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Child Welfare Financing Reform Update

Proposal Aims to Protect Abused and Neglected Children

The Department of Public Welfare is advancing a legislative proposal to help safely reduce the number of children in foster



care and increase the number of children in permanent families. The proposal – which changes how Pennsylvania funds county-based child welfare services for abused and neglected children – was developed by a workgroup of child welfare stakeholders comprised of representatives of DPW, the juvenile justice system, counties, and child advocates. The General Assembly has a tremendous opportunity to help improve outcomes for children and families by passing the proposal with the state budget.

What's in the proposal?

Nearly 20,000 children live in the foster care system on any given day due to abuse or neglect. The child welfare finance reform proposal would incentivize strategies designed to improve outcomes for children and families by, in part, changing the rates that the Commonwealth reimburses counties for certain child welfare services. Most notable are increases in state support for home- and community-based services as well as increased state support for foster family home placement. One of the largest cost drivers in Pennsylvania's child welfare system is the placement of children in group homes and institutions. While these placements are appropriate for some children with high-end complex needs, foster family home placement costs \$50,000 a year less on average and produces better child outcomes. The changes in state reimbursements would be phased in over the course of three fiscal years, beginning in FY 2010-2011, and would be complete by FY 2012-2013.

The reform proposal provides for special grants to advance evidence-based practice which helps reduce the need to ever place children in foster care; reduce the time children spend in foster care placement; aid in adoption; and, support youth who leave the system as young adults without families.

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continued on next page



Counties would be provided appropriate funding flexibility and financial rewards for high performance for achieving permanency outcomes for children and youth. The proposal provides for a maximum percentage for indirect administrative costs and minimum level for a facility's occupancy percentage that the state will participate in the reimbursement of costs.

[CLICK HERE](#) to send a letter to your legislators telling them to pass the Child Welfare Financing Reform measure with the state budget!

Will it work?

Other states and large cities, including New York City, Florida and Illinois, have successfully employed similar initiatives and reduced the number of children in foster care and thus achieved better outcomes for children.

The proposal complements reform initiatives that are working right now in Pennsylvania. A total of 25 counties are participating in two key initiatives – the Pennsylvania Permanency Practice Initiative, and the National Governors Association policy academy on safely reducing the number of children in foster care. Two initiatives cover about 76 percent of all Pennsylvania children in foster care. The child welfare financing reform proposal will help support the services provided to those children and more statewide.

What will it cost?

The proposal is revenue neutral – meaning that *it will not cost the state additional money. It would take about the same amount of funds currently spent on child welfare and spend it more wisely.* This is an important consideration in the midst of one of the most difficult budget seasons in Pennsylvania history.

Why act now?

Some in the state capitol suggest that the measure can wait until later in the year. It cannot wait. The measure should be passed with FY 09-10 general fund budget. Under current child welfare law, counties must submit their budget requests for the following fiscal year by August 15. Delaying passage by just a few months would delay implementation of the changes by a full fiscal year. Children who live in the foster care system shouldn't wait another year before we advance reform that supports better outcomes for them.

For more details on this proposal [CLICK HERE](#).

State Budget Update

As the Commonwealth approaches the June 30 budget deadline, negotiations are moving very slowly. Facing a growing state deficit that stands at \$3.2 million, Governor Rendell recently proposed a one-half percent increase in the state Personal Income Tax (PIT) to help close the budget gap. Under the governor's proposal, the PIT would be raised to 3.57 percent and would be in place for three years. According to Rendell, that rate would be the third lowest PIT rate in the nation. The temporary increase would raise approximately \$1.5 billion per year in new revenue.

The proposal received a mixed reaction – along party lines – by budget negotiators. House and Senate Republicans are generally opposed to using a broad based tax increase to fill the budget



hole, while many, but not all, Democrats support a tax increase to stave off deep cuts to state programs. This leaves many capitol observers to conclude that the budget debate will extend well into the summer and perhaps into the fall.

