

Federal Update

New Line Item Veto Legislation Could Freeze Children's Funding

The Bush Administration's proposed Legislative Line Item Veto Act of 2006 is expected to be considered by both House and Senate in the coming months. The proposal would allow the president to sign appropriations acts and tax and entitlement legislation, and then strike specific provisions from them. Under the proposal, when the president exercises the line item veto to strike amounts from appropriations acts, he could withhold the funds in question for 180 days. During that time, Congress would be required to vote to approve or disapprove the line item veto, without any amendments being allowed.

While the president could propose the elimination of highly controversial pork-barrel projects, he could also exercise the line item veto over critical health, human services and education programs.

PPC opposes the legislation for several reasons. The proposal would significantly expand the President's authority. While the President could pick and choose which programs to cut, Congress could not choose which programs to restore. This is because the legislation allows the President to "package" several line item vetoes together. Lawmakers would have to vote up or down on each package – not on each individual line item veto in the package. Furthermore, this bill would allow the President to rewrite deals that had been carefully worked out by a bipartisan Congress on programs like Medicare, Social Security, veterans' benefits, or children's

health insurance. By vetoing some provisions but not others, he could change these programs in ways Congress never intended.

Several Pennsylvania lawmakers are co-sponsoring the line-item veto legislation, including Senator Santorum, and Representatives Dent, Pitts, English, Gerlach, and Platts.

ACTION ALERT

Please contact Senators Specter and Santorum and your members of the U.S. House of Representatives and ask them to oppose the line-item veto legislation!

More Cuts to Federal Budget

As this issue of *CapWatch* went to press, the U.S. House of Representatives had yet to vote on a budget resolution for FY'07. Votes were previously postponed because House leadership could not assemble enough support to pass the measure. As reported by the House Budget Committee, the measure provides \$10.3 billion

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less for domestic discretionary programs – including education, child care, health care and nutrition funding – than is needed to ensure that these programs keep pace with inflation. The resolution also calls for \$6.8 billion in entitlement reductions over five years. This would be offset by \$1.7 billion in increased entitlement spending for a net \$5.1 billion in cuts over five years. While the size of the cuts may not be all that large, a great deal of damage could be done to programs through the reconciliation process.

If the final House budget resolution adopts the President's requests, it would:

- Cut child care funding, resulting in 400,000 children losing assistance;
- Freeze Head Start funding, resulting in 19,000 fewer slots for children;

- Eliminate 42 educational programs which help low- and moderate-income youth prepare for their futures.

Entitlement programs – which finance essential children's services – could lose \$6.8 billion over five years:

- Entitlement cuts would cause thousands of children to lose child care, putting an additional burden on working parents who are struggling already to make ends meet.
- The majority of the cuts would be achieved by shifting costs to the states, likely raising co-payments and reducing benefits for working families and their children.
- The proposed budget would remove 40,000 children from the school lunch program.

Budget negotiations are ongoing in the House, a vote could be taken as early as this week. Please watch our website for further updates.

State Update

Property Tax Reform Stalls in House

**As this issue went to press, House Majority Leader Sam Smith announced the House would not vote on the HB 39 conference committee report. It was expected the bill, already approved by the Senate, would pass the House and move to the governor's desk this week. It is unclear as to whether the House will take up the report when it reconvenes in June or attempt to create a broader property tax reform proposal.*

Older homeowners will be the first group to see some property tax relief in a compromise reached by the HB 39 conference committee this week. The conference report will generate at least \$200 million in tax rebates to low- and middle-income senior citizens, starting in 2007. A fact sheet released by the governor's office includes more information on the program:

- Senior citizens with incomes up to \$35,000 a year will get a property tax rebate for FY 2006/07 school taxes. In addition, currently eligible seniors are likely to get more assistance due to the increase in the rebate payments – the maximum is increased from \$500 to \$650.

- Seniors who after state-funded property tax relief must pay at least 15% of the income toward property taxes will get a 50% higher rebate. For some seniors who have income of less than \$30,000, this could mean a rebate as large as \$975.
- All homeowners will see their property taxes reduced when state gaming funds become available. The first year of this reduction is anticipated to be 2008-09 when a minimum of \$400 million will be distributed to lower property taxes.
- All school districts that opted into Act 72 are relieved of their requirement to impose a tenth of a point EIT this year and they are permitted to take advantage of the more flexible exceptions. All districts that did not opt in to Act 72 must develop their budgets in accordance with the backend referenda exceptions and seek the court's approval of tax increases that exceed the allowable index and that are not due to allowable exceptions.
- All districts must give the voters the option to reduce property taxes further by shifting more of their local school tax base to an EIT or a personal income tax.

