

Federal Update

A Victory in Congress – for Now

Children’s advocates in Pennsylvania and across the country breathed a sigh of relief late last week when the U.S. House of Representatives failed to vote on a \$51 billion budget reconciliation package that included damaging cuts to Medicaid, Food Stamps, child support enforcement and other programs essential to the health and well-being of America’s poorest children and families.

Republican leaders in the House did not have enough votes to pass their contentious budget reconciliation bill. Several moderate Republicans joined all the Democratic members in opposition. Though the bill has been delayed for now, the House may try again to pass the bill before adjourning for a two-week recess beginning Nov. 21. Once the bill passes the House, it will be sent to conference committee.

From Medicaid to Food Stamps to child support enforcement, children and low-income families are targets of the \$51 billion budget reconciliation bill that could slash more than \$17 billion from anti-poverty programs.

The cuts are deeper than the \$35 billion in cuts agreed upon in the budget blueprint earlier this year. The cuts will push some low-income working families and legal

immigrants off Food Stamps, eliminate child-care subsidies for some low-income working families, cut funding for child support enforcement, and, for the first time, allow states to charge some low-income Medicaid recipients to pay premiums or co-pays for doctor’s visits and hospitalizations.

VOICES for America’s Children estimates that \$1 of every \$5 of the House cuts will be slashed from benefits to vulnerable children – a full 19.5 percent of the total cuts in the House bill.

According to the Congressional Budget Office (CBO), the cuts in Food Stamps will mean that 295,000 people, most of whom live in low-income working families, will be eliminated from the program. The loss in Food Stamps comes from two provisions: The bill would prohibit states from extending nutrition benefits to people whose incomes are just above the income limits before housing and work expenses are taken into account, but below the poverty line after those expenses are taken into account.

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The second provision would terminate Food Stamps to 70,000 legal immigrants, many of whom also are in working families, who have lived in the United States for more than five years but less than seven years.

Changes in Medicaid Benefits

The House bill would allow states for the first time to charge low-income working families premiums and co-payments in order for their children to participate in the Medicaid program, access health care services, or obtain prescription drugs. Those most likely to face higher premiums and co-payment levels are children whose families have incomes just above the poverty line (or above 133 percent of the poverty line for children under six). Thirteen percent of Pennsylvanians receive Medicaid/Medical Assistance benefits and 60 percent of those who rely on Medical Assistance resources are children and families.

According to CBO estimates, cuts in federal child support enforcement funding will mean that an additional \$24 billion in child support will go uncollected. Reducing enforcement efforts means more non-custodial parents will be able to shirk their financial responsibilities to their children.

The House bill also includes reauthorization of Temporary Assistance to Needy Families (TANF) that has significant new work requirements for families moving from welfare to work. CBO estimates that those work requirements will cost an additional \$8.3 billion in child care for children while their parents meet the additional work requirements.

A new development in the Food Stamps legislation is cause for concern. On Friday, the House Rules Committee modified a Food Stamp cut in the House reconciliation bill. Though this change is being reported as a major easing of the bill's restrictions on the ability of poor legal immigrants to receive food assistance, the Center on Budget & Policy

Priorities counsels that the Rules Committee's changes in the Food Stamp cuts are both minor and temporary. CBO analysis shows that by 2008, the full, original cut would still take effect.

Most low-income adult legal immigrants who meet all other food stamp eligibility requirements would be barred from the Food Stamp Program for seven years after entering the United States, regardless of how poor they might be. Under the current law, these individuals are barred from the program for their first five years in the country.

There are other less punitive ways to cut spending to reach the amount required in the budget resolution. The Senate version passed Nov. 3 spared Food Stamps (by cutting farm subsidies instead) and limited the pain for Medicaid recipients by lowering overpayments to Medicare managed-care providers, as recommended by a nonpartisan advisory panel. Pennsylvania Partnerships for Children is grateful to Sen. Rick Santorum for his role in the Senate reconciliation process. As a member of the Senate Finance Committee, Sen. Santorum helped ensure that the Medicaid savings would not harm beneficiaries.

Tax Cuts on Hold – for Now

In another major development, the Senate Finance Committee cancelled Thursday's markup on the tax reconciliation bill because they did not have the votes to get the bill out of Committee. If votes are secured, the Senate Finance Committee again could try to vote on the tax reconciliation package as early as this week.

State Update

Pre-K Regulations

The State Board of Education's Early Childhood Committee will meet Nov. 16 to consider draft pre-K regulations presented by the Department of Education. Those regulations were the subject of three public hearings during the past two weeks. At the Board's hearing in Allentown Nov. 7, PPC testified in favor of most of what was included in the proposal but expressed strong support for including class size limitations – a quality factor recognized by research but not included in PDE's draft.

