Pennsylvania Partnerships for Children

Capitol Watch for Children

An update on state and federal policies affecting Pennsylvania's children

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Pennsylvania Partnerships for Children

State Update

State Budget Update

Last month Gov. Ed Rendell unveiled his $25.4 billion budget proposal for FY 2006/07 which included significant increases in education and health funding. Pennsylvania Partnerships for Children will be working diligently in the coming weeks to ensure these investment plans become reality. The House and Senate Appropriations Committees have concluded public hearings on the governor's proposed spending plan. Up next in the process is the formal introduction of a budget bill for floor deliberations. After budget negotiations, both chambers must pass their version of a budget and send to the governor to sign into law by the June 30 deadline.

Education Secretary Gerald Zahorchak, Insurance Commissioner Diane Koken and Department of Public Welfare Secretary Estelle Richman provided testimony to the House and Senate Appropriations Committees in early March. Sec. Zahorchak testified that the governor's proposed 2006/07 spending plan provides a $517 million increase for pre-K through 12th grade education, including a 5 percent increase for basic education and a 4 percent increase for special education.

Legislators raised concerns about the way resources would be distributed; Sec. Zahorchak responded that the individual needs of each school district were being taken into consideration in the funding formula.

Sec. Zahorchak also was questioned on a number of programs that were zeroed out in the governor's budget proposal; he responded those will be subject to negotiation.

PPC believes passage of the education budget could be difficult if enough legislators are concerned about the method with which school districts receive their funds.

At the Appropriations hearings, Commissioner Diane Koken provided information about the governor's "Cover All Kids" initiative to offer health insurance to an additional 15,000 children. Koken, who noted that this proposal will be a top budget priority, said premiums will vary from no-cost for families with incomes lower than 200 percent of poverty, to approximately $143 per child per month for families with incomes in excess of 350 percent of federal poverty guidelines.

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Published by Pennsylvania Partnerships for Children, a strong, effective, and trusted voice to improve the health, education, and well-being of the Commonwealth's children. Joan L. Benso, President and CEO.

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Legislators raised concerns with Koken that the CHIP expansion plan could cause businesses inadvertently to cut health insurance coverage to workers and their families.

Other concerns were raised with the cost of the CHIP initiative – not just in this fiscal year, but in its full implementation in subsequent years.

In light of funding cuts in recent years, encouraging legislators to support enhanced health insurance coverage will be a challenge. Indeed this will be a difficult budget year for CHIP.

Department of Public Welfare Secretary Estelle Richman outlined new initiatives featured in the governor's budget proposal including additional funding for the Keystone STARS program. She answered questions about the ability for Pennsylvania to meet the TANF work participation requirements mandated in the Deficit Reduction Act (S.1932) passed in January.

Richman testified that though the work participation rate was 7.5 percent in 2004, it rose to 15 percent last year. Though she agreed this number is still too low and Pennsylvania has a way to go to meet the 50 percent rate by Oct. 1 (or incur a penalty), she said the Department is working hard to make sure Pennsylvania complies. ***(More on this in the Federal Update section)***

Helping to Create Smoother Transitions for Youth

The Governor's Summit on Extra Learning Opportunities – *"Leading for Learning: Creating a Vision for Extra Learning Opportunities in Pennsylvania"* – was held March 1.

The goal of the summit was to build state leadership and a comprehensive, statewide policy agenda to increase awareness, sustainability and quality extra learning opportunities in Pennsylvania. Approximately 125 representatives from the PA legislature, business, government, education, and community-based organizations attended the Summit. PPC President and CEO Joan Benso issued a call to action to the 500 participants to help build and move the agenda for Afterschool and Youth Development.

Joan and Diane Barber, PPC's Early Childhood Education Director, conducted workshops on the Ready by 21™ initiative, general children's advocacy, and afterschool programming at the conference that followed the Summit.

Pennsylvania Partnerships for Children will continue to focus on the youth in transition issue through its Ready by 21™ Coalition. The Coalition meets regularly to discuss issues affecting youth 12-21, particularly the transitions from middle school to high school, high school to college, the workplace and beyond. PPC will be publishing additional youth reports this year. Keep reading *CapWatch* for more information.

The Summit was co-sponsored by the PA Department of Education, the National Governor's Association, the Pennsylvania Statewide Afterschool Youth Development Network and the Center for Schools and Communities.

