

Department of Human Services 2021-2022 Budget Update

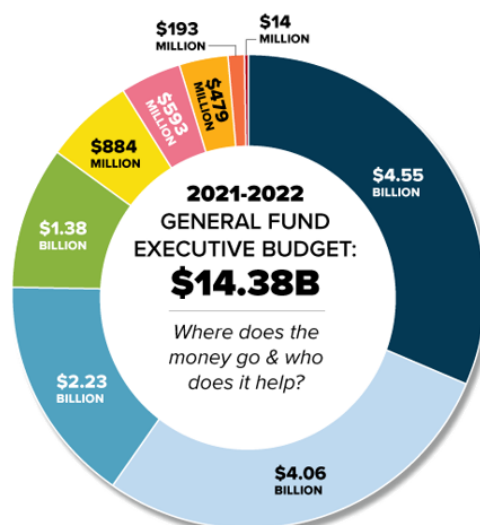
DHS serves more than 3 million people across Pennsylvania through both direct services and the programs and providers we license and oversee. Many of the individuals and families we serve face barriers every day – barriers to good physical health and mental and emotional well-being, living independently, economic security, and various other personal circumstances that can affect someone from before birth and across their entire lifespan.

DHS is an agency that is a resource and lifeline for *all* Pennsylvanians. We are here for those who need us currently and for those who may fall on hard times or experience a significant life change and unexpected event – the times we cannot fully plan for. The last year has brought new meaning to that. A global pandemic, historic levels of unemployment, and a complete change to our daily way of life has upended normalcy for all of us. It has also reinforced how critical a robust social support network is in weathering a crisis like we now experience every day.

COVID-19 and the accompanying economic insecurity have challenged and strained our work, but our system is resilient. I want to acknowledge the tireless work of everyone here at DHS to navigate the last year and the partnership and collaboration each of you have made possible. There will continue to be challenges as we navigate this crisis, but if I have learned anything in the last year, it is that the entire human services system – us at the state, our providers and partners in their respective fields, and our partners in the General Assembly and local governments – are committed to helping the people we serve and those who may enter this system, and I am grateful for a renewed leadership and partnership at the federal level as well.

The road ahead will be long and I'm sure obstacles will arise, but we will overcome challenges on behalf of the people we serve across Pennsylvania. The investments in the 2021-2022 budget will help as we navigate this crisis and look towards a collective recovery. They will support our work to help the Pennsylvanians we serve live healthier lives, reach self-sufficiency, and achieve a better life.

The Department of Human Services Departmental Spending



COVID-19 has touched every facet of life in some way. Every economic industry has been affected. All ages are experiencing the challenges of the last year in different ways. If we are to effectively recover, we must not lose the opportunity to strengthen the commonwealth as a whole.

Governor Wolf's 2021-22 Budget seeks to answer the urgent need of the crises we face and set a foundation for an effective, lasting recovery. Budget initiatives center on the following themes, and we've detailed more information about DHS initiatives that fall into these themes:

- **Advancing Pennsylvania's Economic Recovery**
- **Prioritizing Education**
- **Investing in Our Kids**
- **Advancing Fairness, Equity, and Quality in Our Public Education System**
- **Making College More Affordable**
- **Back to Work PA**
- **Keeping Pennsylvanians Safe Through Criminal Justice Reforms**
- **Protecting the Most Vulnerable**
- **Increasing Local Capacity to Fight COVID-19**
- **Protecting our Environment by Investing in Workers, Communities, and a Clean Future**
- **Repairing and Improving Our Infrastructure**

Advancing Pennsylvania's Economic Recovery

Increasing the Minimum Wage to \$12

In 2021, 20 states increased their minimum wage. Pennsylvania's minimum wage of \$7.25 (\$15,080 per year) continues to lag behind our neighbors and most of the nation.

Our minimum wage has not increased in nearly 12 years. When our minimum wage was last increased, Barack Obama was in his first year as president, the Steelers were reigning Super Bowl champions, the sixth Harry Potter film was released in movie theaters, and Cliff Lee had not yet signed with the Phillies. The world has changed greatly since then. Smart phones – now a vital part of life and connectivity to the broader world – were in their infancy. We were in the midst of the Great Recession and the Affordable Care Act had not yet passed. The gig economy had not yet emerged.

