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## State Update

### State Budget Update

The State Senate passed a budget bill, S.B. 850, for FY 2009-2010. With the state revenues lagging behind the official estimate by \$2.6 billion and the anticipation that the total deficit will be \$3 billion by the end of the current fiscal year, the GOP-authored spending plan relies only on extreme cuts to balance the budget to bring state spending below the current fiscal year by about \$1 billion. After hours of contentious debate, the Senate voted along party lines, 30-20 to pass the measure.

The measure makes deep cuts to programs that help children and families.

“There is no greater priority in an economic recession, the likes of which we haven’t seen since the Great Depression, than to protect investments that help children and families,” said Joan Benso, President and CEO of Pennsylvania Partnerships for Children. “Even in these dire economic times, the way to help our economy get moving and assure that we have the workforce we need to safeguard against future economic downturns is to invest in the programs that make children and families strong.”

S.B. 850 cuts Pre-K Counts by 55 percent as compared to the governor’s proposed budget. If enacted, the cuts would severely damage a program that is achieving results. Nearly 70 percent of children participating in Pre-K Counts have demonstrated age-appropriate skills and behavior preparing them for kindergarten. Cutting the program would also curtail enrollment when there is great unmet need for high quality pre-K. Just 20 percent of all Pennsylvania’s 3- and 4-year olds have access to publicly-funded pre-K. While more than 57 percent of 3- and 4-year olds live in families with incomes below 300 percent of the federal poverty level, just 35 percent have access to high-quality, publicly-funded pre-K. The measure also cuts the Head Start Supplemental Assistance Program by half.

The Dual Enrollment program would be completely eliminated by the Senate-passed budget bill. This would take away the opportunity for nearly 15,000 Pennsylvania high school students to get a jump start on their post-secondary education – something all young people require to be successful in the new economy.

*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.*

*continued on next page*



With demand for child care subsidy at an all time high, as evidenced by 15,000 children on a waiting list, S.B. 850 would cut the governor's state funding proposal for Child Care Works by more than \$23 million. This would mean that 7,700 children from working families who benefit from child care assistance today would have to do without. S.B. 850 appears to use federal American Recovery and Reinvestment Act (ARRA) funds to supplant state child care funding, which is prohibited under the federal law.

S.B. 850 also cuts state basic education funding by more than \$728 million and supplants the cut state funds with ARRA funds to flat fund basic education funding as compared to the current fiscal year. Governor Rendell proposed to use \$418 million in ARRA funds to make the next down-payment in the commitment Pennsylvania made last year to close the education funding adequacy gap determined by the 2007 Costing-Out Study. Faced with flat funding, many school districts might have two basic options: raise property taxes or cut valuable programs that enable student achievement.

The county Child Welfare state funding line item would be cut by \$24 million compared to the governor's proposed budget from February. S.B. 850 includes \$18.725 million in federal ARRA funds to partially backfill the state funding cut.

Other programs that would absorb cuts by S.B. 850 compared to the governor's proposed budget for state spending include CHIP (\$7.7 million), Nurse Family Partnership (\$3 million), Community Family Centers (\$461,000), and more.

S.B. 850 now moves to the House for further consideration.

### **Reforming Child Welfare Funding**

The Department of Public Welfare proposes to safely reduce the number of children in foster care by 20 percent by 2010. It is seeking to do so in part by making changes to the Needs Based Budgeting process to incentivize improved outcomes for children and families by modifying the amounts that the Commonwealth reimburses counties for certain child welfare services and limiting county expenditures in four broad categories of services (with allowances for reasonable exceptions). The Department is also seeking to set caps on certain administrative costs associated with the provision of child welfare services by private providers and address the placement of children in residential facilities outside of the Commonwealth.

The modification of reimbursement rates and caps would be phased in over the course of three years under the Department's proposal. In a challenging fiscal environment, it is important to note that the proposal seeks to be revenue neutral as compared to The governor's budget proposal. This proposal has been introduced in the House of Representatives as H.B. 1351. The measure also contains numerous other Rendell administration proposals related to the Department of Public Welfare.

