

Congress Reconvenes to Debate Federal Budget

When Congress reconvened the week of April 4, at the top of the agenda was negotiating a final budget agreement. An agreement could be reached within the next 10 days, and a final budget vote could occur as early as this week or next. Unless a change is made, the budget will include cuts in benefits and services to America's most vulnerable citizens: children, the elderly, and people with disabilities.

The House Budget Resolution is calling for \$24 billion in cuts to domestic discretionary programs in 2006, while the Senate's version calls for \$20 billion in cuts.

However, the House Budget Resolution requires much larger cuts than those passed in the Senate Budget Resolution. For example:

- The House budget requires severe cuts to Medicaid (between \$14.9 and \$20 billion), while the Senate requires \$0;
- The House calls for \$5.3 billion in cuts in the Agriculture Committee (likely to food stamps), while the Senate budget calls for \$2.8 billion in cuts.

The following is an overview of programs at stake in the Budget Resolutions:

Medicaid: The House Budget Resolution would require between \$14.9 and \$20 billion in cuts to Medicaid. Medicaid will serve an estimated 58 million Americans in 2005; more than 1.7 million are Pennsylvanians. Children and families in Pennsylvania represent 60 percent of this population.

Food stamps: The House budget plan assigns \$5.3 billion in cuts to the Agriculture Committee, which has jurisdiction over food stamps. The Senate budget plan has proposed \$4.8 billion in cuts from the Agriculture Committee. In Pennsylvania, more than 468,400 children and 80,700 elderly receive food stamps every month.

Earned Income Tax Credit: The House Budget Resolution would require the House Ways and Means Committee to cut \$18.7 billion from programs under its jurisdiction, including the Earned Income Tax Credit. EITC, a special tax credit that can help lift families out of poverty, appears to be on the chopping block. EITC is a refundable tax credit for people who work full or part-time, but earn low or moderate incomes. Workers raising two or more children and earning less than \$34,458 (\$35,458 if married)

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can get an EITC of up to \$4,300. Workers raising one child who had family income of less than \$30,338 (\$31,338 if married) can get an EITC of up to \$2,604.

Child Care and Temporary Assistance for Needy Families (TANF):

Like the Earned Income Tax Credit, child care funding and TANF are under the jurisdiction of the House Ways and Means Committee. It is estimated that \$15 billion will come from low-income programs such as TANF and child care. (Other low-income programs under the jurisdiction of the House Ways and Means Committee include Supplemental Security Income (SSI), foster care and the Social Services Block Grant - SSBG). The Senate Finance Committee that oversees many of these same programs is not required to carry out such cuts.

Federal funds from TANF have allowed Pennsylvania to make child care more widely available, reduce waiting lists and take some small steps to expand capacity by encouraging providers to extend their hours, offer more infant/toddler care, and upgrade facilities.

In 2004, the Senate approved a \$6 billion increase in child care funding through TANF. The reauthorization of the TANF block grant was set to be debated by the Senate last week, but now it appears that reauthorization has stalled.

Pennsylvania's own Senator Rick Santorum was quoted as saying, "the daycare money is excessive, unnecessary and not the problem out there in America."

But even with the current level of state and federal funds, Pennsylvania lacks the necessary resources to help low-income families afford child care. The state estimates that only 25 percent of children in need are served. Furthermore, current funding levels are inadequate to assure that programs meet high

quality standards and teachers are appropriately qualified.

Taking Action

Contact Senator Specter and thank him for his support of the Smith-Bingaman amendment that preserved funding for Medicaid and other critical programs in the Senate. Urge the senator to reach out to Senate Majority Leader Frist and Budget Chairman Gregg to remind them that Pennsylvania deserves better.

Contact Senator Rick Santorum and tell him that PA needs federal resources for key health and human services programs, such as child care.

Contact your House member and ask him or her to reject the House's deep cuts in vital programs such as the EITC, child care, TANF and SSI. Based on Pennsylvania's share of federal program funding in the most recent available year, from 2006-2010 the proposed cuts in EITC and SSI alone would cause Pennsylvanians to lose more than \$350 million in much needed support from these programs. During this same period, human services grants to Pennsylvania - including foster care and adoption, TANF and child care, child support enforcement and SSBG - would be slashed by more than \$190 million.

Urge House and Senate members to oppose budget cuts to food stamps and other nutrition programs.

