

### State Budget Takes Center Stage in June

The Pennsylvania General Assembly reconvened June 6 and at the top of the legislative agenda is, of course, the state budget. The new fiscal year begins July 1 and though the budget must constitutionally be passed by June 30, work on the budget is likely to proceed past that deadline. In February, Gov. Ed Rendell proposed a \$23.8 billion budget, of which \$4.5 billion would go toward Medicaid.

At the center of budget negotiations is the Medicaid debate and Gov. Rendell's proposal to save about \$400 million from the Medical Assistance budget. Medicaid (or Medical Assistance, as it is known in Pennsylvania) is the single most important source of health care coverage for low-income and disabled Americans serving about 1.8 million Pennsylvanians. Children and families in Pennsylvania represent 60 percent of this population.

Budget negotiations will focus on how to manage increasing Medical Assistance (MA) spending. Gov. Rendell's proposal to curb MA spending includes limiting MA recipients (adults only) to six prescriptions per month; limiting inpatient hospital admissions to two per year; limiting outpatient visits to

18 per year; and adding a sliding scale premium for children with disabilities whose parents have income levels above a certain amount. These premiums could range anywhere from \$40 a month for families who make \$40,000 a year to \$1,000 a month for families who make \$1 million or more.

Since Medicaid is a program managed by the states that contains federal matching dollars, a reduction in the federal allocation of the low-income health insurance program has significant impact on a state's spending on Medicaid. The impact goes beyond simply funding someone's trip to the doctor. There are economic implications, too.

Because Medicaid spending has an economic multiplier effect, each \$1 million that Pennsylvania invests in Medicaid results in more than \$2.7 million in new business activity and nearly 25 newly created jobs. (Source: US Department of Health and Human Services Summary Table of Medicaid and SCHIP)

Pennsylvania Partnerships for Children will keep you apprised of any action we might take or request.

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Published by Pennsylvania Partnerships for Children, a strong, effective, and trusted voice to improve the the health, education, and well-being of the Commonwealth's children. Joan L. Benso, President and CEO. 1-800-257-2030; [www.papartnerships.org](http://www.papartnerships.org).

## Pennsylvania Update

### **Child Care Regulations Pass Process Deemed more “User Friendly”**

In May, the Independent Regulatory Review Commission (IRRC) unanimously approved the Department of Public Welfare’s (DPW) Subsidized Child Care Regulations. The regulations aim to streamline the eligibility and verification process for parents so that the system is more “user friendly,” connects more families to child care, and ultimately is “responsive to their needs.”

The regulations will be published in the Pennsylvania Bulletin and will become effective June 18.

Gov. Rendell’s office calls the revised regulations “family friendly” and says the changes will allow low-income parents who work part time, at least 20 hours a week, to have access to the program, will encourage voluntary child support agreements for families, and will streamline the application procedures and requirements.

Chief among the highlights is a 20-hour work week requirement, a victory for parents who work part-time and previously were not eligible for the subsidy. Also important are the elimination of mandatory support cooperation, streamlining and simplifying the verification process, and special provisions to support children from low-income families enrolled in Head Start or a pre-K program who need hours or days of care.

### **Department of Education Releases Violence & Weapons Report**

A new report from the Pennsylvania Department of Education (PDE) shows that the number of violent incidents and weapons possessions in Pennsylvania schools have decreased by more than 18 percent since its last report.

According to PDE, the Annual Report on School Violence and Weapons Possession is a summary of data reported by the state’s 501 school districts, 29 intermediate units (IU), 73 area vocational-technical schools and 101 charter schools. The report covers reported incidents that occurred in Pennsylvania’s public schools between July 1, 2003, and June 30, 2004.

During the 2003-04 school year, public schools reported 22,831 separate incidents of violence and weapons possession, which represents a decrease of 18.49 percent over the previous year. The number of offenders also decreased by 19.62 percent.

According to the report, the use of firearms increased, up 35.62 percent from 2002-03. However, it was noted that some schools might have misreported the “other firearms” category, including items not considered firearms by definition. PDE says steps already have been taken to further clarify the definition of “firearm” for next year’s report.

The report is available at [pde.state.pa.us](http://pde.state.pa.us).

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## State Update (cont.)

### Dual Enrollment Gains Ground

In May, the Senate Education Committee approved Senate Bill 150 which creates \$5 million in the 2005-06 budget to provide state grants to support dual enrollment programs through which high school students can enroll in college courses. Dual enrollment programs are gaining popularity as a high school reform measure. These programs allow high school students to take college courses and earn post-secondary credits while still in high school, which eases financial burdens on parents while also helping to improve a student's transition to college and beyond.

### Secretary Barnes Resigns

State Education Secretary Francis Barnes announced June 13 he will resign his position in September and return to work as a school district superintendent.

Barnes, 56, who has been education chief since last September, will return to his former position in Bucks County's Palisades School District. Gerald Zahorchak, deputy secretary for elementary and secondary education, will take over as acting secretary until Barnes' replacement is named.

### The State of Teens in Pennsylvania

Beginning this summer, Pennsylvania Partnerships for Children will publish a series of fact sheets on Youth in Transition, young people moving from middle school to high school, high school to post secondary education or work and beyond. The first fact sheet will be published June 22 and deals with the graduation gap in Pennsylvania: how many teens receive high school diplomas in Pennsylvania.