At a March House Appropriations Subcommittee on Health and Welfare, Public Welfare Secretary Estelle Richman announced that she was forming a workgroup to review the Department's proposal to modify child welfare financing. The workgroup consists of child welfare system stakeholders, including county children and youth agencies, providers, counties, the judiciary, and children's advocates. The Secretary formed the workgroup to hear from key



stakeholders on the department's proposal and attempt to reach a consensus on the best way to proceed in order to enact legislation concurrently with the FY 2009-2010 budget. Due to the Needs Based Budget process, the changes would begin to take effect in FY 2010-2011.

PPC's Joan Benso is participating in the work group.

"This is a strategic opportunity to align state child welfare financing with our goal of assuring every child a safe, permanent and supportive family to call their own," Benso said.



For more information, a thorough analysis of the child welfare proposal and a series of frequently asked questions can be found on our website at [www.porchlightproject.org](http://www.porchlightproject.org).

### **Special Education Funding Formula**

Three legislators are seeking to establish a special education funding formula to close a statewide \$380 million funding gap. Representatives Mike Sturla (D-Lancaster), Barbara McIlvaine Smith (D-Chester) and James Roebuck (D-Philadelphia) introduced legislation to establish a special education funding formula based on the results of the 2007 Costing-Out Study and a 2009 Costing-Out Study focusing on resources for students with special needs. The 2009 study, which was commissioned by special education advocacy groups, can be accessed here: [Costing Out Special Ed in PA](#).

The 2009 study found that 391 school districts have inadequate funding for special education, averaging an annual shortfall of nearly \$1 million per district. Statewide, the total gap in annual funding for special education is \$380 million.

H.B. 704 would mirror the approach of the basic education funding formula adopted last summer. Each school district would receive state funds based on:

- A five-year average of actual student enrollment in special education;
- A multiplier to reflect additional costs for educating students with all levels of disability above the "base cost" for other students;
- A multiplier for districts that raise their average rate and quality of educating eligible students in regular classrooms; and
- Annual adjustments for inflation, local wealth, tax effort and local cost factors.



*Our newest report, Growing Up and Aging Out, is available online at [Growing Up and Aging Out](#). More than 1,100 Pennsylvania youth 18 and older age out of foster care each year without a home to call his or her own. Many teens in foster care 'age out' of the system into unknown circumstances and many end up homeless, unemployed, dealing with mental health issues or in trouble with the law. Learn how you can get involved and sign up for timely updates at [www.porchlightproject.org](http://www.porchlightproject.org).*



The bill also includes accountability provisions to ensure that funding is directed to special education programs in accordance with school district special education plans submitted to the Pennsylvania Department of Education (PDE). The bill also grants PDE monitoring authority over such plans.

William Bell, CEO of Casey Family Programs and Joan Benso, President and CEO of PA Partnerships for Children, listen as Stacy Johnson, a former foster care youth from Allegheny County, addresses legislators and staff at a hearing on child welfare system reform.



### **PPC Hosts Capitol Briefing on Child Welfare Reform**



PPC hosted a legislative briefing on child welfare reform May 5 to discuss measures that need to be taken to reduce the number of children in foster care and to ensure that every child has a permanent, legal family of his or her own.

Casey Family Programs' President & CEO William Bell briefed Pennsylvania legislators and legislative staff on Casey's 2020 Vision – which seeks to safely reduce the number of children living in foster care by 50 percent and improve outcomes in education, employment and mental health for children served by the child welfare system. Casey Family Programs is the largest national operating foundation whose sole mission is to provide and improve – and ultimately prevent the need for – foster care.

Bell shared the stakes, by reciting the number of children both nationally and in Pennsylvania who die due to child abuse and neglect. He stressed that protecting children and reforming child welfare should rise as a state priority for the Commonwealth and the nation. Bell emphasized that all that is needed is the political will and leadership to treat children as a priority.

Secretary of Public Welfare Estelle Richman spoke about the department's goal of reducing foster care placements by 20 percent by 2010.

“Before my organization became engaged in this work, I don't think any of us understood the magnitude of the situation for young children and teens in foster care,” said Joan L. Benso, president and CEO of PA Partnerships for Children. “Our primary goal of the Porch Light Project is to safely reduce the number of children in Pennsylvania's foster care system by assuring a legal and permanent family for *every* child.”