The divide among key budget negotiators was clear when the governor and Senate President Pro Tempore (and Lieutenant Governor) Joe Scarnati took to the airwaves in public television interviews broadcast statewide. Scarnati said Pennsylvania should set an example by balancing its budget solely with spending cuts, as proposed in a bill passed by the GOP-controlled Senate. Rendell said cuts must be accompanied by tax increases to avoid serious consequences, such as potential job losses and program cuts for children's services.

The governor also is calling for an additional \$500 million in cuts to his budget proposal. Many of those program cuts occurred within the departments of Education, Public Welfare and Community and Economic Development. Details of all the cuts were not available at our publication deadline. The cuts do not appear to impact important programs such as county child welfare, Child Care Works, basic education funding, pre-K, Head Start or CHIP – *in contrast to the Senate budget bill.*

If cuts are chosen as the sole means to deal with the budget gap, we are likely to see important programs like CHIP, Pre-K Counts, Child Care Works, Head Start, basic education funding, and more slashed well beyond the Senate proposal.

“The growing state deficit is a clear indication that the state doesn't have adequate revenue to support the programs necessary to the health, education and well-being of our children and families, said Joan L. Benso, president and CEO of Pennsylvania Partnerships for Children. “We can no longer afford to fulfill our commitment as a Commonwealth today. The economic forecast indicates this will only get worse in the coming fiscal year.

“It is prudent for state government to seek efficiencies. It is prudent for the state to assure that we focus our spending on the programs and services that meet the greatest needs and ensure children top that list. It is also prudent for the Commonwealth to consider all revenue generating options,” she added.

Budget Bus Tour Promotes Education

Secretary Zahorchak, Governor Rendell, Senator Bob Casey and other education advocates made a 15-city tour this month to encourage the Legislature to preserve education funding in the state budget.

Many superintendents are concerned that if Pennsylvania doesn't maintain its commitment to the school funding formula and invest stimulus

Do You Want to Help Abused and Neglected Children?



[CLICK HERE](#) to send a letter to your legislators telling them to pass the Child Welfare Financing Reform measure with the state budget!

Then watch your inbox to see what else you can do!

Some legislators say it can wait – but 20,000 children in the foster care system say it can't!



dollars in a basic education funding increase, school districts will face tough decisions including program and teacher cuts.

“Last year, the governor and General Assembly took a courageous step to implement a new funding formula to provide for adequacy and equity regardless of a student’s zip code,” said Ronald Sofo, Ph.D., superintendent of the Freedom Area School District. “A commitment to our youth and collective future success must not waiver in difficult times.”

Strains on local budgets will force school districts to eliminate teaching jobs, leading to increased class sizes and decreased personalized attention if basic education funding is not increased.

“The key to sustaining this forward progress is for our communities to hold our legislature accountable to ensure that while we build classrooms for the future, we are also able to fund our classrooms in the future,” said Mark B. Miller, School Board Director, Centennial School District and Assistant Regional Director for the Pennsylvania School Boards Association. “They must understand our position that school districts cannot continue balancing budgets by eliminating teaching positions, nor can we fund our classrooms in the future by increasing class size or curtailing our programs.”

Senator Casey acknowledged that members of Congress don’t usually get involved in the state budget process but said he wants to make sure that federal stimulus dollars going to Pennsylvania are spent wisely.

Secretary Zahorchak said that a budget like the Senate proposal would mean dire consequences for homeowners, students and the economic well-being of the Commonwealth. He said if the state chooses to use stimulus money as proposed by the Senate, it could risk losing some of the \$5 billion available to states based on how well they use money to boost student achievement.

Department of Education Delays Development of Keystone Exams

Secretary of Education Gerald Zahorchak has sent a letter to the Chairmen of the House and Senate Education Committees announcing that the Pennsylvania Department of Education delay development of state-mandated graduation exams, also referred to as Keystone Exams, until legislative consensus can be achieved. In the letter, Secretary Zahorchak stated that: “Under the current circumstance and to allow the emerging consensus to develop, we will not spend funds for state-mandated graduation test development under the Data Recognition Corp. contract.”

