are based on the results of research, provide a protocol and framework that every worker can use in every case. Combined with the professional judgment of staff, they enhance the decision-making process. Examples of these tools include everything from simple decision-making “trees” to more involved and complex forms of screening and assessment tools. In Pennsylvania, many jurisdictions use tools such as detention risk assessment instruments to determine the necessity of pre-adjudicatory detention; the Massachusetts Youth Screening Instrument (MAYSI-2) to identify potential mental health and substance abuse needs; and the Youth Level of Service/ Case Management Inventory (YLS/CMI) to determine the risk of recidivating and to identify criminogenic factors for targeted intervention services. The YLS/CMI is also used in some jurisdictions to assist with decisions regarding diversion and level of supervision.

Structured decision-making tools provide for consistent, evidence-based, objective, and fair decisions at any of a number of critical junctures in the juvenile justice system. Their inclusion as part of the systemic implementation of evidence-based practices and procedures is essential to the long-term success of these efforts.

### **DETENTION RISK ASSESSMENT INSTRUMENTS**

The decision to place a juvenile in a secure detention center represents one of the most important decisions of juvenile court processing and one of the most significant events in a young person’s life. Detention decisions should be based on clearly defined, objective criteria that are understood and employed by all juvenile court staff. The use of a validated detention risk assessment instrument to assist in making decisions about detention can help ensure that those decisions will be structured and consistent, as well as racially and ethnically neutral. These instruments also provide a concrete, non-biased rationale that juvenile justice practitioners can share with families when engaging them in understanding decisions made about their children, as well as when eliciting their input and cooperation in response to these decisions.

In Pennsylvania, detention decisions are guided by the Juvenile Act and the Juvenile Court Judges’ Commission (JCJC)

Standards Governing the Use of Secure Detention Under the Juvenile Act. The Juvenile Act, at 42 Pa.C.S. §6325 (relating to detention of children), provides that “a child taken into custody shall not be detained or placed in shelter care prior to the hearing on the petition unless his detention or care is required to protect the person or property of others or of the child or because the child may abscond or be removed from the jurisdiction of the court or because he has no parent, guardian, or custodian or other person able to provide supervision and care for him and return him to the court when required, or an order for his detention or shelter care has been made by the court pursuant to this chapter.” The JCJC Standards Governing the Use of Secure Detention Under the Juvenile Act were developed on the premise that decisions regarding admissions to secure detention must be based on a commitment to utilize the most appropriate level of care consistent with the circumstances of the individual case. When the admission of a child to a secure detention facility is being considered by a judge, master, or juvenile probation officer, preference should be given to non-secure alternatives that could reduce the risk of flight or danger to the child or community.

The importance of employing a detention risk assessment instrument to assist in standardized, objective decision making at the detention stage of juvenile court processing was underscored when, in 2010, the Interbranch Commission on Juvenile Justice endorsed the modification of the JCJC Standards Governing the Use of Secure Detention Under the Juvenile Act to incorporate the use of a detention assessment instrument based on the Juvenile Detention Alternatives Initiative (JDAI) model, as supported by the Annie E. Casey Foundation.<sup>4</sup>

In 2011, the Annie E. Casey Foundation selected Pennsylvania to participate in JDAI, with four Pennsylvania counties (Allegheny, Lancaster, Lehigh, and Philadelphia) serving as pilot sites. JDAI provides training and technical assistance toward the goal of comprehensive juvenile detention reform, and consists of the following eight core strategies:

- collaboration
- collection and utilization of data
- objective admissions screening
- alternatives to detention
- case processing reforms

<sup>4</sup> It should also be noted that, as of 2010, the Pennsylvania Commission on Crime and Delinquency required the use of a detention risk assessment instrument as a condition of grants to support Evening Reporting Centers.

- flexible policies for special detention cases
- attention to racial disparities
- conditions of confinement.

The application of a validated detention risk assessment instrument will greatly assist in achieving the goals of JDAI. The progress of the four pilot sites is being monitored closely to determine whether statewide implementation is warranted.

### **MASSACHUSETTS YOUTH SCREENING INSTRUMENT-VERSION 2 (MAYSI-2)**

The MAYSI-2 is a scientifically proven screening instrument that is designed to help juvenile probation departments and juvenile justice service providers identify youth, ages 12–17, who may have special mental health needs. It can be used at any decision-making point within the system (i.e., detention, intake, probation, or placement). The MAYSI-2 is used in the vast majority of states at either the state or local level.

In Pennsylvania, the MAYSI-2 has been used by juvenile detention centers since 2000, and it was adopted by the Commonwealth's Youth Development Center/Youth Forest Camp (YDC/YFC) System shortly thereafter. Juvenile probation departments began implementing the MAYSI-2 in 2007, in conjunction with Pennsylvania's Models for Change initiative. Initial MAYSI-2 implementation among Pennsylvania's juvenile probation departments was supported by funding from the Pennsylvania Commission on Crime and Delinquency. Implementation costs of the MAYSI-2 are minimal because there is no ongoing administration fee after the purchase of the software program.

The MAYSI-2 is a computerized, self-report questionnaire that contains 52 items written at a fifth grade reading level. The questions are read to youth via a computerized voice program. Youth answer in a yes/no format to questions that have been "true for them" within the "past few months." The screen requires 10–15 minutes to administer, and alerts staff to potential mental/emotional distress and behavior problems that might require immediate monitoring, additional questioning, a clinical evaluation, or another immediate response. A pencil and paper version is available in Spanish.

The MAYSI-2 is self-scoring: It generates individual scores for each youth while also compiling all scores into a separate file for aggregate data analysis. Data gathered from the MAYSI-2 support resource and policy decisions. MAYSI-2 scores can be interpreted

quickly, without the expertise of a mental health professional, and are divided into the following seven subscales:

- alcohol/drug use
- angry-irritable
- depressed-anxious
- somatic complaints
- suicide ideation
- thought disturbance
- traumatic experiences.

Staff are alerted to youth with higher cut-off subscale scores via a "Caution" (i.e., the youth has scored at a level that can be said to have possible clinical significance) or "Warning" (i.e., the youth has scored exceptionally high in comparison to other youth in the juvenile justice system). There is no MAYSI-2 "total score."

As part of developing MAYSI-2 policies and procedures, juvenile probation departments were asked to establish working agreements with key departments and stakeholders regarding the use of information obtained from youth during the screening processes, orient and train staff on the use of the instrument, develop and institute response protocols, and collect and share data collected through the MAYSI-2 screening process. The MAYSI-2 is a key component of the Juvenile Justice System Enhancement Strategy, and serves as an example of how validated screening and assessment instruments can be used to guide case planning.

### **YOUTH LEVEL OF SERVICE/CASE MANAGEMENT INVENTORY (YLS/CMI)**

If the juvenile justice system is to achieve a reduction in recidivism through the prevention of delinquent behavior, it must adhere to the three principles of risk, need, and responsibility. A necessary first step in this process is the introduction and use of a valid and reliable assessment instrument, such as the Youth Level of Service/Case Management Inventory (YLS/CMI), to measure both a youth's risk and needs. This information can then be used to determine appropriate levels of supervision, to establish measurable, case-specific goals, and to better allocate resources in order to achieve effective outcomes for juveniles, their families, and our communities.

The process of assessing level of risk has developed over many years. At first, professional judgment was used alone; however, the results of this approach were not all that effective. The next

generation of assessments used actuarial tools that focused on static risk factors such as delinquent history. Third and fourth generation risk assessments are now available, which assist in identifying both static and dynamic risk factors that contribute to a youth's behavior. Applying appropriate interventions (i.e., matching services based on those risk factors) can facilitate behavioral change and potentially reduce recidivism. As assessments have improved, so have services, which have become better-informed by youth developmental theory and more directly matched to known criminogenic needs.

In June 2008, the Executive Committee of the Pennsylvania Council of Chief Juvenile Probation Officers and staff from the Juvenile Court Judges' Commission embarked on a comprehensive review of various risk assessment tools designed for juvenile offenders. With the assistance of the National Youth Screening and Assessment Project (NYSAP) and support from the John D. and Catherine T. MacArthur Foundation, members of the Executive Committee chose to pilot the YLS/CMI risk assessment instrument. Since then, the majority of Pennsylvania's juvenile probation departments have incorporated the YLS/CMI into their daily practices, with the goal of statewide utilization. Support for the project continues through the Pennsylvania Commission on Crime and Delinquency (PCCD), with ongoing assistance from NYSAP.

The YLS/CMI is based on the Level of Service Inventory (LSI), developed by Don Andrews in 1982 for use with adult offenders in parole release and supervision. A version of the LSI was subsequently devised for use with adolescents and was called the Youth Level of Service Inventory (YLSI; Andrews, Robinson, & Hoge, 1984).

The YLS/CMI is a valid and reliable risk instrument that assesses risk for recidivism by measuring 42 risk/need factors over the following eight domains:

- prior and current offenses
- family circumstances/parenting
- education/employment
- peer relations
- substance abuse
- leisure/recreation
- personality/behavior
- attitudes/orientation.

Any of the domains may also be identified as an area of strength.

Ultimately, a youth is assigned an overall risk level of Low, Moderate, High, or Very High, based on the aforementioned domains and other factors gathered through a structured interview/information-gathering process. Under certain circumstances dictated by policy, a professional may increase or decrease the assigned risk level (i.e., "override" the assessment results). The assessed risk level is to be used to inform the juvenile justice professional of the level of supervision and intervention targets.

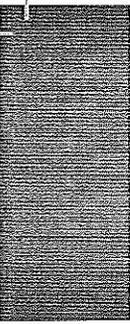
Efforts to implement the YLS/CMI throughout Pennsylvania have proven successful, but not without a constant level of education and training of staff and others. Buy-in of stakeholders, leadership, the development of supervision and case management policies and procedures, proper administration of the tool, and the sharing of implementation strategies have all been critical to successful implementation. The opportunity to gather important data and to evaluate outcomes will prove very valuable to the system as we move forward.

#### **INTER-RATER RELIABILITY**

A challenge to departments using screening and assessment instruments is to ensure not only appropriate and effective staff training in their initial use, but also ongoing fidelity to their intended application. Attention to the specified information-gathering and application protocols, scoring procedures, and interpretation guidelines is critical to the quality assurance process.

Assessment instruments are often chosen, at least in part, based on the extent to which they have been deemed reliable in accurately measuring what it is that they are intended to measure when used by a variety of individuals (i.e., the consistency with which the same information is rated by different scorers). This concept is known as inter-rater reliability (IRR). The intent is to ensure that different staff (raters) will consistently score the same case in the same manner. Inter-rater reliability tends to be highest immediately following training on the use of a particular instrument. It is at this point that the scoring protocols and instructions are most clearly understood and evenly applied by staff. Rater drift occurs on an individual basis when, over time, these protocols and clarity of instructions blur and are replaced with alternative actions that contradict the tool design.

In order to ensure the highest levels of inter-rater reliability possible, appropriate quality assurance activities must be incorporated into local practices and procedures. These can occur



through a variety of means and over varying periods of time. Most involve supervisory oversight. For example, supervisors can occasionally independently rate cases and compare their findings with those of their staff. Differences in the rating process can then be identified and clarified with the staff. Booster trainings, where instrument application is reviewed on a structured basis and staff rate the same case followed by discussion and consensus building by all, are essential to the ongoing quality assurance process. Other quality assurance activities may involve observation of staff's use of assessment instruments with clients, case auditing by supervisors to ensure appropriate processing of information, and the use of staff-specific and aggregate data collection around the key outcomes derived from the instruments.

Attention to the concept of inter-rater reliability is critical to maintaining the highest level of rater performance, which will in turn improve the predictive validity of a tool within a department.

### CASE PLAN DEVELOPMENT

Case plans, which are sometimes referred to as supervision plans, are written documents that, at a minimum, outline the activities to be completed during a period of supervision (Carey, 2010; Clear, 1981). More profoundly, case plans link assessments with services aimed to improve competencies and reduce recidivism. They are roadmaps that provide direction for probation officers, youths, and families throughout the period of supervision. As such, they are a very valuable element of Pennsylvania's JJSES and the centerpiece of supervision for clients.

Comprehensive case plans

- focus on reducing risk factors that, according to assessments, have the greatest impact on recidivism
- emphasize strengths
- identify triggers
- customize approaches based on traits such as culture, gender, language, disabilities, and mental health.

In essence, their goal is to identify and prioritize the domains that will have the greatest impact on future delinquent behavior, appropriately match services to those areas, and do so in the right dosage and intensity.

Case plans have a number of critical functions, including

- helping to monitor the terms and conditions of supervision and increase the rate of completion of these conditions

- encouraging long-term behavioral change, with a goal of reduced recidivism
- addressing triggers or barriers that place clients at further risk for recidivism
- helping youth set goals that are specific, measurable, attainable, relevant, and time-bound (SMART)
- focusing priorities for youth
- identifying youth's responsibilities and helping them take ownership of expectations
- holding youth accountable for their actions
- helping youth monitor their progress.

"Recidivism can be reduced by 30 percent if the right treatment is provided to the right juvenile at the right time and in the right way. Effective case planning is the key toward achieving this goal."

