



State Update

New General Assembly Convenes

On January 2, the Pennsylvania General Assembly convened its 2007-2008 legislative session. Five new members joined the Senate, where the Republicans hold power by virtue of a 29-21 majority over the Democrats. In the House, a total of 50 new members joined the 203-member chamber where the Democrats hold a slim 102-101 majority over the Republicans.

A great deal of attention was focused on the election of the Speaker of the House. Given the slim Democratic majority, Capitol observers expected a very close contest between Representatives Bill DeWeese (D-Greene) and John Perzel (R-Philadelphia). Rep. DeWeese surprised the chamber by stepping aside and nominating Rep. Dennis O'Brien (R-Philadelphia) for the position. Just days before, House Democratic leaders realized they did not have enough votes to elect DeWeese Speaker, so they reached a compromise with O'Brien to run for the position. O'Brien defeated Perzel by a vote of 105-97 (O'Brien abstained). A quick analysis of the vote tally showed that three Democrats voted (against their leadership's wishes) for Perzel, while six Republicans voted (against their leadership's wishes) for O'Brien.

The Speaker appoints majority committee chairs. Apparently a part of the deal between

O'Brien and the House Democrats is that O'Brien will appoint Democrats to those positions. The election also presents leadership issues for the caucuses. The House Democrats solved their issues by DeWeese securing the position of Majority Leader, while all other Democratic leaders took one step down in their caucus leadership positions. It remains to be seen whether the House Republicans will reorganize, thereby allowing Rep. Perzel to run for a leadership position or become a rank-and-file member of the caucus, which will be led by Sam Smith (R-Jefferson), the current minority leader. Stay tuned for further updates. Rumors abound as to whether party-switching (including a possible switch by O'Brien), eligibility challenges or other maneuverings could change the balance of power in coming weeks or months.

State Revenue Update

The Pennsylvania Department of Revenue reported that the state collected \$2.2 billion in General Fund revenue in December. The December collections are \$58.1 million or 2.7 percent more than the official estimate. Fiscal year-to-date General Fund collections total \$11.4 billion, which is \$66.7 million or 0.6 percent above the official estimate.

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Mid-Year-Budget Update is Cautionary Tale

Pennsylvania Budget Secretary Michael Masch presented a mid-fiscal year budget update in December. Caution seemed to be the watchword. The Budget Secretary noted that the national economy has been slowing since its post-recession peak in 2004. The budget office expects the slowdown to continue in 2007. Reasons for the anticipated slowdown in economic growth include a sharp downturn in the housing market and more cautious consumer spending. The general slowing of the U.S. economy has been offset in Pennsylvania by strong job growth. The state's monthly unemployment rate in October was 4.3 percent, which is slightly lower than the U.S. rate of 4.4 percent. Secretary Masch noted that Pennsylvania is well on its way to meeting the federal TANF work participation rate requirement of 50 percent. As of October, the Commonwealth's participation rate was 47 percent.

Looking ahead to the FY 2007-2008 budget, Secretary Masch noted that General Fund collections are closely tracking the official estimates. However, he noted that the official estimate was not based on the current forecast for slower economic growth. Furthermore, the Budget Office expects the federal government to cut back funding to the Commonwealth in the next budget year by \$225.2 million. Masch noted he anticipates the need to add \$39.7 million in supplemental appropriations to the 2006-2007 budget to address needs that have emerged since the current budget was adopted in July. "We will need to watch our revenue collections and the direction of national economic indicators closely in the months ahead," Masch said. Governor Rendell will announce his proposed budget to a joint session of the General Assembly on February 6.

Child Care Regulations Take Effect

The Department of Public Welfare's final regulations regarding child care subsidy (#14-505/Chapter 168) took effect upon publication in the Pennsylvania Bulletin on December 30. The rulemaking allows the Department of Public Welfare

to: unify the subsidized child care system for TANF, Food Stamp, and General Assistance families through the Child Care Information Services (CCIS) agencies; require a vendor pay system which pays providers rather than parents; and aligns child care policies to be consistent with those CCIS agencies currently follow. The final rulemaking moves Pennsylvania ahead in creating a seamless system that will ensure the accessibility of accountable and appropriate child care for low-income, working families.

PPC Priorities for 2007-2008

At its December 2006 meeting, PPC's Board of Directors approved a public policy agenda for the organization for 2007-2008. The agenda sets the policy goals for the organization to pursue in its state and federal advocacy efforts.

Early Care and Education

- *Assure availability, affordability and quality of child care for infants through school-aged children.*
- *Develop a dedicated funding stream to support the expansion of pre-kindergarten programs in Pennsylvania in order to assure that every Pennsylvania preschooler has a high-quality experience.*
- *Support legislative and regulatory efforts to ensure high quality pre-kindergarten.*
- *Support increased Accountability Block Grant funding and Head Start funding until a dedicated pre-K funding stream is developed.*

High-Quality Public Education

- *Assure equity and adequacy in school funding so that all students have a quality education.*
- *Provide direct support to school districts to pay for a full day of kindergarten.*
- *Promote small classes in kindergarten through third grade.*
- *Take steps to improve high school graduation rates in Pennsylvania and assure that more young*



people graduate ready for postsecondary education and work.