The decision to halt development of the state-mandated graduation tests will not impact the other components of the contract, which include the development of model curriculum and diagnostics to help identify and target instructional support to students at risk of educational failure.

Earlier in June, the Senate Education Committee held a hearing to question Secretary Zahorchak on the contract he signed with the Data Recognition Corporation for the development of the exams. The Chairmen of the Senate Education Committee, Sen. Jeff Piccola (R-Dauphin) and Sen. Andrew Dinniman (D-Chester) have been working with various stakeholders and the department to achieve a compromise on the issue. Both expressed disappointment and frustration earlier at the department’s decision to sign the contract before legislative buy-in was achieved. It is hoped that the department’s decision to not move forward with the development of the exams will help restart discussions among the legislators, the chairman of the State Board of Education, and other education stakeholders about legislative buy-in for a compromise on the tests.



Juvenile Court Corruption Panel Bills Advancing

In response to a recent juvenile court corruption case in Luzerne County, Senator Jane Baker (R-Luzerne) and Representative Todd Eachus (D-Luzerne) have introduced companion bills to establish an Interbranch Commission on Juvenile Justice. The three branches of state government would appoint members to the commission. The commission would be authorized to, among other things: investigate the events, practices, processes and procedures in Luzerne County involving judges, attorneys, county officials, probation and parole offices and providers of juvenile services, and to make recommendations as necessary with respect to judicial and attorney conduct. A final report from the commission would be due by May 31, 2010. At our publication deadline, the companion measures – H.B. 1648 and S.B. 949 – are ready for floor votes in their respective chambers.

Child Abuse Bills Advancing

A pair of bills (S.B. 919 and 920) that will provide more funding to child abuse and domestic violence programs are on the Senate floor for consideration. Sen. LeAnna M. Washington (D-Phila.) introduced the bills to help some 80,000 victims of domestic violence each year. In 2007, 50 children died from child abuse or neglect.

Both bills are aimed at addressing the critical shortage of funding for domestic violence and child abuse prevention services across the state. The bills would increase the dedicated fees on marriage licenses and divorce filings to generate funding for statewide domestic violence services and for child abuse prevention and programs. Both bills are expected to raise an additional \$5.3 million in revenue.

S.B. 919 would increase the surcharge on marriage applications to \$35 and on divorce complaints to \$25. Under present law, a \$10 surcharge is paid to the Children's Trust Fund. S.B. 920 would increase the fee for a marriage license to \$38 with only \$2.50 retained by the county and the other \$35.50 would be placed into the General Fund – \$35 of which would go to the Department of Public Welfare for program and prevention use.

Changes to CHIP Coming

The Pennsylvania Department of Insurance is submitting a CHIP State Plan Amendment to the Centers for Medicare and Medicaid Services in the U.S. Department of Health and Human Services to address new mandates and implement certain options under the recently enacted federal Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009. The state plan amendment details the Commonwealth's proposals to:



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- Verify citizenship of CHIP applicants by matching applicant data against data maintained by the Social Security Administration;
- Increase the premium payment grace period for enrollees from 10 days to 30 days and provide notice during the grace period that coverage will terminate at the end of the grace period if payment is not received;
- Provide automatic enrollment of a newborn child for one year if the child is born to a low-income woman who was receiving pregnancy-related assistance through CHIP on the date of the child's birth;
- Provide mental health parity by placing a limit on physical health outpatient visits to match the outpatient limits for mental health at 50 visits per year and the limit will not include well-baby and well-child visits;
- Implement "express lane" eligibility to make application and renewal easier based on information contained in applications for other public services;
- Implement administrative renewals to reduce the amount of enrollee verification required at renewals; and
- Eliminate lifetime maximum benefits and add hospice care to the benefit package.