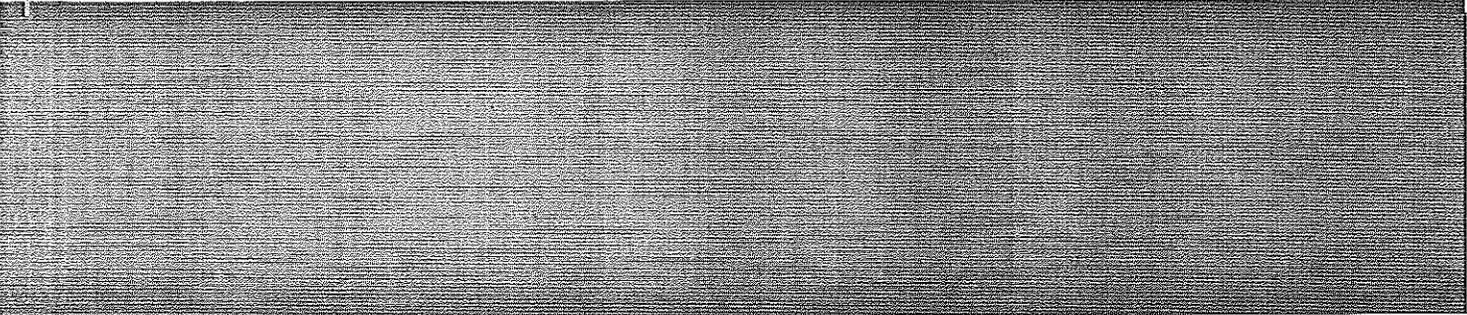
Mark Carey

Effective case plans are developed by probation officers in conjunction with youth and their families. Working together to develop case plans helps establish rapport with clients, clarifies expectations, enhances clients' perceptions of fairness, and increases the likelihood of understanding and buy-in around the activities required of youth during supervision. In addition, effective case plans are dynamic in nature; they are expected to change over time.

### Case Plans and the YLS/CMI

When a decision was reached to use the YLS/CMI as the risk/needs assessment instrument in Pennsylvania, a determination was made that the case plan section of the YLS/CMI did not appropriately meet the needs of Pennsylvania's juvenile justice system, which is based on the principles of balanced and restorative justice. In order to stay true to these principles, it was recognized that there was the need to develop a standardized case plan format and structure to address the key elements of balanced and restorative justice, as well as the risk and needs identified by the YLS/CMI.

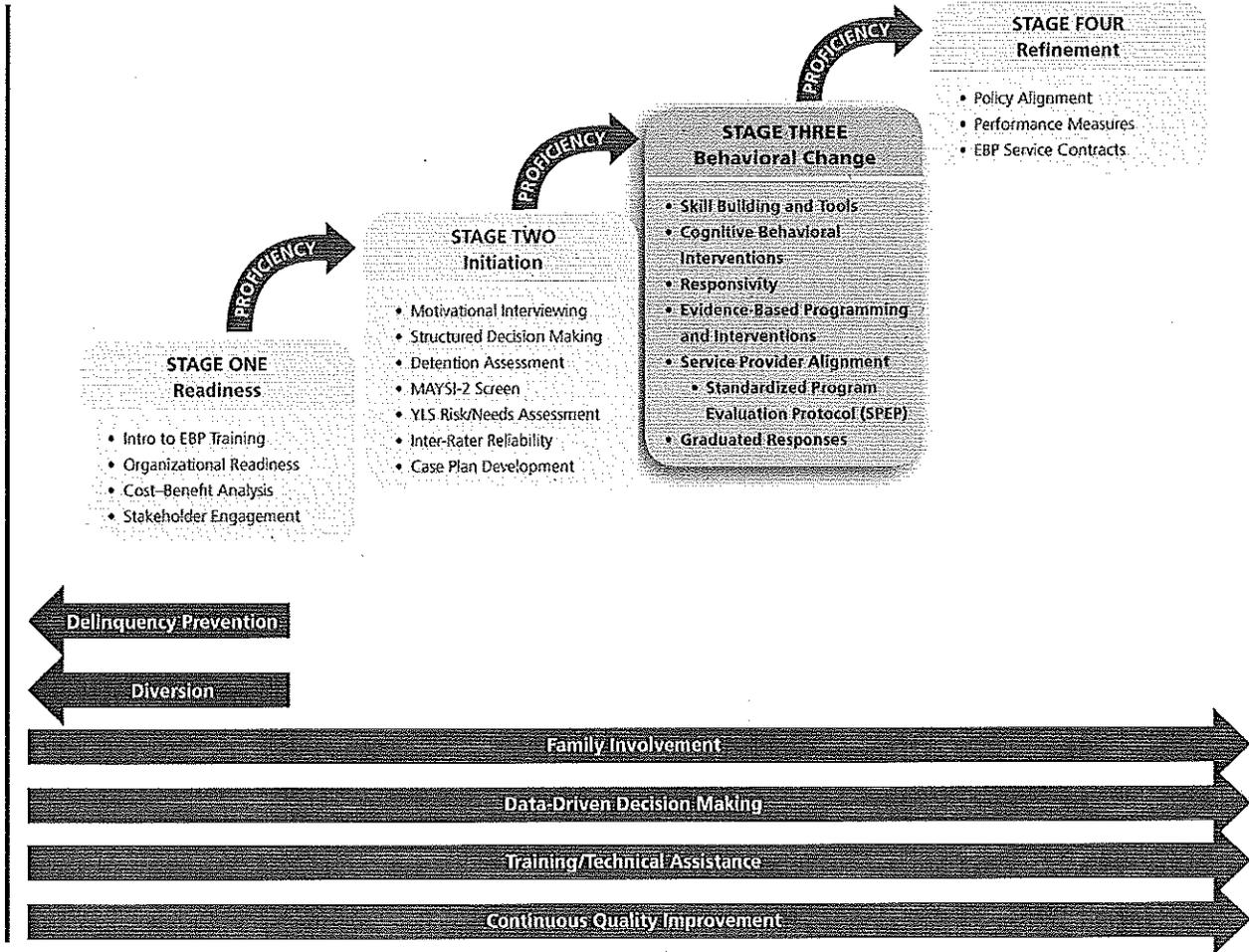
A standardized, goal-focused, and strength-based case plan is currently under development. The case plan will become fully



integrated into the Pennsylvania Juvenile Case Management System (PaJCMS), which currently includes the YLS/CMI assessment, YLS/CMI data reports, and other related data elements. As a result, Pennsylvania's juvenile justice system will be able to gather valuable data and track outcomes pertaining to both the YLS/CMI and case plans. An additional benefit of developing a standardized case plan is the opportunity to train juvenile probation staff throughout Pennsylvania on the elements of an effective case plan—one that is far more comprehensive and meaningful than simply a review of the conditions of supervision and one that contains key elements of balanced and restorative justice.

While the time, effort, and resources required to implement a risk/needs assessment and case plan, and to incorporate them into the daily operations of an evidence-based juvenile probation department, have been significant, the wealth of data and anticipated improvement of outcomes make this venture all the more meaningful.

# STAGE THREE: BEHAVIORAL CHANGE



"I saw the angel in the marble and I chiseled until I set it free."

Michelangelo

Developing effective case plans, such as those described in Stage Two, requires an understanding of long-term behavioral change strategies that are grounded in evidence-based practices, the ability to match these strategies with individuals' responsivity factors, and the acquisition of competencies and tools necessary to ensure that one-on-one sessions with juveniles help them build skills that address their criminogenic needs. Once the screening and assessment components of Stage Two are in place, these behavioral change initiatives can begin. Stage Three,

then, logically builds from the information amassed from the diagnostic practices established in Stage Two and includes such tasks as putting in place cognitive behavioral programs, applying responsivity information to referral decisions, ensuring that programs are evidence-based, and giving case management staff the competencies and tools necessary to ensure that their one-on-one sessions build skills that address criminogenic needs. These tasks are not easy. Probation staff need to be trained on behavioral intervention techniques; use tools to assist in skill

practice; use violation response guidelines consistent with research that supports swift, certain, and proportionate responses; and have access to coaching services. From the inception of a case plan, they must establish a partnership with the family of a youth under their supervision—one that is not a suspension of or substitution for parental obligations. Family involvement is especially critical during times of transition, such as when the youth returns home from placement or completes his/her probation and leaves court supervision.

Probation staff also need to be knowledgeable about local community-based services in order to make proper referrals. Service providers need to be confident about implementing the most effective programs, targeting the proper behavioral skills, and guarding against quality service delivery slippage.

A partnership between probation departments and service providers that ensures that evidence-based interventions are used effectively is critical to achieving long-term risk reduction outcomes. The Standardized Program Evaluation Protocol (SPEP) described in Stage Three provides guidance in aligning service needs with quality local programming.

Stage Three includes numerous and potentially complex processes. As a result, it is expected that it will take longer for juvenile justice professionals to gain proficiency with this stage.

## SKILL BUILDING AND TOOLS

Insight alone into why change is in our best interest is not enough to modify behavior. If that were the case, most people would not have difficulty losing weight or quitting smoking. Instead, the most effective interventions leading to prosocial changes are behavioral.

Social learning theory provides juvenile justice professionals with a set of foundational, behavior-oriented principles that promote long-lasting behavioral change. It asserts that people learn and adopt new behaviors through such means as positive and negative reinforcement and skill practice. Skill practice involves observing others, practicing new behaviors, receiving feedback on the practiced behaviors, and applying the behaviors in real-life situations. As we practice new ways of responding to situations, we also integrate new ways of thinking about, or processing, those events. As Drs. Andrews and Bonta (1998) note, “There

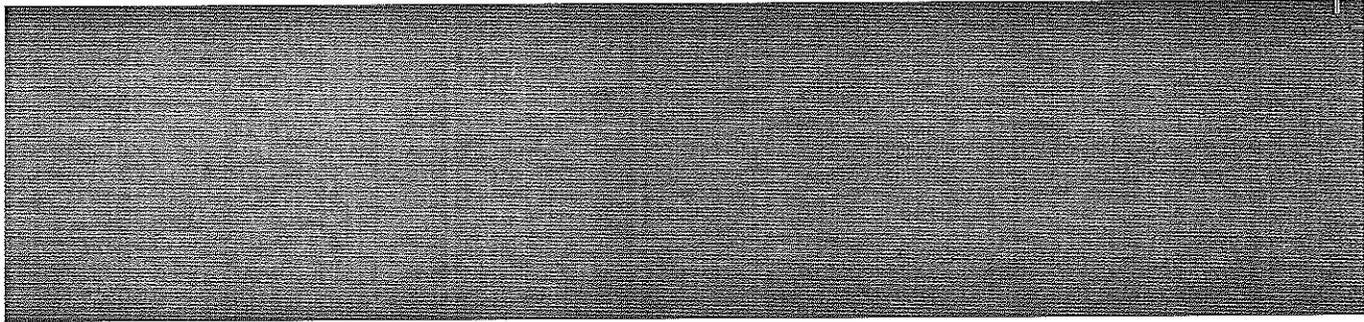
are virtually no serious competitors for the following when it comes to changing criminal behavior”:

- **modeling:** demonstrating those behaviors we want to see in others
- **reinforcement:** rewarding those behaviors we want to see repeated
- **role-playing:** creating opportunities for practice and providing corrective feedback
- **graduated practice:** unbundling complex behaviors into their smaller components and practicing these smaller steps individually, building toward the complex behavior
- **extinction:** ensuring that prosocial styles of thinking, feeling, and acting are not inadvertently punished, and that antisocial styles are not inadvertently rewarded.

Many youth involved in the juvenile justice system, particularly those at a high risk to reoffend, are lacking in prosocial skills such as conflict resolution, anger management, problem solving, and emotional regulation. Attending a class and listening to a counselor talk about anger management, for example, is unlikely to help an offender build new skills in managing responses to difficult situations any more than listening to music will help a person become a musician. But listening to a counselor describe anger management techniques, observing these techniques in others, and practicing and perfecting them over time will help offenders develop more productive responses to volatile situations.

One of the conditions that separates professionals from amateurs is that they spend hundreds—if not thousands—of hours over many years practicing their skills. Research has shown similar findings for high-risk youth: The amount of programming and skill practice (i.e., the dosage) required for change to be sustained over the long term increases as the risk level of the individual increases (Bourgon & Armstrong, 2005). Community service practices should align with these dosage thresholds. In addition, research has demonstrated that juvenile justice professionals can have a profound impact on recidivism based on their one-on-one contact with probationers. This will occur if and only if juvenile justice professionals apply effective skill practice techniques related to the deficits associated with youths’ criminogenic needs.

Probation’s role is changing within a risk reduction model from that of a broker and case manager to that of a teacher. In order for juvenile justice professionals to be successful in this role, they must have the necessary skills, comfort, and tools. JJSES provides



a number of resources to assist in these areas, including training on skill practice, specific tools (e.g., journals and worksheets) that juvenile justice professionals can use to structure their one-on-one and family sessions and teach prosocial skills, access to cognitive behavioral interventions, and a set of guidelines that align criminogenic needs with the most common skill deficits.

### COGNITIVE BEHAVIORAL INTERVENTIONS

Juveniles under supervision come with a myriad of challenges, but none are as prevalent or present as great a risk for getting them in trouble than cognitions that lead to negative behavior. These “thinking errors” include, among others, the tendency to rationalize and justify antisocial or delinquent behavior, difficulty interpreting social cues, underdeveloped moral reasoning, a sense of entitlement, a failure to assess consequences of actions, a lack of empathy for others, and poor problem-solving and decision-making skills. Such skill deficits can lead to rigid responses to stressful situations, impulsivity, and emotional or violent reactions to perceived disrespect or danger. They tend to engender strong emotions in adolescents that, in turn, reduce their ability to address problems in a calm and reasoned fashion.

Cognitive behavioral interventions, delivered primarily in group settings, are designed to restructure problematic thinking patterns and attitudes. These interventions teach youth to monitor their patterns of automatic thoughts in situations that would otherwise lead to antisocial behavior. The interventions also focus on developing prosocial skills such as managing anger, assuming personal responsibility for one’s actions, seeing other people’s perspectives, and setting realistic goals. Whatever their focus, all cognitive behavioral groups involve role modeling of new attitudes, values, beliefs, and skills by the facilitator; repeated practice by the juvenile of what is being taught and learned; the extension of that practice to the world of school, family, and friends; and learning strategies to deal with potential relapse.