- Support improved guidance, career explorations and work-based learning opportunities.
- Improve the quality and value of career and technical education.

Children's Health

- Build on the success of CHIP and Medicaid to assure that every Pennsylvania child is insured and receives the benefits and services they need.
- Advance strategies that assure that young people who are aging out of our delinquency and dependency systems continue to have access to health benefits.
- Explore strategies to better deliver health services in Pennsylvania schools.
- Build an accountability system designed to track the delivery of health care services through Medicaid and CHIP and take steps to assure that all children receive comprehensive health services designed to assure their wellness.

Family Support

- Expand research-based family support services, such as nurse family partnerships.
- Explore the development of an expanded model of family resource centers to better meet the needs of Pennsylvania's young children as well as adolescents and teenagers.

In addition, a major focus of PPC's work in 2007-2008 will be to advance a public policy agenda to ensure that all of Pennsylvania's youth have access to high-quality education and support services that prepare them for postsecondary education, productive employment and active citizenship. "It is our hope that all youth will be prepared for life after high school and that they will have equal access to the resources and support to move into adulthood with minimal adversity," said Joan Benso, president and CEO of PPC.



PPC President Joan Benso and Gov. Ed Rendell are flanked by curious children during the "Cover All Kids" bill signing in western PA in November

Photo courtesy of Commonwealth Media Services

PPC is in the process of developing specific policy suggestions regarding secondary academic success, out-of-school time for in-school students, workforce development and career education, and comprehensive services and supports for our youth and their families.

New Office of Child Development and Early Learning Created

Gov. Ed Rendell recently announced realignment of early childhood programs under the state's newly created Office of Child Development and Early Learning (OCDEL). The new entity will incorporate the Department of Education's early childhood, Head Start, school pre-K, full-day kindergarten and preschool early intervention programs. Also on the list to be incorporated are child care, early intervention and family support programs from the Office of Child Development in the Department of Public Welfare.

Keystone STARS is Improving Child Care Quality

A new study released last month shows that



Pennsylvania's children are benefiting from Keystone STARS, a state program that works to improve the quality of child care. Since 2002, Keystone STARS has encouraged staff education and professional development, promoted the use of a curriculum and helped practitioners support children's early learning and development. As of September, nearly 4,300 child care programs were enrolled in Keystone STARS.

The study by the University of Pittsburgh's Office of Child Development and Penn State University's Prevention Research Center evaluated 572 child care facilities across Pennsylvania between March and September. Below is the executive summary from the PA Key.

Executive Summary

Data were collected from 356 child care centers, 81 group child day care homes, and 135 family child day care homes, for a total of 572 sites. Programs were assessed using the Early Childhood Environment Rating Scale – Revised (ECERS-R) for center-based programs or the Family Day Care Rating Scale (FDCRS) for home-based programs. The scales score a variety of items on a 1-7 rating with: 1 = inadequate, 3 = minimal, 5 = good, and 7 = excellent. These instruments are widely used in the early childhood field to determine the quality of early learning programs for research and program improvement (www.fpg.unc.edu/~ecers/).

Results clearly indicate that Keystone STARS helps child care programs improve their overall quality. Further, Keystone STARS is reversing the negative trend in child care quality that was evident in the late 1990's. Today, child care programs are operating at a much higher quality level because of the Keystone STARS program. Results also reinforced the findings of the 2002 study that use of a defined curriculum and teachers with college degrees positively affect quality in early care and education programs.

Major Findings:

- *There is sufficient evidence to support the Keystone STARS Quality Rating System as a reliable indicator of quality. Both centers and home-based child care practitioners with higher STAR ratings had consistently higher scores on the Environmental Rating Scales (ERS). Progression through the STARS system appears to be a reliable predictor of attaining higher quality at the sites.*
- *Child care quality is improving. Between 1996 (4.50) and 2002 (3.90), the average ERS scores dropped significantly, indicating a declining trend in quality. The average ERS scores for child care centers assessed in 2006 for sites not participating in STARS (3.94) indicate that the trend of declining quality in child care has been reversed.*
- *Keystone STARS continues to improve quality in child care centers. Child care centers participating in Keystone STARS in 2006 have higher quality than the Pennsylvania average for child care centers and are showing higher quality now than at the inception of the STARS program. Overall ERS scores range from 4.11 for child care centers at Start with STARS to 5.42 for STAR 4 programs.*
- *Child care centers at the STAR 3 and STAR 4 levels have significantly higher Overall ECERS scores than centers not enrolled in the Keystone STARS system or at the Start with STARS level.*
- *Child care centers at the STAR 4 level have consistently higher scores on all subscales of the ECERS than all other child care centers.*
- *Programs with a defined curriculum have higher quality. Child care centers with a defined curriculum scored significantly higher on the Overall ECERS score. Family child care practitioners with a defined curriculum also scored significantly higher on the Overall FDCRS score.*
- *Teachers with college degrees provide higher quality early education and care. Both child care centers and family child care homes, regardless*



of STAR level, had significantly higher scores on the ERS when the teacher had at least an Associate's Degree.