Voters must go to the polls and vote on this shift in 2007 and may make a further voter approved shift to income taxes in 2009. This provision does not apply to Pittsburgh, Scranton and Philadelphia – which already have particularly high wage taxes.

- Districts choosing not to accept gaming funds for property tax relief will need voter approval to reject these funds. In this case all other provisions of this bill remain in effect for the district.

While making an important first step for seniors, it is disappointing that property tax relief is not available for all low-income Pennsylvanians particularly those who are raising children. One in three children lives in a low-income household and their parents will not receive property tax or rent rebate relief. It is also important to note that this package has provided relief to one group of taxpayers and has done nothing to improve the way we finance public education in Pennsylvania.

Gov. Rendell Signs Ashley's Law

Gov. Rendell signed into law this week legislation that allows special education students the right to participate in their commencement exercises, even if they do not have the academic credits to graduate. According to Act 31 of 2006, if a special needs student has completed four years of high school, he or she will be eligible to participate in the commencement ceremony but would receive a certificate of attendance, rather than a high school diploma.

The law is named for Ashley Brubaker, a Selinsgrove Area High School student who has cerebral palsy and autism. Her mother, Deb Brubaker, has been advocating for a year for her daughter's right to walk with fellow classmates at graduation ceremonies in June.

The bill, which goes into effect immediately, was sponsored by Rep. Russell Fairchild, R-Union.

House Passes Minimum Wage Bill

The House of Representatives passed legislation that would increase the minimum wage in Pennsylvania. Under the provisions of HB 257, the rate would increase to \$6.25 an hour on July 1 and to \$7.15 an hour on July 1, 2007. The Commonwealth's minimum wage has

remained unchanged since 1997. The measure has moved to the Senate for further consideration. A vote on the minimum wage has yet to be scheduled in the Senate.

Ounce of Prevention Enacted

Governor Ed Rendell signed HB 200 into law as Act 23 of 2006. The Ounce of Prevention Program Act provides funds to community-based efforts to provide home visits for at-risk families and young children. The home visits promote parenting skills, child health and safety, school readiness and family self-sufficiency. The new act was sponsored by Representative Phyllis Mundy, D-Luzerne. Senator Pat Browne, R-Lehigh, was instrumental in moving the bill through the Senate and served as the prime sponsor of companion legislation. The measure takes effect in June and would not have happened without your support. Kudos to Rep. Mundy and Sen. Browne – it is remarkable what happens when partisan politics are put aside and kids' interests are put front and center.

Combating Dropouts, Enlisting Parents

The House Education Committee recently reported two bills to the full House to combat dropouts and further engage parents in their child's education. HB 1729 (Roebuck, D-Philadelphia) would provide Pennsylvania schools with information that would help deter dropouts and encourage out-of-school youth to complete their education. The measure would require schools to interview each student who withdraws or is illegally absent for ten days. During the interviews, students must be made aware of alternatives to withdrawing from school. The Committee held an informational hearing on the measure in March. PPC President and CEO Joan Benso testified at the hearing that Pennsylvania must not only improve its data collection, but its understanding of why young people leave school and base reform efforts on keeping them in school. The measure now moves to the House floor for further consideration.

The Committee also reported legislation sponsored by Senator James Rhoades, R-Schuylkill, that establishes parent involvement programs, parent involvement

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policies and parent involvement committees in each of Pennsylvania's school districts. SB 143 provides schools the tools that they need to more actively engage more parents in the education of their children. According to Rhoades, "Family involvement can have a significant effect on student achievement. We must assess family's needs and set clear and measurable objectives based on parent and community input." The Senate previously passed the measure last year. It now moves to the House floor for further consideration.

"Cover All Kids" Introduced in Senate

Senate Democratic Leader Robert Mellow, D-Lackawanna, introduced SB 1192, Governor

Rendell's "Cover All Kids" proposal. Under the measure, the Children's Health Insurance Program (CHIP) would be expanded to offer health insurance coverage to all children in the Commonwealth. Children in families with income at or below 200% of the federal poverty level (\$40,000 for a family of four) would remain eligible for free coverage. Children in families up to 350% of the federal poverty level (\$70,000 for a family of four) would be allowed to buy coverage at a low cost. Children in families above 350% of the federal poverty level could purchase coverage at the Commonwealth's cost to obtain the coverage.

