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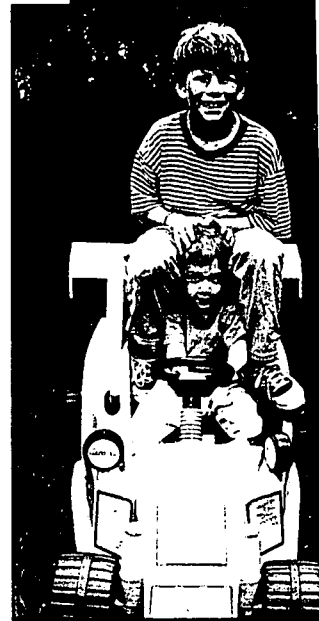
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ABSTRACT

This report profiles trends in state and federal spending for children in Pennsylvania from fiscal year (FY) 1989-1990 through 1995-1996, and highlights budgetary trends and the impact of federal welfare reform on selected children's health, nutrition, early care and education, elementary and secondary education, income support, and child welfare and juvenile justice programs. Findings indicate that a relatively small portion of state funds go to children's programs other than education, that children's programs are a relatively small portion of federal spending, and that federal children's spending typically supports critical safety net programs for low-income, endangered, or disabled children. From FY94-95 through FY95-96, state support of children's programs did not keep pace with economic growth. Public sector child health spending has increased as employer-sponsored health insurance programs have eroded. About 14,000 children may lose Supplemental Security Income (SSI) due to changes in the SSI criteria. Expenditures for early child care and education have increased due to new federal initiatives, and child support enforcement costs for federal and state governments have also increased. Pennsylvania is among the 10 worst states in terms of the high share of income spent on taxes by the poorest 20 percent of families. There have also been large increases in the number of children in the child welfare and juvenile justice systems needing crisis intervention. (Appendices include tabular presentations of program budgets and the mission statement for the Pennsylvania Partnerships for Children.) (KB)

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CHILDREN'S BUDGET WATCH



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A Profile of State and Federal Spending for Children in Pennsylvania:
FY 1989-1990 through FY 1995-1996

Investments in Our Future



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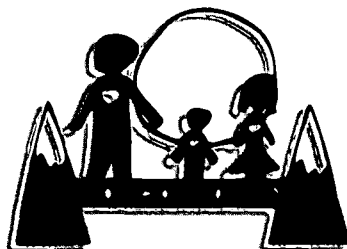
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PENNSYLVANIA PARTNERSHIPS FOR CHILDREN
JANUARY 1997

CHILDREN'S BUDGET WATCH

INVESTMENTS IN OUR FUTURE



A Profile of State and Federal Spending
for Children in Pennsylvania
FY 1989-1990 through FY 1995-1996

PENNSYLVANIA PARTNERSHIPS FOR CHILDREN

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JANUARY 1997



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Pennsylvania Partnerships for Children

ERRATA

Children's Budget Watch: Investments in Our Future
A Profile of State and Federal Spending for Children in Pennsylvania
FY 1989-90 through FY 1995-96

Page 15: The last sentence in *Pennsylvania's Capacity to Invest* in Children section should be corrected as follows:

State changes on the other hand have been 0.1%, 0.2% and a decrease of 0.9% in FY95-96.

Figure #6 on page 15 is correct.

Introduction

How has Pennsylvania been investing taxpayer dollars in its children?

How does Pennsylvania fare in its support of essential services for children – health, early care and education, and resources and supports for their families? What do these investments tell us about the future of the Commonwealth’s nearly 3 million children?

Children’s Budget Watch: Investments In Our Future takes a detailed look at public investments in children’s programs by Pennsylvania state government and the federal government from 1990 to 1996.

Prior to this effort, the facts on Pennsylvania state and federal government investments in our children have not been gathered and analyzed in a substantive, meaningful way.

Until recently, a core of essential services for children and families was provided chiefly through a federal program framework created in the 1930s. This framework was designed to provide children and families a “guaranteed safety net” in the event that parents were unable to provide food, shelter and other basic supports for their children. Welfare legislation enacted earlier this year by both state and federal government will change that framework by giving states greater responsibility for providing these essential services.

This critical period marks an important time to obtain an analysis of how both state and federal governments have been spending public dollars among children’s programs in Pennsylvania during the last six years. At the same time, it can serve as the foundation for monitoring the impact of this new framework on our children and families.

In doing so, Children’s Budget Watch shows that Pennsylvania has had to dramatically increase spending in the crisis mode for such services as foster care for abused and neglected children and for juvenile justice, while not investing sufficiently in preventive programs. The state will need to invest more in proven cost-effective early care and education and health care programs at the same time that it maintains the crisis services for as many children and youths as the courts determine need out-of-home placement.

Whether taxpayer dollars are paying for public schooling for all children or health care for low-income children, Pennsylvanians realize that to remain strong, families need the support of government and community and economic investment for the sound growth and development of our children.



This overview of the children's budget in fiscal year July 1, 1995–June 30, 1996 (FY95–96) will demonstrate the importance of state funding to universal free and public education, and that a relatively small portion of state funds goes to children's programs other than education. Furthermore, children's programs represent a relatively small portion of federal spending, and federal children's spending typically supports critical safety net programs for low-income, endangered, or disabled children. The federal government has provided the major budgetary cushion via open-ended matching grants.

With the changes in federal welfare laws each state will now receive a set amount of resources from the federal government and any inadequacy will be entirely state responsibility. Moreover, these new welfare laws impose reverse mandates on states to disqualify some number of children from federal programs, leaving states with the choice of having a state-only program or none at all. The loss of the guarantee for automatic matching funds for cash assistance and for child care expenses for welfare recipients in training programs and their first year on the job is no longer available; less resources are available for food stamps; and some special populations – legal immigrants and disabled children – may lose services altogether. Instead there are capped grants which do not adequately address future economic downturns. These new responsibilities need to be reflected in the Commonwealth's long range budget plans.

BUDGET PROFILE

Data shows that nationally, about 30 percent of income from all sources becomes taxes and other revenue to the public sector. One-third of this 30 percent goes to state and local governments and two-thirds goes to the federal government.

This project examines public spending on children's programs in Pennsylvania from 1) state funds; 2) federal funds in the Commonwealth budget; and 3) selected expenditures not part of the Commonwealth budget as follows:

State Funds – The state general fund and all special and other state funds, that is, all money raised via state taxes and fees.

Federal Funds in the Commonwealth Budget – Federal funds enacted by the legislature as part of the Commonwealth of Pennsylvania budgeting process. Federal funds flowing through the Commonwealth budget represent a small portion all federal funds benefiting Pennsylvanians. Only 12% of federal spending is represented by grants and aid type that the Commonwealth and other states receive and spend and, therefore, is in their budgets; 88% of federal spending does not flow through state budgets. Sixty-five percent of all federal government expenditures can be accounted for by just four major programs that are not operated by states — national defense (18%), Social Security (22%), Medicare (10%) and net interest payments on the debt (15%). Many other federal programs do not pass through the state budgeting and administering processes, such as unemployment compensation payments, most housing programs, most veterans benefits, the federal judicial and prison system, national parks, to name a few. In addition to federal budget expenditures, various other activities are financially supported via special tax code provisions.

Program funding not included as expenditures in the Commonwealth budget – Children's programs not included in the state budget total \$1.69 billion - \$26 million in state funds and \$1.67 billion in federal funds.

Among them are:

- federal Head Start funding
- federal Food Stamps for children
- federal SSI (Supplemental Security Income) payments to children
- the federal Earned Income (Tax) Credit program and
- the value of Pennsylvania's special state personal income tax forgiveness provision to families with children.

OVERVIEW OF CHILDREN'S SHARE OF GOVERNMENT SPENDING

See Figure #1.

Figure #1

Children's Share of State and Federal Dollars for Pennsylvania in FY95-96

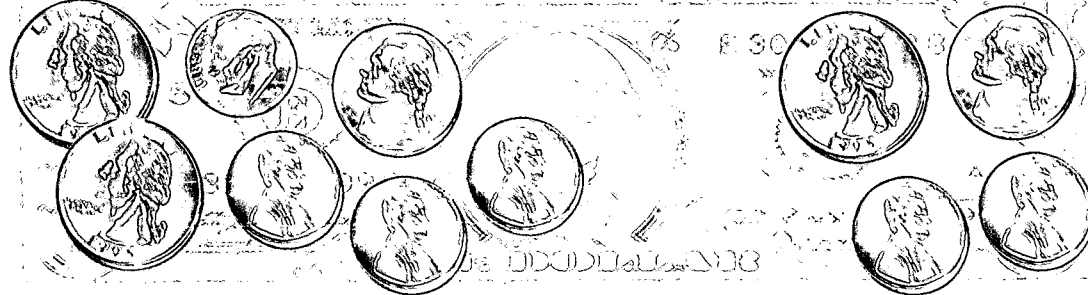
FEDERAL SPENDING

OTHER PROGRAMS 94¢ CHILDREN'S PROGRAMS 6¢



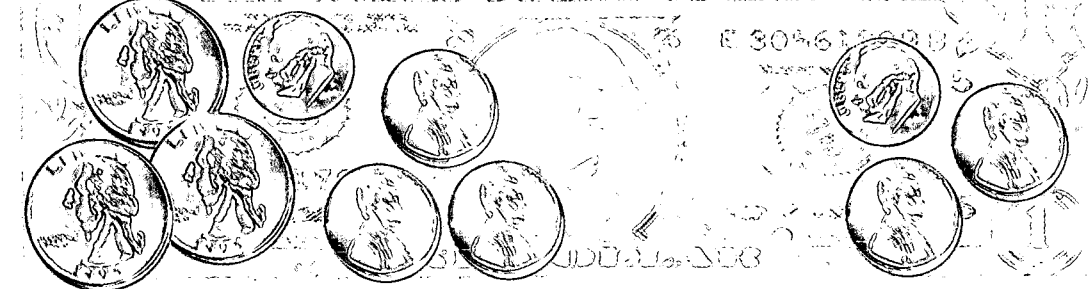
STATE SPENDING

OTHER PROGRAMS 68¢ CHILDREN'S PROGRAMS 32¢



STATE & FEDERAL SPENDING

OTHER PROGRAMS 88¢ CHILDREN'S PROGRAMS 12¢



BUDGET WATCH

► F I N D I N G S

- Thirty-two cents of the Pennsylvania state tax dollar is for children. Children’s programs represent 31.7% of state funding from all funds in the Commonwealth budget.
- Pennsylvania Partnerships for Children estimates that children’s programs represent approximately 6% of federal expenditures benefiting Pennsylvanians, or 6 cents of a typical federal dollar.
- Combining both together, approximately 12% of state and federal government expenditures benefiting Pennsylvanians are directed to children’s programs.