Look for our first report on June 22!

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## Department to Hold Statewide LIHEAP Hearings

The Department of Public Welfare is making the FY 2005-06 Low-Income Home Energy Assistance Program (LIHEAP) proposed state plan available for public review and comment. The plan will be available June 20 by contacting local county assistance offices.

Department of Public Welfare

July 7 – 10 a.m.

Allegheny County Courthouse, Gold Room,  
4th Floor, 436 Grant St., Pittsburgh

Public hearing on the FY 2005-06 Low-Income Home Energy Assistance Program (LIHEAP) proposed state plan.

July 12 – 10 a.m.

Philadelphia County Assistance Office,  
LIHEAP Conference Room

2nd Floor, 4601 Market St., Philadelphia

Public hearing on the FY 2005-06 Low-Income Home Energy Assistance Program (LIHEAP) proposed state plan.

July 15 – 10 a.m.

Harrisburg Hilton and Towers, 1 North  
Second St., Harrisburg

Public hearing on the FY 2005-06 Low-Income Home Energy Assistance Program (LIHEAP) proposed state plan.



## Washington Update

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### **TANF Reauthorization Status**

The current Temporary Assistance for Needy Families (TANF) extension is set to expire on June 30.

As Congress reconvened from its spring recess to work on the federal budget, the news out of Washington is that TANF will once again be extended. The TANF reauthorization is now stalled and it appears the issue will be resolved through the budget reconciliation process required of the House Ways and Means Committee and Senate Finance Committee prior to the end of September. If TANF is acted on within reconciliation, any additional costs of TANF reauthorization may be off-set by other low-income programs.

Child care subsidies through TANF help low-income working parents afford child care. Federal funds from TANF have allowed Pennsylvania to make child care more readily 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.

### **Federal Appropriations Bills**

The House is expected to complete work on its appropriations bills by the July 4 recess. The House Appropriations Subcommittee on Labor, Health and Human Services and Education markup was June 9. The markup can be found at [http://appropriations.house.gov/\\_files/LHSCMark.pdf](http://appropriations.house.gov/_files/LHSCMark.pdf)

The House markup includes nearly flat funding of \$2.08 million for child care and an additional \$55.9 million for Head Start.

The Senate is just beginning its appropriations markups and no spending bills are expected to be considered on the floor until the final week before the recess.

### **Update to No Child Left Behind**

U.S. Secretary of Education Margaret Spellings last month announced new guidelines and flexibility to help states better assess special education students under No Child Left Behind (NCLB). According to the May 10th news release, eligible states may implement short-term adjustments to their adequate yearly progress decisions to reflect the need for alternate assessments based on modified achievement standards; this is a separate policy from the current regulation that allows up to one percent of all students being tested (those with the most significant cognitive disabilities) to take an alternate assessment.

To qualify for the short-term flexibility, states must provide evidence that state efforts to improve the academic achievement of special education students are working and be in compliance with NCLB rules for special education students related to participation rate on state assessments, availability of appropriate testing accommodations, availability of alternative assessments in reading and math, and student subgroup size.

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## Washington Update (cont.)

According to the U.S. Department of Education, the option is available only to those schools and districts that did not meet a state's adequate yearly progress (AYP) standards solely because of their special education subgroup. This short-term flexibility will be offered to qualifying states while the Department develops rulemaking for a long-term policy on alternative assessments.

### Medicaid Debate

While U.S. Health and Human Services Secretary Michael Leavitt convenes a federal commission to examine how to shave \$10 billion from Medicaid, the nation's governors have opted not to join that commission, instead creating their own proposals to reform Medicaid.

Congressional Democrats also boycotted the Medicaid Commission, voting not to appoint members of the Senate and House as non-voting members of the Medicaid Commission. Democrats were invited to appoint four non-voting members to the advisory panel.

A task force of 11 governors – including Gov. Ed Rendell – released a summary June 1 of proposals that will go before all 50 governors at the National Governors Association annual meeting in July.

The governors' proposal includes the following items:

- Allowing states to adopt tiered, enforceable co-payments for prescription drugs that Medicaid covers;

- Giving states more freedom to innovate by cutting long waits for states seeking exemptions to Medicaid rules;

- Removing legal barriers to states managing optional Medicaid benefits, in an effort to keep states from landing in court when they try innovative Medicaid strategies;

- Establishing a National Health Care Innovations Program that would support state-level health care reform initiatives.

### Head Start Reauthorization

On May 18, the U.S. House Committee on Education and the Workforce voted unanimously to approve H.R. 2123, the School Readiness Act of 2005, which reauthorizes Head Start. The federal early education program helps nearly one million 3- and 4-year-olds prepare for kindergarten annually. Among the changes, the legislation:

- provides "priority" grant status to providers who have met all Head Start requirements;

- increases financial disclosure by requiring all Head Start grantees to undergo annual independent audits and produce a public report on spending;

- requires "priority grantees" to use a scientifically-based curriculum that is aligned with their state's K-12 academic standards and;

- requires that, in order to be a "priority grantee," providers form partnerships with local school districts that will foster smooth transitions to kindergarten for students.

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/>