Property Tax Reform Creeping through General Assembly

House and Senate members continue to promote their divergent philosophies in separate property tax reform measures. The House has twice struck down the Senate's version. Now the debate is headed for a conference committee where six appointees will try to come to a compromise on the issue.

The Senate version would give voters in each school district the opportunity to decide if they want to raise local earned income taxes as a way to reduce school property taxes. The Senate plan also would continue to use slots revenue as a way to further cut property taxes.

The House plan would enhance the state sales tax to include more taxable items (that are not taxable today, such as personal hygiene items) and raise the state personal income tax from 3.07% to 3.29%.

While property tax reform is a laudable goal, it is important to note to child advocates that nothing in either bill is designed to address the core issues of education finance – adequacy, equity and reliability. The bills are designed to provide relief to taxpayers rather than necessary reform to public education finance.

Federal Update

The federal budget unveiled last month threatens the well-being of America's children and working families. The proposed budget calls for cuts to domestic discretionary and mandatory (entitlement) spending, proposes entitlement caps and includes more tax cuts for the wealthy.

Of great concern to PPC are the proposed budget cuts for education; if enacted, it would be the biggest cut in the Department of Education's 27-year history, down from $88.9 billion this year to $63.4 billion in the FY 2007 proposal – a cut of 29 percent, according to the Coalition on Human Needs. The budget proposes to eliminate 42 education programs to save almost $3.5 billion. This includes more than $750 million for three programs that prepare disadvantaged students for college, Perkins Grants, and hundreds of millions in grants to integrate technology in classrooms, maintain drug-free schools and improve teacher quality.

In the budget proposal, Head Start is frozen at last year's level of $6.7 billion. The National Head Start Association estimates that this failure to keep pace with inflation will result in 19,000 fewer children served in FY 2007.

The Food Stamp Program, which provides benefits to families and nutrition assistance for children through the school lunch program, is also in jeopardy. If the budget is passed, 300,000 people across the country would lose their Food Stamp benefits and 40,000 children would lose access to free school lunches.

The proposed FY 2007 federal budget calls for $183 billion in cuts to non-defense domestic discretionary spending – which finances a number of children's health, education and welfare programs – over five years. The levels of domestic discretionary spending proposed in the federal budget are inadequate and will result in harmful cuts in services for low-income people.

At least 400,000 children will lose child care help under the proposed budget. Although the recently passed budget reconciliation bill includes an additional $1 billion in child care funds ($200 million for the next five years with PA's part being about $7 - $7.5 million), that increase is far below the billions projected by the Congressional Budget Office (CBO) needed to meet both the current need (PA has a waiting list of 8,000) and the increased child care needs mandated by the new work participation rules. The budget predicts 1.8 million children will receive child care in FY 2011, compared with 2.45 million children in FY 2000.

In a related matter, the Administration proposed last week to move the Child Care Bureau into the Office of Family Assistance. This is of great concern to advocates. See action item in this edition.

The 2007 budget also proposes a $13.7 billion cut to Medicaid funding over five years. A substantial majority of these changes would be achieved by shifting costs to the states. States could react to cost shifts by reducing Medicaid eligibility or scaling back health benefits. About 28 million children rely on Medicaid for health care coverage including nearly one million Pennsylvania children.

Entitlement caps, also known as spending caps,

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operate by setting a limit over which federal spending cannot exceed for a fixed period, usually five years. Such caps would risk a reduction of funding for services for children. Under a cap, any new surge in entitlement spending could take money away from children's programs.

The federal government should learn from mistakes made by Colorado with the Taxpayer Bill of Rights (TABOR). TABOR operated similar to a spending cap, limiting state expenditures to the rate of inflation and population growth. Though the state has the seventh highest per capita income in the nation, the spending cap managed to severely impair many of its public services. As a result, Colorado now:

- Ranks 47th in K-12 education funding;
- Ranks 50th in one-time immunization rates;
- Pays teachers 7 percent below the national average.

House leaders have stated that the House budget will require another round of cuts in entitlements with "reconciliation instructions" to be included in the budget resolution. Entitlements usually finance most essential services for children such as health care, child care and nutrition. (The Senate budget, according to various reports, may assume entitlement cuts but does not appear likely to use the reconciliation process to force such cuts.)

