

State Update

Proposed Graduation Requirements in the News

As previously reported, the State Board of Education is proposing regulations that would revise high school graduation requirements to establish a consistent statewide measurement of the minimum knowledge and skills that a public high school diploma signifies as well as a system of academic supports to help students achieve.

All young people in Pennsylvania should have the opportunity and education to build productive and successful lives for themselves and their families. Pennsylvania should hold all its high school students – *regardless of where they live, their race, income level, or future education or work-related aspirations* – to the same standards and assess them through comparable, validated tools.

Since the State Board of Education's action, newspaper editors, educators, business leaders and others have been expressing support for the proposal. To date, approximately 15 key newspapers including the *Philadelphia Inquirer*, *Pittsburgh Post-Gazette*, *Harrisburg Patriot-News* and *Allentown Morning Call* have editorialized in support of the proposed regulations and/or published supportive guest opinion editorials.

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.

For a list of some of the media coverage around the proposed regulations and to see other resources pertaining to college and career readiness, including testimony before the State Board of Education and Frequently Asked Questions about the proposed regulations regarding high school graduation requirements, please visit our link at:

<http://www.papartnerships.org/readyat21/index.asp>

PA School Funding Campaign Building Steam

Members of the PA School Funding Campaign – including Pennsylvania Partnerships for Children – launched a campaign in January to call on Governor Rendell and the General Assembly to take action to reform Pennsylvania's outdated and broken school funding system.

The Governor's FY 2008-2009 Executive Budget proposes a \$291 million increase in basic education funding allocated according to a funding formula. The Campaign supports the Governor's basic education funding proposal because it is largely based on the state's 2007 Costing-Out Study (which found a \$4 billion gap between what we currently spend and the adequate funding

continued on page two

Inside This Issue

Federal Update3



State Update continued from page one

level required to ensure academic success for all students in our state), takes on the vital first step in increasing the state share of K-12 funding, and reduces reliance on local property taxes.

The Pennsylvania School Funding Campaign recently offered four general recommendations that would align the governor's proposal more closely with the campaign's goals and principles: at a minimum, maintain state support at the full aid ratio share for all school districts, account for special education students and funding for their programs consistent with the Costing-Out Study, increase transition assistance from 1.5 percent to 2.0 percent, at a minimum, apply revised accountability provisions only to school districts not making AYP.

The goals of the Pennsylvania School Funding Campaign are:

- *To implement and fully finance by 2013 a comprehensive, systemic and sustainable education funding plan based on the core principles of adequacy, equity, efficiency, accountability and predictability, and*
- *To allocate sufficient funds in the FY 2008-2009 budget to make a significant start toward implementation of a new school funding formula based on the Costing-Out Study.*

We need your help to make adequate and equitable education financing in Pennsylvania a reality!

To join the campaign, visit

http://www.paschoolfunding.org/take_action.shtml

Pennsylvania Revenue Update

The Pennsylvania Department of Revenue reported that the Commonwealth collected \$1.8 billion in general fund revenue in February. This is \$90.9 million or 5.4 percent more than the official estimate. Fiscal year-to-date collections total \$15.8 billion, which is \$290.3 million or 1.9 percent above the official estimate.

March General Assembly Session Dates

The House and Senate will be in session on the following days in March: 10, 11, 12, 17, 18, 31.

Changing of the Guard in the General Assembly

To date the following members of the General Assembly have announced they are not seeking reelection:

HOUSE – Bob Bastian (R-Somerset), Lisa Bennington (D-Allegheny), Steve Capelli (R-Lycoming) resigning to run for Senate, Arthur Hershey (R-Chester), George Kenney (R-Philadelphia), Dailyn Leach (D-Montgomery) resigning to run for Senate, Karl Mantz (R-Berks), Fred McIlhattan (R-Clarion), Jerry Nailor (R-Cumberland), Steve Nickol (R-York), Tom Petrone (D-Allegheny), Sean Ramaley (D-Beaver) to run for Senate, Ron Raymond (R-Delaware), Carole Rubley (R-Chester), Jess Stairs (R-Westmoreland), David Steil (R-Bucks), Tom Tangretti (D-Westmoreland), Ed Wojnarowski (D-Cambria), Tom Yewcic (D-Cambria),

SENATE – Gib Armstrong (R-Lancaster), Gerald LaValle (D-Beaver), Roger Madigan (R-Bradford), Terry Punt (R-Franklin), Connie Williams (D-Montgomery).



Federal Update

Harmful Medicaid Regulations Advancing

Over the past year, the U.S. Department of Health and Human Services has issued a series of regulations that will force states to make significant changes to Medicaid. The regulations withdraw federal support for important health care services and threaten access to health care for millions of Pennsylvania's most vulnerable citizens. By shifting costs to state and to local governments, the regulations would force Pennsylvania to make difficult choices among critical education, public health, and social service programs.

