

State Update

Kids Win Big in Governor's Budget Proposal

Gov. Ed Rendell's proposed \$25.4 billion budget unveiled this week shows a commitment to investing in children, despite recent federal trends to slash spending to programs that aid the most vulnerable children. "This is an amazing budget for children," said Pennsylvania Partnerships for Children President and CEO Joan L. Benso. "Kids win big this year."

In his proposed FY 2006/07 budget, which begins July 1, Gov. Rendell outlined funding increases in education, health and welfare programs including the Accountability Block Grant, CHIP, Project 720, Head Start and child care.

The House and Senate appropriations committees now will hold hearings on the proposed budget and then, after budget negotiations, each chamber must pass their version and send it to Gov. Rendell to sign into law, hopefully by the June 30 deadline.

ACTION ALERT — Early reaction from the General Assembly suggests passage of this budget might be difficult and contentious. We urge you to contact your legislator and express support for this proposal. Tell your legislators this is a good budget for kids!

Budget highlights include:

Health Care

- Gov. Rendell proposed to offer CHIP to every uninsured child in Pennsylvania, regardless of income eligibility. That means that regardless of family income, every uninsured child will be offered either free or reduced-cost CHIP. Children under 200% of poverty will be eligible for CHIP free of charge, while children in families up to 350% of poverty (\$70,000 for a family of four) will be able to buy into the program at low cost with premiums between \$23 and \$32 per month. Children living in families over 350% of poverty will be able to buy into the program at the cost to the state or \$143 per month. Currently, the CHIP income eligibility cap is \$47,000 for a family of four. Pennsylvania will distinguish itself once again as a children's health care leader by joining only the state of Illinois in providing health coverage to every child.

Education

- The FY 2006/07 budget will include a 5 percent increase in basic education funding

continued on page two

Inside	
Education News.....	4
Federal Update	4

State Update continued from page one

and a 4 percent increase in special education.

“This is a very big step forward, but our number-one challenge remains the inequity in funding school districts,” Benso said, citing a January 2006 Education Week report, “Quality Counts,” that gave Pennsylvania a C minus for resource equity. In the report, only seven states had K-12 funding systems that were more inequitable than Pennsylvania’s.

- The Education Accountability Block Grant, which distributed its first appropriation of \$200 million in FY 2004-05, has been increased to \$250 million making it likely that more school districts will move to fund full-day kindergarten and pre-K. Already two-thirds of the Block Grant goes to early childhood education (birth-grade 8 programs.) Although 65 percent of kindergarteners in the country attend school full-time, only 51 percent of Pennsylvania kindergarteners attended full-day K last year.
- Under the new budget, investments in Project 720 and dual enrollment will increase, thereby providing more opportunities for high school students to transition successfully from youth to adulthood. Project 720, which will grow to \$9 million, makes grants to school districts to increase the rigor of curriculum, establishes smaller learning environments and improves counseling services. Thirty more high schools are slated to join the initiative. Dual enrollment efforts – which allow school districts to enter into agreements with higher education institutions to offer college-level courses and credits to high school students – will grow from \$5 to \$7 million enabling 3,000 more students to take college-level courses. “Increasing the investments in Project 720 and dual enrollment is a great start to clearing some roadblocks for Pennsylvania’s youth as they transition to adulthood,” Benso said.
- Career and technical education funding increases 2.5 percent to a total of \$61.1 million.
- \$3 million in support for college and career guidance counseling to facilitate the improvement of middle and high school guidance in 25-40 school districts.
- Creation of a program called “Science: It’s Elementary” designed after the successful ASSET program in Southwestern PA will be funded at \$10 million to improve science education in 150 schools.
- Improve the use of technology in Pennsylvania’s schools by bringing laptops into every math, English, science and social studies classroom for student use. The first year of this five-year initiative is funded at \$20 million for 100 schools. This effort is coupled with \$6 million in professional development.
- A \$15 million increase in Head Start funding – taking the appropriation to \$45 million – will allow more low-income eligible preschool children to be served. “This means that 1,540 at-risk kids will get the benefit of pre-kindergarten through Head Start,” Benso said. But she noted that only 66.5 percent of eligible children are enrolled in Head Start. “Even with these new investments, the demand is greater than the available resources. We must find a way to keep this funding stable and grow the resources for pre-K in Pennsylvania.”
- Additionally, record funding is allocated for PA libraries; a 4 percent increase is slated for community colleges and more support is planned for the State System of Higher Education and the state related universities.

