Safe Children, Stable Families, Supportive Communities

Ohio House of Representatives Children and Human Services Committee
Testimony on HB 96
February 27, 2025
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Good morning, Chair White, Vice Chair Salvo, Ranking Member Lett, and members of the House Children and Human Services Committee. Thank you for the opportunity to provide this children services panel testimony on HB 96. My name is Angela Sausser, and I am the Executive Director of the Public Children Services Association of Ohio (PCSAO). PCSAO is a membership-driven association of Ohio's 88 county Public Children Services Agencies that advocates for sound public policy, promotes program excellence, and builds public value for safe children, stable families, and supportive communities. I am joined here today by a panel to highlight Ohio's treatment/placement crisis for youth, the escalating costs associated with the placement crisis, and why the proposed children services investments and specific policies in HB 96 are needed.

Governor DeWine's proposed budget continues this administration's focus on Ohio's children and families. Taken together, investments in maternal health and infant mortality, early care and education, behavioral health, and the children services system help build a stronger foundation for families. As representatives of the children services system, we appreciate and need this ongoing support.

For children services specifically, we support Governor DeWine's proposed budget that recognizes the critical nature of our work and maintains investments that **support innovative programs** such as Ohio START—which improves outcomes for both parents and children affected by child maltreatment and parental substance use disorders and is now in 56 counties. These investments strengthen efforts to

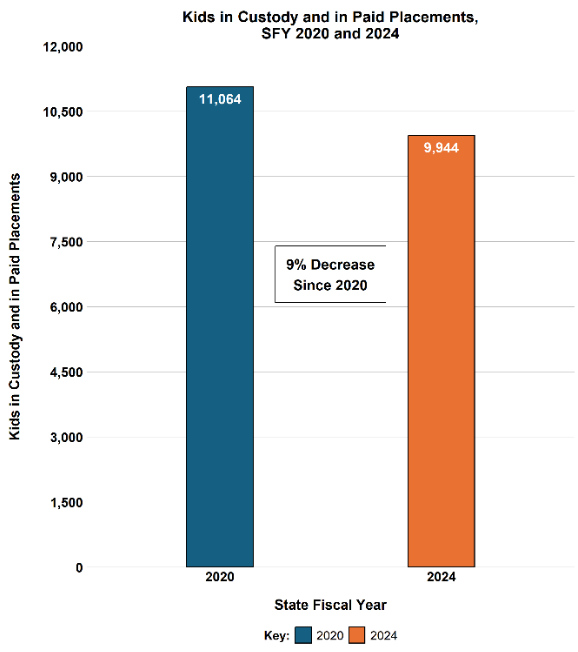
find and support kinship caregivers who step in to maintain family connections and minimize the trauma of separation when the home environment is unsafe. And these investments **build locally driven treatment foster care programs** to recruit, equip, and support foster families who care for youth with complex needs so that they can remain with family instead of being raised in institutions and facilities.

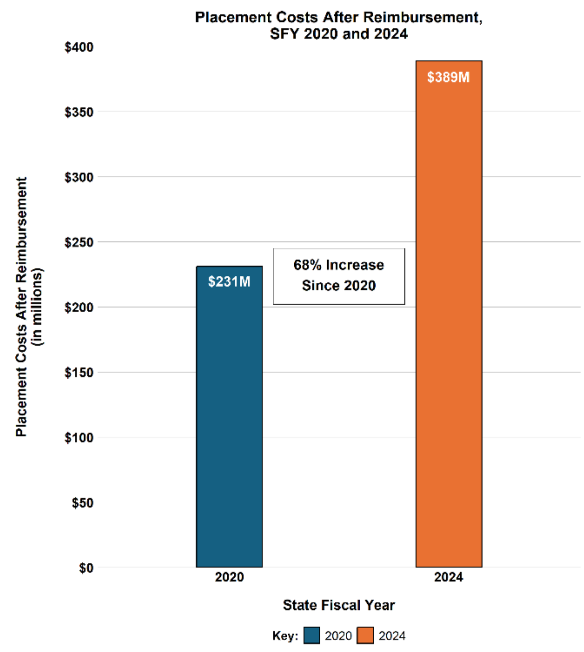
For the SFY24-25 budget, we shared that county public children services agencies were facing a treatment/placement crisis where children had to spend at least one night at a public children services agency due to the lack of placement and treatment options for youth with multi-system, high-acuity needs. Because of this crisis, Ohio Department of Children and Youth (DCY) Director Wente convened a cross-system working group that identified short-term and long-term solutions to prevent children from having to spend a night at a public children services agency. We are pleased to share that several short-term strategies have been put in place during SFY25 by DCY. We are even more pleased that in the proposed SFY26-27 budget, there is dedicated one-time funding ($20M/$10M) to establish regional short-term crisis stabilization centers called **Children's Wellness Campuses**. This was a long-term solution prioritized by the Children Services Placement Crisis Working Group. We ask that the General Assembly maintain this proposed investment, as such centers are critical to keeping children from having to spend a night at a county agency; but even more so to provide de-escalation techniques to stabilize youth, much-needed behavioral health screenings, diagnostic assessments, and treatment planning. This would provide the county PCSA with the information and time to find the most appropriate placement that can meet that level of need for the youth. The proposed Children's Wellness Campuses align with former Representative Pavliga's Children's Emergency Crisis Centers bill, which passed the House in December. We do **request an amendment to the language** regarding the Children's Wellness Campuses:

