

Good morning, my name is Shannon Hogan and I am a Purchase of Service Policy Analyst at the Executive Office of Health and Human Services. I am here to present staff testimony on proposed amendments to 101 CMR 427.00: Rates for Certain Youth and Young Adult Support Services. These services are purchased by the Department of Children and Families (DCF), the Department of Public Health (DPH), and by the Department of Mental Health (DMH).

Amendments to this regulation are being proposed at this time in accordance with M.G.L. Chapter 118E, Section 13D, which requires the Secretary of the Executive Office of Health and Human Services to establish, by regulation, and biennially review the rates of payment by governmental units for social service programs.

The proposed amendments update rates for certain youth and young adult support services by a cost adjustment factor (CAF) of 3.25%, effective July 1, 2025. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2024 Forecast, baseline scenario data. The CAF reflects the period between the rates' base period (calendar year 2025 Q2) and the prospective period of fiscal years 2026 and 2027. In addition to the CAF, all staff salaries have been benchmarked to the Massachusetts Bureau of Labor Statistics (BLS) wages dated May 2023 at the 53<sup>rd</sup> percentile. The programmatic expenses are benchmarked to Uniform Financial Statements and Independent Auditor's Reports (UFR) and the purchaser's recommendations. The administrative allocation is benchmarked to 12% and the tax and fringe rate has been benchmarked to 24.97%. This benchmark is derived from the MA Comptroller's FY25 approved rate less terminal leave and retirement. Rate provision language has been incorporated into this regulation to allow for administrative adjustments for extraordinary circumstances, which is consistent with other Chapter 257 rate regulations. The language in the Severability section has also been updated for consistency across EOHHS rate regulations.

With coordination from DPH, two new rates have been added to this regulation to deliver and support the engagement of parents/caregivers into Alternative School Engagement programming. The fiscal impact is unknown at this time, but any costs will be covered by the agencies' operating budgets.

The estimated annualized cost to state government from the increase in rates established by these proposed amendments is approximately \$1.74 million, which represents an increase of 8.79% over FY24 spending of approximately \$18.4 million.

This concludes my testimony. Thank you.