STATE DOLLARS FOR CHILDREN

Children’s Share of the State Dollar: How Pennsylvania Invests In Children

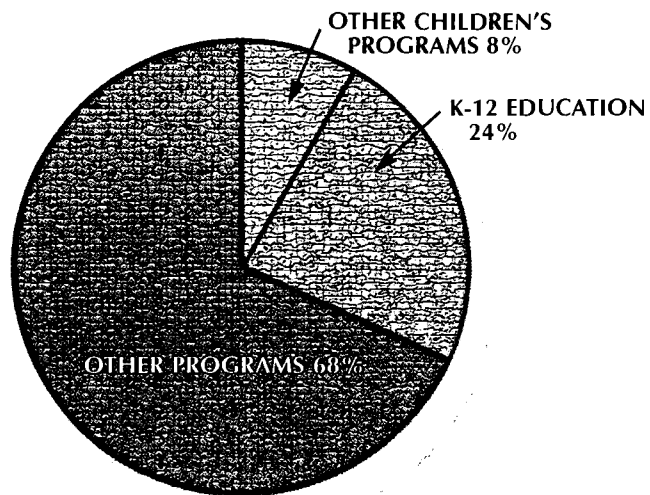
Public spending on children can be organized into eight program areas:

1) child health; 2) child nutrition; 3) early care and education: child care; 4) other early care and education programs; 5) kindergarten–12th grade (K-12) basic education; 6) income support; 7) earned income tax support; and 8) child welfare and juvenile justice.

As noted previously, 32 cents of the state budget dollar is spent on children in these eight program areas. Within the children’s share, most or 24 cents of every state dollar is spent on K-12 education. All other children’s areas – including child health – account for 8 cents. The remainder, or 68.22 percent of state general, special, and all other funds, goes to programs not categorized as being largely for children. This includes the state money spent on highways, higher education, economic development, state police, state prisons, nursing home care, drug and alcohol treatment, regulation of certain industries, administrative expenses of the three branches of state government, and many other activities. See Figure #2.

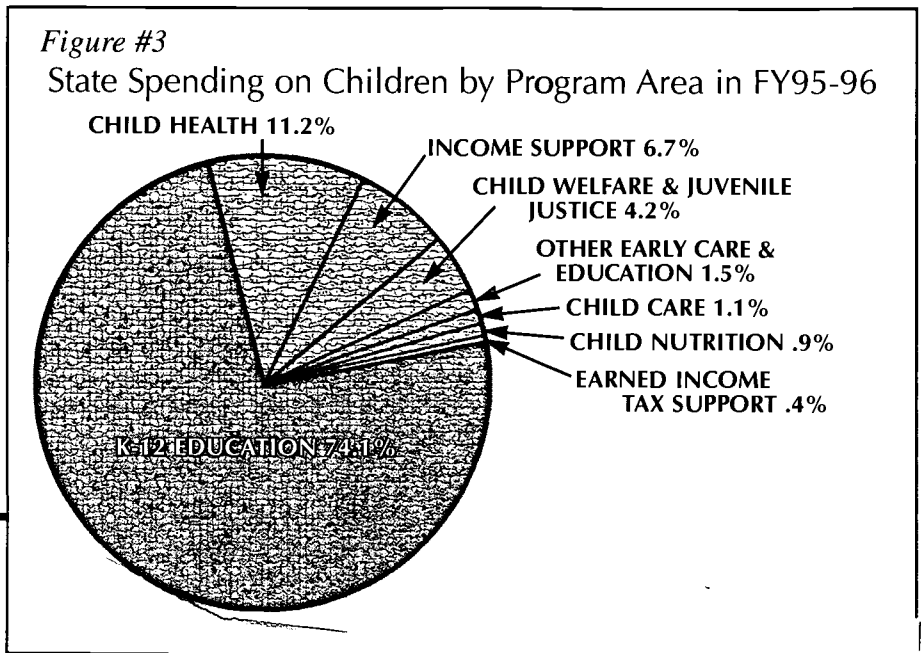
To simplify, the very small amount of state children’s dollars technically outside the budget – totalling \$26 million – has been brought into the children’s portion. Table 1 – *State Spending on Children’s Programs* – and Table 2 – *State Spending on Children’s Programs as a Percent of Total State Spending* – in the Appendix contain the reference data.

Figure #2
State Spending for K-12 Education, Other Children’s Programs & Other Programs in FY95-96



State Spending on Children By Program Area

See Figure #3.



BUDGET WATCH

► FINDINGS

- **Basic Education (23.55 cents or 74.1%)** — By far the largest portion of FY95-96 state dollar expenditures for children, 23.55 cents of each state dollar – or three-fourths of all state funding for children, goes toward kindergarten through 12th grade (K-12) basic education, a service guaranteed to every child in the Commonwealth, regardless of family income.
- **Child Health (3.55 cents or 11.2%)** — The next largest program area, but a distant second, is child health which accounts for only 3.55 cents of each state dollar, or 11.2% of state funding on children. This 3.55 cents includes 3.07 cents for the state's share of Medical Assistance (MA) expenditures on children birth through age 20 years and much smaller amounts on the Children's Health Insurance Program (CHIP) and other child health programs. This fairly small expenditure for children's health exists, while one in nine Pennsylvania children lacks health insurance.
- **Income Support (2.14 cents or 6.7%)** — The third largest program area is income support with 2.14 cents of every state dollar or, 6.7% of state funding on children, which consists primarily of 1.86 cents for Aid to Families with Dependent Children (AFDC), more widely known as "welfare."
- **The remaining five children's spending areas receive 1 cent or less:**
 - Child Welfare and Juvenile Justice (1.35 cents or 4.2%)
 - Other Early Care and Education Programs (0.46 cents or 1.5%)
 - Early Care and Education Programs: Child Care (0.34 cents or 1.1%)
 - Child Nutrition (0.27 cents or 0.9%)
 - Tax Relief for Families (0.1 cents or 0.4%)

About one-third of all state expenditures is for children's programs and the lion's share of this goes to K-12 public education for which children are universally eligible by age.

FEDERAL DOLLARS FOR CHILDREN

Children's Share of the Federal Dollar

Federal expenditures for programs for children in Pennsylvania in FY95-96 were \$3.15 billion, or 33.08% of the \$9.54 billion in federal funds in the Commonwealth budget. As noted previously, expenditures on programs which are key to Pennsylvania children but outside the Commonwealth budgeting process total \$1.67 billion. With about 12% of federal expenditures going to states to administer, this one-third of federal funds in the Commonwealth Budget corresponds to about 4% of federal expenditures benefiting Pennsylvanians. With children's programs outside the Commonwealth budget receiving half as much — the federal share for children is approximately 6%.

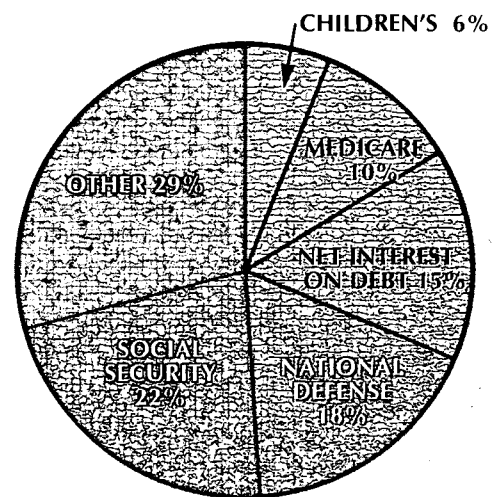
Figure #4 — *Federal Expenditures Benefiting Pennsylvania in FY95-96* — shows the percentage of the federal budget nationally devoted to national defense (18%); net interest on the debt (15%); Social Security (22%), and Medicare (10%) or a total of 65% for the four. The remaining 35% contains 6% for children and 29% for other programs.

Federal Spending on Children by Program Area

The distribution of the \$11.2 billion for children across the eight program areas is shown in Figure #5 — *Federal Spending on Children by Program Area in FY95-96* — below. Table 3 — *Federal Spending on Children's Programs in Pennsylvania* — in the Appendix contains the reference data.

Federal spending is critical to maintaining a safety net for children and tends to be spread more evenly than state spending is among the program areas of child health, child nutrition, income support and other services.

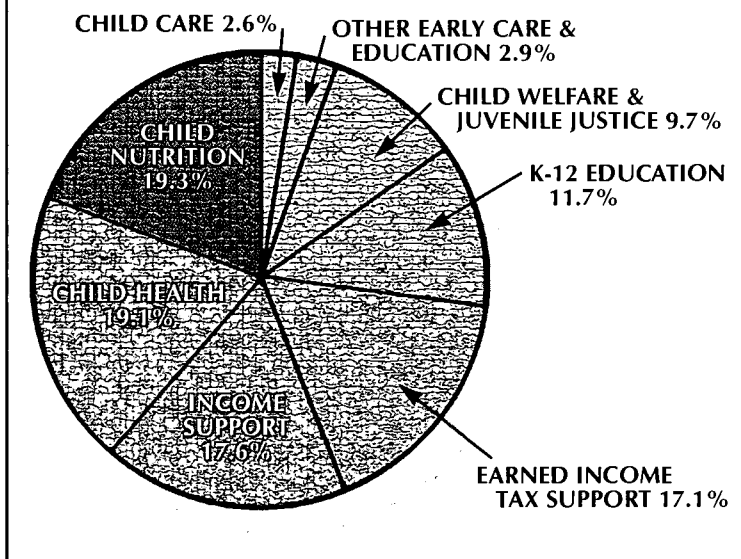
Figure #4
Federal Expenditures Benefiting Pennsylvania in FY95-96



Much of the federal funding for children profiled here benefits lower-income children. However, there are a number of significant federal programs or tax breaks principally benefiting the children of middle class and upper income families, such as college loans, the child and dependent care tax credit and home mortgage deduction.

Some of the federal services for children referenced here, such as Early Intervention, child welfare, child support

Figure #5
Federal Spending on Children by Program Area in FY95-96



enforcement administration, as well as some federal K-12 education programs, do not have income eligibility requirements; but many federal health and human service programs for children in the Commonwealth budget are targeted to help poor children survive and ultimately climb out of poverty.

It should be further noted that basic education (K-12), the largest state investment in children, is not income-based or directed exclusively at children who live in poverty.

BUDGET WATCH

► F I N D I N G S

- **Child Health** – In FY95-96, a total of \$920 million in federal funds, or 19.9% of federal children’s spending in Pennsylvania, went toward child health, primarily Medicaid expenditures on children, birth through 20.
- **Child Nutrition** – A total of \$931 million in federal funding, or another 19.3% was spent on child nutrition programs, primarily Food Stamps (estimated value for children only), WIC (Women, Infants and Children Supplemental Food Program), and school lunch.
- **Income Support** – Federal funds for the income support programs of Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI) for disabled children, and child support collection administration accounted for \$846 million, or 17.55%.
- **Earned Income (Tax) Credit (EIC)** – EIC, which provides relief from owing federal income tax and refunds even greater amounts in cash, is included in this analysis even though it is not an item in the Commonwealth Budget. EIC provides \$824 million in economic support, almost as much as the income support programs above. Thus, EIC is a crucial component of federal economic support to low-income, working families with children, and represents 17.1% of the federal children’s dollar.
- **Education** – Federal aid to kindergarten-12th grade (K-12) education, such as “Chapter One” for disadvantaged children, was \$565 million, or 11.71% of the federal children’s dollar.
- **Child Welfare/Juvenile Justice** – Federal funds for child welfare and juvenile justice accounted for \$470 million, or 9.74%.
- **Early Care and Education: Child Care** – Federal funds accounted for \$126 million or 2.61%.
- **Other Early Care and Education** – Federal funds for Early Intervention and Head Start amounted to \$139 million or 2.88%.