Governor Signs Bills to Improve Healthcare Access, Quality

This month, Governor Rendell signed four bills into law that will improve access and quality for patients and will reduce costs.

The four health care bills signed by the governor are:

- **H.B. 84** – This bill prohibits health care providers from seeking reimbursement for a serious, preventable medical error, often called "never events." Approximately 140 patients who experience an adverse medical event that might be both serious and preventable die each year in Pennsylvania hospitals. The total charges for the hospital stays in which these deaths occur amounts to approximately \$21.8 million dollars. Approximately 3,500 other patients a year survive an adverse event for which charges are an addition \$316 million a year. In January 2008, the Department of Public Welfare implemented a policy to prohibit hospitals to bill Medicaid for 27 "never events," such as operating on the wrong patient, medication errors that result in death or disability and bad blood transfusions. The House bill was sponsored by Rep. Tony M. DeLuca, D-Allegheny and a similar bill was introduced in the Senate by Sen. Donald C. White R-Indiana.
- **S.B. 189** – This bill will allow uninsured, single, adult children up to age 30 to be covered by their parents' health insurance plan. Parents must pay the premiums and the coverage hinges on the employers' willingness to offer the benefit to parents. S.B. 189 was sponsored by Sen. Jake Corman, R-Centre, and the House version was sponsored by Rep. Mark Longietti, D-Mercer.
- **H.B. 1089** – Federal COBRA law, which allows those who lose their jobs to continue paying for health insurance through their former employers for a period of time, applies to all employers with 20 or more employees. The concept of providing continuation of coverage to small



businesses with fewer than 20 employees was initially proposed by Sen. Corman as S.B. 189. This bill, which was sponsored in the House by Rep. Robert F. Matzie, D-Beaver, allows employees of small businesses who lose their jobs to continue receiving their health insurance at their expense for up to nine months. This is particularly important because the federal stimulus plan permits employees who lose their jobs and who qualify for COBRA to receive a federal government subsidy of 65 percent of the premiums for the coverage, so long as the employee pays the remaining 35 percent. So, in Pennsylvania, any employee of a small business who is terminated after July 10, 2009, and before Jan. 1, 2010, will be eligible for the subsidy.

- **S.B. 89** – This bill reauthorizes the Pennsylvania Health Care Cost Containment Council, or PHC4. The work of PHC4 is critical to improving patient safety and health care quality outcomes, as well as health care cost containment, for Pennsylvanians. Health care purchasers, such as businesses and labor unions, use PHC4 data for plan design and cost and quality improvements. The agency had sunset last year without legislative reauthorization and was kept in operation through an executive order by Rendell. S.B. 89 was sponsored by Sen. Patricia H. Vance, R-Cumberland/York and a similar bill, H.B. 173, was sponsored in the House by Majority Leader Rep. Todd A. Eachus, D-Luzerne.

Dropout Prevention Bills Move through House

Two bills aimed at preventing students from dropping out of high school were reported out of the House Education Committee this month. The bills are sponsored by House Education Chairman James Roebuck, D-Phila.

The committee approved H.B. 1618, which would require the Pennsylvania Department of Education to implement a high-quality, detailed data-collection and reporting system for dropout and graduation rates in all public school districts. The intent of this bill is to obtain more accurate information on all students when calculating graduation and dropout rates.

The committee also approved H.B. 1602, which would require exit interviews for all students who drop out of public schools in Pennsylvania. The bill would require all principals, including those in charter schools, to conduct exit interviews with students who drop out or are illegally absent from school for 10 or more days. During the interview, the principal or school designee would be required to ask why the student is withdrawing and inform him or her about alternatives to dropping out. If the interview cannot be completed by the student in person or via telephone,



Pennsylvania's Children's Health Insurance Program

CHIP Update

CHIP enrollment jumped to 193,350 in June. The program grew 11.8 percent over the past year. There are 11,307 children enrolled in CHIP in June who would not have been eligible before Cover All Kids was implemented.





the parent or guardian would have to do so within 15 days of notification.