Home Visitation

- An additional appropriation of \$1.9 million in nurse family partnerships allowing the program to add 511 families bringing the total to 4,085 families served in 37 counties (4 new counties will add services).

Child Care

- A significant increase in the child care investment will help improve quality, expand access to

subsidized child care and improve the operations of the child care system. The total child care allotment is \$89.4 million and is divided as follows: \$59.5 million for subsidized child care access (TANF, former TANF and the low-income subsidy); \$6.1 million for child care quality (continued and expanded funding for Keystone STARS and TEACH, and enhancement to the PA Keys to Quality Centers); and \$23.8 million for additional child care improvements (2% COLA, resources to unify the TANF and non-TANF subsidy system, licensing automation efforts, and resources to allow provider rates to reach current ceilings).

The Department of Public Welfare will hold briefings this month on the early care and education funding portion of the budget. Three sessions will be held throughout Pennsylvania, sponsored by the Governor's Early Learning Team and Pennsylvania Build:

Friday, February 17, 2006

10 AM to 2 PM

King of Prussia, PaTTAN

200 Anderson Road

Conference Room A

King of Prussia, PA 19406

Wednesday, February 22, 2006

10 AM to 2 PM

Harrisburg PaTTAN

6340 Flank Drive

Conference Room 1 and 2

Harrisburg, PA 17112

Friday, February 24, 2006

10 AM to 2 PM

Pittsburgh PaTTAN

3190 William Pitt Way

Conference Room A & B

Pittsburgh, PA 15238

Pre-registration is required and will be accepted on a first come, first served basis. Registration deadlines are as follows:

Philadelphia is February 13th; Harrisburg is February 15th; Pittsburgh is February 17th.

To register, call Cathy Carretti directly at (717) 783-9783.

The following are links to budget information:

1. Governor Rendell's 2006-07 Executive Budget and CHIP summary (called Pennsylvania Cares Slide Presentation):

<http://www.governor.state.pa.us/governor/cwp/view.asp?a=1101&q=445371&insNav=>

2. Education Budget (called Investing in Our Children, Investing in Our Future – PowerPoint):

<http://www.pdenewsroom.state.pa.us/newsroom/cwp/view.asp?a=256&q=117848>

3. Department of Public Welfare Public Presentation:

http://www.dpw.state.pa.us/Resources/Documents/Pdf/AnnualReports/06-07DPW_Budget_Presentation.pdf

Possible Increase in Pennsylvania Minimum Wage

Gov. Rendell has proposed raising the minimum wage in Pennsylvania from \$5.15 an hour to \$6.25 by 2007. According to published reports, approximately 423,000 Pennsylvanians earn less than \$7.15 an hour, the minimum wage in New York and New Jersey. Separate bills to raise the minimum wage – which hasn't seen an increase in eight years – are pending before both House and Senate.

Heating Assistance Program Expanded

Last month Gov. Rendell changed the income eligibility requirements for heating assistance to include more low-income families in Pennsylvania. That means that about 67,000 more households will be able to seek assistance to heat their homes during the winter months. The Low-Income Home Energy Assistance Program (LIHEAP) now will be available for families at 150 percent of poverty, up from 135 percent. A family of four with income less than

continued on page four

StateUpdate continued from page three

\$30,000 would be able to request heating assistance, up from approximately \$26,000 (135 percent).

Click here to access 2006 Federal Poverty Income Guidelines:
<http://www.papartnerships.org/pdfs/2006FPIGandPAprograms.pdf>

Center for Schools & Communities 2006 Conference

Promising Practices — Proven Strategies; Delivering Quality Extra Learning Opportunities For Our Children

Plan now to attend this statewide conference in Harrisburg, Pennsylvania at the Hilton Harrisburg and Towers, March 1-2, 2006.

This conference is sponsored by the Pennsylvania Department of Education in partnership with the Center for Schools and Communities.

The conference will focus on key elements of high-quality extra learning opportunities, and on developing systems that support and promote collaboration and youth success.

