

■ State Budget Update

After a long holiday weekend of work, the Pennsylvania General Assembly and Governor finally reached agreement on the State Budget which was passed on July 6th. The fiscal year 2005-06 proposal increases spending by \$1.170 billion over the fiscal year 2004-05 state budget. This represents a 5% state fund spending increase. Highlights included a small increase in public education and related programs, restoration of some proposed cuts to Medical Assistance, and a legislative pay raise. All in all, children's programs did well in an otherwise tough budget year.

Education

State funding for basic education increases 3.5% to \$8.222 billion. This includes a 3% increase in the general subsidy to support school district instructional programs (to \$4.492 billion) and a 2.6% increase for special education (to \$953 million).

The budget continues and expands funding for programs that benefit young children. The Education Accountability Block Grant, begun last year, retains its \$200 million funding level. In 2004-05, districts used 67% of their block grants on pre-K programs, full-day kindergarten, and class size reduction in kindergarten through third grade. Those

efforts served over 72,500 young children. The new budget also doubles funding for the state Head Start supplement – begun last year – to \$30 million. The first priority is to continue funding current providers and then to serve currently unserved eligible children with high quality preschool services. Funding for early intervention for children from 3 years of age to school age increased 5% to \$123.5 million. Funding for the 0-3 early intervention program (administered by the Department of Public Welfare) increased by \$8.8 million (11%).

A major school improvement strategy of the current Administration has been tutoring programs for students not achieving proficiency on state reading and math tests. The new budget expands the Education Assistance Program from \$38 million to \$66 million. It also makes services available to older students and during the school day as long as they do not interfere with the regular instructional program.

In February, the Governor proposed \$9.7 million to assist high school students with

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their transitions to adulthood – \$5 million for dual enrollment programs and \$4.7 million to support Project 720, the state’s high school reform initiative. The budget includes both amounts. Dual enrollment grants will be made to school districts that enter into written agreements with one or more higher education institutions to offer college courses that award both high school and college credit. The agreements will be drawn up by concurrent enrollment committees comprised of district, college, and parent representatives. Courses must be non-remedial and identical in content to those offered to college students. Additional funds are available if dual enrollment courses include low-income students. Grants also are available to support students in area vocational-technical schools, charter schools, nonpublic schools, and home education programs. Project 720 makes grants to school districts to increase the rigor of the high school curriculum, establish smaller and more personalized high school learning environments, improve counseling services, and support dual enrollment efforts. The budget should allow expansion of Project 720 from 41 to 80 school districts.

In companion legislation to the budget (House Bill 628), the General Assembly increases the rate of reimbursement for school construction and renovation projects by 20% – the first increase since 1987. Lack of classroom space has been a deterrent for many districts seeking to expand to full-day kindergarten programs or begin pre-K programs in the schools. The new rates are effective for projects undertaken since January 1 of this year. In addition, a 10% incentive is provided for districts using model school designs from PDE and for those conforming to “green” building standards.

The largest component of education funding is the basic education subsidy of \$4.492 billion. Of this amount, 97% is a hold harmless payment, assuring

districts at least the same funding as they got the prior year. The remaining 3% is distributed through a series of supplements that assure that every school district receives at least 2% more in funding and in varying degrees addresses the relative wealth of a school district, movement towards a “foundation funding” level for all school districts, high poverty in a school district, local tax effort, school district growth, assistance to small school districts and supports to districts with significant numbers of children with limited English proficiency.

DPW – Child Care and other Children’s Services

The Department of Public Welfare’s budget includes more than \$26 million in new state funds to support child care – including resources to expand subsidy and improve quality through Keystone Stars, TEACH and rate adjustments.

Funds continue in the budget for family support initiatives such as Nurse Family Partnerships, Parent Child program and family centers. State funds for county-based child welfare funding rose by \$206 million (33%). Much of the increase is the replacement of federal TANF funds with state funds. But the increase includes sufficient resources to provide services to an additional 3000 children during the new fiscal year 2005-06. Counties also included some resources for prevention-based initiatives as part of their integrated children’s services plans for the new year but details for those efforts are not yet available.

Medical Assistance

The Governor’s fiscal year 2005-06 budget contained a number of initiatives designed to reduce medical assistance expenditures. While no service reductions or eligibility modifications for children were included in these initiatives, the

Governor did propose moderate to high income families with disabled children receiving MA under the “loophole” or “family of one” provision to cost share with the Commonwealth by paying premiums on a sliding fee scale basis. The target for savings was originally proposed to be \$21 million, but as the budget was negotiated and more resources became available – the target for savings was reduced to \$10 million in the adopted budget. The plan to secure the cost savings in the delivery of services to loophole children has yet to be finalized. A new plan is slated to go into effect on October 1, 2005. The Governor’s office, DPW and legislative leaders all report that no final proposal has been developed. PPC will provide more details as they become available.

Medical Assistance coverage for adults was a key point of debate during the budget process. With 2004-05 fiscal year revenue coming in higher than expected yielding a surplus in state funding and projections for the new fiscal year being better than

expected when the Governor proposed his budget in February, legislative leaders and the Governor were able to restore some of the proposed cuts in services to adults. For more details on Medical Assistance benefits for adults, visit www.phlp.org.