An analysis by the CBO shows the proposed budget would cause many low-income people eligible for Medicaid to forgo needed health care because of increased co-payments and premiums; result in $8 billion in child support going uncollected due to cuts in child support enforcement; shift billions of dollars in welfare reform and child care costs to the states and raise charges for many student loans.

The House and Senate Budget Committees are aiming to hold "mark-up" sessions on the budget this week. If the mark-ups occur on schedule, the budget resolutions would be considered by the full House and Senate the following week.

Please sign on to a letter opposing the reorganization of the Child Care Bureau into the Office of Family Assistance

Please read the letter below about the consolidation of the Child Care Bureau. If you wish to sign on to a letter to the Secretary of Health and Human Services, please send an e-mail to Sonja Uwimana at suwimana@nwlc.org with your name and organization's name (and, if possible, cc: Jon Vaupel at jvaupel@childrensdefense.org.

Thank you!

March 2006

The Honorable Mike Leavitt
Secretary
U.S. Department of Health and Human Services
Washington, DC

Dear Secretary Leavitt:

As organizations and individuals concerned about the availability and quality of child care for millions of children in this country, we write to oppose the proposed consolidation of the Child Care Bureau into the Office of Family Assistance. This move fails to recognize the importance of child care to the education and well-being of children, minimizes the importance of child care assistance in supporting working families, particularly low-income parents; and has the potential to disrupt the coordination efforts currently underway in the states to provide more integrated early education and after-school services.

Since its establishment in l995, the Child Care Bureau has played a leadership role in promoting the quality of care as an essential component to child and youth development. Over the past few decades more and more children have been spending time in non-parental care *on a regular basis. These hours spent in care can be an integral part of a child's education in the early years and after school. In recent years, the Child Care Bureau has also played a critical role in supporting the President's Good Start Grow Smart initiative for young children. Minimizing this key role undermines these efforts and threatens the quality of care so important for all children.*

The Child Care and Development Block Grant has a clear goal of improving the affordability of child care for low-income working families, including but not limited to, families receiving Temporary Assistance for Needy Families. As you know, the law was originally enacted in 1990 to provide child care assistance to low-income working families who were not receiving welfare. While it is crucial to provide child care help to welfare families transitioning to work, when CCDBG was merged with the child care programs targeted to welfare families in 1996, Congress made it clear that continuing to serve low-income working families was a major purpose of CCDBG. This goal remains in place today. Any effort that would signal a shift in this purpose should be avoided.

Finally, many states across the country are moving to align child care policies with state pre-kindergarten programs and Head Start Collaboration offices. Child care is central to the integration of early education services for families. The Child Care Bureau has been working in partnership with the Head Start Bureau. Moving the Child Care Bureau to the Office of Family Assistance jeopardizes the progress that has been made in better coordinating early education services.

For these reasons we urge you to reconsider this decision. We stand ready to work with you to ensure a child care system that is a key support to families and provides educational opportunities to America's children.

TANF Work Participation Provision May Stump PA

The Deficit Reduction Bill (S.1932) passed in January reauthorized the Temporary Assistance for Needy Families (TANF) program for the next five years. The reauthorization included a 90 percent two-parent work participation mandate imposed on states. Failure to meet this rate by Oct. 1 will expose states to millions of dollars in penalties.

This 90 percent rate for two-parent families will be extremely difficult for states to achieve and appears discriminatory against two-parent families since the all-family work participation rate obligation is set at 50 percent. Non-compliance empowers the federal government to start extracting a share of the state's TANF grant. These provisions are detrimental to two-parent families as well as Pennsylvania and its local governments should fiscal penalties be imposed. If the work participation rate does not increase, the state will be fined $70 million.

Pennsylvania Partnerships for Children has joined with the Pennsylvania Welfare Coalition in urging Senators Specter and Santorum to eliminate the separate two-parent 90 percent work participation rate. Pennsylvania Department of Public Welfare officials are currently reviewing the "work experiences" of current TANF participants to sort out where we stand on the requirements.

✔ ACTION ALERT

CLICK HERE to send a letter to Senators Specter and Santorum as well as your member of the U.S. House urging a $540 million increase in the Child Care and Development Block Grant (CCDBG).

http://www.capwiz.com/papartnerships/issues/alert/?alertid=8558351&type=CO