Research has shown that cognitive behavioral interventions have the most significant impact on delinquent behavior and recidivism among juveniles. On average, cognitive groups—whether conducted in the community or in residential facilities—reduce rearrest or reconviction by 20–30 percent. There is little difference in such effect sizes among the major programs in use, such as Reasoning and Rehabilitation, Aggression Replacement Training, and Thinking for a Change. The key is to ensure, in each instance, that the curriculum is delivered as it was designed for the proper duration, in the proper intensity, and to the most

appropriate youth. It is this failure in implementation quality—the fact that programs are often delivered without fidelity to the proven model and curriculum—or the fact that quality and fidelity vary from one professional to the next that generally explains why demonstration projects usually produce better results than those implemented in the real world; it is not that line supervisors and officers cannot facilitate effective cognitive behavioral groups.

Among other reasons why cognitive behavioral programs often do not fulfill their promise of behavioral change among juveniles under supervision or in residential facilities is that the goals of cognitive behavioral groups often do not align with the goals of case management. Often, probation officers do not understand what is occurring or being learned in a cognitive behavioral program. Unless they are conversant with the content of the program and are provided with the tools to work with juveniles in order to apply these new approaches to old problems on a daily basis, they may become more of a hindrance than an aid in addressing the criminogenic thinking so prevalent among youth under supervision.<sup>5</sup> In yet other circumstances, service providers are either not clear on what behavioral targets are expected by referring juvenile justice professionals or they fail to adjust their programs to meet those targets. Cognitive behavioral interventions will most likely achieve their intended objective when the juvenile justice professional and service provider work collaboratively through effective communication and behavioral change reinforcement both within and outside the group setting.

In short, cognitive behavioral interventions, whether delivered in the community or in residential facilities, are extremely effective in addressing the antisocial thinking that so often leads to delinquent behavior, but these interventions can only achieve their intended purpose under three sets of circumstances. First, the interventions must be delivered as they were designed and intended, with integrity and fidelity to the structured curriculum. Second, the attitudes and skills that youth learn in groups must be reinforced through their interactions with their juvenile justice professionals, and the attitudes and skills that youth learn with their juvenile justice professionals must be reinforced through their interactions with service providers. Third, juvenile justice professionals, service providers, and families must work collaboratively and communicate effectively in order for behavioral change to occur.

<sup>5</sup> For an example of a “tool” that helps juvenile justice professionals understand the skills being learned in the cognitive behavioral program Thinking for a Change and that provides helpful tips on how to support youth in practicing the skills being learned each week, see *A Guide to Thinking for a Change for Non-Group Facilitators: Case Worker Reinforcement of T4C* by The Carey Group, Inc.

## RESPONSIVITY

Of the three fundamental principles of evidence-based practices—risk, need, and responsivity—responsivity is the least understood and least applied by practitioners, despite the fact that it is a crucial contributor to a juvenile's motivation to change and a crucial factor for mediating the success of treatment. Unless responsivity is given ample attention when developing case plans and determining programming, the effectiveness of an individual's supervision will be diminished and behavioral change will be less likely to occur.

There are three primary reasons why practitioners treat responsivity as the "odd factor out" when implementing EBP. First, many practitioners express concern about how to properly address responsivity. Second, even if they do understand, there are very few standardized assessment instruments to measure its various elements. Finally, juvenile justice professionals may not have a sufficient continuum of services to select from in order to address these issues.

Responsivity consists of three basic components:

- aligning supervision and treatment approaches with individuals' learning preferences and abilities
- matching the characteristics of individuals with those of their probation officers or service providers
- matching the skills of probation officers or service providers with the types of programs or interventions being offered.

Some of the most important attributes that affect a juvenile's responsivity and readiness to learn are motivational levels, personality characteristics, cognitive and intellectual deficits, mental health conditions, gender, demographic and cultural variables, and personal maturity. So, for example, research shows that cognitive behavioral programs prove more effective with youth of average to above-average intelligence and less effective with those exhibiting below-average intelligence. In addition, gender-specific treatment groups tend to be more successful than mixed gender groups. Most females have been victimized in the past, are in need of a gender-specific curriculum, and require an emotionally safe environment—all of which support a gender-specific approach.

Given the fact that some higher-risk juveniles are relatively unconcerned about the consequences of their actions (except possibly in a narrow legal sense) and that they feel coerced into supervision, engaging and motivating them in the treatment

process becomes a primary factor of success. Effective juvenile probation officers and service providers are adept at addressing those responsivity factors of youth that might prevent learning, and they possess the attitudes and skills needed to form a professional alliance with youth and their families and to motivate positive change. It is here that tools such as motivational interviewing, cost-benefit exercises, role modeling, reinforcement, and sanctioning come into play. Their competent use can enhance the interaction between professionals and juveniles. On the other hand, where juvenile probation's and service providers' attitudes and competencies do not match the motivational and learning requirements of youth and their families, failure becomes a real possibility.

While practitioners in the field of juvenile justice are becoming more adept at assessing risk, identifying criminogenic needs, and incorporating the results into supervision processes and case plans, they remain adrift in terms of dealing with factors of juvenile responsivity. The consequences of such negligence can be substantial. In the words of one prominent researcher in the field, "failure to appropriately assess and consider responsivity factors may not only undermine treatment gains and waste treatment resources, but may also decrease public safety" (Kennedy, 2007).

## EVIDENCE-BASED PROGRAMMING AND INTERVENTIONS

The Juvenile Justice System Enhancement Strategy's evidence-based programming and interventions component is built on three initiatives that are focused on risk reduction services and practices. These initiatives, all created with funding by the Pennsylvania Commission on Crime and Delinquency (PCCD), include Communities That Care (CTC), Blueprints for Violence Prevention, and the Resource Center for Evidence-Based Prevention and Intervention Programs and Practices.

### Communities That Care

Communities That Care, which began in 1994, is an evidence-based, risk-focused prevention strategy that helps communities decrease risk factors and increase protective factors through a community assessment and collaborative planning process. Rather than assessing risk at the individual level, CTC assesses risk at the community level, and uses evidence-based programs to address the most prevalent risk factors, thus reducing the overall level of delinquency within the community. In this way, young people are given the opportunity to grow and develop in a healthy environment, and the number of youth entering the

juvenile justice system is reduced. The CTC process also provides communities with the foundation and technical assistance to prepare for, and implement, other evidence-based programming, and has been shown to increase implementation quality, fidelity, and sustainability of programs.

### Blueprints for Violence Prevention

Blueprints for Violence Prevention is the result of an initiative that was designed and launched, in 1996, by the Center for the Study and Prevention of Violence at the University of Colorado at Boulder, with funding support from the Colorado Division of Criminal Justice, Centers for Disease Control and Prevention, and PCCD. The initiative's goal is to identify programs proven to prevent adolescent problem behavior. Blueprints has identified eleven model prevention and intervention programs. These programs are not only effective in preventing or reducing certain problem behaviors in adolescents, but they are also extremely cost effective. In addition to the Blueprints programs, a number of other interventions have been demonstrated by research to be effective. With the support of PCCD's Juvenile Justice and Delinquency Prevention Committee (JJJPC), and in coordination with PCCD's Office of Juvenile Justice and Delinquency Prevention, over 160 research-based programs have since been implemented in Pennsylvania utilizing federal and state funds.

### The Resource Center for Evidence-Based Prevention and Intervention Programs and Practices

The Resource Center for Evidence-Based Prevention and Intervention Programs and Practices was created in 2008 by PCCD to support the proliferation and sustainability of high-quality and effective juvenile justice intervention and delinquency prevention programs in Pennsylvania. The Center has three main focuses:

- supporting the quality implementation of established evidence-based program models
- incorporating research-based principles and practices into existing local juvenile justice programs
- supporting community planning and implementation of evidence-based prevention program models in Pennsylvania.

Funding for the Resource Center is jointly provided by the Pennsylvania Department of Public Welfare's Office of Children, Youth and Families and PCCD. The Resource Center Steering Committee includes representatives from the Department of

Public Welfare, the Juvenile Court Judges' Commission, the Pennsylvania Council of Chief Juvenile Probation Officers, the Departments of Education and Health, and other stakeholders. Support is provided for the following evidence-based programs:

- The Incredible Years
- Multisystemic Therapy
- Functional Family Therapy
- Strengthening Families Program 10–14
- Promoting Alternative Thinking Strategies
- Olweus Bullying Prevention Program
- Project Towards No Drug Abuse
- Big Brothers Big Sisters
- Life Skills Training Program
- Multidimensional Treatment Foster Care
- Aggression Replacement Training.

One of the successful outcomes of the Resource Center's work was the coordinated effort among system partners and providers to provide data on the functioning and impact of three evidence-based intervention programs: Multidimensional Treatment Foster Care, Multisystemic Therapy, and Functional Family Therapy. The Evidence-Based Prevention and Intervention Support Center was tasked with collecting quarterly performance data from all three of these programs. The following are some of the findings from the 2010 Outcomes Summary:

- **Multidimensional Treatment Foster Care:** 68 percent of youth were successfully discharged and 97 percent of that group had no new delinquency/criminal charges during treatment.
- **Multisystemic Therapy:** 80 percent of youth were successfully discharged, with over 80 percent of that group having no new delinquency/criminal charges during treatment. In addition, 70 percent of families reported improved family functioning, as defined as better parenting skills.
- **Functional Family Therapy:** 72 percent of youth were successfully discharged, with 95 percent of that group having no new delinquency/criminal charges during treatment. In addition, 98 percent of parents showed improved parenting skills.
- **Out-of-home placement rates:** Counties not using these programs showed a 3.35 percent increase in out-of-home placement rates from 2006 to 2010. Counties using at least one of these three interventions showed a 2.92 percent decrease in out-of-home placement rates for the same years.

The Resource Center continues to evolve to support JJSES. Beginning in July 2012, the Center will expand its capacity to provide training and technical assistance to support the implementation of evidence-based practices. This includes supporting the implementation of the Standardized Program Evaluation Protocol (SPEP) to evaluate both “homegrown” and brand-name programs against evidence-based best practice standards and to provide training and technical assistance to probation departments and service providers.

### **THE STANDARDIZED PROGRAM EVALUATION PROTOCOL (SPEP)**

Dr. Mark Lipsey et al. conducted a groundbreaking meta-analysis of the characteristics of effective delinquency interventions, with the goal of providing a solid foundation for improving delinquency programs and services. Based on his analysis of approximately 700 controlled studies of interventions with juvenile offenders, Lipsey developed the Standardized Program Evaluation Protocol (SPEP). The SPEP is a validated, data-driven rating system for determining how well a program matches what research tells us is effective for that particular type of program in reducing the recidivism of juvenile offenders. More specifically, the SPEP creates a metric by assigning points to programs according to how closely their characteristics match those associated with similar programs shown, in research studies, to have the best recidivism outcomes.

The body of research on programs for juvenile offenders indicates that several general characteristics are most strongly related to their effects on juvenile delinquency:

- the type of program
- the service quantity or dosage
- the risk levels of the youth served by the program
- the quality with which the program is implemented.

Lipsey’s work provides specific research-based profiles of program characteristics that can be used both as “best practice” standards against which to evaluate juvenile justice programs and as roadmaps for improving the programs. The more closely programs resemble those that research has shown to be effective, the more points they receive. Higher program scores have equated to greater recidivism reductions in two statewide evaluations conducted in North Carolina and Arizona. While recidivism is the primary outcome measured, other important intermediate

outcomes and individual indicators, such as school enrollment and substance use, can also be tracked with individualized treatment plans and updated assessments of progress (Lipsey, Howell, Kelly, Chapman, & Carver, 2010).

While the initial SPEP score is certainly of interest, it more importantly establishes a baseline for program improvement. The difference between the scores for the individual components of the SPEP and the maximum possible point values for each provide information about where program ratings can improve. The resulting program improvement process must be a collaborative effort between probation departments and service providers.

### **SERVICE PROVIDER ALIGNMENT**

Working with higher-risk juveniles to change behavior and reduce recidivism is a difficult and arduous task. Youth placed on probation possess a multitude of issues and criminogenic needs. Dealing with these challenges often requires expertise and knowledge outside those of any single probation officer. In most instances, other professionals from a variety of disciplines, such as mental health, child welfare, health, family counseling, and substance abuse, must become involved for assessment, case planning, and treatment services.

As a result, nowhere is collaboration in juvenile justice more important than in the interactions of probation officers and service providers. While collaboration for the benefit of youth and the community sounds easy, it is often difficult to implement. Some of the barriers to collaboration include

- a failure of service providers or probation officers to understand the goals and practices of their colleagues in other professions
- the application of often incompatible treatment and intervention models
- conflict between service provider treatment goals and the legal demands placed on juveniles by the court
- time and work pressures that preclude ongoing and effective communication among the parties working with juveniles and their families.

In order to implement evidence-based practices and the JJSES Framework, these impediments to collaboration have to be overcome. Several steps can be taken to ensure that all parties dealing with juveniles under supervision are working toward the same goals:

- All probation officers and service providers working with juveniles should be trained in evidence-based practices and the JJSES model.
- Memoranda of understanding and/or working protocols should be established among relevant public and private agencies, detailing information to be exchanged concerning juveniles' cases and outlining appropriate forms of communication.
- Multidisciplinary teams of professionals providing assistance or treatment to medium and high-risk juveniles should be established.
- These teams should develop unified case plans with juveniles and their families to minimize the possibility of conflicting goals and expectations that would hinder efforts to address criminogenic and other needs.

The goal of evidence-based supervision for juveniles should be to make compliance with the orders of court and the requirements of effective behavioral change as seamless as possible. Such a goal can only be achieved if all parties assisting and supervising juveniles have the same outcomes in mind and are constantly coordinating their actions. Without such alignment of purpose and practice on the part of probation and service providers, youth may very well become confused, frustrated, and resistant to learning new cognitive and social skills that will enable them to move toward law-abiding and productive adult lives.

### GRADUATED RESPONSES: SANCTIONS AND REWARDS

Human behavior is largely shaped through social interactions, including the application of rewards and sanctions. At a very young age, children learn that certain behaviors elicit a response that is gratifying, neutral, or unpleasant. Parents who give their children treats when they complete chores are more likely to see a repeat of that positive behavior in the future. Parents who give their children treats when they have temper tantrums in grocery stores are more likely to see that outburst behavior repeated. Children who burn their hands on the stove are less likely to repeat the act that led to the pain. For juvenile justice practitioners working with youth, behavioral change is promoted when they use both sanctions for antisocial behavior and incentives and positive reinforcement for prosocial behavior. To maximize results, both sanctions and rewards should be guided by policy that is informed by research.