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Federal Budget Action: Call-In Day

As Tax Day approaches, call Senator Specter and Senator Santorum and your House members on Tuesday, April 12. Tell them: "We'll pay our share in taxes, but we expect you to set the right priorities when you spend those dollars!"

Tell them: "Please protect children, the elderly, people with disabilities and families by opposing cuts in Medicaid, food stamps, Supplemental Security Income for the elderly and disabled, TANF, and the Earned Income Tax Credit. Don't vote for a Congressional Budget Resolution that cuts vital programs!"

Call 1-800-247-2971. If you can't get through on that number, please call the US Capitol Switchboard at (202)- 224-3121 or the senators' direct lines at:

Senator Santorum - 202-224-6324

Senator Specter - 202-224-4254

Rally for Medicaid

More than 60 organizations are sponsoring a rally on Tuesday, April 12. Joan Benso, PPC's President and CEO, will speak at the event.

In Pennsylvania, children who meet the Social Security standard for disability are eligible for Medicaid regardless of their parents' income. The Governor's proposed budget includes charging a sliding scale premium for Medicaid for families with disabled children whose income exceeds 200% of the federal poverty guidelines, or about \$40,000 a year.

Children with disabilities would not lose eligibility or benefits under this proposal, but

State Update

Changes in the Medicaid Program

Governor Rendell's proposed budget for 2005-06 includes major reductions in Medicaid and caps on services. The number of times a person who relies on MA can use health care services will be capped:

- 2 hospitalizations a year
- 6 prescriptions a month
- 18 outpatient visits a year
- Increased and expanded co-pays
- 1 rehabilitation in-patient stay a year
- \$5,000 durable medical supplies per year
- 1 ambulance trip a year
- Premiums for children on "Loophole MA." (Children with disabilities whose parents have income levels above a certain amount)

families could be charged a premium ranging from \$30 a month to \$875 a month (the full state cost of Medicaid for a disabled child). Approximately 25,300 of the 38,000 children in this category could be affected.

Many families with a disabled child pay monthly premiums for employer-based health insurance that provides primary coverage with Medicaid acting as secondary coverage. In some instances, Medicaid pays only a small percentage of the disabled child's care. The outcome of this proposal could be that families will drop employer-based coverage in favor of Medicaid; families will drop Medicaid coverage especially if the coverage is only used for

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school; or a parent will stop working to lower the family income either below the monthly premium threshold or to a more affordable premium level.

School districts rely on Medicaid to draw down additional funds for special education. If families decide to drop Medicaid rather than pay a premium, school districts stand to lose important special education resources.

The Department of Public Welfare remains open to recommendations on Medicaid and the disabled child category. Advocates have raised a series of questions on implementation including the premium levels, the impact on school districts, the administrative costs of collecting the premiums and the actual savings to be realized through this proposal.

Child Care Regulations Out of Governor's Office

Last Wednesday, the Governor's office signed off on DPW's proposed changes in the subsidized child care eligibility regulations.

Some of the major changes include, but are not limited to, a re-determination from every six months to 12 months; work hours reduced from 25 hours to 20 hours; a simplification of verification procedures, with more options and self-declaration allowed; an elimination of the court-mandated child support requirement; expanded definition of disability for children, and parent-friendly appeal and hearing procedures.

The regulations have been delivered to the legislative standing committees and the IRRC and will be sent by mail to those who submitted comments on the proposed regulations. The standing committees will have 20 days to

make comments. The IRRC public meeting has been scheduled tentatively for May 12 at 10:30 a.m. on the 14th floor of 333 Market Street, Harrisburg.

Federal Child Care and Development Fund (CCDF) Hearing

The Department of Public Welfare, Office of Child Development will hold a public hearing on the proposed Federal Child Care and Development Fund (CCDF) State Plan for the period Oct. 1 through Sept. 30, 2007. The hearing will be held on May 9 from 1 to 4 p.m. in Hearing Room 3, on the first floor of the Keystone Building. The purpose of the hearing is to gather comments on the proposed CCDF State Plan from the general public.

PA General Assembly

The House and Senate are in session this week and the Senate will be in session next week April 18-20. The House and Senate are scheduled to return to Harrisburg for session for two weeks in May starting the first week of the month. And both chambers are scheduled to begin again the week of June 6.

The House will be considering amendments to the general appropriations budget bill (HB 815) with final passage expected before the House leaves this week.

To be sure you are receiving updates on the state and federal budget, please register at our Action Center.
<http://www.capwiz.com/papartnerships/mlm/>