- In addition to children in custody of a PCSA, we ask that **children who are at risk of custody as determined by PCSAs** also be eligible for placement at the Children's Wellness Campuses so that forced custody relinquishment does not occur.

The impact of having a shortage of placement and treatment options for youth, especially those with complex, multi-system, high-acuity needs, over the last three years has led to **exorbitant increases in placement (room and board) costs even while the number of children entering foster care has decreased.** When children cannot remain at home or with kin due to abuse/neglect, counties must find a safe place (i.e., licensed foster home, group home, or residential center) that can meet the child's needs for healing, treatment, and returning home. Room and board costs for these temporary placements have escalated to unsustainable levels. This crisis can be summed up in these key points:

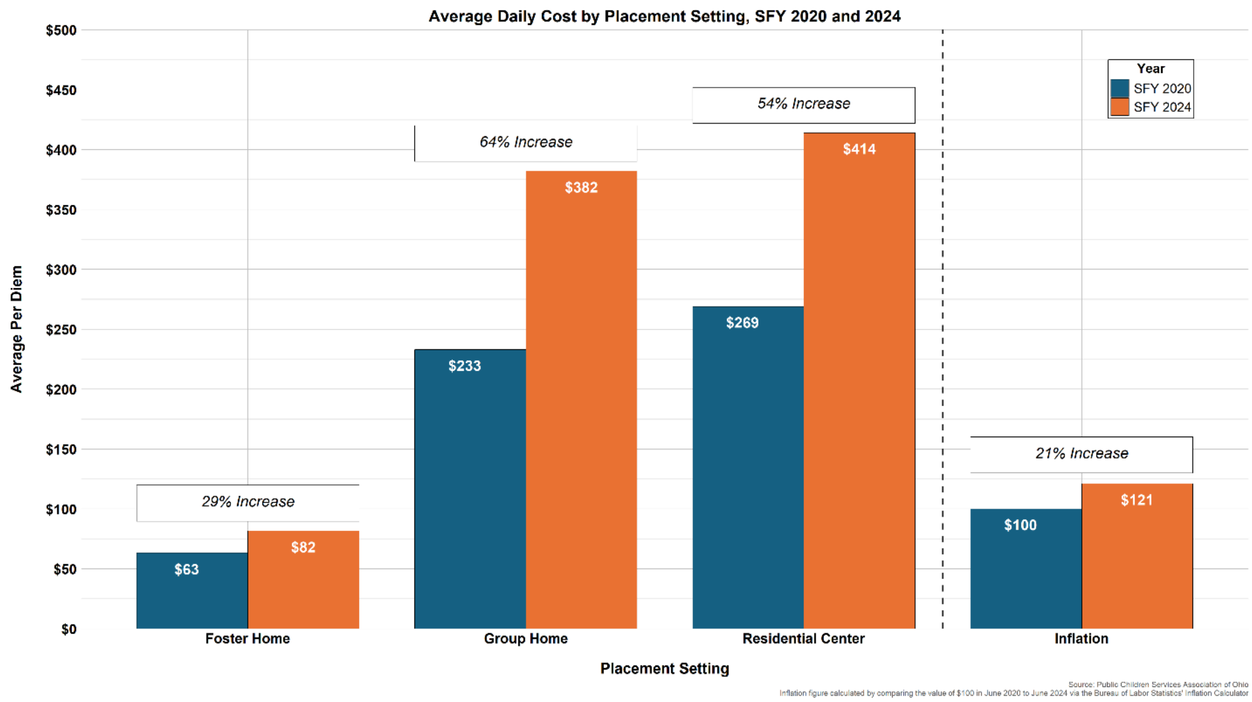
- **Placement costs[1] have risen 68% (by $158M) even as the number of kids in PCSA custody and in paid settings has declined by 9% (by 1,120)**