<http://www.center-school.org/extralearning/index.php>

Education News

On Feb. 7, Dr. Gerald Zahorchak was confirmed by the Senate as State Secretary of Education.

Federal Update

Tumultuous Budget Journey Ends in Defeat for Poor Children & Families

What began one year ago with President Bush's FY 2006 budget blueprint that slowly morphed into an extended and contentious reconciliation process, finally culminated last week in an approved budget cutting bill that would save \$39 billion over five years by reducing spending to entitlement programs including Medicaid, child care, and federal child support enforcement. The legislation was signed by President Bush on Feb. 8.

Children's and family advocates across the country, including Pennsylvania Partnerships for Children (PPC), had spent the better part of 2005 working to urge legislators to reject cuts to entitlement programs that serve the most vulnerable citizens:

children, low-income families, the elderly and the disabled.

Enacting S. 1932, the Deficit Reduction Act, would reduce direct spending by about \$39 billion over the next five years and by approximately \$99 billion from 2006-2015, according to a report from the Congressional Budget Office (CBO). Though Temporary Assistance for Needy Families (TANF) was extended for another five years, it imposes stricter work requirements for parents on welfare.

- Increases in Medicaid co-payments and premiums – For the first time, the budget permits states to impose new co-payments on Medicaid beneficiaries. People with incomes just above the poverty line could find themselves charged \$20 to \$100 or more for some health care services for

which they now pay no more than \$3. The CBO reports these new fees will end up causing many people to lose Medicaid's health care services altogether, and will result in an unnecessary and costly spike in emergency room care. Thirteen percent of Pennsylvanians receive Medicaid/Medical Assistance benefits and 60 percent of those who rely on MA resources are children and families. Under the new budget, comprehensive care that now prevents and treats child health problems would no longer be assured, even for the poorest children. The proposed Rendell budget for the coming year makes no changes of this kind but advocates will need to keep a vigilant eye open to assure this doesn't happen in the future.

- Major changes to Temporary Assistance to Needy Families block grant (TANF) The budget includes increased work requirements for parents on welfare but does not include enough funds to compensate for an increase in child care as work hours are extended. By 2010, an estimated 255,000 fewer children in working families would receive child care than in 2004 as a result of the new work mandates and the under-funding of child care. The increased federal appropriation is approximately 1/10 of what will be required to meet the work requirements for TANF recipients in five years.

According to a report by Stateline.org, most states have failed to meet the federal requirement that 50 percent of welfare families participate in work-related activities. The new law is expected to make compliance even more difficult. In Pennsylvania, welfare work participation rates are 7.1 percent (Source: U.S. Department of Health and Human Services)

- More than \$8 billion in lost child support collections throughout the next 10 years. Because the budget bill cuts federal funding for Pennsylvania's enforcement activities by \$286 million, Pennsylvania's children will lose at least \$491 million in child support over 10 years,

according to estimates from the Center for Law and Social Policy. Families between 100-200 percent of the federal poverty line who receive child support average \$4,000 in collections each year, about 15 percent of their income.

President's 2007 Budget Includes More Cuts to Kids' Programs

This week President Bush presented his budget blueprint for the 2007 federal fiscal year beginning Oct. 1. The \$2.77 trillion budget includes cuts in domestic discretionary and entitlement spending while increasing spending to homeland security and defense programs. The budget also includes new and sustained tax cuts for the wealthiest Americans.

The budget would reduce spending by \$187 billion over five years through cuts in discretionary and entitlement programs, but also would reduce revenue by making \$285 billion in tax cuts for the same period. According to the Center on Budget and Policy Priorities (CBPP), this budget would increase the deficit by \$192 billion over the next five years.

Child care takes a hit in this budget with cuts totaling \$1 billion over the next five years. The number of children receiving child care assistance in 2011 would decline by about 400,000, according to CBPP. The Social Services Block Grant, which provides funding to states to provide social services to low-income and vulnerable families and individuals, would be cut by \$500 million – or 30 percent – in the proposed budget.

Medicaid continues to be on the chopping block. The budget proposes to reduce federal Medicaid funding by about \$1.5 billion over five years and \$5.1 billion over ten years.

PPC will continue to monitor the federal budget process and its impact on Pennsylvania children and families.