CHILDREN'S SHARE OF THE PENNSYLVANIA BUDGET: A RECAP

Total spending for children in the Commonwealth budget is \$10.39 billion — \$7.23 billion state and \$3.15 billion federal. Funding for all other programs in the budget is \$22 billion — \$15.62 billion state and \$6.38 billion federal.

The total Commonwealth budget in FY95-96 was \$32.39 billion. Approximately \$22.85 billion, or 71 percent, were state funds and \$9.537 billion, or 29% were federal funds. Thus, there is more than twice as much state as federal funding in the Commonwealth budget.

Children's programs account for 31.66% and other programs account for 68.34% of state funding in the Commonwealth budget.

Children's programs account for 33.08% and other programs account for 66.92% of federal funding in the Commonwealth budget.

Considering combined state and federal funding in the budget, children's programs account for 32.08% and other programs account for 67.92%.

Approximately one-third of state only, federal only or funding from both sources is spent on children's programs and two-thirds on all other programs in the Pennsylvania budget. It is important to remember, however, the significant portion of government funds that do not pass through the state budget.





BUDGET WATCH

► F I N D I N G S

- Both state and federal investments in children kept pace with Pennsylvania's economic growth, but a state spending growth of only 7% over the six years was far outpaced by federal growth of 56% in children's programs since FY89-90 – a trend that cannot be expected to continue in light of recent changes in laws at the federal level.
- In FY95-96 the state reversed direction and began making less investment in children relative to the taxpayer's ability to pay. Out of every \$100 of personal income in Pennsylvania, \$2.53 represents *state* revenues that were spent for children's programs in FY95-96, down from \$2.55 in FY94-95.
- Out of the same \$100, *federal* spending on children's programs in Pennsylvania increased from \$1.64 to \$1.68 between FY94-95 and FY95-96.
- State investments in children are not currently keeping pace with growth in personal income. Table 5 — *Expenditures Per \$100 Pennsylvania Personal Income* – in the Appendix contains the reference data.

Trends Since FY89-90

PENNSYLVANIA'S CAPACITY TO INVEST IN CHILDREN

Given the data on how state and federal dollars in Pennsylvania are invested in children, what can they tell us about Pennsylvania's capacity to invest in children?

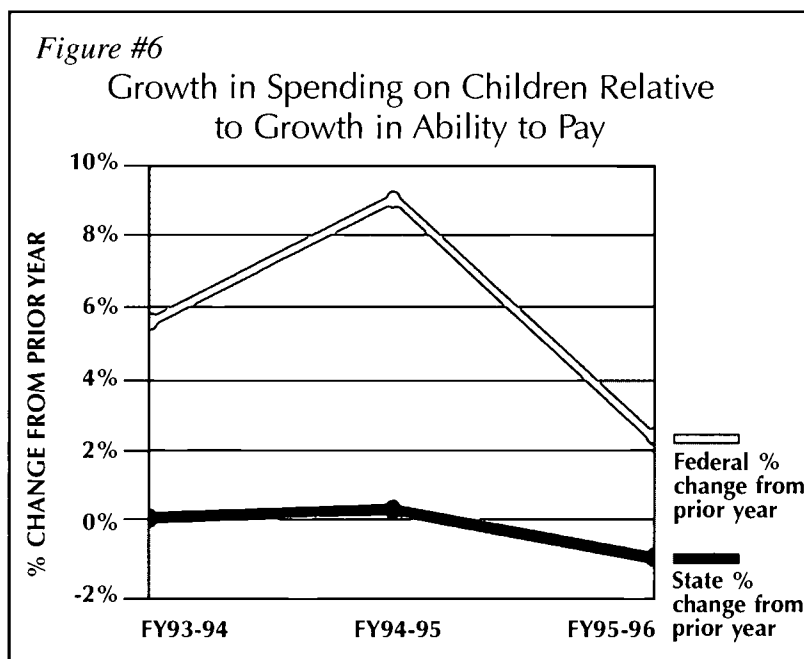
Trends in government spending from FY89-90 to FY95-96 have generally been increasing in Pennsylvania, including spending for children's programs, but this is primarily due to the federal government.

As the economy grows, so does gross domestic product – the amount of goods and services produced – and with it personal income. Public expenditures for children may either keep pace with this growth, or they may not, in which case more of the new income is devoted to other government spending or to non-government spending.

Examining child expenditures per \$100 of Pennsylvania Personal Income over the six year period from FY89-90 to FY95-96 provides a basis to assess trends in child expenditures in relation to the economic growth and development that occurred in Pennsylvania over the same time period. Growth in Personal Income is used as a measure of government's changed capability to raise revenue.

Figure #6 shows, for the most recent three fiscal years, the percentage change from the prior year in state and federal spending for children in relation to growth in ability to pay. Federal growth has been 5.5%, 9.1% and 2.5%. State changes on the other hand have been 0.1%, 0.2% and a decrease of

0.9% ~~2.5%~~ in FY95-96.



INFLATION-ADJUSTED TRENDS

Just as inflation means that dollars do not have the same purchasing power from one year to the next for families, inflation also affects the level of goods and services that governments purchase and provide.

Therefore, it is important to know how child expenditures responded with respect to inflation.

Appendix Table 1 shows inflation-adjusted expenditures in each of the individual program areas for the baseline year FY89-90 and for FY92-93, FY93-94, FY94-95, and FY95-96 — all in constant FY95-96 dollars.

BUDGET WATCH

FINDINGS

- Between FY89-90 and FY95-96, the Consumer Price Index (CPI) increased 21.7%.
- Expenditures for children rose faster than the pace of inflation, with inflation-adjusted expenditures for children increasing by 15.6% for state monies and by 68.6% for federal.
- Total state government spending on all programs exceeded the pace of inflation, with inflation-adjusted total government expenditures increasing by 10%.
- Children's and total government spending has also increased faster than inflation over the last three years. Thus, in Pennsylvania all trends tended to exceed inflation.

While this might indicate progress at first glance, such may not be the case.

Other than a relatively small increase in K-12 education which constitutes most of state dollar spending on children, most of the increase in state dollar spending on children came from a 42% increase in inflation-adjusted state expenditures on child health.

In fact, this increase is a substitution of publicly-paid health coverage via Medical Assistance and the Children's Health Insurance Plan (CHIP) for private employer-sponsored health insurance coverage. It also represents high health care inflation rates. Most does not represent an actual increase in health care for children. However, the dramatic expansions in Medical Assistance spending on prenatal care are reflected in more first trimester prenatal care.

When individual program areas are discussed in the next section, figures will show that crisis programs such as child welfare and juvenile justice will emerge as high growth areas.

SUMMARY

FINDING

At the state level, government revenues did not keep pace with economic growth and state support to children's programs did not keep pace with economic growth between FY94-95 and FY95-96. The federal budget cannot be expected to replace dwindling state effort. In addition, some individual program areas did not keep pace with inflation over the six-year period, notably state funding for WIC and for subsidized child care for families not transitioning from welfare to work.

A Selected Look at Children's Programs

Given the current structure of state and federal funding across the eight major program areas for children, and the patterns in state and federal spending for children over the last six years, Children's Budget Watch will present within each program area, trends and facts about individual programs that are of particular interest.

NOTE: All analyses in this section will use expenditures adjusted for inflation; this means that fiscal year amounts prior to FY95-96 are increased according to the change in the Consumer Price Index (CPI) so that all years' figures are in constant FY95-96 dollars. See Tables 1 and 3 in the Appendix for reference data.

CHILD HEALTH

Overall, Pennsylvania state government has been a fairly equal funding partner with the federal government in child health. This is primarily due to the large role of the Medicaid program and costs for supporting it being borne almost evenly. This status can also be attributed to Pennsylvania's introduction of the Children's Health Insurance Program (CHIP), increasing of school health payments, and expanding some Maternal and Child Health (MCH) programs, while the federal government has increased the Maternal and Child Health Block Grant. See Figure #7.

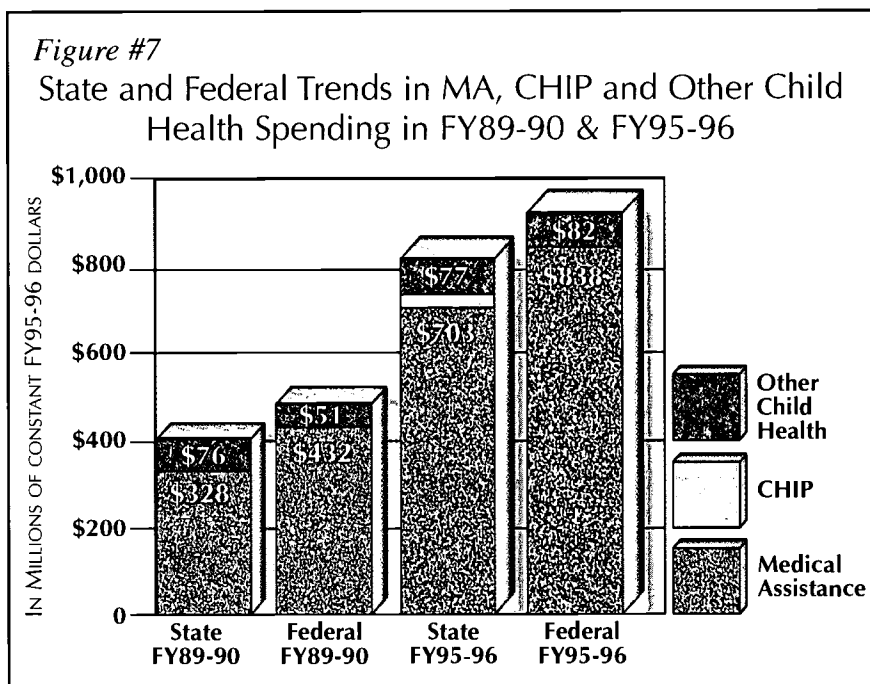
Medicaid

Both state and federal inflation-adjusted spending on Medical Assistance (MA) for children has doubled in Pennsylvania over the last six years, reaching \$1.541 billion in FY95-96. As used here, children's MA expenditures are all dollars reimbursed to providers for services to all persons under 21 years of age. The federal government paid slightly more than half and the state slightly less than half.

The major factor behind this increase in MA is the gradual, long-standing, and continuing erosion of employer-supported health coverage.

As employer-supported health insurance shrinks away, public coverage for employees and dependents has expanded to try and fill the gap. In the late 1980s, Congress decided that Medicaid should play a larger role for children and pregnant women.

However, because of a lack of immediate response to the continuing erosion, public coverage has not succeeded in closing the gap.