While the cost of living for Pennsylvanians has increased dramatically, the minimum wage has remained stagnant, limiting the purchasing power of low wage workers trying to afford necessities. A \$7.25 minimum wage is keeping Pennsylvania families living in poverty. Other states have recognized this. Working people recognize this. And yet, Pennsylvania has not changed this for its residents. Now, we face another historic economic crisis in the midst of a public health crisis. Continuing where we are is unacceptable and will inhibit our ability to help hardworking families recover. Pennsylvania's current minimum wage is low enough that people working full time at minimum wage still fall very close to the Federal Poverty Level, especially if they have dependents.

The 2021-22 budget proposes increasing the state minimum wage to \$12 per hour effective July 1, 2021, with annual increases of \$0.50 until the minimum wage reaches \$15 per hour on July 1, 2027. President Biden has also proposed increasing the minimum wage to \$15 an hour, and we support this move from

the federal government.

Increasing the minimum wage is an investment in Pennsylvania's economic recovery. An increased minimum wage expands purchasing power and allows workers to reinvest in their own communities and local businesses. By increasing the minimum wage, low-income workers will have the ability to better afford basic needs. Raising the minimum wage will also improve productivity and morale for millions of workers, reduce reliance on public benefits, and invest in people providing critical workforce needs, including early childhood educators and direct care workers who provide crucial care for the most vulnerable Pennsylvanians.

Hardworking Pennsylvanians working lower wage jobs that are critical to our economy should not struggle with basic needs because of low wages. Investments in stimulus and unemployment payments have helped protect people from slipping into poverty despite historic unemployment. We can continue this investment and its long-term benefits by giving Pennsylvanians a much needed, long overdue raise.

Investing in Our Kids

Since taking office in 2015, Governor Wolf has consistently prioritized investments in quality, accessible, and affordable child care for all Pennsylvanians. Pennsylvania has doubled its investment in early childhood education, but more children need this once-in-a-lifetime opportunity to enter kindergarten ready to grow and thrive. The benefits of early childhood education continue throughout childhood and into adulthood. We want every child to have the strong start that they deserve.

As we focus on Pennsylvania's economic recovery, we know a robust, healthy child care industry is critical to making that possible. If child care is inaccessible or unaffordable, it can prevent parents who are unemployed from getting a job. If parents are going to return to the workforce, they need a safe environment for their children, but it also needs to be affordable so parents are not spending all of the additional income on child care.

We know the last year has been incredibly challenging for our child care industry. Parents losing employment and being at home and concerns about the virus have taken children out of care. Providers have had to alter their operations to keep staff and children in care safe, and there is a cost to this. Approximately \$220 million in CARES Act funding has been allocated to child care providers across Pennsylvania since the COVID-19 crisis began in Pennsylvania to support this critical educational and economic infrastructure for children and families. A critical need remains, and we will continue to work with the federal government to support this industry. An additional \$10 billion dollars was allocated by the federal government to support child care in December. We have not yet received funding through this, but we expect that Pennsylvania should receive its share of the additional funds in the coming weeks.

Ensuring Equal Access to Child Care

Child Care Works, Pennsylvania's subsidized child care program that helps make child care more accessible and affordable for families who meet income and work requirements, is an important economic mobility resource for working families. However, we know that there is inequity between

families in Child Care Works compared to private pay families.

Pennsylvania's quality rating and improvement system for child care, Keystone STARS (STARS), provides additional performance standards above child care licensing requirements to enhance program quality. STARS is used to provide consumer information to families seeking child care by designating program quality on a scale of No STAR to STAR 4, with STAR 4 being the highest. Nearly two-thirds of children enrolled in CCW attend lower-rated child care provider, and higher quality providers serve fewer CCW families.

Beyond this, DHS has been taking a system-wide look at opportunities to promote equity, opportunity, justice, and anti-racism throughout our policies and programs. An analysis from our Office of Child Development and Early Learning found that more than 50 percent of families enrolled in CCW are Black, despite making up 13 percent of the population in the state. About 1 in 3 Black children enrolled in CCW are served by a STAR 3 or 4 provider, whereas 1 in 2 White children are enrolled in STAR 3 or 4 programs.

As we've taken this broader, systemwide look, the inequities that emerge often fall along racial divides within our communities – divides that harken back to Jim Crow-era segregation policies and more recent racist redlining policies that still affect communities, their resources, and economic mobility to this day. As we seek to advance equity and anti-racism through our work, we must do so with an eye towards the consequences of these policies and how they can affect people of color from their youngest years – affects that continue through education and into adulthood.