Stacy Johnson, a former foster youth from Allegheny County, shared her own experience with policymakers and emphasized that a family brings stability to youth.

“After years of neglect by my parents, who suffered from drug and alcohol abuse, I was placed in the foster care system when I was 16,” said Johnson. “But I pretty much took care of myself starting at age 12. I didn’t know adoption was an option for me. I probably would have been open to adoption because I wanted to feel connected to a family. But I never knew older kids like me could be adopted.

Through most of my teen years I never felt the stability of a permanent family.”

You can learn more and get involved in the Porch Light Project by visiting [www.porchlightproject.org](http://www.porchlightproject.org).

### **Coalition Counters with New Proposal on Statewide Testing**

A coalition consisting of teachers’ unions, superintendents and other organizations proposed an alternative proposal to a recently announced agreement among the Department of Education, the Pennsylvania School Boards Association (PSBA) and the Chairman of the State Board of Education to modify high school graduation requirements which PPC supports (please see the March issue of Cap Watch for a summary of agreement). The coalition previously opposed the 2008 State Board of Education regulatory proposal to modify high school graduation requirements.

The coalition’s counter proposal, referred to as “Keystone Exams 2.0,” calls for the creation of the Keystone Exams, but instead proposes the voluntary use of the end-of-course exams. Passing the end-of-course exams would not be a state graduation requirement, as provided as an option for school districts as an alternative to a validated, locally-aligned assessment under the agreement among the Department, PSBA and the Chairman of the State Board of Education. The coalition also calls for the Department to convene a committee to conduct a local assessment validity study with oversight from the committee. Current regulations on graduation requirements would remain unchanged.

Under the counterproposal, if the Department sought to replace the PSSA with Keystone Exams as the Commonwealth’s Adequate Yearly Progress measure, and it was approved by the U.S. Department of Education, the State Board of Education could require that the Keystone Exams be worth no more than 20 percent of a student’s final grade for the corresponding courses.

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### **Mark Your Calendars!**

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Primary Election Day is Tuesday, May 19.

Visit [www.votespa.com](http://www.votespa.com) to find your polling place or how to obtain an absentee ballot.

### **Learn More about Our Goals!**

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Visit [PPC's 2009-2010 Public Policy Priorities](#)



Senate Education Committee Chairman Jeff Piccola (R-Dauphin) called the coalition’s proposal “another positive development” but also commented that he did not find “the substance necessarily rigorous enough.”

### **Family Day Care Homes Bill Passes Senate**

A bill (S.B. 59) that would better ensure the safety of children who are cared for in family day care homes by requiring providers to have liability insurance has passed the Senate. The bill is sponsored by Sen. Jeffrey Piccola (R-Dauphin).

Family day care homes are self-certified and are not visited by the Office of Child Development prior to opening. They are required to submit an application, among other things, to the Department of Public Welfare (DPW) stating they are in compliance with all regulations for certification. Regulations currently encourage family day care homes in the state to carry liability insurance, but it is not mandated. All other day care providers are required to have insurance.

Additionally, the bill would require family day care providers to disclose certain information about the facility and the day care program to parents upfront, prior to their child’s enrollment, including information on where the parent can examine the providers’ history and where to file complaints. The bill also includes a provision that allows the Department of Public Welfare to immediately alert parents and shut down a family day care in the event of an emergency circumstance when the health and safety of the children at the facility is threatened. The measure now moves to the House for further consideration.

### **PA Business Leaders Host Early Childhood Summit**

National experts and more than 170 business executives from around Pennsylvania convened April 27 for the first-ever Economic Summit on Early Childhood Investment, a forum to examine ways the business sector can help make quality early education a reality for Pennsylvania’s young children.

The summit was hosted by the Pennsylvania Early Learning Investment Commission.

Rob Grunewald, an associate economist with the Federal Reserve Bank of Minneapolis, told attendees that the long-term return on investment for quality early education far exceeds historical returns from the stock market, with most benefits being public benefits.

Lydia Logan, from the Institute for a Competitive Workforce at the U.S. Chamber of Commerce, said investments in early education have become one of the institute’s focus areas. She noted businesses in the United States spend more than \$60 billion each year on remedial education and private training to teach people skills and knowledge they should have developed in school.