BUDGET WATCH

FINDINGS

- Child health spending in the public sector has increased dramatically as employer-sponsored health insurance continued to erode for employees and dependents.
- The number of Pennsylvanians under 65 years in employer-based health insurance dropped from 7.7 to 7.2 million between 1988 and 1994 while the number in Medicaid increased from 800,000 to 1.3 million.
- A 1996 U.S. health study by the Lewin Group for the American Hospital Association stated: "Our analysis indicates that employer coverage has declined in recent years largely due to a reduction in coverage for dependents." It further concluded that these trends will continue and the number and percentage of uninsured will increase.
- These findings are supported by Pennsylvania Partnerships for Children report estimating that 331,000 Pennsylvania children under 18 years old, or one in nine were uninsured in 1995. Of these, 93,543 were estimated income-eligible for Medical Assistance (MA), which indicates a need for enhanced MA outreach. Another 73,469 of these uninsured were estimated income-eligible for either the no-cost or low-cost components of the CHIP program. However, nearly half of the uninsured children in Pennsylvania come from middle income families. These facts clearly indicate a need to expand CHIP and other options to insure children in Pennsylvania.

In this effort to respond effectively, federal and state governments, in partnership and through federal mandates, have in the last decade significantly expanded income eligibility, actual enrollment of children in Medicaid, and the comprehensiveness of Medicaid coverage. The average monthly number of children in the MA program in Pennsylvania increased 43% over the last six years, from 521,094 in FY89-90 to 743,367 in FY95-96.

Disabled children eligible for Supplemental Security Income (SSI) are automatically eligible for MA. Because of a U.S. Supreme Court decision, children and adults were made comparably eligible for the SSI program. The number of disabled children in Pennsylvania in SSI and the Medicaid program has more than tripled, increasing from 14,014 in December 1989 to 44,170 in December 1995. SSI children on average need more health services so the expenditure impact is greater than the enrollment impact.

MA growth leveled out in the last year with expenditures, number of children, and cost per child all decreasing in FY95-96. MA cost per child (state and federal shares combined) was \$2,072 in FY95-96. This compares with an average cost of over \$3,000 for all MA recipients in FY95-96.

Children's Health Insurance Program (CHIP)

Implemented in FY 1993-94, the Children's Health Insurance Program (CHIP) provides free and low-cost health insurance to low and modest-income families with uninsured children not eligible for Medical Assistance. CHIP's coverage is less comprehensive than MA.

CHIP is funded through two cents of the thirty-one cent tax per pack of cigarettes and has had to limit enrollment and maintain a waiting list during the last two years. (For the current fiscal year, the program also will use profits from state liquor store sales revenues.)

Since most children are healthy, the program currently costs only \$600 per year per child. In FY95-96, CHIP enrollment was 49,510 and CHIP expenditures (all state) were \$32.353 million. A total of 3,754 children are on the CHIP waiting list as of November 1996.

School Health

This universal program for all Pennsylvania children requires local school districts to have school nurses and ensure that students at prescribed grade levels have physical, dental, and other screenings either by their own provider or the school's provider.

The state raised Department of Health payment amounts to local school districts in FY90-91 from a maximum of \$9.40 to \$20.30 per pupil (average daily membership), and state school health program spending increased from \$21 million in FY89-90 to \$38 million in FY95-96.

Maternal and Child Health

The federal government increased the Maternal and Child Health Block Grant (MCHBG) during this six-year-period, and the state also increased spending on several MCH programs.

Children's Mental Health

The state decreased spending on institutional and community mental health services for children – excluding those paid by Medical Assistance – from \$47 million in FY89-90 to \$33 million in FY95-96. In contrast, federal expenditures increased from \$22 to \$46 million.

***IMPACT*▶ of Changes In Welfare Laws On Child Health**

Changes in the federal welfare program have serious implications for children and Medicaid:

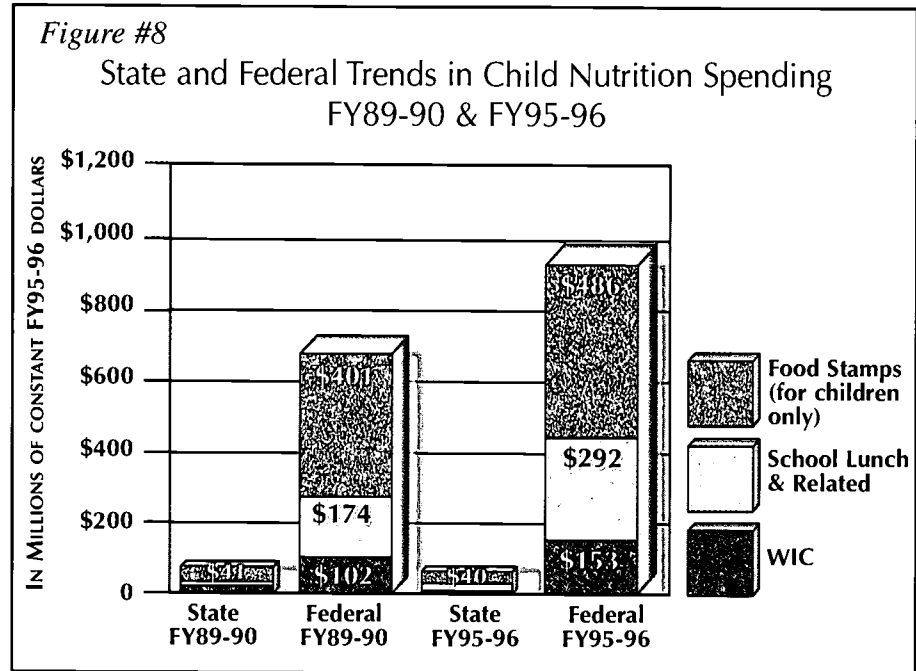
Under the new federal law, an estimated 14,000 Pennsylvania children may lose SSI due to changes in the individual functional assessment criteria for SSI. It is estimated that approximately 15% of these disabled children will also lose their eligibility for Medicaid because their family's income is below Medicaid's threshold levels. Even if the family has health insurance it may not cover some of the specialized health-related services for children that Medicaid does, and often times private insurance contains lifetime limits for coverage.

Newly-arriving legal immigrants and their children (with certain exceptions) are barred from Medicaid for the first five years. States may opt to cover legal immigrants who legally resided in the United States prior to August 22, 1996. Pennsylvania's January 1997 TANF (Temporary Assistance for Needy Families) State Plan provides this option for non-citizens for both Medicaid and cash assistance.

IMPACT

CHILD NUTRITION

In contrast with child health where the state has been a fairly equal funding partner with the federal government, the federal government has been the main supporter of food and nutrition programs. Child food and nutrition programs are primarily targeted to low and moderate-income children, but the school lunch program provides a small subsidy to all students. See Figure #8.



BUDGET WATCH

FINDINGS

- State funding for child nutrition consists of modest contributions to the Women, Infants, and Children (WIC) program; to school breakfast and lunch; and one-half of the administrative costs of the Food Stamp program. The federal government pays for most of WIC, all of Child Care Food and Summer Food, most of school breakfast and lunch, and all of the value of Food Stamp coupons. (As noted earlier, Food Stamp coupon expenditures do not flow through the Commonwealth budgeting process. For this analysis, only the estimated percentage of Food Stamp costs attributable to children were included in children's spending, or approximately half of total Food Stamps expenditures.)
- Over the last six years, while the federal government has increased its child nutrition expenditures in real terms from \$679 million to \$931 million, or 37%, the state has decreased its expenditures from \$74 to \$63 million, primarily due to the decrease in state funding for WIC from \$18 to \$6 million.
- Pennsylvania can be proud of leading the nation in serving its potentially eligible WIC population — an estimated 77% served. However, the 23% left unserved include disproportionately the hardest to reach who are often also the most vulnerable pregnant women and children.
- Pennsylvania further decreased its state funding for WIC in FY96-97.

I M P A C T

IMPACT of Changes In Welfare Laws on Child Nutrition

Over 40 percent of the projected savings from changes in federal welfare laws are from the Food Stamp program.

Families with children are expected to bear 70% of these cuts. Food coupon amounts will be curtailed.

The federal child and adult care food program is also cut. This key program provides nutritious meals and snacks to many Pennsylvania children in child care settings.

Many adults are slated to lose Food Stamp benefits. While these adults do not have children as dependents, they may turn to other family members for support. Those households could have dependent children present. (Pennsylvania has applied for a waiver for 50 counties. At this printing the outcome of that waiver request was unknown.)

Food Stamp benefits will be denied to immigrants entering the country after August 22, 1996.

K-12 EDUCATION

From FY89-90 through FY95-96, state expenditures on K-12 education were close to flat in real terms, increasing about one percent a year, except in FY95-96.

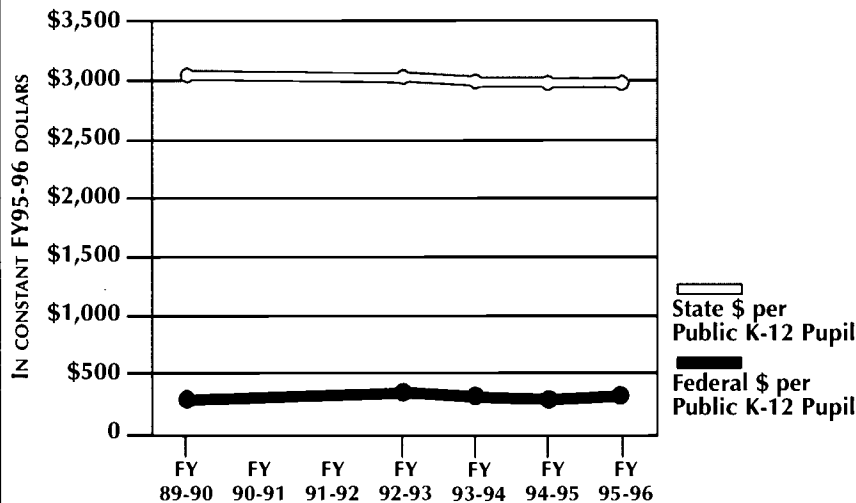
State inflation-adjusted expenditures on K-12 education per public school pupil enrolled in public school has actually decreased from \$3,051 in FY89-90 to \$2,986 in FY95-96.

The state's share of public education per pupil costs has been steadily declining over time. Poor, rural, urban and small school districts lack the



Figure #9

State and Federal Trends in K-12 Education Spending Per Pupil in FY89-90 – FY95-96



local tax base to fully make up the growing shortfalls. This exacerbates the disparities between the richer and poorer school districts, which in recent years have grown to a \$6,000 - \$7,000 difference in per pupil spending. See Figure #9.

BUDGET WATCH

FINDINGS

- Constant state dollar per pupil spending on K-12 education declined between FY89-90 and FY95-96; federal per pupil spending increased.
- On top of this, the recently enacted FY96-97 budget is the first year that the major Basic Education Funding line item was not increased; it remains at the FY95-96 level of \$3.36 billion.
- This means that state inflation-adjusted K-12 education spending per child will drop a step further in the current year.