Every three years, a child care market rate survey is conducted to guide rate setting. The last Market Rate Survey was completed in 2019 and released in 2020, which found that most base reimbursement rates for CCW sit at about the 25th percentile of the market rate for child care in the provider's region. The federal government recommends reimbursing at the 75th percentile, and earlier this week, Governor Wolf announced that effective March 2021, we will increase base rate reimbursement to the 40th percentile with federal funding from the 2020-21 budget and investments in this budget.

The 2021-2022 Budget includes \$87.2 million in federal funds to continue an increase in CCW base rates to support equitable access to quality child care for all children and families. By providing increased base payments for care for children enrolled in CCW, more child care operators will increase operating margins allowing them to potentially retain more highly qualified staff and engage in enhanced quality activities. This can help providers move up the quality rating system and, in turn, benefit all children in care, regardless of whether they are private pay or use CCW. The 2020-21 budget included using a \$28.8 million in federal funds to support Child Care Works base rates, and this investment builds on that first step.

Protecting the Most Vulnerable

Governor Wolf's 2021-22 budget allows DHS and our partners to continue our efforts to protect, uplift, and empower people in difficult and vulnerable positions to achieve a better life.

Legal Services for Vulnerable Populations

Additional funding of \$1 million will be provided to expand the legal services program that provides legal assistance to low-income individuals and families who are unable to afford necessary legal services from the private sector. Such services include emergency protective services for victims of abuse without consideration of income and consultation, advice, assessment, negotiation, and representation for clients under 125 percent of the federal poverty level.

Direct Care Worker Comprehensive Training

Direct care workers are a critically important field and are the backbone of the long-term care system in Pennsylvania, but low wages, high stress, and lack of growth opportunities make it a field with high turnover even before the pandemic. The growth population of individuals in need of long-term care and the complex needs of this population have increased demand for direct care workers, and the last year has created challenges that reinforce the need for a direct care workforce that feels supported to stay in this field for the long-term. Training is essential to ensure that direct care workers feel comfortable with this work and to support opportunities for individuals employed in this field to grow in their profession to consider it a possible career.

A new investment of \$1.1 million will establish a direct care worker training program to support the individuals in the direct care workforce, to support direct care worker retention, and to improve the quality of long-term care services as recommended by the Long-term Care Council, an advisory group coordinated by the Department of Aging. According to the National Association for States United for Aging and Disabilities, one strategy to address the direct care worker crisis is through a standardized core training and credentialing system for direct care workers in the Participant Directed Model, which will provide career pathways throughout the continuum of long-term services and supports.

Supporting Vulnerable Populations through Home and Community-Based Services and Reducing Waiting Lists

Continuing the commitment to serve individuals in the community, \$1.25 million is proposed for 20 Community Hospital Integration Projects Program (CHIPP) discharges to reduce the state mental health hospital populations. The program is targeted for individuals ready for discharge but for whom community resources or programs are not available to support a successful transition to the community. Through the CHIPP, the mental health programs have been able to enhance their systems and develop additional community-based services which are intended to divert individuals from going back to a state hospital.

The 2021-22 budget proposes to move 732 individuals with an intellectual disability and/or autism from the emergency waiting list into the Community Living Waiver and 100 individuals into the Consolidated Waiver. The \$13.9 million investment to address the waiting list will provide community services to people from the emergency list, people with unanticipated emergencies, people transferring from private intermediate care facilities, congregate care settings, or state hospitals. We are also looking towards cost savings for the consolidated waiver. The 2021-22 budget will fund an outcome-based incentive that encourages use and expansion of independent programs for people with disabilities, aiming to save \$828,000 by reducing the need for 24-hour residential services and helping people in

these programs achieve more independent homes in their communities.

Secure Housing and Supports to Promote Family Stability and Reunification

A study from the United States Department Health and Human Services' Children's Bureau found that housing is a precipitating factor in at least 10 percent of foster cases, resulting in children being removed from their families. A lack of stable housing can also delay children and parents being reunified, which can have long-term adverse impacts on health, emotional, and other outcomes for the entire family. The 2021-22 budget proposes \$1 million to support multi-disciplinary partnerships between county child welfare offices, community-based organizations, and housing partners to reduce the number of out-of-home placements for children due to the family not having a house, housing instability, or inadequate housing.