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PENNSYLVANIA SOCIAL SERVICES UNION

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Testimony of
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before the
Government Management and Costs Study Commission
May 3, 2010

Thank you for the opportunity to speak to you today about Pennsylvania's budget and offer some suggestions on how to improve service levels while saving money.

SEIU Local 668 represents over 20,000 members who work in state and county government and deliver human services to the most vulnerable populations in the state, including children, the elderly, and people with mental illnesses – even as funding and staffing levels have decreased and demand has increased. Attached to my testimony you will find a more complete list of what our members do and where they work.

During these difficult economic times, our members are on the front lines, delivering vital human services for state and county governments. We see, every day, how the need for these services is increasing, while the funding has “flat-lined” for the last decade. This has resulted in severe program cuts, huge waiting lists, and families suffering all across the state.

State government has a legal and moral duty to deliver essential, quality services to our citizens. Investments in critical services, including an efficient and effective human services delivery system, must be increased if Pennsylvania is to remain economically competitive, both nationally and globally.

The two critical components for ensuring Pennsylvanians benefit from this necessary government infrastructure are the qualified individuals who provide these vital services and the appropriate funding to ensure services can continue.

Pennsylvania is 50th out of 50 states in the number of state employees per capita. Previous budgets have cut our workforce to the bone – and beyond.

In addition, these serious staff shortages are causing more tax dollars to be wasted, because so many of our citizens can't get even the basic services they need, and they will end up needing more costly services later.

Because our members have been “doing more with less” for years, we know how to make government more efficient and stretch taxpayer dollars as far as possible.

That’s why our members have identified millions of dollars in wasteful spending that could be cut and operational improvements that could be done, in order to make our government more efficient, while still providing vital services to our most needy citizens.

We are here today to provide Committee members with cost savings suggestions that we believe could save the Commonwealth hundreds of millions of dollars every year – and still provide more services to the most needy in our state.

We’re not talking about paying less for paper clips – our suggestions will save real dollars for Pennsylvania taxpayers.

In addition to saving money, our union believes that state legislators must consider a more balanced approach to resolving our state’s fiscal challenge, one that will increase tax fairness in our state and provide needed revenues for important services.

Our union believes that a fair and stable taxation structure would accomplish several critical goals. First, it would treat Pennsylvania taxpayers fairly, ensuring that corporations and others who can afford higher taxes are paying their fair share, so the working and middle-income families are not unfairly burdened. Second, it would provide sustainable, accountable revenue for critical government infrastructure.

It is for that reason that we strongly urge members of the General Assembly to consider additional sources of revenue that will increase tax fairness between individuals and corporations. Providing special tax breaks to corporations and certain industries is unfair and not in the best interest of Pennsylvania citizens as a whole.

In particular, we urge you to close the Delaware corporate tax loophole. Enacting combined reporting to close this loophole that allows multi-state and multi-national companies to avoid paying taxes on earnings in Pennsylvania would bring \$400 to \$600 million in new revenue annually without any increase in tax rates.

We also support the Governor’s proposal to reduce the sales tax to 4%, while expanding it to cover non-essential items and services. We believe this will help to reduce the tax burden on low and middle-income Pennsylvanians, since they will pay lower sales taxes on life’s essentials.

In terms of cost savings suggestions, I would direct your attention to the list of suggestions compiled by our members that is attached to my testimony. We believe this list will give members of this Commission a better understanding of where costs can be cut without cutting service and staffing levels.

I am joined today by two of our Local 668 members who work in County Assistance Offices – Gene Quaglia and Joel Levin – who can add even more detail to the suggestions we have for improving services at the County level.

To highlight a few of the major suggestions on our list that relate to the state budget:

- **The most recent information available should be shared among DPW, L&I, Revenue, PennDOT, other state departments and counties (County Assistance and Domestic Relations offices).** While this information is available at the state level, we do not receive it at the county level in time to prevent overpayment – the information the County Assistance Offices (CAOs) receive is 90 days or more behind. If we make an overpayment, we do not get that money back. This would make the Income Verification Eligibility System more effective and help to reduce fraud and reduce the need to verify some eligibility factors.

If workers at the CAOs had this current information, case workers would be able to track the employment history, unemployment compensation claims, income and other resources, current address, vehicles owned, etc., for applicants, recipients, and legally responsible relatives and act on New Hire information as soon as it is received. **This sharing of information would dramatically reduce fraud and abuse, as well as increase accuracy – and it can be done TOMORROW!**