The regulations are at different stages of development and implementation but the common thread is that when combined, they will impact every state, cutting approximately \$15 billion from federal Medicaid funding for children, senior citizens and people with disabilities over the next five years. The \$15 billion fiscal impact was estimated by the administration. The House Committee on Oversight and Government Reform estimates that the total impact will be \$50 billion over five years. The committee performed a detailed state-by-state analysis and found that the impact on Pennsylvania would be \$427 million over the next five years.

Among the regulations that are of deep concern and in need of immediate redress:

- **Targeted Case Management (TCM)** – *These regulations, set to take effect March 3, limit federal Medicaid matching funds for case management services with a scope that far exceeds the legislative intent of the Deficit Reduction Act (DRA). Services for children and youth will be disproportionately impacted, especially those children in out-of-home placement as a result of abuse or neglect as well as individuals with chronic health conditions or disabilities. The implications of the TCM regulations*
- **School-based Services and Rehabilitation Services** – *Congress has acted to delay the implementation of these regulations until June 30, 2008. If the school-based services regulations were allowed to proceed, federal funds would be eliminated for outreach, enrollment assistance and coordination of health care services by school officials who are striving to connect more children with health care through Medicaid. The Rehabilitation Services regulations limit the type of rehabilitative services that states can cover with federal funds, including those making a difference for children by connecting them with needed therapy.*
- **Cutting Hospital Funding** – *The regulations would eliminate federal Medicaid reimbursement for the costs of graduate medical education (GME) provided by teaching hospitals, which many state Medicaid programs have provided to help offset the additional costs these facilities incur as a result of their special missions of educating physicians and caring for patients who require more intense, complex care. The regulations also put new limits on Medicaid payments for safety net hospitals that would cause cutbacks in essential services used by the entire community, such as care for the uninsured, trauma care, and neonatal intensive care.*

To protect children, vulnerable seniors and people with disabilities who rely on Medicaid as well as our health care safety net and other critical state services, PPC and a broad cross-section of 300 advocates and health care and social services providers joined together in signing onto a letter to the Pennsylvania congressional delegation strongly urging them to



pass legislation to extend existing moratoria on several of these harmful regulations and to delay the implementation of the remainder of the regulations.

We will keep you apprised of further developments.

Working to Protect CHIP in the Commonwealth

The one-year anniversary of the Commonwealth's implementation of its Cover All Kids CHIP expansion is here. The landmark expansion has made a great health care program even better. More than 168,000 children currently are enrolled. In fact, more than 7,000 children who enrolled in CHIP in February would not have been eligible before passage of Cover All Kids.

Unfortunately, action by the Centers for Medicare and Medicaid Services (CMS) could place the health care coverage of thousands of CHIP enrollees in jeopardy. Just months after approving the use of federal funds for Pennsylvania's CHIP expansion, CMS issued a directive to states that effectively caps eligibility below Pennsylvania's CHIP eligibility levels – thereby eliminating the Commonwealth's use of federal funds to cover certain children.

PPC is gravely concerned that CMS took this abrupt action. CHIP in Pennsylvania depends on two key partnerships: a public-private partnership and a state-federal partnership. The resources that the federal government provides for CHIP drive the entire program. The CMS action will harm both partnerships and the effectiveness of the program.

Congress must act now to address the harmful CMS Directive before the Commonwealth is forced to make difficult decisions about scaling back CHIP. To assist in this effort, PPC created a fact sheet that briefly explains the CMS Directive and its impact on Pennsylvania. To read the fact sheet, please visit our web site at:

http://www.papartnerships.org/pdfs/SCHIP_Factsheet_022508.pdf

House Passes First Higher Ed Reauthorization Bill In A Decade

The House overwhelmingly approved the first reauthorization of higher education programs in 10 years after rejecting a Democratic-backed effort to restore bankruptcy protection to private student loan borrowers. The Senate passed a similar measure last year and the bill now heads to a conference.

Early Action on the Federal Budget?

Congressional leaders in the House and Senate are working overtime to put together a congressional budget resolution ahead of schedule. The resolution is a non-binding document that sets the parameters for taxes and spending but does not have the force of law. Action on the resolution could begin in both chambers in the first weeks of March.

Some congressional leaders would like to include another economic stimulus plan in the resolution. Senate leaders are discussing a \$35 billion plan that includes extended unemployment benefits, and boosting spending of food stamps. Despite the urging of governors and advocates like PPC, leaders do not appear to be interested in temporarily increasing Medicaid spending.

Both the House and Senate budget resolutions are expected to provide more dollars for important non-defense domestic discretionary spending than proposed by the President. The Senate also is considering the utilization of reconciliation instructions that could lead to the changes in current laws and the proposal of new policies that result in additional savings and revenues. Reconciliation cannot be filibustered in the Senate and therefore would not require 60 votes for passage. We will keep you apprised as the budget resolution takes shape.