### Sanctions

To be effective, sanctions should be

- **certain:** Every antisocial act should receive a disapproving message (Grasmick & Bryjak, 1980; Nichols & Ross, 1990; Paternoster, 1989).
- **swift:** Sanctions should be administered as soon as possible after the act (Rhine, 1993).
- **proportionate:** Research indicates that sanctions do not need to be severe to be effective. In fact, overly harsh responses can be counterproductive to behavioral change. Higher-risk offenders tend to have long histories of punishment and disapproval, and many have learned to adapt to and dismiss the pain that accompanies them.

In addition, in order for a sanctioning policy to be effective, certain features need to be present. For example, youth must know what behaviors are desired or not desired (Tyler, 1990), the consequences of behaviors should be clearly understood, and sanctions should be administered equitably (Paternoster, Brame, Bachman, & Sherman, 1997). A structured response to sanctioning will promote consistency among staff and help achieve these sanctioning conditions.

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Higher-risk juveniles tend to have long histories of punishment and disapproval, and many have learned to adapt to and dismiss the pain that accompanies them.

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### Rewards

Youthful offenders are more likely to repeat and adopt prosocial behaviors when those behaviors and attitudes are recognized, acknowledged, and affirmed. Juvenile justice professionals tend to use sanctions as the primary method to respond to or control offenders' behavior. However, research evidence supports the use of more rewards and incentives than sanctions (a ratio of 4:1 to 6:1) to improve offender motivation to change (Gendreau, 1996; Gendreau, Little, & Goggin, 1996; Andrews & Bonta, 2006; Wodahl, Garland, Culhane, & McCarty, 2011). Rewards do not have to be costly or difficult to administer. A word of praise or encouragement can provoke a sense of pride and goodwill. Other examples of rewards include notes of appreciation (e.g., letters of acknowledgment or certificates), acknowledgment of accomplishment in front of others (e.g., praise in public, acknowledgment by a person in a position of authority),

bus vouchers, reduced drug testing, or early discharge from supervision (Carey, 2010).

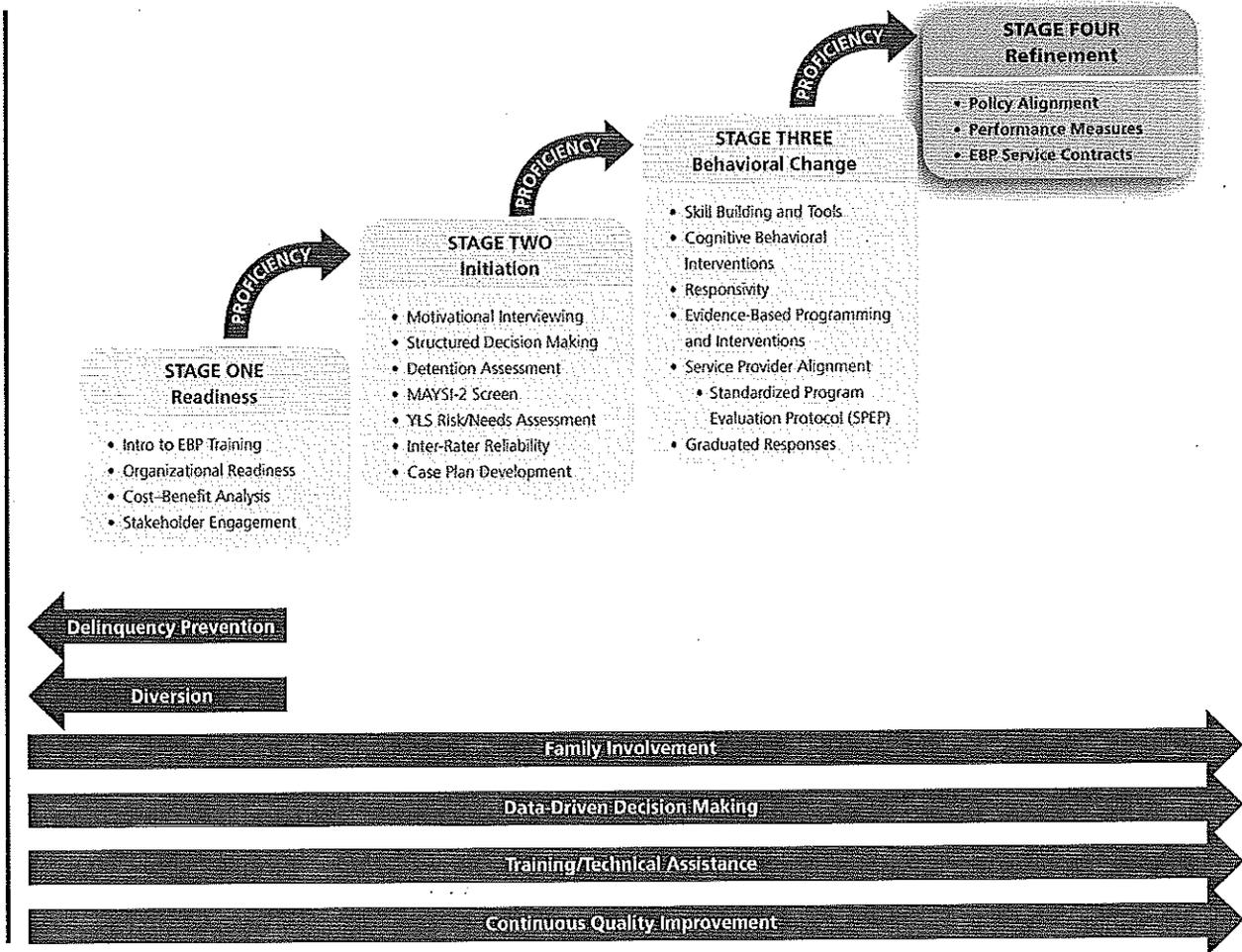
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Research evidence supports the use of more rewards and incentives than sanctions (a ratio of four to six rewards for each message of disapproval) to improve juveniles' motivation to change.

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JJSES supports the development of policy based on research evidence that promotes the use of clear, graduated sanctions and rewards in response to youth behavior. To assist in this effort, JJSES will provide both training on the effective use of sanctions and rewards and examples of structured decision-making models from other states.

# STAGE FOUR: REFINEMENT



“Nothing is ever settled until it is settled right.”

Rudyard Kipling

The final stage, Refinement, involves ongoing feedback for the purpose of making incremental improvements. Implementation is rarely done perfectly the first time. Therefore, a system for measurement and feedback must be put in place to ensure that the processes are, in fact, having their intended effect. When they are not, changes are required. Stage Four, therefore, includes the collection of data and outcome measures. Information-gathering processes take place at earlier stages as well; however, it is at Stage

Four, after all other tasks have been put in place, that they will have maximum effect.

Stage Four also involves modifying policies to ingrain what were once new or piloted practices. Similarly, service referral guidelines and community-based service contracts should be modified to reflect the changes in practice that resulted from earlier partnership activities.

## POLICY ALIGNMENT

Committing to evidence-based practices also means committing to evidence-based policy. Practice flows from policy, and uninformed policy can easily result in ineffective or even harmful consequences. This is especially true when it comes to implementing EBP in juvenile justice at the state and local levels.

While EBP demands a rational decision-making approach to creating policy, it is more likely that juvenile justice professionals and the appointed and elected officials who oversee them engage in what some researchers call “muddling through” (Bulmer, 1986). These researchers argue that many, if not most, policy decisions are not made in light of predetermined goals based on a careful analysis of the situation and relevant research, but are piecemeal endeavors that address problems a bit at a time.

Elected officials often make decisions in response to high-profile events. These decisions can lead to legislation that effectively precludes the application of research in terms of the disposition, detention, and supervision of juveniles in the community. As a result, juveniles better served in the community may be unnecessarily detained or committed to a residential facility, conditions of probation may be included in court orders that preclude officers from focusing on the criminogenic needs of youth, and there may be a willingness to transfer juveniles to adult court as a means of appearing “tough on crime.” In addition, uninformed decisions made in response to high-profile delinquent acts can cost taxpayers vast amounts of money with little enhancement to public safety.

In the United States, Canada, and Great Britain, there is a growing consensus among researchers and practitioners about “what works” in terms of effectively responding to juvenile delinquency. While this body of knowledge must always be tested and retested, revised and expanded, and even questioned and rejected, there is little doubt that it forms a much sounder basis for juvenile justice policy and practice than ideology, politics, and personal preferences. In the same vein, research must be at the core of the formal and informal policies of the legal and institutional structures within which trained professionals seek to supervise and hold accountable juveniles who have offended. Without a research-based alignment of policy and practice, efforts to realize the public safety benefits promised through the application of evidence-based practices can quickly become an effort in futility.

Policy alignment must occur on several levels:

- **Within individual juvenile probation departments:** In order for juvenile supervision and family intervention to be effective, all organizational units and levels of staff within a department—from the chief to support personnel—must understand and agree with the department’s policy goals developed through the use of research. They must be willing to accept evidence-based principles that dictate that professionals have a moral obligation to do good and avoid harm when it comes to preventing and alleviating juvenile delinquency.
- **Within the immediate environment of the juvenile probation department:** Juvenile probation departments work with a network of public and private service providers. Each of these providers must be educated in research-based practices with respect to changing delinquent juvenile behavior and be willing to revise their policies to enhance the capacity of everyone, working in collaboration, to achieve this important public safety goal.
- **Within the local juvenile justice system:** All juvenile justice practitioners, such as judges, prosecutors, the defense bar, victims’ advocates, and elected officials, must be provided the opportunity to learn about EBP and the research-driven policies that must be in place for it to succeed. Often known as Smarter Sentencing in the criminal justice system, this body of knowledge brings to the fore the evidence surrounding the effective use of criminal justice sanctions, such as punishment, incapacitation, deterrence, treatment, and restoration, and how the use or misuse of these sanctions can enable or prevent the application of EBP.
- **Within the local and statewide political environment:** Local and state elected legislators are the ultimate legal decision makers in their jurisdictions. While they must take many variables into consideration when proposing legislation, all too often the emotional impact of spectacular delinquent acts, driven by media hysteria, seems to be the deciding factor in establishing juvenile justice legislation. Through education and other methods, legislators need to be exposed to what research says about effectively preventing and reducing juvenile delinquency.

## PERFORMANCE MEASURES

Juvenile justice system leaders interested in determining the impact of their policies and practices on outcomes and in identifying areas to improve need to put in place ways to measure

the performance of their departments or juvenile justice systems. These measures help leaders determine whether their departments or systems are achieving their intended goals and outcomes. They quantify the effects of business processes, products, and services and allow for policy discussions and decisions to be “data-driven.” Performance measures for juvenile justice could consist of indicators for effectiveness, efficiency, satisfaction, or timeliness. Given the JJSES emphasis on risk reduction, the discussion in this Monograph will focus on efforts designed to reduce rearrests.

### Common Quotes in Support of Performance Measures

“What gets measured, gets done.”

“Performance measurement helps us move from accidental involvement to purposeful planning.”

“If you can’t measure it, you can’t manage it.”

Performance measurement should not be confused with program evaluation. While the former provides data on the integrity of processes, inputs, and outputs, it does not seek to determine causality. Program evaluation involves the use of specific research methodologies to answer select questions about the impact of an intervention. It establishes a correlation between activities and observed changes while taking into account other factors that may have contributed to or influenced the changes.

Performance measurement and its various elements may be defined as follows:

- **Performance measurement:** The systematic collection of quantitative and qualitative information that helps a department determine if it is reaching its goals. It measures the success of the summation of activities designed to achieve department-wide objectives.

*Examples: Was the youth’s involvement in the probation system correlated to lower rearrest rates? Did the employment program facilitate the youth’s acquisition of a job?*

Performance measures quantify long-term outcomes as well as intermediate and process measures.

- **Intermediate measures:** A measure of results that indicates progress toward the desired end results rather than achievement of the final outcome.

*Example: Did participation in the cognitive behavioral program increase the youth’s self-reported conformity to prosocial attitudes and values?*

- **Process measures:** Measurement of the performance of a process, providing real-time feedback that can be acted on quickly.

*Example: Is the new policy requiring medium and high-risk offenders to participate in cognitive behavioral programming resulting in increased referrals to the program?*

- **Dashboard measures:** The identification of a few performance measures that are considered the most meaningful indicators of progress toward goals. A department cannot focus on everything at once. So, just as a driver looks at a limited number of gauges on the dashboard when driving, a department focuses on certain measures and uses them as indicators of progress or warning signals that further investigation is required.