- **Create an agreement between PA and NJ (and other border states) to share information regarding assistance applicants, employment information, unemployment compensation claims and wage history.** This would identify people who file for assistance in PA and have jobs in New Jersey (and vice versa). There are no other fraud prevention proposals that come close to providing the protection from fraud guaranteed through this simple exchange of information.
- **Transfer the responsibility and funding for CHIP, Adult Basic and the “Cover All Pennsylvanians” programs to the Department of Public Welfare.** This would provide “one-stop shopping” for health care from one agency and a one-step seamless process for reviewing eligibility for Medicaid or CHIP. This would also mean people would not have to go back and forth between Medicaid and CHIP to get the support they need for their families. DPW programs can search through all possible health care packages in seconds if an applicant is ineligible for Medicaid and would provide a seamless transition from Medicaid to CHIP or other coverage when an individual or family becomes Medicaid ineligible. Under the CHIP program, workers do not have the ability to verify information given to them by the applicants. This would also enable us to enforce Medicaid support regulations for CHIP.
- **Our union has suggested that case workers should be processing Medicaid applications right in the hospitals.** Hospitals are currently hiring financial companies to take the applications, which are then submitted to the case workers for

processing. By eliminating the “middle man”, hospitals could reimburse the state for all or part of the cost of the case workers and it would still cost them less than they are paying these outside contractors – and the system would be much more efficient. **This would also reduce the length of hospital stays, eliminate unnecessary hospitalization, and provide other cost savings in the Medicaid program.**

- **Partner with the medical community to reduce hospitalizations and safely reduce the length of stay for people who must be hospitalized:**
 - Make expedited handling of Medicaid/CHIP applications available to those most at risk.
 - Use the expertise of medical professionals to determine which applications are the highest priority.
 - Expedite the authorization or rejection of Medicaid/CHIP applications for all uninsured citizens who are hospitalized.
 - Create a process to expedite the Long Term Living options for hospitalized persons in need of these services.
 - Streamline the waiver process.

Our union would be happy to meet with the PMS and other medical organizations to come up with ways that this coordination can be accomplished.

- **Partner with the Department of Corrections and Parole to improve outcomes, reduce costs and reduce recidivism:**
 - Mandate authorization of Medicaid on the date of release for inmates with physical and/or mental health problems.
 - Mandate the assistance of DOC staff to provide documentation to justify authorization of Medicaid in categories paid by the federal government.
 - Create a mechanism to share helpful information with parole officers.
- **Improve outcomes for behavioral health treatment via Medicaid:**
 - Eliminate the threat of Single County Authorities running out of money by using Medicaid Behavioral Health carve-out for most cases.
 - Empower those completing treatment to follow through with their discharge plans, such as taking medications.
- **Expand the Special Pharmaceutical Program for Mental Health Medications.**

- **Make welfare caseworkers available to school districts to deal with the families of children at risk of dropping out of school.**

- **The Legislature should demand that the Governor open the books on all of the private contracts he has signed.** There should be much more legislative oversight and public scrutiny of these contracts.

Since becoming Governor, Rendell has signed over \$1 BILLION in no-bid contracts, including over \$600 million to Deloitte, which has become the Halliburton of Pennsylvania. These services should be performed by state employees, to the extent possible, which would be more efficient, cheaper and provide much more accountability to the public. Many of the jobs currently being done by outside contractors could be done by our members.

- **The Deloitte contracts are no-bid contracts, so we have no way of knowing if these hugely expensive contracts, which have ballooned over the years to way beyond their original scope, provide the most cost effective system.** In addition, Deloitte has used these contracts to make itself "indispensable" to the Commonwealth by not providing a transfer of knowledge to state IT professionals, who are not allowed to touch the system. Our union has not been involved in the design of the system. Because of our expertise in service delivery, we could have helped design a more efficient system.
- **The state has undertaken a pilot program to require employees to clock in using fingerprint technology.** At a time when we are facing a budget crisis, spending \$2 million in start-up costs for a biometric time clock system, plus millions more for equipment and maintenance (costs of \$1300 per machine, with thousands of machines required), is wasteful spending. On top of that, the Administration has said that managers will need to sit and monitor the machines to make sure they work properly. **If a manager has to babysit each machine, why not just have the employees use pen and paper to sign in and spend that \$4+ million to provide more services?**
- **Early retirement window for state employees (HB 31).** This would enable the state to hire more workers at starting salaries as workers at the top rate retire. There would be no net expense to the funds for payouts. A 2005 study by the Legislative Budget & Finance Committee estimated an overall combined savings from early retirements at a net of **\$215 million** over and above the actual cost of the early pension benefits.

We understand that the current state of our economy presents a real challenge to state legislators. However, we also believe this challenge presents an opportunity to transform human services in this state.

Our County Assistance Offices are the linchpins of our communities when it comes to helping the most vulnerable in our society. Our ability to respond quickly and flexibly, and to coordinate support, strengthens our communities.

We have the dedication, the expertise and the commitment to meet our mission. All we need to do so much more is a system that gives us the tools to do our jobs more efficiently.

Rather than just making cuts in programs, we need to deliver these vital services in the most cost-effective way. That's what our members work hard every day to do. And that's what we are asking our legislators to do as well.

Thank you for the opportunity to address you today. We are happy to answer any questions you might have or provide more details about any of these ideas.