Included in the 2005-06 budget is language that directs the Department of Public Welfare to conduct an eligibility re-determination every six months for some households in Medicaid. The following categories of recipients are exempt from this process: pregnant women, children under 1, people in long term care, persons receiving Medicaid in the disabled or elderly categories, children living with relatives other than a parent whose income is not counted towards eligibility, children in foster care or adoption assistance and people on extended medical coverage (EMC). The Department will be making decisions on how to implement this aspect of the legislation and PPC will provide more details as they become available.

Federal Update

Congress Passes 10th Extension of Temporary Assistance to Needy Families (TANF)

The U.S. House and Senate passed a bill June 30th signed by President Bush extending the current Temporary Assistance for Needy Families (TANF) block grant through Sept. 30. TANF expired in 2002 and has been kept alive through 10 extensions, though word out of Washington, D.C. is that full reauthorization of TANF is likely to occur as part of the budget reconciliation process.

TANF provides child care, transportation, cash assistance, housing assistance and job training to help families make a successful transition from

welfare to work. Pennsylvania receives about \$719 million annually through TANF, though this allocation has remained flat for the past eight years.

More than 250,000 Pennsylvanians receive TANF cash assistance and more than 100,000 children a month receive a child care subsidy, according to the Pennsylvania Welfare Coalition.

Head Start May Limit Parental Involvement

No Money for Mandated Professional Development

A Head Start reauthorization bill pending in the Senate may limit parental involvement in local

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management of Head Start, the early education program created 40 years ago to help close the achievement gap between students from different economic and social backgrounds. Today, 30,000 Pennsylvania children attend pre-kindergarten through Head Start.

According to the National Head Start Association, the Senate bill would undermine the growing trend toward the involvement of more fathers in Head Start. At risk: the 180,000 fathers and father figures who have become active in Head Start classrooms and parent councils due to fatherhood outreach initiatives mounted by NHSA, the U.S. Department of Health and Human Services and other organizations.

Head Start officials and other advocates are working to encourage changes in a Senate bill, which, as currently written, would severely limit the role of parents in the management of local Head Start programs. Nationwide, 81.6 percent of Head Start programs (2,226 out of 2,729) have campaigns to get fathers more involved in the classroom and on parent councils, according to NHSA.

Also of concern in the pending Head Start legislation are new unfunded professional development requirements of teachers. Congress is near agreement on new requirements that would raise the quality of Head Start teachers. That is an important goal and a powerful way to ensure the future success of Head Start children. But, as it stands today, Congress seems unwilling to provide funding to meet these requirements.

Pennsylvania Senator Arlen Specter chairs the Senate subcommittee that oversees Head Start funding and has the power to make the federal Head Start promise a reality.

PPC has joined with Pre-K Now to urge concerned citizens to contact Sen. Specter and ask him for \$300 million in new funding for the professional development initiative. We must send a powerful message that funding and teacher quality are connected.

Becoming a high-quality teacher requires training. Research shows that the most effective pre-k teachers have a college degree and specialized training in early childhood education, but less than one-third of current Head Start teachers have a bachelor's degree. Funds to expand educational opportunities for Head Start teachers are vital. Attracting and keeping high-quality teachers requires higher wages. Head Start pre-k teachers with bachelor's degrees make, on average, just \$26,000 per year – or almost \$20,000 less than public school teachers in kindergarten and above. Salaries equal to kindergarten teachers are crucial to building a high-quality Head Start workforce and keeping teachers from leaving pre-k for better paying K-12 jobs.

Your action today can help improve teacher quality and salaries in Head Start, one of the nation's most important pre-kindergarten programs. Furthermore, because it is a model for state pre-kindergarten programs around the country, Head Start improvements may lead to quality improvements in state pre-k programs around the country.



ACTION: please visit PPC's online action center (www.ppartnerships.org, click on Act Now box) to send an e-mail to Sen. Specter urging him to fund professional development requirements of Head Start teachers. You can also call Sen. Specter at 202-224-4254.

■ Meeting Notice

The Office of Child Development will hold regional meetings to assist in the development of the Infant/Toddler Statewide Strategy, which was drafted by a group of experts and leaders, to discuss the current draft of the Framework. The draft Framework currently focuses on services that support infants and toddlers in 1) health, 2) family support, and 3) early learning settings. The Office of Child Development is requesting assistance in determining gaps in services, identifying strategies that work, and drafting recommendations for the Framework. All stakeholders who work with infants, toddlers, and their families are invited to participate.

Central Region – July 12: 10 a.m. to 3 p.m.

PaTTAN Harrisburg
6340 Flank Dr., Dauphin Room
RSVP by July 8 to Audrey Shuey
ashuey@pattan.net
800-360-7282 ext. 3925

Western Region – July 13: 10 a.m. to 3 p.m.

PaTTAN Pittsburgh
3190 William Pitt Way, Pittsburgh
RSVP by July 8 to Jan Hecht
jhecht@pattan.net
800-446-5607 ext. 6827

Eastern Region – July 19: 10 a.m. to 3 p.m.

PaTTAN King of Prussia
200 Anderson Rd., King of Prussia
RSVP by July 13 to Bruna Lamesta
blamesta@pattan.net
800-441-3215 ext. 235

*Driving directions are available at
<http://www.pattan.k12.pa.us/contact/offices.aspx>*