Currently, the state's school districts are required to notify the Pennsylvania Department of Education when a student drops out or transfers to another school. However, the information does not have to include an explanation as to why the student dropped out, giving the state no way to identify and prevent common causes of dropping out.

Federal Update

PAYGO Legislation Introduced

House leaders are introducing legislation to establish a “pay-as-you-go” (or PAYGO) law. The legislation will require all new tax cuts and entitlement programs to be paid for and not deficit-funded. The Office of Management and Budget would maintain a ledger that records the average 10-year budgetary effects of legislation enacted in a session (with exceptions for certain programs). If the net effect of all legislation enacted during a session of Congress shows a PAYGO cost, then the president would issue an order sequestering budgetary resources from certain entitlement programs.

The House and Senate adopted PAYGO principles in their rules in 2007, but they only go so far. Putting PAYGO back into law will complement and strengthen the rules and help make budgets more sustainable.

There are 160 members of Congress co-sponsoring the legislation, including Pennsylvania Representatives Altmire, Brady, Carney, Dahlkemper, Fattah, Holden, Kanjorski, Patrick Murphy, and Schwartz.

Federal Home Visiting Bill Introduced

Congressman Todd Platts is a lead co-sponsor on bipartisan legislation that would provide matching funds to states to support home visitation programs in low-income homes where children are present. The concept of home visiting is also a key component of the president's 0-5 strategy for children.

Voluntary home visiting programs that utilize proven models in child development and parenting techniques have demonstrated significant positive effects on important child and parenting incomes including the reduction of child maltreatment, family stability, improved health outcomes for children, increasing education preparation, and more.

The Commonwealth's Nurse-Family Partnership provides voluntary home visiting. Twenty-five facilities across the Commonwealth serve 40 counties. Due to the current state budget crisis, the program could experience deep funding cuts. Pennsylvania would greatly benefit from the establishment of a fiscal partnership with the federal government that would potentially help the program expand to more counties and address waiting lists for services in a number of counties where the program is operating.

Federal Health Reform Update

Congress continues to work towards a goal of having final health care reform on the president's desk in the fall. In the Senate, two committees have jurisdiction over health care: the Finance



Committee and the Health, Education, Labor and Pensions (HELP) Committee. Both committees are proceeding along separate, but coordinated tracks for the drafting and consideration of legislation. Both committees plan to mark up legislation in July. The Senate hopes to combine legislation from both committees for a floor vote by the end of July.

In the House, three committees have jurisdiction over health care: the Ways and Means Committee, the Education and Labor Committee, and the Energy and Commerce Committee. Chairs of these three committees hope to conduct hearings now and mark up legislation in the first half of July.

Both chambers of Congress aim to complete floor action on health care reform legislation by the end of July and settle differences between House and Senate bills after the August Congressional recess.

At this point it is difficult to pinpoint what will be in the various pieces of legislation based on the content of discussion papers and draft legislation. PPC will review health care reform with a number of key principles in mind, including the following:

- *No child should lose coverage or benefits, particularly those currently eligible for Medicaid or CHIP;*
- *Every child and pregnant woman must have affordable health care coverage;*
- *Every child must have access to a comprehensive and age appropriate benefits package that supports his or her developmental needs – including access to preventive, oral and mental health services;*
- *Coverage must be accessible, automatic, continuous and portable;*
- *System reform must support health promotion and disease prevention services for children as an efficient strategy for avoiding costly lifelong health and developmental consequences; and*
- *System reform must support a strong public health infrastructure and recognize the essential role of safety net providers, including community health centers and school-based health clinics.*

In related news, PA Senator Robert P. Casey, Jr., recently introduced S.R. 170, which expresses the sense of the Senate that children should benefit, and in no case be worse off, as a result of health care reform. The resolution calls for protecting our most vulnerable children, particularly low-income children and children with disabilities. Casey followed up the introduction of the resolution with a series of floor speeches on the critical issues facing children in health care.

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