[1] Placement costs are the expenses associated with the care and maintenance of a child in foster care. In addition to room and board, placement costs may include expenses associated with the child's special needs (such as increased supervision), other items such as clothing, special diets, personal incidentals, and transportation. Placement costs also include a portion of the placement setting's administrative costs. Medicaid covers most treatment and services for children in foster care.

- **Placement costs have increased across all settings and have outpaced inflation – foster homes by 29%, group homes by 64%, and residential treatment facilities by 54%.**



In Ohio, counties are responsible for paying the placement costs for youth in their custody.[2] While the daily cost of care has significantly increased over the last four years due to the shortage of options, there are several other factors that have contributed to the escalating placement costs for county PCSAs:

1. PCSAs maximize the opportunity to leverage federal Title IV-E reimbursement to offset a percentage of the placement costs. However, due to how eligibility is calculated for Title IV-E reimbursement (based on 1996 federal income standards and a set of requirements regarding circumstances and process of removal), **less than half (48%) of Ohio youth in foster care are Title IV-E eligible**, meaning that counties pay 100% of the placement costs for the majority of children (52%) in custody.

[2] At times, counties pay placement costs for youth not in their custody to help prevent custody relinquishment. Because youth who are not in PCSA custody are not eligible for Title IV-E reimbursement, the county has to pay 100% of the placement costs. These youth and costs have been removed from the data to illustrate the impact of the increased placement costs beyond what can be claimed for Title IV-E reimbursement.

2. Ohio requires any organization that provides foster care, group home, or residential care to file cost reports that are then used to establish a reasonable rate "ceiling" above which federal IV-E reimbursement will not apply. Counties cannot claim reimbursement unless the placement setting has filed a cost report. Between 2018 and 2021, counties **lost more than $22M in Title IV-E reimbursement** due to providers failing to file timely cost reports. PCSAs will continue to lose Title IV-E funds until this issue is addressed.
3. Due to high demand, the lack of options, and the complex needs of youth, PCSAs often must pay above a provider's established ceiling rate and cannot claim IV-E reimbursement for that portion over the ceiling rate. **$7M was lost for this reason in one year** (April 2023 through March 2024). Ceiling rates are not required by federal law, and so there is no federal limitation on claiming this additional IV-E reimbursement.
4. New federal Family First Prevention Services Act (FFPSA) congregate care requirements went into effect in October 2021. IV-E reimbursements are disqualified if a placement setting does not meet these new requirements. **At least $15M has been lost** since these requirements became effective, due in large part to factors beyond the PCSAs' control.

HB96 includes both funding and policy that counties need to address these escalating placement costs. We ask for your support to maintain these provisions in the SFY26-27 budget:

Funding to support counties and address the escalating placement costs:

- The **State Child Protection Allocation** (SCPA) at $180M in SFY2026 (an increase of $25M) and at $185M in SFY2027 (increase of $30M). The SCPA is an earmark within DCY Line Item 830506 that allocates the state share of funding to county PCSAs to provide local match to draw down federal children services funding, and to support key services that federal funds cannot pay for, including with the increased placement costs for youth who are not Title IV-E eligible.

Policy language to reverse the trend of escalating placement costs:

- The Executive Budget includes new language giving DCY the ability to "**establish statewide rate cards for placement and care of children eligible for foster care maintenance payments**" **and**

requires DCY to review and accept the reasonable cost established through these rate cards. (Sec. 5180.42 (G) (2)). This much-needed action will allow DCY to begin establishing a state-led process to stabilize placement costs, bring predictability to rates, address the Title IV-E cost report and ceiling rate issue, and ensure that placement settings are safe and meet children's needs. We appreciate DCY taking on this effort to stabilize placement costs. However, because PCSAs place children in facilities licensed by both DCY and OhioMHAS, we request that the **language be amended to add OhioMHAS** in addition to DCY. This would then extend the policy to OhioMHAS-licensed facilities so that they must also respond to the rate cards for placement and care of children eligible for foster care maintenance payments.