- Teachers with at least five years of experience had significantly higher ERS scores than those with less experience.
- Family child care practitioners with more than 20 years experience had higher scores on the FDCRS in all areas except Basic Care.
- Family child care practitioners who met

at least minimum professional development requirements had significantly higher Overall FDCRS scores.

Findings from this evaluation suggest that the quality improvements in part may be attributed to Keystone STARS' emphasis on staff education; staff participation in ongoing professional development; and use of a curriculum in addition to the program's general focus on helping practitioners support children's early learning and development.

Source: PA Key

Federal Update

Looking Ahead to the Federal Agenda

The 110th Congress convened on January 4. Pennsylvania's congressional delegation will have a number of new faces, including Senator Bob Casey, Jr. (D), and Representatives Jason Altmire (D-PA 4th District), Joe Sestak (D-PA 7th District), Patrick Murphy (D-PA 8th District), and Christopher Carney (D-PA 10th District).

The new Congress must address a number of important issues in the coming months, including but not limited to:

The Federal Budget – The federal government has operated under a series of continuing resolutions since the federal fiscal year began on October 1, 2006. The current continuing resolution expires in February. Capitol observers expect Congress to pass a joint resolution that will fund the federal government for the remainder of the current fiscal year. Doing so will allow Congress to work on the FY 2008 budget, somewhat on schedule. The President is expected to deliver his State of the Union address in late January while his FY 2008 budget will be delivered to Congress in early February. PPC will be monitoring the President's budget and working with our congressional delegation through every step of the budget process to ensure that sufficient funds are available for

important programs for children and their families in Pennsylvania.

SCHIP – The State Children's Health Insurance Program (SCHIP), which provides the Commonwealth nearly 69 cents of every dollar spent on CHIP, is scheduled to be reauthorized by Congress this year. According to the Department of Insurance, more than 150,000 Pennsylvania children are enrolled in CHIP. The enactment of "Cover All Kids" will help provide even more children access to the health care they need to grow and thrive. With one in three Pennsylvania children enrolled in either CHIP or Medicaid, it is vitally important that Congress provide sufficient funding for SCHIP to meet current and projected health care coverage demands, while preserving Medicaid as the backbone of the public health coverage system in the Commonwealth.

Food Stamps – The Food Stamp program is scheduled to be reauthorized in 2007 as a part of the Farm Bill. More than one million Pennsylvania residents (or about 8.5 percent of the population) utilize Food Stamps to buy food. Approximately 80 percent of benefits go to households with children and the majority of these households include at least one working adult. It will be important for Congress to improve the adequacy of benefits, expand



eligibility and reduce barriers to participation in this important program.

No Child Left Behind – Congress is scheduled to reauthorize the No Child Left Behind Act (the 2002 rewrite of the Elementary and Secondary Education Act and the largest and most far-reaching piece of federal education legislation ever enacted) this year. While many educators and education groups are hoping for significant change, most Capitol Hill observers anticipate more modest revisions. Despite the switch in Congressional control from Republicans to Democrats, the chairs of the two authorizing committees (Senator Edward Kennedy of Massachusetts and Representative George Miller of California) have expressed their support for the major tenets of the federal law, and both were instrumental in working with President Bush on its initial adoption by Congress. While both committees expect to begin the reauthorization process this year, final action could well slip into 2008 due to the press of other issues on the Congressional agenda this year.

Head Start – Head Start is due for reauthorization this year. We believe action will occur in late spring or early summer. At this time it

appears that the idea to fund Head Start in the form of block grants to the states has been eliminated.

New Minimum Wage Takes Effect

According to Act 112 of 2006, Pennsylvania's minimum wage increased from \$5.15 per hour to \$6.25 per hour on January 1. It will increase again to \$7.15 per hour beginning July 1. The law required businesses with ten or fewer employees to raise their wage to \$5.65 per hour on January 1 and requires them to increase wages to \$6.65 per hour beginning July 1 and to \$7.15 per hour beginning July 1, 2008.

House Adopts Pay-as-You-Go Measure

The U.S. House voted Jan. 5 to reinstate the pay-as-you-go rule (PAYGO). During the 1990s, a similar pay-as-you-go rule proved to be an important tool in turning deficits into surpluses. Reinstating pay-as-you-go does not guarantee that the new Congress will always operate in a fiscally responsible manner, but it does indicate that congressional leaders recognize the nation faces a serious deficit problem and that tax cuts or entitlement increases that are worth enacting are worth paying for.

(Source: Center on Budget & Policy Priorities)