State Budget Update

The House of Representatives amended and passed HB 2499, the Commonwealth's FY '06-'07 general fund budget on April 4. On the positive side, the measure includes spending to implement the Governor's "Cover All Kids" proposal and increases the state's commitment to Head Start by \$15 million. Unfortunately, the measure does not include the Governor's proposal to increase by \$50 million funding for the Commonwealth's successful Education Accountability Block Grant Program. In addition, the measure does not include the Governor's proposed investments in child care under the Department of Public Welfare. The move by the House does not rule out funding these important programs.

In all likelihood, the Senate will further amend the measure and send it back to the House, setting up a conference committee. As in years past, the final budget will result from intense negotiations involving the Governor and legislative leaders. While the process is just getting started, it is important for friends of PPC to contact their legislators to voice their support for programs critical to all Pennsylvania's children. Watch our website for further updates.

ACTION ALERT

Please click on the link below to visit our online action center to send a message to your state legislators that you support funding for early education, child care and health programs.

http://www.capwiz.com/papartnerships/issues/alert/?alertid=8735436&type=ST&show_alert=1

Unannounced Visits of Child Care Centers

The Senate Aging and Youth Committee reported HB 1559 – the Unannounced Inspection of Child Day-Care Facilities Act. The measure authorizes the Department of Public Welfare to enter and inspect a child day care facility with or without prior notice. DPW would have free and full access to the facility and the facility grounds, the children in the facility, the records of the facility and the facility staff and must be given the opportunity to privately interview children and staff. The legislation provides for the frequency of inspections.

The bill now moves to the Senate floor for further consideration.

<http://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?syear=2005&sind=0&body=H&type=B&BN=1559>

A Day of Action in PA to tell Legislators: “Don’t shortchange children!”

Early childhood educators, and child advocates from across Pennsylvania gathered in Harrisburg May 2 for Early Childhood Action Day to meet with their state legislators and show their support for full funding of programs that improve early care and education, such as the Education Accountability Block Grant, Head Start Supplemental Assistance, Keystone STARS, child care assistance, and the T.E.A.C.H. Early Childhood Pennsylvania scholarship program.

Speakers included Joan Benso, president and CEO of PPC; Senator Pat Browne; Representative Phyllis Mundy; Terry Casey, Executive Director, Pennsylvania Child Care Association; Bruce Clash, Pennsylvania State Director, Fight Crime-Invest in Kids; Sharon Easterling, Executive Director, Delaware Valley Association for the Education of Young Children; Tony Ross, President, United Way of Pennsylvania, Sharon Ward, Deputy Director of Philadelphia Citizens for Children and Youth and concerned parents.

Sponsoring organizations included: PA QUEST; Pennsylvania Partnerships for Children; Philadelphia Citizens for Children and Youth; Pennsylvania Child Care Association; United Way of Pennsylvania; Fight Crime: Invest in Kids; Pennsylvania Association for the Education of Young Children; Pennsylvania Home-based Child Care Providers Association; Pennsylvania Head Start Association and United Child Care Union.

Poverty Guidelines Published

The Department of Public Welfare has published the Federal Poverty Income Guidelines for 2006 in the April 29 Pennsylvania Bulletin:

<http://www.pabulletin.com/secure/data/vol36/36-17/716.html>

Pennsylvania Public Education Issues Survey Results Available

The Pennsylvania Public Education Issues Survey was conducted by the Pennsylvania Education Funding Advocacy Group, a coalition of 19 regional and statewide non-partisan organizations.

The survey was submitted to all 2006 candidates for the Pennsylvania Senate and Pennsylvania House of Representatives. Candidates were asked about their visions for the state’s education funding system, the No Child Left Behind Act, closing the achievement gap, early childhood education, and the educational opportunities they feel should be available to every Pennsylvania child.

You can read the responses from your legislative candidate(s) by clicking on the EPLC web site at <http://www.eplc.org/2006primary.html>

Issues PA Poll Demonstrates Voter Interest in Health Care

Health care has gotten worse in Pennsylvania in the past four years, according to many responding to the March 2006 IssuesPA/Pew poll. Among those surveyed, 43% said they believe health care has gotten worse compared to four years ago – versus 40% who said it’s stayed pretty much the same and 10% who said it’s gotten better.

Addressing the problems of the uninsured was the second major health care concern for those responding to the March survey. Insurance for uninsured children was a major concern for 17% of those polled, while another 13% said they were most concerned about providing coverage for the uninsured generally. When asked to explain in their own words what they want done, those who rated the uninsured as their top concern most often said they’d recommend universal health coverage.

Read more of the report at <http://www.issuespa.net/articles/16001/>