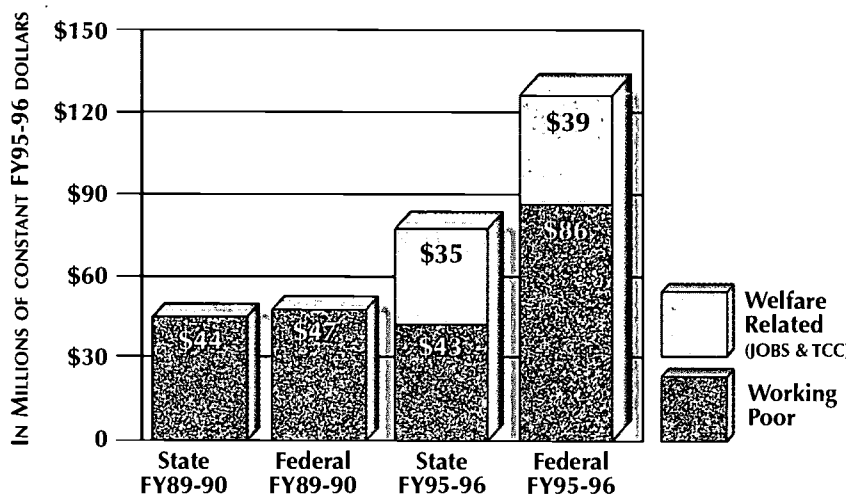
EARLY CARE AND EDUCATION: CHILD CARE

Expenditures for both child care and other early care and education programs have expanded in real terms since FY89-90 because of major new federal initiatives.

Since FY89-90, combined state and federal child care funding has more than doubled (\$92 to \$203 million or 122%) in real terms. The majority of the increase has been either via new federal welfare-related child care programs to which welfare recipients were entitled and state matching support was required, or via new federal programs for the working poor (i.e. low income workers without current or recent previous attachment to the welfare program).

Pennsylvania's increase of \$5 million for subsidized child care in FY95-96 did not fully make up for the erosion in state support due to inflation since FY89-90; the \$4 million increase in FY96-97 will do so. Funding for child care also includes money to license, register, and inspect child care facilities and to train staff, which benefits families of all income levels. See Figure #10.

Figure #10
State and Federal Trends in Child Care Spending
FY89-90 & FY95-96



**JOBS – Child Care/
Transitional Child Care**

During this time, federal child care aid increased much more than state, and the increase in state spending took the form of required match for new federal welfare-related child care programs. As a result of the federal AFDC/JOBS law enacted in 1988, states were required to begin matching federal funds for child care for welfare recipients in employment and training programs under (JOBS) child care and in their first year after leaving the welfare rolls for work under Transitional Child Care, or (TCC).

(The AFDC program has long provided for some child care expenses of welfare recipients engaged in employment by disregarding portions of their income earned when calculating their monthly cash assistance payment amount. The cost attributable to this disregard method is reflected in expenditures for the AFDC program since the result is that the welfare check is higher than it would have been if the employed welfare recipient did not have to spend a portion of his or her paycheck for child care.)

In FY95-96, these JOBS and TCC accounted for \$35 million in state funds and \$39 million in federal funding.

At Risk Child Care and Child Care Development Block Grant

The increase in federal spending consisted not only of the federal share of the two new welfare-related child care programs above, but two additional new federal child care programs:

At-Risk Child Care — This program subsidizes child care for low income working families – families who might well have to leave the work force and enter the welfare program were it not for help with their child care expenses. Federal spending for At-Risk Child Care will total \$12 million in FY95-96; and

The Child Care and Development Block Grant (CCDBG) — This program mostly subsidizes child care for low-income, working families, but also supports early care and education in other ways. Federal CCDBG funding totaled \$36 million in FY95-96.

Together, these two relatively new sources of federal child care provided \$48 million to the state's children in FY95-96.



Social Services Block Grant

From 1989 to 1995, Pennsylvania devoted a consistent 28% of its federal Social Services Block Grant (SSBG) money to the subsidized child care program for the working poor.

However, the federal SSBG was not increased from one year to the next, so its purchasing power, with regard to inflation decreased. In addition, the SSBG funding formula has allocated Pennsylvania a declining portion of the SSBG because Pennsylvania's percentage of the total U. S. population has declined. For these reasons, the federal SSBG source of funding for working poor child care declined from \$47 to \$38 million between FY89-90 and FY95-96 in constant FY95-96 dollars.

Subsidized Child Care

The state line item for subsidized child care declined in real terms from \$44.4 million to \$42.8 million, of which \$10.4 million is now required match for the federal At-Risk monies.

BUDGET WATCH

FINDINGS

- Over the last six years state inflation-adjusted expenditures for child care increased from \$44 to \$77 million in constant FY95-96 dollars, all of which is accounted for by meeting federal JOBS and TCC match requirements.
- The state line item for subsidized child care declined in real terms.
- State child care expenditures represent one-third of one cent of each state budget dollar.
- Over the last six years federal inflation-adjusted expenditures for child care increased 167%, or from \$47 to \$126 million in constant FY95-96 dollars.
- The single largest government source of child care funds is the Dependent Care Tax Credit, a program directed at families of all incomes.
- Families who earn enough to owe federal income tax can benefit from the federal child and dependent care tax credit program. An estimated \$113 million in tax savings accrue to Pennsylvania families from this federal tax credit, most of it benefiting middle and upper income families. An estimated \$6.4 million, or 5.6%, goes to families with incomes under \$20,000 annually, and \$62.6 million, or 55.2%, goes to families earning above \$50,000. This child and dependent care tax credit is an entitlement that remains.
- In Pennsylvania, there is usually at least one child already determined eligible and waiting for subsidy for every five children in the program.
- It is conservatively estimated that only one-fourth of eligible children receive sliding scale subsidy for their care.

IMPACT

IMPACT► **of Changes In Welfare Laws on Child Care**

The federal dollars in the two welfare-related programs, the At-Risk program, and the CCDBG have all been folded into a new capped block grant, known as the Child Care Development Fund.

Federal funding for these programs is being capped at a time when vast numbers of welfare recipients need to be transitioning to training and uninterrupted work as directed under new welfare measures. Although this capped amount of federal child care funding is more than previously provided, it will not be enough to keep pace with the growing numbers of welfare parents transitioning to the workforce – let alone provide for all the eligible working poor among whom waiting lists have continually shown that demand exceeds funding available.

The Congressional Budget Office estimated that states would be \$1.4 billion short in child care aid nationwide over the next six years.

Parents with children under age six cannot be terminated from Temporary Assistance to Needy Families (TANF) – the name of the new federal welfare program replacing AFDC – for lack of work, if they do not receive subsidy. But, this proviso does not apply to parents with children 6 and over, regardless of the availability of subsidized child care.

Child care assistance for welfare recipients in training, working, or in the first 12 months off of cash assistance, is no longer a guaranteed entitlement.

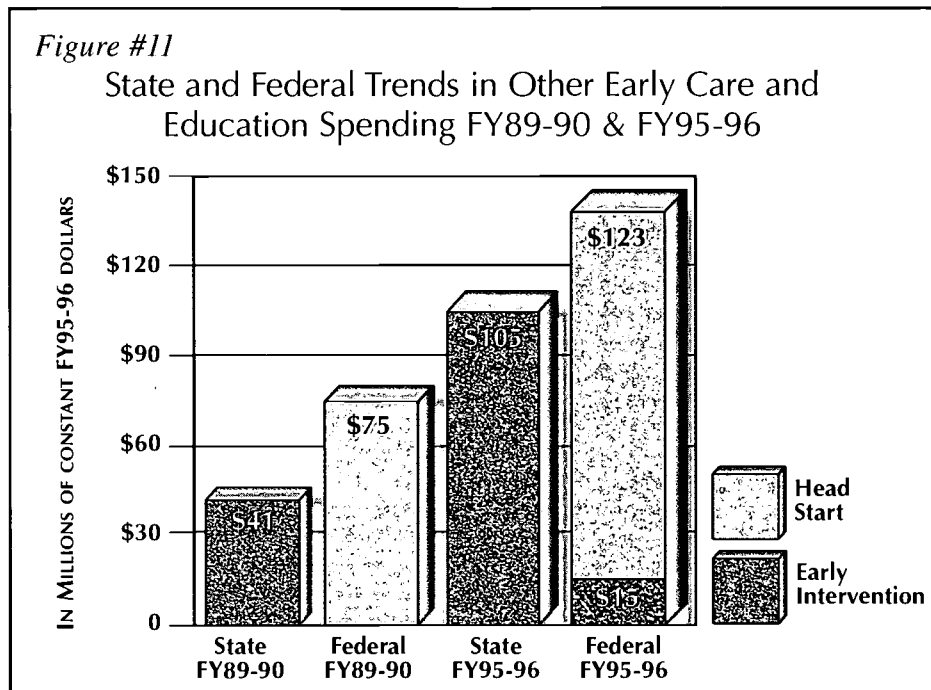
OTHER EARLY CARE AND EDUCATION

See Figure #11 below.

Early Intervention

The state is the major source of funding for the Early Intervention (EI) program which provides early childhood development services for disabled children. Income is not a determinate of eligibility. State Early Intervention expenditures in constant FY95-96 dollars grew 158% or from \$41 to \$106 million over the six-year period.

Of all the early care and education programs, the only remaining statutory entitlement program is Early Intervention. Children birth to the age of beginning public school are entitled to Early Intervention services by reason of disability or delayed development.



Head Start

The federal government provides funding for the Head Start program, which provides a comprehensive early childhood development program for disadvantaged poor children (most below 100% of poverty). Federal Head Start expenditures in constant FY95-96 dollars increased from \$75 to \$123 million over the past six years.

Though Head Start expenditures have increased significantly, Head Start still serves less than half of eligible three-and four-year-old children in poverty in Pennsylvania (1993).

NOTE: Federal Head Start funding does not flow through the Commonwealth budget process, but was included in this analysis because of Head Start's importance to children and its preventive nature. The federal government contracts directly with local Head Start agencies. Local agencies must match every \$5 in federal Head Start money with \$1 or more in local resources, often in-kind.

S U M M A R Y **FINDING**

The educational development of children 5 through 17, that is K-12 basic education, accounts for 24% of all state expenditures.

Despite recent research results showing that brain development during the first six years of life, and particularly the first six months, presents windows of opportunity for cognitive growth that will be closed after that period, child care and other early care and education programs account for only 0.8% of state expenditures.

If parents do not have access to quality early care and education, if disadvantaged children do not receive these vital services, and if all early care and education is not of high quality, how can our schools universally succeed?