### Sample Dashboard Measures

Percent of the population with completed risk/needs assessment within the time frame identified by policy:  
Short-term target 75 percent; long-term target 95 percent

Average gain score (i.e., improved increases in protective measure score as identified through re-assessment):  
Short-term target 3 points; long-term target 5 points

Percent of medium to high-risk juveniles who have case plans developed within the time frame identified by policy:  
Short-term target 75 percent; long-term target 95 percent

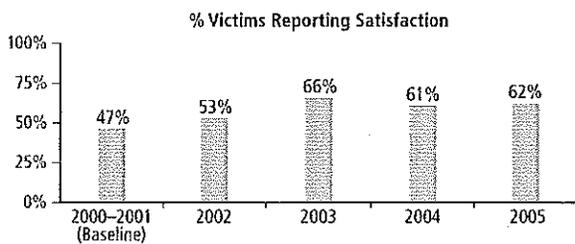
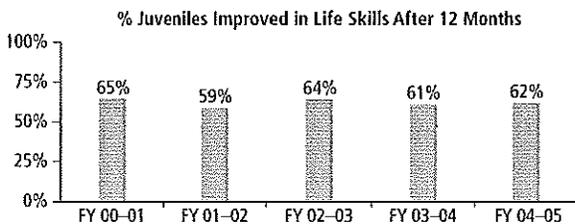
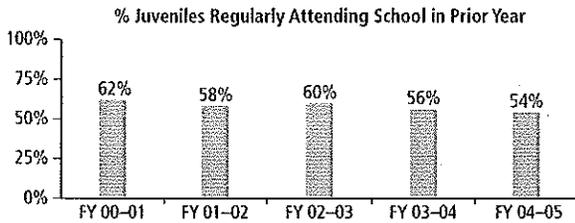
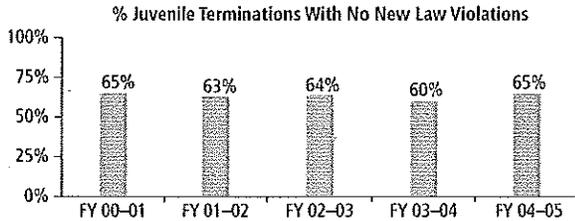
Percent of high-risk juveniles referred to treatment:  
Short-term target 75 percent; long-term target 95 percent

Percent of medium and high-risk juveniles with technical violations resulting in revocation:  
Short-term target 25 percent; long-term target 15 percent

Percent of high-risk juveniles who attend treatment:  
Short-term target 75 percent; long-term target 85 percent

Percent of cases discharged in which the top three criminogenic needs were met:  
Short-term target 60 percent; long-term target 85 percent

**EXAMPLES OF EASY-TO-READ DASHBOARD MEASURES: ORANGE COUNTY, CALIFORNIA**



JJSES endorses the establishment and tracking of performance indicators and its subcomponents (intermediate, process, and dashboard measures). As such, departments should ensure that the measures are

- based on a logic model indicating which activities and inputs are tied to expected outcomes
- clear and simple to understand
- accessible to all individuals who contribute to the performance outcome.

Each JJSES stage will contain a series of performance measures that a department should collect. While the actual performance measures are still being developed, the dashboard measures listed on page 33 and to the left are examples related to risk reduction and balanced and restorative justice goals.<sup>6</sup>

Each department is encouraged to complete a logic model and, from that process, identify the outcome, the intermediate, process, and dashboard measures to be collected, and the format in which to report these results. JJSES will be providing templates and suggested performance indicators for the counties.

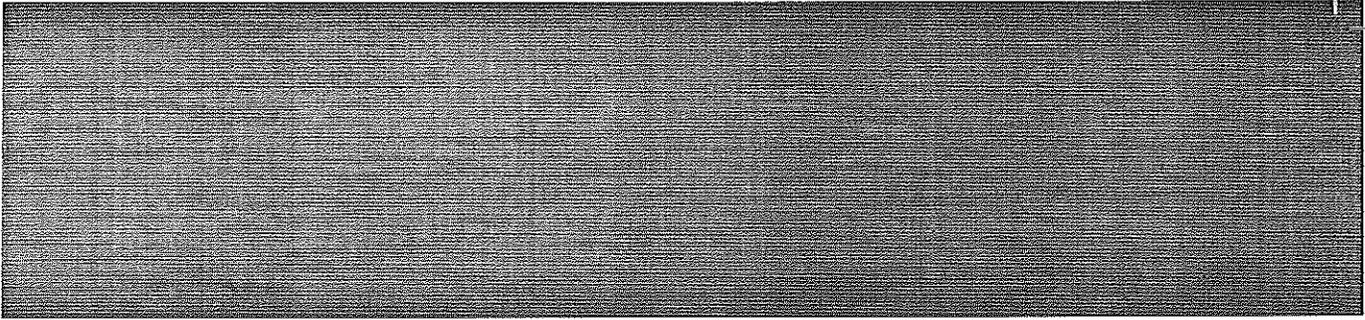
**EBP SERVICE CONTRACTS**

Many of the services provided to youth under juvenile justice supervision are delivered by private sector agencies and contractors. These services range from drug treatment to mental health treatment, from education to employment services, and they are usually provided according to the protocols and modalities of the relevant discipline. So, for example, substance abuse treatment specialists will focus almost exclusively on the issues of addiction and desistance, while mental health clinicians will seek to apply some type of psychotherapeutic wellness model. Each provider will, in turn, define success with the youth as the future absence of those factors that initially led to the problem of immediate concern.

While such “modular” forms of service provision and treatment often work with children not involved in delinquency, interactions between criminogenic and other needs may hinder successful outcomes in terms of normal adolescent development for young people who have run afoul of the law. Unless criminogenic needs are addressed, the chances of changing delinquent behavior and reducing recidivism are greatly minimized.

To ensure that service providers for juveniles understand the special circumstances leading to juvenile offending, they must become versed in evidence-based practices and work collaboratively with juvenile probation departments to develop treatment methods and services. An important tool in achieving this goal is the EBP service contract which delineates the types

6 For a comprehensive list of possible performance measures, see *Criminal Justice Measures, Literature Review, Calendar Years 2000-2010* by the Pennsylvania Commission on Crime and Delinquency, Office of Criminal Justice Systems Improvement, Office of Research, Evaluation, and Strategic Development.

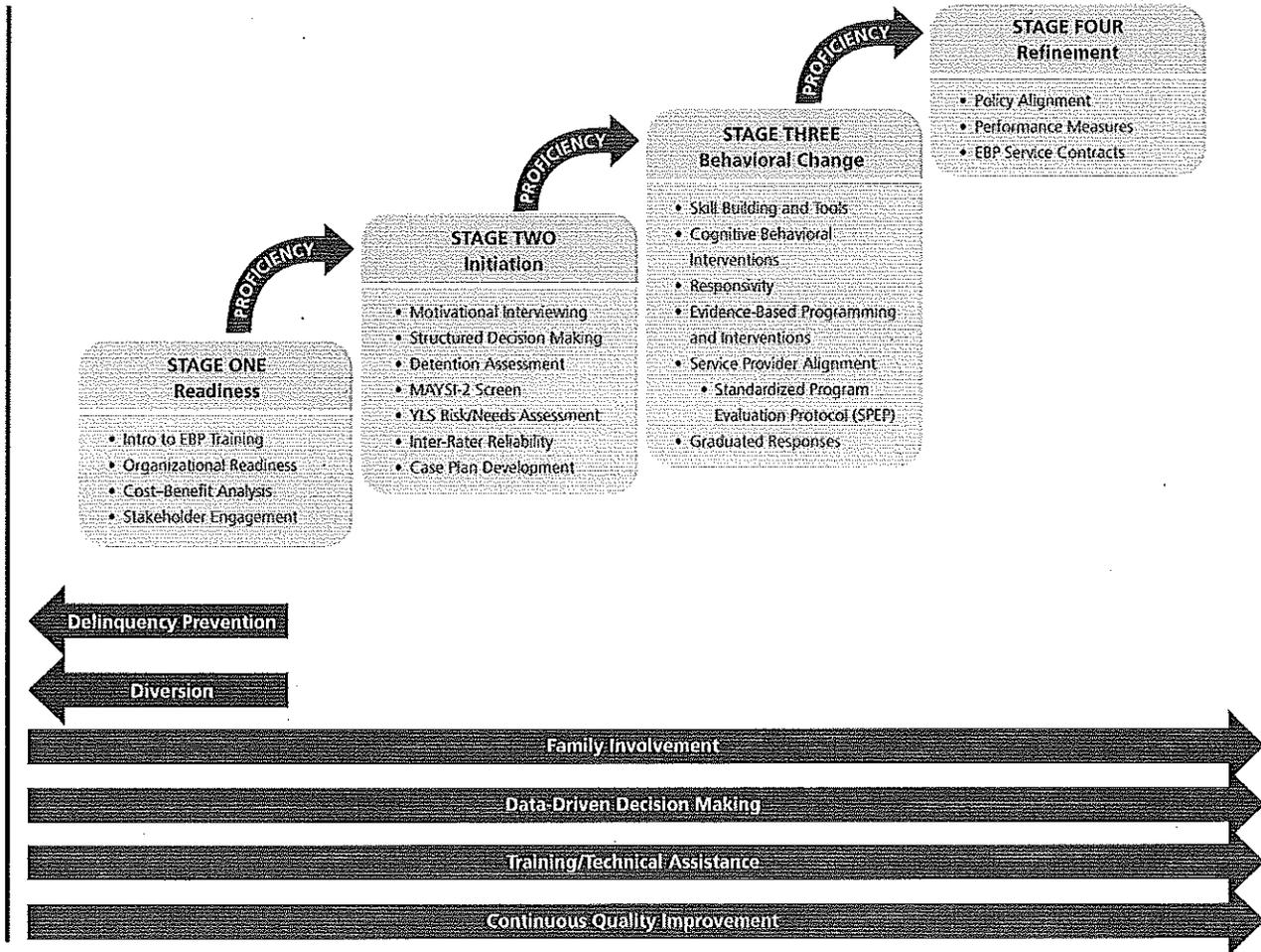


of services required. This type of contract should include an agreement to

- train service providers in those factors that influence juvenile delinquency and in the principles of EBP designed to deal with risk, criminogenic need, and responsivity factors
- establish multidimensional teams that include juvenile probation departments and service providers to conduct collaborative case management with youth and their families
- define, collaboratively, a research-based process and treatment modality that will address the criminogenic needs of the juvenile
- delineate both process and outcome measures for determining the success of the combined efforts of both the juvenile probation department and the service provider in assisting the youth to regain the path to normal adolescent development, thereby reducing the risk of future delinquency
- evaluate, using tools such as the Standardized Program Evaluation Protocol, how effectively the program is matched to the needs of the youth and aligns with what the research evidence indicates works.

Research is clear that when dealing with troubled juveniles, segregating their adolescent and criminogenic issues into a series of discrete problems to be treated in isolation by a wide variety of professionals can only lead to confusion, ineffective outcomes, and even wasted resources (Holsinger, 1999; Lowenkamp, 2003). Through the use of EBP service contracts, such pitfalls can be avoided and juveniles can be treated in a holistic fashion that can enhance the possibility of success.

# KEY JJSES BUILDING BLOCKS



"Great ideas need landing gear as well as wings."

C.D. Jackson

The Framework's four stages are strategically sequenced, building on each other to maximize successful outcomes. Some activities, however, cut across all stages and are considered to be fundamental building blocks of the JJSES model. They include the following:

- **Delinquency prevention:** An effective juvenile justice system relies on a comprehensive approach that includes addressing the influences that lead to delinquent behavior in the first place. There is a rich body of research literature to guide evidence-based delinquency prevention. Preventing delinquency through the large-scale, high-quality implementation of evidence-based prevention programs allows the juvenile justice system to focus its limited resources on those individuals and cases that

require a formal response because of the severity of the offense or the risk level of the youth.

- **Diversion:** Another part of a comprehensive approach to juvenile justice is the provision of diversion services. Lower-risk juveniles are spared from the potentially harmful effects of juvenile justice system involvement while being given an opportunity to be held accountable through informal and non-stigmatizing processes.
- **Family involvement:** The impact of families on youthful behavior is well understood. A juvenile justice system must involve families at every stage of the process if behavioral change is to be long-lasting.
- **Data-driven decision making:** Outcomes will be enhanced when there is an ongoing collection and analysis of data to track performance and inform policy and practice.
- **Training and technical assistance:** Training is essential throughout all stages of JJSES, since each stage requires a different set of knowledge, skills, and practices. Similarly, technical assistance may be needed throughout all stages of JJSES.
- **Continuous quality improvement (CQI):** Performance will be enhanced when there is a process to examine existing practices to determine if they are meeting expectations. This examination requires data collection, observation, and a feedback mechanism. CQI provides an opportunity for the department to make small, continuous, incremental changes based on such feedback. Each major activity in JJSES should include a corresponding continuous quality improvement process.

## DELINQUENCY PREVENTION

In meeting its public safety responsibilities, Pennsylvania has been proactive and has turned away from a purely reactive approach to delinquency in favor of one that supports programs that promote positive youth development in order to prevent delinquency from occurring in the first place. In fact, delinquency prevention may be the most cost-effective component of JJSES.

It is important that chief juvenile probation officers and juvenile court judges play an active role in local community prevention planning, whether it is by serving on advisory boards or planning committees or by utilizing the influence of the Court to create and sustain initiatives. Juvenile court judges can provide

leadership to ensure that all stakeholders collaborate to promote positive youth development and to provide needed delinquency prevention services. Whether dealing with drug and alcohol, mental health, educational, or other issues, it is critical that child-serving agencies work together as part of a broad-based prevention environment in order to intervene as early and as effectively as possible to prevent delinquency.

It is incumbent upon probation administrators to fully understand the nature of delinquency risk factors, such as those identified by the Youth Level of Service/Case Management Inventory (YLS/CMI), to ensure that each county has an adequate array of services for addressing them. Academic failure, truancy, and early classroom conduct problems are risk factors for delinquency. Dropping out of school puts youth at risk in the short term, but also has lifelong consequences. More dropouts are unemployed than high school graduates and, if they do find jobs, they earn far less money than high school graduates (Loeber & Farrington, 1998).

The Pennsylvania Commission on Crime and Delinquency's prevention initiative, which began in 1994, was largely focused on supporting Communities That Care (CTC) and other proven programs designed to prevent or reduce problem behaviors in youth. Over 100 communities across the state have used the CTC community assessment and collaborative planning process. PCCD continues to support CTC in an effort to decrease risk factors and increase protective factors to enable young people to grow and develop in a healthy environment. CTC also provides communities with the foundation and technical assistance to implement evidence-based programs.