PPC also favors giving community providers that operate pre-K programs under contract with districts three years to have at least one teacher per class with early childhood certification and paraprofessionals who meet the minimum standards now required for school district aides teaching in Title 1 programs for disadvantaged children. The Department has indicated that these issues will be considered separately by the Board's committee on teacher education (Chapter 49).

The Early Childhood Committee will consider the pre-K regulations and then report to the Council of Basic Education. The regulations could be published as proposed, beginning a lengthy process of public comment and legislative review, as well as final State Board action next year.

ACTION ALERT

PPC asks our readers to send a letter to the State Board requesting that the class size limitations be included in the pre-K regulations. Send letters to *Edward Donley, Early Childhood Committee Chair; and Karl R. Girton, Chair of the Board, State Board of Education, 333 Market St., 1st Floor, Harrisburg, PA 17126-0333.*

Early Childhood Education Teacher Certification

The Board's Chapter 49 (teacher education and certification) Committee will also hold a meeting Nov. 16 to discuss what it heard at three public roundtable discussions on PDE proposals to alter the scope of certificates for future early childhood, elementary, and special education teachers. PDE proposes that an early childhood certificate would be required to teach pre-K through grade 2 and that an elementary education certificate would be required to teach grades 4-6. A holder of either certificate would be permitted to teach third grade. Both of the two new certificates would be combined with a special education certificate for grades pre-K–6.

Increasing Access to Oral Hygiene for Kids

In October, PPC participated in the announcement of a bill introduced by Sen. Pat Vance and Rep. Steven Nickol on behalf of the Pennsylvania Dental Hygienists' Association (PDHA) to recognize dental hygienists as independent practitioners in a public health setting.

According to the PDHA, 73,000 Pennsylvania children between the ages of 3 and 5 who were enrolled and eligible for Medicaid dental services during 2003 were not able to access those services.

PDHA is proposing this legislation to address problems relating to access to care for children, the elderly, and low-income Pennsylvanians. In many cases the lack of supervising dentists precludes any care being given to these populations.

The legislation will allow a dental hygienist to work in public or private institutional settings, which are defined in the bill, without the supervision of a dentist. In order to do so, the hygienist, who will be

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called an “independent dental hygiene practitioner,” must demonstrate that he or she has worked under dental supervision for at least 1800 hours (which generally works out to one year of full time work) and show proof of malpractice insurance in an amount to be determined by the State Board of Dentistry.

PDHA is concerned about a potential dentist shortage over the next 10 years due to an aging dental workforce that hinders access to care for many Pennsylvanians. According to the PDHA, there are about 1,000 more dentists over 40 than in the thirtysomething age group. Given this current age distribution of dentists, without significant near-term change, expected retirement rates will certainly exacerbate access-to-care issues over the next 10–15 years.

Resolution to Protect Medical Assistance for Kids with Disabilities

HR 490 (Kenney) urges the Governor to direct the Department of Public Welfare to rescind the plan to implement cost sharing for Medical Assistance services for children with disabilities (the PH-95 category of eligibility) whose families’ income is more than 200% of the federal poverty level.

Pennsylvania is the only state with this particular eligibility category. Many states provide Medicaid coverage to kids with disabilities but more often on a limited basis, either through a waiver for a particular diagnosis or at lower income levels. Pennsylvania is the only state that does not count the whole family’s income when a child who meets a disability standard applies for Medicaid. Only the child’s own income counts. And since most children don’t have income of their own, almost all qualify for coverage.

In many situations, the family has private insurance that covers a good portion of the child’s health care costs but still relies on Medicaid to cover services that can’t be accessed through private insurance.

The resolution was reported out of the House

Health and Human Services Committee and appears on the House calendar for consideration.

New Report Shows Positive Return on Investment for Pre-K

A report released Nov. 1 by the Pennsylvania Department of Education shows that pre-K programs in Pennsylvania would save taxpayers more than \$100 million in future special education costs.

The Cost Savings to Special Education from Pre-Schooling in Pennsylvania study concluded that if pre-K was made available to all children, approximately 76,000 – or 50 percent – would participate, ultimately reducing the number of students requiring special education services by 2,380 and saving Pennsylvania taxpayers \$102 million.

If pre-kindergarten were targeted to the most at-risk students, approximately 30,640 children – or 20 percent – would participate; as a result, 1,590 fewer children would ultimately require special education services, saving \$68 million.