INCOME SUPPORT

Aid to Families with Dependent Children (AFDC)

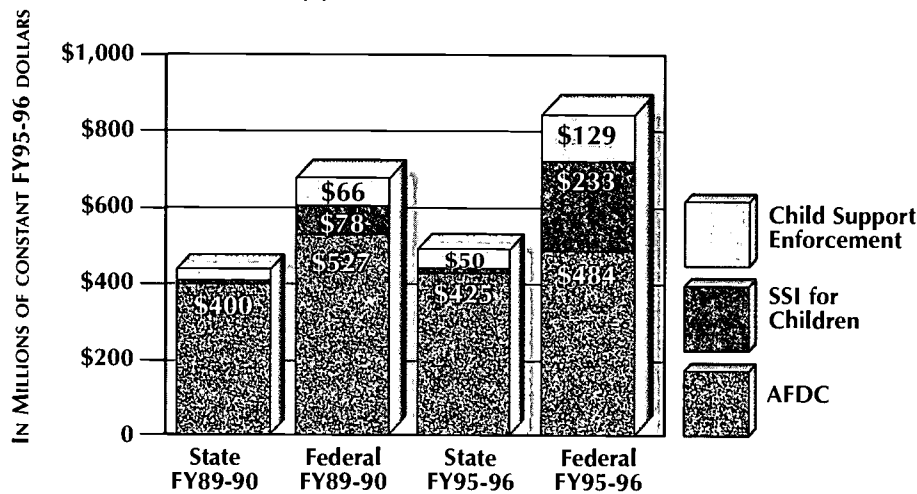
Aid to Families with Dependent Children (AFDC) provides cash assistance to families with dependent children, little or no income, and very few material assets.

This analysis includes the entire AFDC cash assistance amounts (not including administration expenditures), that is, the amount for the entire family, unlike Food Stamps where only the portion attributable to children was included. This approach was taken with AFDC because conceptually it is more difficult to attribute general household money



Figure #12

State and Federal Trends in Spending on AFDC, SSI for Children & Child Support Enforcement in FY89-90 & FY95-96



to individuals, because parental support enables the child to be taken care of, and because one does not receive AFDC without dependent children. See Figure #12.

BUDGET WATCH

► FINDINGS

- With adjustment for inflation, combined state and federal expenditures on AFDC welfare benefits to families in Pennsylvania are less in FY95-96 than in FY89-90.
- State AFDC expenditures have declined slightly as a percentage of all state general, special, and other funds in the Commonwealth budget to 1.86%, or less than 2 cents of each state dollar.
- Federal AFDC expenditures have declined as a percentage of all federal funds spending in the budget — from 10% in FY89-90 to 5.07% in FY95-96 — and from 18% of all federal children's funding in Pennsylvania (in and out of the budget) in FY89-90 to 10% in FY95-96.
- Because of shifts in the matching rate (57% to 53% federal) during this period, state AFDC inflation-adjusted funding increased somewhat to \$425 million.
- The average monthly number of Pennsylvania children on AFDC was 343,241 children on AFDC in FY89-90. This number climbed during the recession in the early 1990s, has been dropping since FY93-94, and stood at 375,773 in FY95-96 and 336,562 in October 1996.
- The maximum grant level for a family of three has remained at \$365 - \$421 per month since January 1, 1990. (Maximum varies by county.) Thus, grant levels have declined in real terms. If a family of three receives the maximum Pennsylvania AFDC grant and maximum Food Stamps, these two combined equal 68% of the poverty level for a family of three.

IMPACT.....► of Changes In Welfare Laws on AFDC

With changes in state and federal welfare laws, the formerly open-ended entitlement AFDC program (as well as the AFDC Emergency Assistance program and the JOBS Employment and Training program specifically for welfare recipients), will be replaced by the capped Temporary Assistance to Needy Families (TANF) block grant during the 1996-97 fiscal year.

The federal government will no longer provide much elasticity in funding when a recession comes and caseload grows, so states will have to choose between maintaining the parameters of this economic safety net entirely with their own funds or implementing program cuts. Past experience with states' budgetary responses to recessions is to cut programs, and this could place children in grave danger.

TANF introduces requirements for states to move welfare recipient work participation rates from 25% to 50% in the space of 6 years, and to impose a five-year lifetime limit (60 months; not necessarily consecutive) on cash assistance for most adult recipients. Recipients will lose benefits after two years unless they are working or participating in a work-related activity at least part-time. What will Pennsylvania do when a parent loses welfare eligibility if the parent has no way to provide for their children?

Supplemental Security Income (SSI)

Supplemental Security Income (SSI) provides cash income support payments to disabled children, adults, and seniors whose allowable family income and assets are below the modest SSI thresholds.

The federal government is by far the primary provider of SSI payments, but Pennsylvania provides a small additional SSI supplement to the federal amount.

BUDGET WATCH

FINDINGS

- Federal payment amounts increase annually with a cost of living index. Pennsylvania's SSI supplement amount had been unchanged for 20 years at \$32.40 per month for a single individual, but in January 1996, the state decreased it by five dollars to \$27.40 per month. The federal government imposed new processing fees on states, and Pennsylvania decreased its supplement enough to offset the new expenditures.
- The major force for both federal and state growth in SSI for children has been the growth in the number of children on SSI after the Supreme Court decision of February 1990 – from 14,014 in FY89-90 to 44,170 in FY95-96.
- Over the last six years, state SSI income support expenditures for disabled children doubled to \$14 million and federal expenditures tripled to \$233 million.

IMPACT

IMPACT of Changes In Welfare Laws on SSI

Under federal welfare reform legislation, SSI eligibility criteria for children will be changed and estimates are that 14,000 Pennsylvania children will lose their eligibility for SSI payments.

The disabilities of an SSI child frequently make it very difficult for a parent to work, beginning with the difficulty of finding a child care provider able to meet their child's special needs. Therefore, this income loss will not be easy to replace.

Child Support Enforcement Administration

State and federal government share the administrative costs of the child support enforcement system, including the operation of local domestic relations offices. This system serves all families regardless of income.

Most, but not all, child support enforcement costs are split 66% federal and 34% state. Child support paid to cash assistance families reduces the aid amount, dollar for dollar, after the first \$50, thus child support enforcement saves more state and federal dollars than it costs. Pennsylvania's State TANF Plan will eliminate the \$50 pass-through.

BUDGET WATCH

FINDINGS

- Combined child support enforcement costs of both the state and federal governments increased from \$91 million to \$171 million in constant FY95-96 dollars.
- This represents solely administrative costs and not the actual value of the child support payments to divorced and separated spouses and children of all income levels.

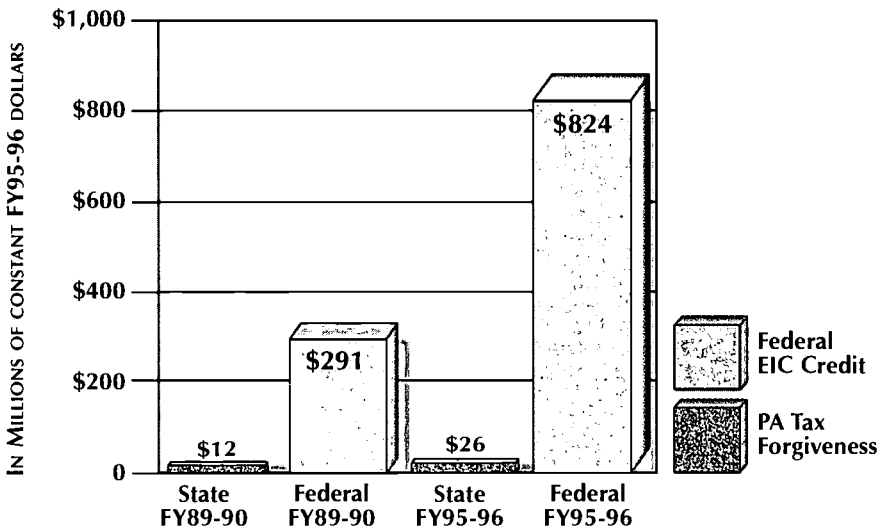
EARNED INCOME TAX SUPPORT

Federal Earned Income Tax Credit

To aid the working poor, the federal Earned Income (Tax) Credit (EIC) is a tax credit which is refundable and, therefore, helps to offset the FICA tax for low-income workers. EIC is also designed to give greater economic support to working poor families with children by being a larger credit if the family has one child or two or more children.

From FY89-90 to FY95-96, the value of the federal EIC to low-income working adults and families in Pennsylvania has increased from \$291 million to \$824 million. See Figure #13.

Figure #13
State and Federal Trends in Earned Income Tax Support
FY89-90 & FY95-96



In FY95-96, the federal government provided more economic support through the EIC program than it did in the AFDC program and child SSI payments combined — \$824 million versus \$717 million. In 1992, the number of Pennsylvania families receiving EIC was 465,021.



It should be noted that other tax expenditures of the federal government accruing primarily to middle and higher income wage earners are substantial.

BUDGET WATCH

► F I N D I N G S

Nationwide, estimated federal tax expenditures for 1996 include:

- Federal EIC – \$5.7 billion;
- Credit for child and dependent care expenses – \$2.8 billion and another \$800 million via dependent care accounts in employer cafeteria benefit plans.
- Deductibility of mortgage interest on owner-occupied homes – \$54.2 billion;
- Exclusion of employer contributions for medical insurance – \$66.6 billion; and
- Exclusion of pension contributions and earnings – \$70.2 billion.

Therefore, most federal tax breaks are directed at moderate to higher income families.

State Tax Forgiveness

Pennsylvania does not have the state equivalent of the federal EIC program. However, it does exempt very low-income persons and families from paying state personal income tax, via the Special Provision/Tax Forgiveness program, but there is no refundable credit provision.

Taxpayers with eligible incomes of \$7,200 or lower can qualify for some amount of forgiveness, and the qualifying level increases by \$3,000 for each dependent, for example, the threshold level is \$13,200 for a family of three.

Pennsylvania Partnerships for Children estimates that 70% of the value of the tax forgiveness aids single adults and couples without children in the home and 30% aids low-income working families with children. This is partly due to the fact that some sources of income which people are more likely to have in their older years after their children are grown are not subject to the state personal income tax and do not count toward the eligible income threshold. For example, social security and pension or retirement income are not subject to the tax.

The amount of state tax forgiveness for families with children increased in inflation-adjusted terms from \$12 to year 1994.

BUDGET WATCH

► F I N D I N G S

- Pennsylvania is not a high tax state overall, but it is for poor families
- Pennsylvania is among the ten worst states in terms of the high share of income that is spent on state and local taxes by the poorest 20% of Pennsylvania families.
- Pennsylvania also is among the ten worst states with the most regressive state and local tax systems, when the share of income that is devoted to state and local taxes by the poorest 20% is compared with the share of income spent on state and local taxes by the richest 1% – and even when similarly comparing the middle 60% with the top 1%.
- Comparing the value of the federal Earned Income Credit of \$824 million for all families with the state tax forgiveness of \$26 million for families with children leads to the conclusion that the federal government is by far the major supplier of earned income tax support to low-income working families.
- Pennsylvania's income thresholds for forgiveness are low.
- The program does not provide a refundable credit to supplement the minimum wage or otherwise low wages of workers with others economically dependent on them.
- Less than one-fifth of program recipients have dependent children.

Source: *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States*; Citizens for Tax Justice – The Institute on Taxation & Economic Policy; June 1996.

CHILD WELFARE AND JUVENILE JUSTICE

Like many other states, Pennsylvania has experienced large increases in the number of children in the child welfare and juvenile justice systems. Child welfare out-of-the-home placements, i.e. in foster homes, increased from 16,087 in 1989 to 20,598 in 1995 (point-in-time data).