The Pennsylvania Early Learning Investment Commission was created in September 2008 to secure public investment in early learning by focusing on practices that are educationally, economically and scientifically sound by increasing business, civic and public awareness of the importance of early childhood education. Gov. Rendell appointed 26 business leaders from across the state to be members of this commission. The honorary chairmen are Gov. Rendell and James Rohr, Chairman and President of The PNC Financial Services Group.



### **2008 Child Abuse Report Released**

The Pennsylvania Department of Public Welfare released its 2008 Annual Child Abuse Report in April. In 2008, 50 children died as a result of abuse or neglect in Pennsylvania – the highest number of deaths since 2002. Nine out of every 1,000 children living in Pennsylvania were reported as victims of suspected child abuse last year and the abuse was substantiated in two out of every 1,000 children. The percentage of child abuse that was substantiated in 2008 was 16 percent – one percentage point lower than in 2007, however, there was an increase of 1,632 reports of suspected child abuse from last year. In all, there were 25,655 cases of reported child abuse.

Other data released in the report includes:

- *Sexual abuse was involved in 52 percent of all substantiated reports, down six percent from 2007.*
- *Of Pennsylvania's 67 counties, 47 received more reports in 2008 than 2007.*
- *There were 27 reports of suspected student abuse, an increase of 9 from 2007.*
- *Of the substantiated reports of abuse, the living arrangement of the child at the time of abuse was highest for children living with a single parent.*

You can review the entire report at [2008 Annual Child Abuse Report](#).

### **\$770 Million Available for Property Tax Relief**

Taxpayers will see nearly \$770 million in property tax relief this year – that's the amount of gaming revenue that will be available for property tax relief in 2009. This is the same level that homeowners received in 2008.

The 2006 Taxpayer Relief Act created the Property Tax Relief Fund as a way to use gaming revenue to reduce property taxes for homeowners. State law requires the budget secretary to certify the actual balance in the fund on April 15 each year and to project gaming revenues to the fund in the next six months.

Budget Secretary Soderberg certified that the balance in the Property Tax Relief Fund is \$561.7 million, including \$105.2 million in the Property Tax Relief Reserve Fund. Gaming revenue from now through Oct. 15 is projected to add \$298.9 million to the relief fund, bringing the total amount in the fund to approximately \$860.6 million (including the reserve fund).

### **New Professional Development Requirement for Regulation Exempt Providers in Child Care Works**

In Pennsylvania, people who care for three or fewer children, not including their own children, are not required to be certified/licensed by the Department of Public Welfare/Office of Child Development and Early Learning (OCDEL), but can receive subsidized child care funding. These child care providers usually give care in their homes and are called Relative/Neighbor (R/N) providers. Effective July 1, 2009, OCDEL will require that R/N providers have 12 hours of professional development every two years to continue to participate in the Child Care Works subsidized child care program. R/Ns must receive their training from instructors and organizations approved by the Pennsylvania Quality Assurance System administered by the Pennsylvania Key. OCDEL is implementing the R/N training requirement as a result of a recommendation from the Pennsylvania BUILD Taskforce on Quality in Regulation Exempt Care Settings.



Homeowners in 66 counties will receive reductions in the school property tax bills. Philadelphia's share of funding for broad-based tax relief will be used to reduce the city's wage tax instead of its property tax.

The amount of property tax relief in each school district is available online at [www.papropertytaxrelief.com](http://www.papropertytaxrelief.com).

### CHIP Update

CHIP enrollment jumped to 191,059 in April, a 1 percent increase over the previous month. The program grew 11.6 percent over the year. There are 10,624 children enrolled in CHIP in April who would not have been eligible before Cover All Kids was implemented.



### Revenue Update

Pennsylvania collected \$3 billion in general fund revenue in April, \$941.5 million, or 24.2 percent, less than anticipated. Fiscal year-to-date general fund collections total \$21.7 billion, which is \$2.6 billion, or 10.5 percent, below estimate.

### Session Update

The House is scheduled to be in session on May 11 – 14. Both chambers will return to session on June 1.

## Federal Update

### Federal Budget Resolution Adopted

On April 29, the U.S. House and Senate adopted the FFY 2010 budget resolution conference report. The report ironed out differences between previously passed House and Senate versions of the budget resolution. As a reminder, budget resolutions do not carry the force of law, but they do serve as a benchmark for overall revenues and appropriations.