In addition, with support from the Department of Public Welfare, Pennsylvania's Resource Center for Evidence-Based Programs and Practices supports the proliferation of effective programs and practices, including those in the prevention arena, and coordinates the funding and implementation of these programs and practices across agency partners to ensure accountability and cost-effectiveness.<sup>7</sup>

## DIVERSION

In 2005, Pennsylvania created a Mental Health/Juvenile Justice (MH/JJ) Workgroup in conjunction with its Models for Change initiative to better coordinate services for youth with mental

7 See also the US Department of Justice's website on effective, research-based adult and juvenile programs at <http://www.crimesolutions.gov>.

health problems who become involved in the juvenile justice system. The resulting *Mental Health/Juvenile Justice Joint Policy Statement* established a goal of diverting children from formal court processing in order to avoid the negative long-term consequences of an adjudication of delinquency. In a related Models for Change initiative, the Pennsylvania Juvenile Indigent Defense Action Network (JIDAN) developed *The Pennsylvania Juvenile Collateral Consequences Checklist* to provide attorneys and other juvenile justice professionals with the most recent information regarding both the short-term and long-term consequences of adjudications of delinquency.

Pre-adjudication for all youth can occur at various decision-making points in the juvenile justice system. It can provide alternatives for youth who have not yet entered the juvenile justice system but who are at imminent risk of being charged with a delinquent act, and it can channel juveniles away from formal court processing. Pre-adjudication diversion can occur at the school, law enforcement, magisterial district judge, and juvenile court levels. Examples of pre-adjudication diversion programs include referrals for service at the law enforcement level, various types of community accountability boards such as youth aid panels and peer courts, summary offense alternative adjudication programs, informal adjustment and consent decree dispositions, and adjudications of dependency in lieu of delinquency adjudications.

To assist local jurisdictions in developing policies and procedures that are consistent with the mandates of current law and best practice standards, the Diversion Committee of the MH/JJ Workgroup produced a *Guide to Developing Pre-Adjudication Diversion Policy and Practice in Pennsylvania*. Its focus was to encourage opportunities for all youth (not just those experiencing mental health problems) who would otherwise face formal court processing in the juvenile justice system. Instead of adjudications of delinquency or summary offense convictions, youth could be held accountable for their actions and directed to alternative programs, including treatment when appropriate.

To sustain and advance the work of the MH/JJ Workgroup's Diversion Committee, the Pennsylvania Commission on Crime and Delinquency's Juvenile Justice and Delinquency Prevention Committee established a Diversion Subcommittee to promote the development of local policies and the creation of pre-adjudication diversion programs to hold non-violent youthful offenders accountable for their offenses without proceeding to adjudications of delinquency or convictions for summary offenses. In June

2011, PCCD approved 13 grants totaling \$1.5 million in federal funds to support the development of local policies and programs that are consistent with the *Guide to Developing Pre-Adjudication Diversion Policy and Practice in Pennsylvania*.

## FAMILY INVOLVEMENT

Behavioral change efforts must include a juvenile's family and other key adults engaged in the juvenile's support system, such as clergy or coaches, because they will assist in supporting and supervising the juvenile during probation (including helping the juvenile move through needed restorative actions, such as repairing harm to the victim, learning accountability, and developing competencies) and after completion of court involvement. Adult relationships are crucial in helping youth make good decisions as they mature; this is no less true for youth in conflict with the law. Probation practice needs to include this "community of concern," but most pointedly the family, by informing them about assessment results and treatment objectives, engaging them in identifying and supporting individualized goals for their children, and informing them of their children's progress. The core partnership with the family should be enhanced by formal and informal community supports, including mental health services, faith-based groups, and recreational resources such as sports teams.

Families will have varying levels of awareness and understanding of adolescent brain development and of parenting approaches that foster healthy, safe behaviors. Juvenile justice professionals have the opportunity to facilitate families' access to information and supports that help them understand these critical and complex concepts and to ensure that they are engaging with families in a culturally sensitive manner. By including the family at this level, juvenile justice professionals reinforce that families are ultimately responsible for their children.

The importance of families in achieving successful outcomes for juveniles is not a new revelation. The critical role that families play in achieving Pennsylvania's balanced and restorative justice mission is recognized in *Balanced and Restorative Justice in Pennsylvania: A New Mission and Changing Roles within the Juvenile Justice System* (Juvenile Court Judges' Commission, 1997), in the guiding principles and goals that were adopted by the Pennsylvania Commission on Crime and Delinquency's Juvenile Justice and Delinquency Prevention Committee in 1998, and in the 2009 monograph entitled *Family Involvement in Pennsylvania's Juvenile Justice System* (Family Involvement Subcommittee of

the Mental Health/Juvenile Justice Workgroup for Models for Change–Pennsylvania & Family Involvement Workgroup of the Pennsylvania Council of Chief Juvenile Probation Officer’s Balanced & Restorative Justice Implementation Committee). The challenge has been in transforming these principles and goals into effective relationships and partnerships between juvenile justice agencies and families at individual case, program, and policy levels.

Clearly, parents and caregivers play a crucial role in facilitating adolescents’ development and their transition to adulthood. It is not surprising that research on the role of family participation in programming confirms its importance for juvenile delinquency outcomes (Mendel, 2003, 2010; Katsiyannis & Archwamety, 1997). Programs that work closely with juveniles’ families, such as Multisystemic Therapy, Functional Family Therapy, and Multidimensional Treatment Foster Care, can reduce recidivism by up to 18 percent lower than institutional placements (Drake, Aos, & Miller, 2009). And, keeping juveniles close to their families during placement gives them opportunities to repair and renew relationships and to practice skills that will help them address challenges they may face upon release. This practice of maintaining close proximity to home life brings about better effects on recidivism (McCord, Spatz Widom, & Crowell, 2001). In another study on the Family Solutions Program, which provides interventions for juveniles involved in the justice system and for their families, researchers found that juveniles involved in the program were less likely to reoffend than those who did not enter the program or who dropped out (Quinn & Van Dyke, 2004).

More recent efforts to improve family involvement in Pennsylvania’s juvenile justice system grew out of the vision articulated in the *Mental Health/Juvenile Justice Joint Policy Statement* developed in conjunction with Pennsylvania’s Models for Change initiative. The Family Involvement Committee of the Mental Health/Juvenile Justice Workgroup commissioned a series of focus groups to gain the perspectives of a wide variety of stakeholders. Sixteen focus groups, representing the ethnic, cultural, economic, and geographic diversity of the state, were conducted during 2008–2009. Focus group participants included juveniles, parents, juvenile court judges, juvenile probation officers, district attorneys, juvenile defenders, adolescent psychologists and psychiatrists, a wide range of service providers, and others. The *Family Involvement in Pennsylvania’s Juvenile Justice System* monograph captured the results of these focus

group discussions and was a focus of the 2009 Pennsylvania Conference on Juvenile Justice.

Four themes emerged consistently across the focus groups:

- Families need access to effective early prevention and intervention services.
- Respect should be the basis for all interactions between families and system partners.
- Opportunities should exist for family involvement in the development of local juvenile court policies and practices.
- Statewide laws and policies should be examined to eliminate barriers and to increase capacity for effective family involvement.

The Balanced and Restorative Justice Implementation Committee of the Pennsylvania Council of Chief Juvenile Probation Officers created a Family Involvement Committee to sustain this critically important work. The Family Involvement Committee created *A Family Guide to the Pennsylvania Justice System*, dedicated to helping families to understand Pennsylvania’s juvenile justice system and to access needed information and supports. Additionally, the Family Involvement Committee developed a training curriculum for juvenile justice professionals designed to enhance family involvement in Pennsylvania’s juvenile justice system.

#### DATA-DRIVEN DECISION MAKING

In an evidence-based environment, case and policy decisions made by juvenile justice system stakeholders are most effective when guided by research evidence. Where published research evidence does not exist, and even when it does, departments and systems should use local data to assist in decision making. The National Institute of Corrections (NIC), in its publication *A Framework for Evidence-Based Decision Making in Local Criminal Justice Systems*, defines data-driven decision making as the “ongoing collection and analysis of data to track performance and inform policy and practice.”

In the Framework, NIC adopted four principles to guide systems’ evidence-based work. Principle Four is described as follows:

*The criminal justice system will continually learn and improve when professionals make decisions based on the collection, analysis, and use of data and information.*

The NIC initiative identified ten points in the justice system where key decisions are made (e.g., cite vs. release, detention, plea, adjudication), arguing for the application of data and research at each point.

Clearly, an evidence-based juvenile justice system would perform most optimally if it collected and analyzed data both for policy and practice-related decisions. In this way, the system could be data-driven and avoid what a prosecutor involved in the NIC initiative called “seat-of-the-pants judgments.”

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### Learning Systems

Learning systems are those that adapt to a dynamic environment through a process of continuous information collection and analysis. Through this process of individual and collective learning, entities—whether a single professional working with an individual case, an agency monitoring its overall operations, or the criminal justice system as a whole monitoring system efficiency and effectiveness—improve their processes and activities in a constant effort to achieve better results at all levels. In addition to facilitating continuous improvements in harm reduction within an agency or system, ongoing data collection adds to the overall body of knowledge in the field about what works and what does not.

*A Framework for Evidence-Based Decision Making in Local Criminal Justice Systems, 3rd Edition*

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### TRAINING

Training is a key element of the successful implementation of evidence-based practices in juvenile justice. Without it, departments and service providers will not have the knowledge, skills, and perspectives required to guide juveniles through the social and behavioral processes of behavioral change and recidivism reduction.

Recent research has demonstrated the importance of training. A team of researchers from the Department of Public Safety in Canada conducted a randomized, controlled study of the impact of training probation staff in the risk–need–responsivity (RNR) model of offender rehabilitation. The evaluators randomly assigned 80 officers to either a training (experimental) or a no training (control) condition. These officers’ supervision sessions with 143 probationers were then audiotaped to determine their

adherence to the principles of RNR. The results were startling. The trained officers consistently demonstrated better RNR practices and a more frequent use of cognitive behavioral techniques to deal with the antisocial attitudes of their clients than their untrained colleagues. The offenders they supervised also achieved significantly lower recidivism rates. In the words of the researchers, “the findings suggest that training in the evidence-based principles of the RNR model can have an important impact on the behavior of probation officers and their clients” (Bonta et al., 2011).

EBP training must adhere to a variety of principles in order to be effective within a juvenile justice organization:

- **It must be strategic in nature.** All too often EBP training is an afterthought. A common scenario is for a few people to sit around a table, make ad hoc decisions about what staff need to learn, and then ask others in the department to “go do it.” This approach is not only a recipe for failure, but it can also result in a tremendous waste of scarce resources. Administrative and support personnel all need to play an active part in determining an organization’s strategy for implementing EBP. They must understand the business model being followed, the goals to be achieved, and the resources needed to produce desired outcomes. In turn, they must bring to the discussion with executive leadership their knowledge about adult learning theory and human behavioral change in order to ensure that an integrated, comprehensive, and coherent educational strategy is put into place.
- **It must be extensive in scope.** In any effort to implement EBP, no member of an organization can remain uninformed about the new vision, model, and method for doing business. This includes executive management, who frequently see themselves as “too busy” to spare the time for learning, all the way down the hierarchy to support staff, who frequently, and mistakenly, are viewed as uninterested in understanding “the big picture.”
- **It must be intensive in scope.** Learning does not end at a classroom’s door, if it even occurs in a traditional classroom in the first place. Whether people are being exposed to new knowledge, skills, or approaches to conducting business, what they master in the immediate education context will soon evaporate without ongoing testing, support, and reinforcement after they return to their daily routines. Supervisors, managers, and executive leadership all play a vital role in this process. They must know more than their staff about what is being learned and they must become versed in the techniques of coaching and human behavioral change.

- **It must take place in a variety of learning environments.** While the classroom is an important training environment, classroom training is time-intensive and expensive to conduct. Beyond the facility costs and trainer fees are the additional travel, overtime, and temporary staff replacement costs. As such, classroom training should be reserved for imparting those skills and practices that require face-to-face contact and rigorous practice between facilitators and participants, and it should be used after students have been taught and tested on the foundations of EBP in other learning environments. Electronic methods of teaching, such as webinars, blogs, and other forms of online information sharing, are the most efficient ways to impart new knowledge to staff. Once students have this knowledge, they are much better prepared to benefit from the classroom experience than those who come with little or no advanced preparation.

#### TECHNICAL ASSISTANCE

JJSES makes available to local jurisdictions a number of products and services to advance its goal of improving Pennsylvania's juvenile justice system, especially as it relates to public safety. These products and services address a wide spectrum of issues, from organizational capacity to organizational development, from skill enhancements to performance measures. They address the three key areas that enable change to occur on the direct-service level: staff knowledge, skills, and attitudes; organizational infrastructure needs (e.g., policies and performance measures); and tools (e.g., assessment tools and checklists). For example, many organizations have implemented motivational interviewing as an important service enhancement to prepare youth for change. However, despite massive amounts of training and supports, most of the 200 plus research studies indicate limitations on improved outcomes (Miller, 2010). The technical assistance offered under JJSES is designed to counteract these threats to success by examining the studies and devising more effective means of supporting motivational interviewing.

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Successful technology transfer requires more than practitioners' exposure to well-conceived and research-based processes, no matter how well organized and structured. It requires the skillful orchestrating of the change process, including both the insertion of evidence-based practices and the removal of organizational cultural vestiges that choke innovation.

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#### Different Paths to Successful Implementation

The stages and activities proposed under the JJSES model were built on the positive experiences of practitioners who were early adopters of evidence-based practices. Still, there is no straight line to successful implementation. Organizations are diverse in their needs, cultures, and resources. What works in one area may not work in another; therefore, the JJSES stages and activities may need to be customized to reflect local experiences.

In recognition of these local nuances, JJSES has adopted a "flexible-rigid" approach. That is, the stages, competencies, and performance measures identified throughout the JJSES stages are largely fixed or static, but the manner in which departments apply some of the proposed processes will likely need adjusting. For example, risk assessments should be completed and submitted prior to disposition in order to help courts impose conditions that reflect youths' criminogenic needs and risk levels. However, a local jurisdiction may not be able to meet this standard due to the manner in which plea negotiations are conducted or because of limits on staff resources. Instead, prosecution, defense counsel, and the courts may reach an agreement that they will not impose specific programming requirements upon disposition but rather allow probation to do so after the risk/needs assessment is completed.