In conclusion, we ask that you **maintain the proposed children services investments in Line 830506** so that county PCSAs can address the escalating placement costs and provide the local match to draw down and maximize federal funding. We ask that you support the proposed policy to **stabilize the escalating placement costs by establishing rate cards** and the proposed policy that would greatly assist in addressing the placement crisis by creating **regional Children's Wellness Campuses.**

I would be remiss if I did not mention that Ohio's children services workforce continues to be a challenge, and without state-level investment to recruit qualified workers, the state risks failing its most vulnerable children and families. If there is an opportunity during this budget process to consider supporting two higher-education programs that create a solid career pathway to children services and other human services, we ask that you consider supporting the **Ohio Child Protective Services Fellowship Program** that would place an additional 125 college Fellows in county agencies per year at **$5M/year** and the **University Partnership Program** that would further expand to additional campuses and add 35 new social work students at **$1M/$3M**.

Our panelist Jack Everson, Ross County Commissioner, will speak about this work from his perspective and our panelist Jeremy Ratcliff, Highland County JFS Director, will speak to the impact of these escalating placement costs on his small rural county. Thank you for the opportunity to present this testimony. I, along with the other panelists, am available to answer your questions.

OHIO'S BIENNIAL BUDGET

Children Services in Focus: Placement

To ensure children in foster care are placed in safe settings that can meet their needs, counties need state-level policies and resources to address the escalating costs of placements and the limited placement options for children with challenging needs.

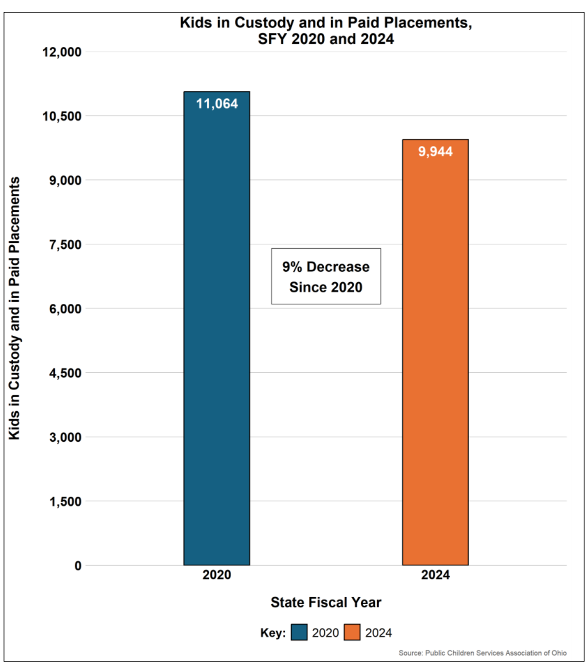
Maintain funding proposed in the Executive Budget to support counties and address the placement crisis:

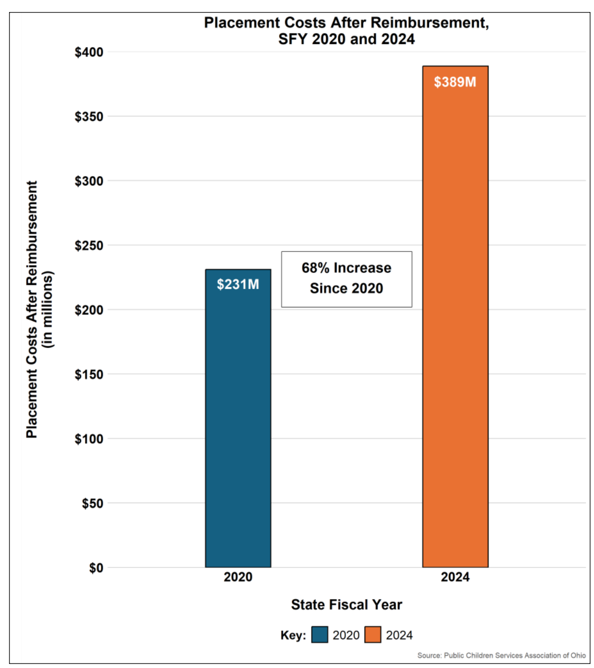
- The **State Child Protection Allocation** (SCPA)[1] at $180 million in SFY2026 and at $185 million in SFY2027 to assure that children in foster care can stay in safe settings that meet their needs. (Earmark within DCY Line Item 830506)
- One-time investment of $20 million in SFY2026 and $10 million in SFY2027 to establish **regional children's wellness campuses** that provide short-term treatment and care for youth with multi-system needs who are at risk of custody relinquishment or in protective custody and unable to access timely, appropriate placements. (Earmark within DCY Line Item 830506)

Support policy proposed in the Executive Budget to reverse the trend of escalating placement costs:

- The Executive Budget includes new language giving DCY the ability to "establish statewide rate cards for placement and care of children eligible for foster care maintenance payments" (Sec. 5180.42 (G)) and requires DCY to review and accept the reasonable cost established through these rate cards. This action will allow DCY to formalize a state-led process to stabilize placement costs, bring predictability to rates, and ensure placement settings are safe and meet children's needs.