Until recently, Pennsylvania operated under a very narrow definition and criteria for child abuse and neglect. For this reason, Pennsylvania is apt to have low child welfare placement rates compared with other states.

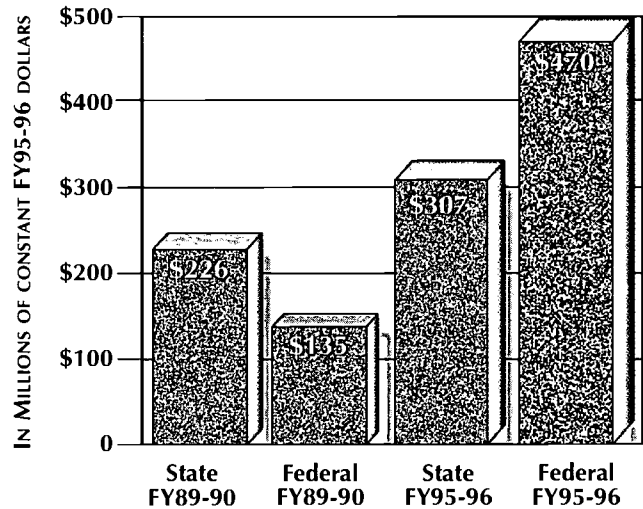
Juvenile court system placements increased from 3,586 in 1990 to 4,155 in 1994. Pennsylvania has relatively high juvenile arrest rates per youth aged 10 through 17 years. Dramatic increases in child welfare and juvenile justice expenditures reflect these placement trends. See Figure #14.

Over the last six years, state inflation-adjusted expenditures increased 36%, from \$226 to \$307 million, while federal expenditures increased 248%, from \$135 to \$470 million. The year the state shifted from being the major partner to the minor partner in child welfare/juvenile justice was FY94-95.

If Pennsylvania is willing to spend this much more on incarceration, it should be all the more willing to invest in the more cost effective preventive programs.

Figure #14

State and Federal Trends in Child Welfare/Juvenile Justice Spending in FY89-90 & FY95-96



Research has shown that there are programs which are cost-effective in preventing crisis funding. For example, a 1996 Rand study, Diverting Children From a Life of Crime: Measuring Costs and Benefits, identified three preventive programs that are more cost effective in preventing crime than incarcerating known criminals.

The programs studied in order of cost effectiveness are:

- four years of cash and other incentives to induce disadvantaged high school students to graduate;
- training for parents and therapy for families with very young school-age children who have shown aggressive behavior or otherwise begun to "act out" in school; and
- monitoring and supervising high school-age youths who have already exhibited delinquent behavior.



BUDGET WATCH

FINDINGS

- Child welfare and juvenile justice represent expenditures to treat crises. Between FY89-90 and FY95-96, Pennsylvania's state dollar child welfare and juvenile justice expenditures grew 36% and federal dollars grew 248% in real terms.
- State inflation-adjusted spending increased by \$81 million over the six years, and an additional \$100 million was enacted for FY96-97. (This analysis does not include the large and growing amount of county government spending in the child welfare/juvenile justice area.)
- Juvenile justice expenditures are made to protect the community. Pennsylvanians have apparently been very willing to spend more on incarceration.
- State general fund spending for state correctional institutions increased by \$415 million between FY89-90 and FY95-96 with an additional \$97 million enacted for FY96-97.

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IMPACT **of Changes In Welfare Laws on Child Welfare and Juvenile Justice**

The child welfare and juvenile justice systems operate to serve all families and youth in need. The new state and federal welfare laws have a variety of indirect impacts on child welfare and juvenile justice funding, which will create the need for more state dollars.

And, time limits and aid cut-offs, combined with difficulties for single parents with young children to manage day-to-day home and work life, are likely to increase neglect and stress, which can be factors in child abuse cases.

S U M M A R Y **FINDING**

There is significant research that shows that states have less incentive to spend their own funds under a block grant structure than under a federal matching grant program. With the changes in state and federal welfare laws, there is great concern about the safety net holes looming for children and what Pennsylvania and its communities will do to respond.

TABLE 1.

PENNSYLVANIA	STATE SPENDING ON CHILDREN'S PROGRAMS				
	In constant FY95-96 dollars. In \$1,000s.				
CHILDREN'S PROGRAMS	FY89-90	FY92-93	FY93-94	FY94-95	FY95-96
Medical Assistance (MA) - Children's S only	\$328,529	\$618,258	\$583,041	\$692,854	\$702,667
Children's Health Insurance Program (CHIP)	\$0	\$191	\$9,516	\$29,101	\$32,353
Maternal & Child Health (MCH Block Grant & other)	\$7,803	\$6,980	\$6,446	\$5,698	\$5,949
School Health Nurses & PA Required Exams	\$21,324	\$39,623	\$45,087	\$39,423	\$38,452
Children's Mental Health (excluding MA)	\$47,279	\$51,537	\$38,117	\$35,432	\$33,000
TOTAL CHILD HEALTH	\$404,936	\$716,589	\$682,206	\$802,509	\$812,421
Women, Infant, & Children (WIC)	\$18,197	\$18,428	\$12,478	\$7,072	\$5,884
Child Care Food Program	\$0	\$0	\$0	\$0	\$0
Summer Food Program	\$0	\$0	\$0	\$0	\$0
School Breakfast	\$1,431	\$2,227	\$2,401	\$2,644	\$2,831
School Lunch	\$12,601	\$12,526	\$12,495	\$12,665	\$13,559
Food Stamps (Est. for Children Only)(Admin. only for state)	\$41,312	\$42,284	\$41,452	\$42,382	\$40,382
TOTAL CHILD NUTRITION	\$73,541	\$75,465	\$68,826	\$74,763	\$62,656
Welfare Working/Training Child Care (JOBS)	\$0	\$26,978	\$25,331	\$30,199	\$26,493
1 Yr. Post-welfare Child Care (TCC)	\$0	\$1,785	\$3,502	\$6,342	\$8,199
Subsidized Child Care - State Line Item	\$44,445	\$39,247	\$39,019	\$38,096	\$42,827
Subsidized Child Care - At-Risk Child Care	\$0	\$0	\$0	\$0	\$0
Subsidized Child Care - Federal Social Services BG	\$0	\$0	\$0	\$0	\$0
Subsidized Child Care - Fed. Child Care & Devel. BG	\$0	\$0	\$0	\$0	\$0
TOTAL EARLY CARE & EDUCATION: CHILD CARE	\$44,445	\$68,010	\$67,851	\$74,638	\$77,519
Early Intervention (DPW & PDE but not MA)	\$40,869	\$72,905	\$79,065	\$99,987	\$105,258
Head Start	\$0	\$0	\$0	\$991	\$1,000
TOTAL OTHER EARLY CARE & EDUCATION	\$40,869	\$72,905	\$79,065	\$100,979	\$106,258
K-12 EDUCATION	\$5,049,836	\$5,208,602	\$5,230,384	\$5,269,937	\$5,381,484
AFDC CASH (Benefits to entire family)	\$399,919	\$456,830	\$467,425	\$457,171	\$424,638
SSI \$ FOR CHILDREN	\$6,341	\$9,916	\$11,441	\$13,241	\$14,364
Child Support Enforcement Administration	\$25,344	\$27,040	\$28,051	\$39,625	\$49,960
TOTAL INCOME SUPPORT	\$431,603	\$493,785	\$506,917	\$510,037	\$488,962
PA Pers. Inc. Tax Forgiveness-Est. for Families w/ children	\$11,887	\$15,134	\$21,151	\$27,890	\$25,890
Federal Earned Income Tax Credit	\$0	\$0	\$0	\$0	\$0
TOTAL EARNED INCOME TAX SUPPORT	\$11,887	\$15,134	\$21,151	\$27,890	\$25,890
CHILD WELFARE & JUVENILE JUSTICE	\$226,315	\$313,782	\$382,887	\$357,095	\$307,414
ALL STATE \$ SPENDING FOR CHILDREN	\$6,283,432	\$6,964,271	\$7,039,287	\$7,207,848	\$7,262,604
ALL STATE \$ SPENDING TOTAL	\$20,777,972	\$21,554,648	\$21,972,401	\$22,651,963	\$22,854,825
Inflation adjustment factor used for constant FY95-96 dollars	1.21677	1.08402	1.05659	1.02726	1.00000

TABLE 2.

STATE SPENDING ON CHILDREN'S PROGRAMS: PERCENT OF TOTAL STATE SPENDING						
FY89-90 and FY92-93 through FY95-96.						
	FY89-90	FY92-93	FY93-94	FY94-95	FY95-96	
CHILDREN'S PROGRAMS						
Medical Assistance (MA) - Children's \$ only	1.58%	2.87%	2.65%	3.06%	3.07%	
Children's Health Insurance Program (CHIP)	0.00%	0.00%	0.04%	0.13%	0.14%	
Maternal & Child Health (MCH Block Grant & other)	0.04%	0.03%	0.03%	0.03%	0.03%	
School Health Nurses & PA Required Exams	0.10%	0.18%	0.21%	0.17%	0.17%	
Children's Mental Health (excluding MA)	0.23%	0.24%	0.17%	0.16%	0.14%	
TOTAL CHILD HEALTH	1.95%	3.32%	3.10%	3.54%	3.55%	
Women, Infant, & Children (WIC)	0.09%	0.09%	0.06%	0.03%	0.03%	
Child Care Food Program	0.00%	0.00%	0.00%	0.00%	0.00%	
Summer Food Program	0.00%	0.00%	0.00%	0.00%	0.00%	
School Breakfast	0.01%	0.01%	0.01%	0.01%	0.01%	
School Lunch	0.06%	0.06%	0.06%	0.06%	0.06%	
Food Stamps (Est. for Children Only)(Admin. only for state)	0.20%	0.20%	0.19%	0.19%	0.18%	
TOTAL CHILD NUTRITION	0.35%	0.35%	0.31%	0.29%	0.27%	
Welfare Working/Training Child Care (JOBS)	0.00%	0.13%	0.12%	0.13%	0.12%	
1 Yr. Post-welfare Child Care (TCC)	0.00%	0.01%	0.02%	0.03%	0.04%	
Subsidized Child Care - State Line Item	0.21%	0.18%	0.18%	0.17%	0.19%	
Subsidized Child Care - At-Risk Child Care	0.00%	0.00%	0.00%	0.00%	0.00%	
Subsidized Child Care - Federal Social Services BG	0.00%	0.00%	0.00%	0.00%	0.00%	
Subsidized Child Care - Fed. Child Care & Devel. BG	0.00%	0.00%	0.00%	0.00%	0.00%	
TOTAL EARLY CARE & EDUCATION: CHILD CARE	0.21%	0.32%	0.31%	0.33%	0.34%	
Early Intervention (DPW & PDE but not MA)	0.20%	0.34%	0.36%	0.44%	0.46%	
Head Start (Federal \$ are not via state budget)	0.00%	0.00%	0.00%	0.00%	0.00%	
TOTAL OTHER EARLY CARE & EDUCATION	0.20%	0.34%	0.36%	0.45%	0.46%	
K-12 EDUCATION	24.30%	24.16%	23.80%	23.26%	23.55%	
AFDC CASH (Benefits to entire family)	1.92%	2.12%	2.13%	2.02%	1.86%	
SSI \$ FOR CHILDREN	0.03%	0.05%	0.05%	0.06%	0.06%	
Child Support Enforcement Administration	0.12%	0.13%	0.13%	0.17%	0.22%	
TOTAL INCOME SUPPORT	2.08%	2.29%	2.31%	2.25%	2.14%	
PA Pers. Inc. Tax Forgiveness-Est. for Families w/ children	0.06%	0.07%	0.10%	0.12%	0.11%	
Federal Earned Income Tax Credit	0.00%	0.00%	0.00%	0.00%	0.00%	
TOTAL EARNED INCOME TAX SUPPORT	0.06%	0.07%	0.10%	0.12%	0.11%	
CHILD WELFARE & JUVENILE JUSTICE	1.09%	1.46%	1.74%	1.58%	1.35%	
ALL STATE \$ SPENDING FOR CHILDREN	30.24%	32.31%	32.04%	31.82%	31.78%	
ALL STATE \$ SPENDING TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	

TABLE 3.