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Given the myriad of anticipated challenges in implementing evidence-based practices, JJSES will provide technical assistance support in three ways: an initial consultation to describe the JJSES process and resources, recommended tools for the assessment of organizational readiness and alignment, and ongoing technical assistance.

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Given these and a myriad of other anticipated challenges in implementing evidence-based practices, JJSES will provide technical assistance in three ways:

1. **Introduction to JJSES:** When chief probation officers are considering moving into Stage One of JJSES, they may require technical assistance. Various points of contact for technical assistance have been established to
  - review the supporting tools, trainings, and documentation that will aid chief probation officers' efforts
  - discuss the availability of the organizational readiness assessment tool and the process by which it is best administered

- determine if the department would like an independent assessment of organizational readiness
- determine if the department would like an independent assessment of organizational alignment
- explore with the department possible ongoing technical assistance issues
- review the proficiency measures to be achieved at the end of each stage before moving onto the next stage.

**2. Independent Assessment:** As part of Stage One, a county may request an independent assessment. There are two types of assessments:

- **Readiness:** The readiness assessment consists of an organizational survey that helps the chief probation officer identify issues that may need attention before embarking on an EBP initiative, thereby increasing the likelihood that the proposed EBP changes will be received and implemented by staff and management.
- **Alignment:** JJSES will provide technical assistance by reviewing existing department practices and policies to determine the degree to which they are in alignment with research evidence. Areas of strength would receive less attention in Stages Two, Three, and Four. Areas in need of improvement would be given more attention. This assessment information would be compiled in a report and would provide the chief with the building blocks needed to complete an action plan. The action plan is one of the recommended activities for Stage One.

**3. Ongoing Technical Assistance:** It is anticipated that chiefs will encounter challenges that could become major hindrances to successful JJSES implementation. Probation chiefs may request ongoing technical assistance. This assistance may include access to internal specialists (i.e., other chiefs or supervisors who have encountered similar challenges) or other expertise.

## CONTINUOUS QUALITY IMPROVEMENT

The term “continuous quality improvement,” or “CQI,” is used to describe a process that, when effectively implemented, can better ensure that a set of desired practices are delivered in the manner they were intended, continuously and over time (Carey, 2010). Research demonstrates that when departments introduce sound CQI processes, they realize more effective outcomes. For example, when departments effectively train their staff in new skill areas,

improved outcomes result (Bonta, Bogue, Crowley, & Motiuk, 2001); when they establish internal CQI processes around strategies designed to reduce risk of reoffense, recidivism rates decrease (Lowenkamp & Latessa, 2002); and when they modify their approaches based on the results of their CQI processes, they realize substantially better outcomes, including cost–benefit and effect–size results that are four times greater than those of departments that do not use CQI to improve their processes (Carey, Finigan, & Pukstas, 2008).

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### Definitions

For the purposes of the Monograph, **continuous quality improvement (CQI)** is defined as:

*A set of professional development opportunities that generate current, specific feedback for the purpose of ensuring that services and practices are delivered in the intended manner.*

**Quality assurance (QA)** is defined as:

*An audit process that retrospectively examines practices for the purposes of identifying and correcting divergence from policy or protocol.*

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Realizing reductions in recidivism outcomes is not as simple as implementing a new process or providing staff with a one-time introduction to a new skill set. Indeed, new skills and processes take time to fully integrate and may, at least at first, result in reluctance and discomfort among those who are affected by the change. Research suggests that the amount of time devoted to the change process is an indicator of whether or not superior results will be derived (Flores, Lowenkamp, Holsinger, & Latessa, 2006). Therefore, departments interested in improving outcomes must commit to an implementation process that ensures that staff receive adequate initial training as well as ongoing encouragement, feedback, and coaching designed to improve knowledge, skills, confidence, and competency.

The purposes of a CQI process are to

- identify department and staff strengths (e.g., processes that are working effectively, advanced knowledge and skill level of staff)
- identify areas in need of improvement
- provide staff with specific and direct feedback in order to support incremental improvements in their skills

- identify enhancements to existing processes and structures (e.g., additional training, increased oversight by supervisors) that will support the greater achievement of the department's goals.

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### Common Quotes in Support of CQI

"The worker respects what the supervisor inspects."

"If you don't know where you're going, any road will get you there."

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In particular, CQI processes might focus on the following:

- **inter-rater reliability:** the degree to which assessment tools are being administered consistently across users in accordance with the author's instructions.
- **case planning:** the degree to which staff develop case plans according to the "SMART" principles (i.e., specific, measurable, appropriate, relevant, and time bound), use offender strengths, identify and address triggers, integrate responsivity factors, and manage treatment dosage requirements.
- **one-on-one interactions:** the degree to which staff are using the four core competencies in their one-on-one sessions. The four core competencies are establishing a professional alliance, conducting skill practice in the criminogenic areas, conducting effective case management, and reinforcing prosocial attitudes and redirecting antisocial attitudes.
- **cognitive behavioral facilitation:** the degree to which facilitators are conducting cognitive behavioral programming sessions according to the author's instructions, including utilizing effective group facilitation skills.
- **motivational interviewing:** the degree to which staff are using motivational interviewing techniques.

### AN EVOLVING FUTURE

As the JJSES initiative unfolds, we expect that juvenile justice system practices will increasingly be based on sound evidence and that they will be implemented with high levels of fidelity. A key fact of evidence-based practices and programs is that, when they are at their best, they continually evolve as new practices are researched and more broadly implemented. Our goal is to see our

entire juvenile justice service system demonstrating high levels of fidelity to cost-effective practices, including community-based, locally developed program models.

The common elements of programs or practices that produce behavior change among juveniles (such as cognitive behavioral groups) are well established, and the research exists to guide the development and use of effective practices. Getting from here to there can take many tracks. This Monograph establishes the beginning path.

JJSES will be driven by its three key strategies for enhancing the juvenile justice system: employing evidence-based practices, collecting and analyzing data to measure these efforts, and using the data to continuously improve the quality and cost-effectiveness of the juvenile justice system. We anticipate and plan for continuous improvement and change. Therefore, this Monograph is a start—a clear framework with key goals—but the specific components of the framework will require updating in the near future as new evidence-based practices and programs emerge and new ways of ensuring cost-efficient model fidelity are developed.

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The Juvenile Justice System Enhancement Strategy initiative is the result of a partnership between three organizations with complementary missions, all of which seek to enhance the quality of care for those involved in the juvenile justice system:

- The Juvenile Court Judges' Commission, established in 1959, is responsible for advising juvenile courts concerning the proper care and maintenance of delinquent and dependent children; establishing standards governing the administrative practices and judicial procedures used in juvenile courts; establishing personnel practices and employment standards used in probation offices; collecting, compiling, and publishing juvenile court statistics; and administering a grant-in-aid program to improve county juvenile probation services.
- The mission of the Pennsylvania Commission on Crime and Delinquency is to enhance the quality and coordination of criminal and juvenile justice systems, to facilitate the delivery of services to victims of crime, and to increase the safety of our communities.
- The Pennsylvania Council of Chief Juvenile Probation Officers is a non-profit organization that was created in 1967 to further the mission of Pennsylvania's Juvenile Justice System by promoting the use of best practices among juvenile probation departments across the Commonwealth.

Juvenile Court Judges' Commission | Pennsylvania Judicial Center | 601 Commonwealth Avenue,  
Suite 9100 | P.O. Box 62425 | Harrisburg, PA 17106-2425

Pennsylvania Commission on Crime and Delinquency | 3101 North Front Street | Harrisburg, PA  
17110 | (800) 692-7292

Pennsylvania Council of Chief Juvenile Probation Officers | [info@pachiefprobationofficers.org](mailto:info@pachiefprobationofficers.org)

# Appendix G

## Act 148 Reimbursement

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### Allowable Act 148 costs per Title 55 PA Code Chapter 3170 include:

#### Allowable Act 148 costs per Title 55 PA Code Chapter 3170:

- Wages and salaries (§3170.42 as detailed in §3170.43, §3170.44, §3170.45, §3170.46)
- Employee benefits (§3170.47)
- Staff development (training) (§3170.48)
- Purchased Personnel service (ex: consultants) (§3170.49)
- Meals, lodging and transportation incurred in connection with Advisory committee meetings and other authorized work of the committee. (§3170.49)
- Rent (§3170.52) (mortgage expense defined in §3170.72)
- Mortgaged real estate (§3170.52) (mortgage expense defined in §3170.72)
- Amortization (§3170.52) (Paying off a debt with a fixed repayment schedule, or spreading out expenses for intangible assets over the assets useful life)
- Remortgaging (§3170.52)
- Major renovation costs (§3170.52) (mortgage expense defined in §3170.73)
- Utilities such as heat, electric, water, sewage, and fuel which relate to the occupancy of a building or facility (§3170.53)
- Taxes as they relate to the occupancy of the building (§3170.54)
- Office and related program supplies, including food and clothing, related to the administration of a program or the delivery of a service, particularly those services which help a child to remain in his own home. (§3170.55)
- Services and supplies related to communications, including telephones, postage, stationery, advertising, and printing (§3170.56)
- Travel, parking charges, conference registration fees, local transport, lodging, client transportation (§3170.57)(Defined §3170.75)
- Rental
- Equipment Repairs and maintenance (§3170.58) (Defined in §3170.74)
- Surety and fidelity bonds (§3170.59)
- Administrative overhead aka Indirect costs (§3170.60) - please see below
- Library expenses (§3170.61)
- Membership fee (§3170.61)
- Moving expenses (§3170.61)
- Recruitment (§3170.61)
- Interest expense (§3170.61)
- Auditing expense (§3170.61)
- Insurance for building equipment, etc. (§3170.61)
- Equipment (§3170.74)
- Depreciation (Allowable as defined in OMB Circular A-122 paragraph 11 subsection a & b)

# Appendix G

## Act 148 Reimbursement

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### Unallowable Act 148 costs (relative to this discussion), per Title 55 PA Code §3140.21(c):

Unallowable Act 148 costs per Title 55 PA Code §3140.21(c):

- MH/ID treatment services
  - Guidance is mental health treatment provided by a doctorate level professional or a master's level professional under the supervision of a doctorate level professional
- Costs of medical/dental when child is eligible for other funding or has private resources
- Basic education programs
- County probation office staff
- Juvenile court staff
- County social service staff not part of the county agency

*\*Assumption: Items of cost not listed in the Title 55 Pa Code §3170 are not allowable for Act 148 reimbursement, per §3170.11 (d).*

### Unallowable Act 148 costs per OMB Circular A-122:

Federal guidance does apply to other purchased service costs due to the blending of both Federal and State funding. See paragraphs 1 through 53 of the OMB Circular A-122; they provide principles to be applied in establishing the allowability of certain items of cost. The principles apply whether a cost is treated as direct or indirect.

# Appendix H

## Ad Hoc Workgroup Participants

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### Cost Reporting Ad Hoc Workgroup:

Marissa Litman, Chair, Senior Analyst, Public Financial Management, Inc.  
Jennifer Lydic, Chair, Analyst, Public Financial Management, Inc.

Craig Adamson, Ph.D., Executive Director, Community Service Foundation & Buxmont Academy

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Anne Bennett, Fiscal Officer, Union County Children & Youth Services

Diane Cottrell, Northwest Regional Lead, Erie County Office of Children & Youth

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### County Review Process Ad Hoc Workgroup:

Elaine Kita, Chair, Administrative Officer II, Northampton County Children, Youth &  
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Craig Adamson, Ph.D., Executive Director, Community Service Foundation & Buxmont Academy

# Appendix H

## Ad Hoc Workgroup Participants

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Bernadette Bianchi, Executive Director, PA Council of Children, Youth & Family Services  
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Diane Cottrell, Northwest Regional Lead, Erie County Office of Children & Youth  
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### State Review Process Ad Hoc Workgroup:

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Daniel Evancho, Assistant Deputy Director, Allegheny County DHS  
Elaine Kita, Administrative Officer II, Northampton County Children, Youth & Families  
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Robert Stanzione, Bucks County Juvenile Probation Office  
Richard Steele, Deputy Director, Juvenile Court Judges' Commission

# Appendix I

## Cost Reporting Guidelines

### For Other Purchased Services

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This document provides counties and providers with standard guidance for the cost reporting of other purchased services. Standard guidelines ensure that provider's actual and tentative projected costs are presented to counties in a format that assists with determinations of reasonableness and allowability of costs for state funding. Providers and counties may follow existing processes for reporting costs for other purchased services as long as reporting standards included in the guidelines are included in that process. Providers and counties are encouraged to work together to ensure that expectations around the cost reporting process are clear. In addition, providers and counties should be thoughtful about the administrative cost of staff time to request and provide additional information.

These guidelines reflect similarities identified in existing Pennsylvania provider or county budget documents and were created with input from providers and counties involved in the Rate Methodology Task Force (RMTF) Cost Reporting Ad Hoc Workgroup.

These guidelines do not replace or impact individual county/provider negotiations or reporting needs. Negotiations will continue based on county requirements and individual county/provider circumstances.

**Please refer to the *Other Purchased Services Cost Reporting Definitions List* for more information and guidance regarding this document. Please refer to the sample template, *Other Purchased Services Cost Reporting Guidelines Template*, for an example of a tool, based in Excel, which meets these guidelines. Please note that use of the template is not mandatory; it is intended for providers or counties to use only if they need or desire a tool that meets these standard guidelines.**

Submissions of a tentative projected budget must be sent to the county by March 31<sup>st</sup> to provide sufficient time for counties to prepare information for inclusion in the Needs Based Plan and Budget submission.