The House adopted the measure by a vote of 233-193 (with 7 not voting). PA representatives Altmire, Brady, Carney, Dahlkemper, Doyle, Fattah, Holden, Kanjorski, Patrick Murphy, Murtha, Schwartz and Sestak voted for the conference report. Representatives Dent, Gerlach, Tim Murphy, Pitts, Platts, Shuster, and Thompson voted in the negative. In the Senate, Senator Casey voted for the report and Senator Specter voted against it. The final tally in the Senate was 53-43 (with 3 not voting).

The report supports President Obama's proposed budget framework and priorities. For example, it provides reserve funds to pay for health care reform, Pell Grant increases, and children's nutrition programs, and a framework to invest in education, both early childhood education and postsecondary education.

The FY 2010 budget resolution conference report provides \$10 billion less than the president proposed for non-defense discretionary spending, which is about \$2.8 billion below the amount in the House resolution and \$5 billion above the amount in the Senate resolution. The resolution also calls for the adoption of a pay-as-you-go or PAYGO law which would require revenue offsets for new spending. Congress has been operating under a PAYGO rule for the past several years. A PAYGO law was on the books for a number of years ago, but it expired in 2002.

On the tax side, the resolution allows the extension of the 2001 tax cuts for taxpayers making under \$250,000; the extension of the child tax credit; education incentives; and the extension of the estate tax according to its



current parameters. The estate tax provisions mirror those in the House version of the budget resolution. The Senate version weakened the estate tax and would have cost an additional \$91 billion over ten years.

With the FFY 2010 budget resolution adopted, the House and Senate will now begin crafting appropriations bills for FFY 2010.

### **Sen. Casey Reintroduces Pre-K Bill**

PA Senator Robert P. Casey, Jr. reintroduced his Prepare All Kids Act as S.B. 839. The measure would help states in providing high-quality pre-K to children by providing a new federal investment stream that would be matched by state funding. Of interest the bill would, among other things:

- *Focus on children from low-income families and children with special needs;*
- *Ensure high quality by requiring programs to utilize a research-based curriculum;*
- *Limit classroom size to a maximum of 20 children and a child to teacher ratio of no more than 10:1;*
- *Require teachers to have bachelors' degrees within six years;*
- *Require states to develop and enforce a monitoring plan; and*
- *Provide specific funding that state can use to extend programs to full-day and year-round.*

"PPC applauds Senator Casey for re-introducing his Prepare All Kids legislation," PPC President Joan Benso said. "When enacted, this legislation will ensure even greater access to high-quality pre-K programs for 3- and 4-year old children in Pennsylvania. This legislation underscores the importance of a strong state-federal partnership in providing high-quality learning opportunities for children."

### **No Progress on Closing Achievement Gaps with No Child Left Behind**

Results of a federal test considered to be the nation's best measure of long-term trends in math and reading proficiency show that No Child Left Behind has not narrowed the achievement gap between white and minority students. The 2008 National Assessment of Educational Progress (NAEP) Long-Term Trend Reading and Mathematics Assessments show that between 2004 and last year, scores for young minority students increased, but so did those of white students.

Despite the gains of both whites and minorities, the overall scores of 17-year-old students, averaged across all groups, were the same as those of teenagers who took the test in the early 1970s. This was largely due to a shift in demographics; there are now far more lower-scoring minorities in relation to whites. The scores of 9- and 13-year-old students, however, were up modestly in reading, and were considerably higher in math, since 2004, the last time the test was administered. And they were quite a bit higher than those of students of the same age a generation back. The progress of younger students tapered off as they got older.

Following the release of the results, U.S. Secretary of Education Arne Duncan, released a statement in response to the test results.

"We're pleased to see some recent progress among all age groups in reading and among younger age groups in math," Duncan said. "We're also pleased to see achievement gaps shrinking in reading, but we still have a lot more work to do. Our focus on raising standards, increasing academic rigor and improving teacher quality are all steps in the right direction."

Many expect these latest NAEP test results will provoke debate and changes to NCLB when the Obama Administration seeks to reauthorize the law next year.