In Pennsylvania, approximately 10,271 children (6.7 percent) attend pre-K in public schools.

The study was completed by Clive R. Belfield, Ph.D., assistant professor of economics, Queens College, City University of New York. The report can be found at http://www.governor.state.pa.us/governor/lib/governor/belfield_pa_report_final_100505.pdf.

Access to Activities for Home-Schooled Kids

A new bill signed by Gov. Rendell Nov. 10 makes it possible for homeschooled children to participate in extracurricular activities in the school districts in which they reside beginning Jan. 1, 2006.

Approximately 280 of the 501 school districts currently permit homeschooled children to participate in school district activities. The new legislation mandates all school districts allow access

to student activities including clubs, plays and music programs for homeschooled children.

Special Session on Property Taxes

A special legislative session on property taxes began in September with Governor Rendell addressing the General Assembly. The Governor said that Act 72 needed to be fixed by mandating that all school districts participate and by eliminating the requirement that school boards increase the local earned income tax by 0.1% as a condition of participation. Act 72 is the state's property tax reduction plan that will use state gaming funds to provide local school property tax relief and make certain school tax increases subject to voter referendum.

Special session bills introduced are referred to special session committees – the Senate Committee on Legislation and the House Finance Committee. The special session committees continue to review legislation referred to their committees. A House special session bill – HB1 (R-Civera) which represents the Governor's proposal for mandating school district participation in Act 72 of 2004, the state's property tax relief program – has been reported out of the House Appropriations Committee and referred to the Special Session House Finance Committee for consideration. It is expected that the Special Session will address property tax reform and education funding will not be considered during the special session.

The House Special Session Finance Committee has scheduled the following hearings:

WEDNESDAY, NOV. 16

Sub-committee on Income Tax Initiatives

9:30 a.m., Room 302, Irvis Office Building

Sub-committee on Alternative Revenue Sources

9:30 a.m., Room 203, Irvis Office Building

Sub-committee on Local Control Initiatives

9:30 a.m., Room 200, Library, Ryan Office Building

THURSDAY, NOV. 17

Sub-committee on Sales Tax Initiatives

9:30 a.m., Room 140 Main Capitol

MONDAY, NOV. 21

Sub-committee on Local Control Initiatives

10:00 a.m., Room 205, Ryan Office Building

WEDNESDAY, DEC. 7

Sub-committee on Alternative Revenue Sources

10:00 a.m., Room 200, Library, Ryan Office Building

Spending Caps Hurt Kids

The House and Senate passed legislation recently that may make continued investments in programs that benefit the well-being of Pennsylvania's children and youth difficult to achieve. The Senate bills, SB 4 and SB 884 (Taxpayer Fairness Act), and House bill, HB 2082 (Appropriations Limitations Act), will have unintended consequences in future years of negatively impacting the Commonwealth's ability to provide needed services to our children.

SB 4, the Taxpayer Fairness Act, and SB 884, a companion bill that amends the Pennsylvania constitution, passed the Senate and await action in the House. HB 2082, the Appropriations Limitations Act, has passed the House and is in the Senate for consideration, while HB 2067, the bill that amends the State constitution, is on the House calendar and may be considered the week of November 21. These bills will dramatically reduce state spending in future years.

PPC's concerns stem from the experiences of other states, in particular, Colorado. In 1992, the state adopted a taxpayer bill of rights that limited the growth of state revenues to the restrictive formula found in the Senate and House bills. In Colorado, this formula created a revenue shortage that shrunk essential programs and left virtually nothing for new programs to meet emerging needs. The state has dipped so low in its ability to provide essential

Capitol Watch for Children

services that on Nov. 1, Colorado citizens voted to suspend the fiscal limits for the next five years and told the state to keep the \$3.7 billion that would have been refunded to taxpayers.

Funding for programs as diverse as basic education, child welfare and CHIP may all find themselves short-changed in future years. When children thrive, Pennsylvanians save money on special education, health care, corrections and welfare.

ACTION ALERT

PPC urges our readers to visit our online action center and send an action alert to your state senator and/or representative. Please click here and ask your state senator and/or representative to take time to re-evaluate the impact that the recent House and Senate taxpayer legislation may have on future children's programs.

http://www.capwiz.com/papartnerships/mail/oneclick_compose/?alertid=8241591

Committee Meetings

House Health and Human Services

Public Hearing on Medicaid Managed Care Program
Tuesday, Nov. 29

1:00 p.m., Room 140 Main Capitol Building

House Health and Human Services

Public Hearing on Medicaid Managed Care Program
Wednesday, Nov. 30

10 a.m., Room 140 Main Capitol Building