#### **Provider Coversheet:**

Providers should submit a coversheet or basic contact information to the county. This coversheet should contain the following information:

- Agency name and contact information, including an address and fax number

# Appendix I

## Cost Reporting Guidelines

### For Other Purchased Services

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- Budget contact person's name and contact information, including his/her title, direct phone number and email address
- Provider contact person's name and contact information, including his/her title, direct phone number and email address
- List of Programs in the county, including:
  - Name of Program
  - Brief Service Description (if the service provided is not clear from the name)
  - Current Year Contracted Rate/Unit of Service (specify if it is a per diem, program-funded, etc.)
    - If the program is moving from program-funded to non-program funded, or vice versa, please include a note here and in the Detailed Narrative
  - Projected Year Rate/Unit of Service (specify if it is a per diem, program-funded, etc.)

#### Expenditures by Program:

Providers should submit Expenditures by Program including the following information:

- Agency Name
- Type of Service
- Prior Year Actual Costs
  - If not already submitted, provide a copy of the most recently completed audit (calendar year or fiscal year) for the current contracting process
- Current Budgeted Year<sup>1</sup>
  - Explain the methodology for the current budgeted year numbers; for example:
    - Took the first six months of actuals and multiplied by two or by the estimated budget for the remainder of the year

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<sup>1</sup> The Current Budget Year will be included in the guidelines in the two fiscal years after the legislative changes have been enacted. Prior to year three, the need for Current Budget Year will be reassessed. The Current Budget Year has been included during the initial years of implementation to help validate the annual incurred costs by providers and also to help counties better understand those costs and to support them in preparing their Implementation plans. Once a history is established and documented, it may not be necessary to include Current Budget Year going forward.

# Appendix I

## Cost Reporting Guidelines

### For Other Purchased Services

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- Used the approved budget for the current budget year
- Projected Year Costs
  - For any large line item increases, include a detailed explanation of those increases in the Detailed Narrative

The following cost categories must be reported:

- Personnel expenses
- Operating expenses
- Capital expenses
- Indirect costs

Please note that the below list is an example ONLY and cannot be used to provide guidance to providers regarding how to report their costs. Providers classify and allocate costs based on individual financial practices which meet auditor approval. Based on these individual practices, cost categories will vary in terms of what costs are classified as personnel, operating, capital costs, and indirect costs.

- Personnel Expenses
  - Wages/Salaries
  - Employee Benefits
  - Contracted Services
    - Purchased Personnel
  - Training/Staff Development
  - Other Personnel Expenses (explain)
- Operating Expenses
  - Information Technology (IT)
  - Rental of Buildings/Agency Owned Property
  - Rentals & Maintenance (Equipment and Vehicles)
  - Insurance
  - Repairs & Maintenance
  - Utilities
  - Property Taxes, Dues, Licenses, and Professional Fees
  - Debt Service/Interest Expenses
  - Transportation/Travel
  - Supplies
  - Communications
  - Contracted Services
    - Professional Services

# Appendix I

## Cost Reporting Guidelines

### For Other Purchased Services

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- Other Operating Expenses (explain)
- Capital Expenses
  - Building Repairs and Improvements
  - Equipment
  - Motor Vehicles
  - Depreciation
  - Other Capital Expenses (explain)
- Indirect Costs

Note: For new providers and/or new services performed by private providers that have no historical costs:

- The provider will need to send to the county, the Projected Year Cost and the Detailed Narrative along with Program Descriptions to enable the counties to make a determination on the need for the service and the reasonableness of costs
- Providers will have the ability to note significant changes that occur after the reported year

#### Detailed Narrative:

The Detailed Narrative allows providers the opportunity to provide additional clarification on specific costs or certain budget areas. The Detailed Narrative should be specific and identify the section of the other purchased services cost reporting documentation that it is providing greater clarification about.

The Detailed Narrative may provide further explanation of the following documents:

- Provider Coversheet
- Expenditures by Program
  - Include detailed explanations for direct costs (personnel, operating, or capital expenses) and indirect costs
    - Include the formula and/or a brief summary of the methodology that was used to determine costs and/or submit a cost allocation plan
  - Explain any large increases in specific expense categories
- Offsetting Revenues

# Appendix I

## Cost Reporting Guidelines

### For Other Purchased Services

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- Report any public dollars (local, state, and/or federal) that are directly related to the program/services purchased by the county

# Appendix I

## Definitions List

### Other Purchased Services Cost Reporting Guidelines

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**Other Purchased Services Cost Reporting Guidelines—Definitions List:**

<b>Provider Coversheet</b>	
<i>The Provider Coversheet provides a basic overview of Other Purchased Services. Providers are not required to submit this information in the order of the guidelines; however, providers must ensure that they submit the information included in the guidelines.</i>	
<b>Coversheet Category</b>	<b>Category Description</b>
Agency Name and Contact Information	Provider agency name and contact information, including an address and fax number
Budget Contact Person's Name and Contact Information	Provider agency's contact person for the budget and his/her contact information. Include his/her title, direct phone number, and email address
Provider Contact Person's Name and Contact Information	If the provider contact is different from the Budget Contact, report his/her name and contact information, including his/her title, direct phone number, and email address
Name of Program	Other purchased service program name
Brief Service Description	If the "Name of Program" does not clearly describe the service being provided, include a short description of the service(s) provided by the program
Current Year Contracted Rate/Unit of Service	The approved current year rate or cost (also known to some providers as the cost of a unit of service). For example, if the negotiated contract rate is a per diem of \$75 for a daily service, then the current year contracted rate/unit of service is \$75 per day <ul style="list-style-type: none"> <li>• Please specify the "unit of service" (i.e. if it is per day, per session, per hour, program funded, etc.)</li> <li>• If the program is moving from program funded to non-program funded, or vice versa, please include a note in the Detailed Narrative</li> </ul>
Projected Year Rate/Unit of Service	The rate or cost (also known to some providers as the cost of a unit of service), based on the provider's projected year request <ul style="list-style-type: none"> <li>• Please specify the unit of service (i.e. if it is per day, per session, per hour, program funded, etc.)</li> </ul>
<b>Expenditures by Program (See Below for Sample List)<sup>1</sup></b>	

<sup>1</sup> For new private providers and/or new services performed by private providers that have no historical costs:

- The provider will need to send to the county the Projected Year Cost and the Detailed Narrative along with the Program Descriptions to enable the counties to make a determination on the need for the service and the reasonableness of the costs
- Providers will have the ability to note significant changes that occur after the reported year

# Appendix I

## Definitions List

### Other Purchased Services Cost Reporting Guidelines

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<p><i>A listing of Expenditures by Program provides expenditure (cost) information. Providers are not required to submit this information in the order of the guidelines; however, providers must ensure that they submit the information included in the guidelines. (Note: Personnel, operating and Capital expenditure categories will vary by provider and county)</i></p>	
<b>Expenditures by Program Category</b>	<b>Category Description</b>
Agency Name	Name of the provider agency
Type of Service	How the provider defines the other purchased service program; for example, as counseling, day care, etc.
Prior Year Actual Costs	<p>Expenditures based on last year's actuals</p> <ul style="list-style-type: none"> <li>• If not already submitted, include a copy of the most recently completed audit for the current contracting process               <ul style="list-style-type: none"> <li>◦ Because provider audits do not happen on consistent cycles, providers should include the last completed audit. This may be the last completed fiscal or calendar year audit</li> </ul> </li> </ul> <p>Note: In many cases, audits are not program or service specific. Providers who have program specific audits should include them; however, in most cases, the audits will only reflect the provider's programs or services as a whole</p>
Current Budgeted Year	<p>Expenditures based on an estimate of the current year's budgeted expenditures</p> <p>Explain the methodology in this section and/or in the Detailed Narrative on how the current budgeted year was determined</p> <ul style="list-style-type: none"> <li>• For example: Took the first six months of actuals and multiplied by two or by the estimated budget for the remainder of the year</li> <li>• For example: Used the approved budget for the current budget year</li> </ul> <p>Note: Providers and counties should be conscious of the fact that the Current Budgeted Year reflects a best estimate at that point in time. The Current Budget Year has been included during the initial years of implementation to help validate the annual incurred costs by providers and also to help counties better understand those costs and to support them in preparing their implementation plans</p> <p>Once a history is established and documented, it may not be necessary to include Current Budgeted</p>

# Appendix I

## Definitions List

### Other Purchased Services Cost Reporting Guidelines

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	Year going forward. The Current Budget Year will be included in the guidelines for two fiscal years after the legislative changes have been enacted. Prior to year three, the need to include Current Budgeted Year will be reassessed
Projected Year Costs	Expenditure projections for the requested year
Personnel, Capital, and Operating Expenses	A listing of expenditures that fall under the categories for the Prior Year, Current Budgeted Year, and Projected Year. A listing of example expenditures is included below <ul style="list-style-type: none"> <li>If there are "Other" expenses that are not included as their own line item, please include those in "Other" and specify what these expenditures are in the Detailed Narrative</li> </ul>
Contracted Services – Purchased Personnel	Contracted personnel who are acting in lieu of staff <ul style="list-style-type: none"> <li>For example: Employees contracted with a temp agency</li> </ul>
Contracted Services – Professional Services	Contracted personnel who support service provision or provide other professional services <ul style="list-style-type: none"> <li>For example: Psychiatrists, Auditors, etc.</li> </ul>
Indirect Costs	Costs incurred for a common or joint purpose that are not readily assignable to one specific cost category <ul style="list-style-type: none"> <li>Also commonly referred to as General &amp; Administrative Costs or Administrative Overhead Costs</li> </ul>
<b>Detailed Narrative</b>	
<i>The Detailed Narrative will vary by provider. Providers are not required to submit information in the order prescribed in the guidelines; however, providers must ensure that they are providing sufficient detail regarding the information contained in their submission. If providers typically include, or are requested to provide additional information beyond what is included in these guidelines, the Detailed Narrative may include that information as well.</i>	
<b>Detailed Narrative Category</b>	<b>Category Description</b>
Provider Coversheet	If information on the Coversheet and Other Purchased Service Program List requires further explanation, include it here <ul style="list-style-type: none"> <li>For example, the provider may include a more detailed Service Description in this section</li> </ul>
Expenditures by Program	Detailed explanations for expenditures (personnel, operating, capital expenses and general & indirect costs). Please include an explanation for any allocation of costs, direct or indirect. Explanations must include at least one of the following: <ul style="list-style-type: none"> <li>The formula that was used to determine these costs</li> </ul>

# Appendix I

## Definitions List

### Other Purchased Services Cost Reporting Guidelines

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	<ul style="list-style-type: none"> <li>• A brief summary of the methodology that was used to determine these costs</li> <li>• A cost allocation plan</li> </ul> <p>Explain any large increases in specific expense categories</p> <ul style="list-style-type: none"> <li>• Note: A "large" increase will vary by line item and should be determined by the level of impact it has relative to the overall budget</li> <li>• For example: "Large" increases may include increased costs due to additional staff added to a program, a substantial rise in insurance or other benefit costs, etc.</li> </ul>
Offsetting Revenues	<p>Any public dollars (local, state, and/or federal) that are directly related to the program/services purchased by the county</p> <ul style="list-style-type: none"> <li>• For example: Pennsylvania Commission on Crime and Delinquency (PCCD) Grants or Medical Assistance (MA) dollars for Multi-Systemic Therapy (MST)</li> </ul>

#### **Sample List of Expenditures by Program:**

*Please note that the below list is an example ONLY and cannot be used to provide guidance to providers regarding how to report their costs. Providers classify and allocate costs based on individual financial practices and auditor approval. Based on these individual practices, cost categories will vary in terms of what falls under Personnel, Operating, and Capital Costs, as well as Indirect Costs.*

- Personnel Expenses
  - Wages/Salaries
  - Employee Benefits
  - Contracted Services – Purchased Personnel
  - Training/Staff Development
  - Other Personnel Expenses (explain)
- Operating Expenses
  - Information Technology (IT)<sup>2</sup>
  - Rental of Buildings/Agency Owned Property
  - Rentals & Maintenance (Equipment and Vehicles)
  - Repairs & Maintenance

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<sup>2</sup>As noted above, providers classify and allocate costs based on individual financial practices and cost categories will vary. In terms of Information Technology (IT) expenses, the type of IT cost will have an impact on its classification. For example, IT staff should be listed under Personnel Expenses and purchases of capital items like computers, printers, etc. (which meet the threshold) should be classified under Capital Expenses. IT Operating Expenses may include such items as T-1 lines, the cost of internet access, lease costs of software, etc.

# Appendix I

## Definitions List

### Other Purchased Services Cost Reporting Guidelines

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- Insurance
- Utilities
- Property Taxes, Occupancy Taxes
- Dues, Licenses, and Professional Fees
- Debt Service/Interest Expenses
- Transportation/Travel
- Supplies
- Communications
- Contracted Services – Professional Services
- Other Operating Expenses (explain)
- Capital Expenses
  - Building Repairs and Improvements
  - Equipment
  - Motor Vehicles
  - Depreciation
  - Other Capital Expenses (explain)
- Indirect Costs

# OTHER PURCHASED SERVICES COST REPORT

## DETAILED NARRATIVE

Agency Name:	
Type of Service:	

Fiscal Year 20XX - 20XX

**Provider Coversheet and Requested Increases**

*Provide below, or on a separately attached sheet, further explanation of the Provider Coversheet. If a program is moving from program funded to non-program funded, or vice versa, include an explanation here.*

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**Expenditures by Program - Direct**

*Provide below or on a separately attached document:*

- a) Detailed explanations where needed of costs that fall under personnel, operating and capital expenses; and/or
- b) A cost allocation plan or brief summary of the methodology / formulas used to determine cost allocation, and
- c) An explanation for any large increases in specific expense categories.

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# Appendix J: Sample Other Purchased Services Cost Reporting Tool

## **Expenditures by Program - Indirect**

*Provide below or on a separately attached document:*

- a) *An indirect cost allocation plan or brief summary of the methodology / formulas used to determine indirect costs included in this budget; and*
- b) *An explanation for any large increases in specific expense categories.*

*Indirect costs include costs incurred for a common or joint purpose that are not readily assignable to one specific cost category.*

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## **Offsetting Revenues**

*Provide below, or on a separately attached sheet, further explanation of any public dollars (local, state, and/or federal) that are directly related to the program/services purchased by the county.*

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