FEDERAL SPENDING ON CHILDREN'S PROGRAMS IN PENNSYLVANIA

	In constant FY95-96 dollars. In \$1,000s.				
	FY89-90	FY92-93	FY93-94	FY94-95	FY95-96
CHILDREN'S PROGRAMS					
Medical Assistance (MA) - Children's \$ only	\$432,198	\$618,258	\$721,544	\$855,563	\$837,906
Children's Health Insurance Program (CHIP)	\$0	\$0	\$0	\$0	\$0
Maternal & Child Health (MCH Block Grant & other)	\$28,600	\$33,838	\$34,481	\$36,098	\$36,298
School Health Nurses & PA Required Exams	\$0	\$0	\$0	\$0	\$0
Children's Mental Health (excluding M/A)	\$22,414	\$29,642	\$49,888	\$48,422	\$46,000
TOTAL CHILD HEALTH	\$483,213	\$681,738	\$805,913	\$940,083	\$920,204
Women, Infant, & Children (WIC)	\$102,944	\$127,989	\$139,027	\$141,131	\$152,849
Child Care Food Program	\$28,081	\$32,576	\$33,875	\$34,508	\$45,978
Summer Food Program	\$10,300	\$12,282	\$12,478	\$13,049	\$17,387
School Breakfast	\$12,571	\$20,976	\$22,847	\$25,520	\$34,003
School Lunch	\$123,471	\$139,736	\$141,457	\$146,264	\$194,882
Food Stamps (Children Only). Not in PA Budget	\$401,443	\$490,615	\$510,416	\$513,618	\$485,885
TOTAL CHILD NUTRITION	\$678,810	\$824,173	\$860,101	\$874,091	\$930,984
Welfare Working/Training, Child Care (JOBS)	\$0	\$33,619	\$30,464	\$34,621	\$30,146
1 Yr. Post-welfare Child Care (ICC)	\$0	\$2,225	\$4,213	\$7,527	\$9,345
Subsidized Child Care - State Line Item	\$0	\$0	\$0	\$0	\$0
Subsidized Child Care - At-Risk Child Care	\$0	\$13,888	\$13,533	\$13,028	\$12,485
Subsidized Child Care - Federal Social Services Block Grant	\$47,180	\$42,033	\$40,078	\$38,965	\$37,931
Subsidized Child Care - Fed. Child Care & Devel. Block Grant	\$0	\$30,633	\$31,854	\$34,923	\$35,918
TOTAL EARLY CARE & EDUCATION: CHILD CARE	\$47,180	\$122,399	\$120,141	\$129,063	\$125,825
Early Intervention (DPW & PDE but not Medical Assistance)	\$0	\$4,113	\$11,936	\$14,047	\$15,492
Head Start. Not in PA Budget	\$74,875	\$108,064	\$126,108	\$129,379	\$123,470
TOTAL OTHER EARLY CARE & EDUCATION	\$74,875	\$112,177	\$138,045	\$143,426	\$138,962
K-12 EDUCATION	\$479,352	\$585,426	\$533,080	\$500,332	\$564,706
AFDC CASH (Benefits to entire family)	\$527,107	\$569,294	\$562,373	\$542,547	\$483,971
SSI \$ for Children. Not in PA Budget	\$77,554	\$240,481	\$196,744	\$219,490	\$232,720
Child Support Enforcement Administration	\$65,584	\$69,972	\$72,590	\$102,540	\$129,285
TOTAL INCOME SUPPORT	\$670,245	\$879,748	\$831,706	\$864,576	\$845,976
PA Pers. Inc. Tax Forgiveness - Est. for Families with Children	\$0	\$0	\$0	\$0	\$0
Federal Earned Income Tax Credit. Not in PA Budget	\$291,189	\$472,747	\$603,396	\$747,020	\$824,042
TOTAL EARNED INCOME TAX SUPPORT	\$291,189	\$472,747	\$603,396	\$747,020	\$824,042
CHILD WELFARE & JUVENILE JUSTICE	\$134,657	\$218,778	\$259,465	\$428,203	\$469,731
FEDERAL \$ FOR CHILDREN IN PA	\$2,859,521	\$3,897,185	\$4,151,846	\$4,626,795	\$4,820,430

TABLE 4.

PERCENT OF FEDERAL SPENDING ON CHILDREN'S PROGRAMS IN PENNSYLVANIA						
FY89-90 and FY92-93 through FY95-96.						
CHILDREN'S PROGRAMS	FY89-90	FY92-93	FY93-94	FY94-95	FY95-96	
Medical Assistance (MA) - Children's \$ only	15.11%	15.86%	17.38%	18.49%	17.38%	
Children's Health Insurance Program (CHIP)	0.00%	0.00%	0.00%	0.00%	0.00%	
Maternal & Child Health (MCH Block Grant & other)	1.00%	0.87%	0.83%	0.78%	0.75%	
School Health Nurses & PA Required Exams	0.00%	0.00%	0.00%	0.00%	0.00%	
Children's Mental Health (excluding MA)	0.78%	0.76%	1.20%	1.05%	0.95%	
TOTAL CHILD HEALTH	16.90%	17.49%	19.41%	20.32%	19.09%	
Women, Infant, & Children (WIC)	3.60%	3.28%	3.35%	3.05%	3.17%	
Child Care Food Program	0.98%	0.84%	0.82%	0.75%	0.95%	
Summer Food Program	0.36%	0.32%	0.30%	0.28%	0.36%	
School Breakfast	0.44%	0.54%	0.55%	0.55%	0.71%	
School Lunch	4.32%	3.59%	3.41%	3.16%	4.04%	
Food Stamps (Children Only). Not in PA Budget	14.04%	12.59%	12.29%	11.10%	10.08%	
TOTAL CHILD NUTRITION	23.74%	21.15%	20.72%	18.89%	19.31%	
Welfare Working/Training Child Care (JOBS)	0.00%	0.86%	0.73%	0.75%	0.63%	
1 Yr. Post-welfare Child Care (ICC)	0.00%	0.06%	0.10%	0.16%	0.19%	
Subsidized Child Care - State Line Item	0.00%	0.00%	0.00%	0.00%	0.00%	
Subsidized Child Care - At-Risk Child Care	0.00%	0.36%	0.33%	0.28%	0.26%	
Subsidized Child Care - Federal Social Services Block Grant	1.65%	1.08%	0.97%	0.84%	0.79%	
Subsidized Child Care - Fed. Child Care & Devel. Block Grant	0.00%	0.79%	0.77%	0.75%	0.75%	
TOTAL EARLY CARE & EDUCATION: CHILD CARE	1.65%	3.14%	2.89%	2.79%	2.61%	
Early Intervention (DPW & PDE but not Medical Assistance)	0.00%	0.11%	0.29%	0.30%	0.32%	
Head Start. Not in PA Budget	2.62%	2.77%	3.04%	2.80%	2.56%	
TOTAL OTHER EARLY CARE & EDUCATION	2.62%	2.88%	3.32%	3.10%	2.88%	
K-12 EDUCATION	16.76%	15.02%	12.84%	10.81%	11.71%	
AFDC CASH (Benefits to entire family)	18.43%	14.61%	13.55%	11.73%	10.04%	
SSI \$ for Children. Not in PA Budget	2.71%	6.17%	4.74%	4.74%	4.83%	
Child Support Enforcement Administration	2.29%	1.80%	1.75%	2.22%	2.68%	
TOTAL INCOME SUPPORT	23.44%	22.57%	20.03%	18.69%	17.55%	
PA Pers. Inc. Tax Forgiveness - Est. for Families with Children	0.00%	0.00%	0.00%	0.00%	0.00%	
Federal Earned Income Tax Credit. Not in PA Budget	10.18%	12.13%	14.53%	16.15%	17.09%	
TOTAL EARNED INCOME TAX SUPPORT	10.18%	12.13%	14.53%	16.15%	17.09%	
CHILD WELFARE & JUVENILE JUSTICE	4.71%	5.61%	6.25%	9.25%	9.74%	
FEDERAL \$ FOR CHILDREN IN PA	100.00%	100.00%	100.00%	100.00%	100.00%	

TABLE 5.

EXPENDITURES PER \$100 PENNSYLVANIA PERSONAL INCOME

FY89-90 and FY92-93 through FY95-96.

PENNSYLVANIA	FY89-90	FY92-93	FY93-94	FY94-95	FY95-96
Pennsylvania Personal Income (PI) in \$1,000,000s	\$218,077	\$252,449	\$261,500	\$274,730	\$286,980
ALL STATE \$ SPENDING FOR CHILDREN in \$1,000,000s	\$5,164	\$6,424	\$6,662	\$7,017	\$7,263
ALL STATE \$ SPENDING TOTAL in \$1,000,000s	\$17,076	\$19,884	\$20,796	\$22,051	\$22,855
FEDERAL \$ FOR CHILDREN IN PA in \$1,000,000s	\$2,350	\$3,595	\$3,929	\$4,504	\$4,820
ALL STATE \$ SPENDING FOR CHILDREN per \$100 PI	\$2.37	\$2.54	\$2.55	\$2.55	\$2.53
ALL STATE \$ SPENDING TOTAL per \$100 PI	\$7.83	\$7.88	\$7.95	\$8.03	\$7.96
FEDERAL \$ FOR CHILDREN IN PA per \$100 PI	\$1.08	\$1.42	\$1.50	\$1.64	\$1.68

Pennsylvania Partnerships for Children

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Mission Statement

PENNSYLVANIA PARTNERSHIPS FOR CHILDREN

Founded in 1990, Pennsylvania Partnerships for Children works with individuals and organizations in the public and private sectors to develop common agendas and strategies that promote the well-being of Pennsylvania's children.

PPC advocates for children and their families through government relations, research and analysis, community organizing, public awareness, training and technical assistance. PPC is statewide, independent and bi-partisan.





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