Placement costs have risen even as the number of kids in PCSA custody and in paid settings has declined





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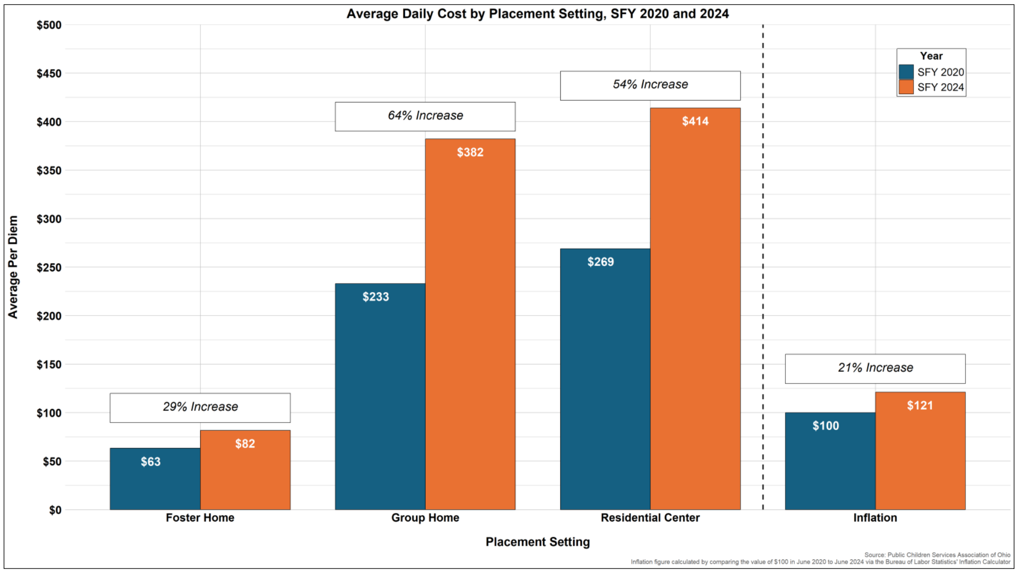
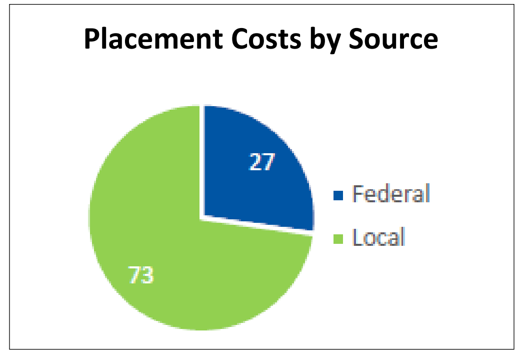
Placement costs have increased across all settings and have outpaced inflation; counties pay nearly three-quarters of all placement costs while federal reimbursement covers the remaining one-quarter





Key drivers of placement cost increases require state action

In addition to a shortage of placement options for children with challenging needs, declining federal IV-E reimbursement[2] for these reasons is driving the need for a state-led process to reverse the current trend of escalating placement costs:

- Failure of some providers to file a cost report which establishes a reasonable rate "ceiling" above which federal IV-E reimbursement is not available. Counties cannot claim reimbursement unless the placement setting has filed a cost report.
- New federal Family First Prevention Services Act (FFPSA) congregate care requirements went into effect in October 2021. IV-E reimbursements are disqualified if a placement setting does not meet these new requirements.

[1] The SCPA is an earmark within DCY Line Item 830506 that allocates the state share of funding to county PCSAs to provide local match for drawing down federal children services funding and to support key services that federal funds cannot pay for, including placement costs.
[2] Title IV- E eligibility is based on family income tied to the 1996 Aid to Families with Dependent Children (AFDC) income thresholds and on a set of requirements regarding the circumstances and process of removing children from their home.