



# BUDGET BRIEFING

DWIGHT EVANS, DEMOCRATIC CHAIRMAN

July 19, 2007

## 2007/08 DPW Budget: Services for Children

### Early Childhood Programs

The 2007/08 enacted budget invests millions of dollars to ensure that Pennsylvania's children receive quality child care services and pre-kindergarten education.

#### Department of Education: Pre-K Counts

The budget includes a new appropriation for the Pennsylvania Pre-K Counts pre-kindergarten program in the Department of Education (PDE). The Pre-K Counts appropriation of \$75 million will allow 11,000 three and four year olds to attend half-day and full-day pre-kindergarten programs in schools, Head Start, child care centers and nursery schools during the 2007-2008 school year.

#### Department of Public Welfare: Child Care Services

The Child Care Services appropriation provides subsidized child care to low-income working families on a sliding fee scale. These child care services reach a larger cross section of the population and are separate from those provided to TANF recipients under the Cash Grants appropriation. Working families with incomes up to 200 percent of the Federal Poverty Income Guidelines (FPIG) -- \$41,300 for a family of four -- could qualify for a subsidy. Families can remain in the program until their incomes reach 235 percent of FPIG, or \$48,528 for a family of four.

Child care may be purchased from: regulated day care centers (13 or more children); group day care homes (four to six children), or from legally unregulated child care providers or relative/neighbor

caregivers (three or fewer children). Most families pay between \$5 and \$25 per week for child care, regardless of the number of children who receive care. In general, the family's annual co-payment can not exceed 11 percent of annual income. The exceptions are for families at or below 100 percent of FPIG who pay no more than eight percent of annual income.

The Child Care Services appropriation also provides funding for the Keystone Stars program. Keystone Stars is a comprehensive, voluntary, early learning quality improvement initiative. Early childhood programs may enter Keystone Stars at the "Start with Stars" level and earn a Star 1 through Star 4 rating based on research-based standards for staff education and professional development, the early learning environment, and business management. As of December 2006, nearly 4,300 child care programs serving more than 152,800 children were enrolled in Keystone Stars. That covers nearly 70 percent of the child care centers in the Commonwealth. More than 176,000 children will be served in the Keystone Stars program during 2007/08.

The 2007/08 budget includes:

- ◆ A total of \$30.763 million to maintain adequate levels of provider rates, taking into account the increased minimum wage.
- ◆ An additional \$8.898 million for a three percent cost-of-living adjustment
- ◆ An additional \$10.071 million to maintain the number of funded child care slots (53,550) at an increased cost per slot

| CHILD CARE                      |         |         |           |          |  |
|---------------------------------|---------|---------|-----------|----------|--|
| APPROPRIATION                   | 2006/07 | 2007/08 | \$ CHANGE | % CHANGE |  |
| Child Care Services - State     | 107,671 | 144,865 | 37,194    | 34.5%    |  |
| Child Care Services - Federal   | 225,003 | 224,778 | (225)     | -0.1%    |  |
| Child Care Assistance - State   | 156,578 | 215,448 | 58,870    | 37.6%    |  |
| Child Care Assistance - Federal | 178,197 | 168,203 | (9,994)   | -5.6%    |  |

- ◆ An additional \$11.794 million to increase provider rates
- ◆ An additional \$6 million to maintain the Keystone Stars program
- ◆ An additional \$1.252 million to provide subsidized child care services to 400 more low-income children

### Department of Public Welfare: Child Care Assistance

The Child Care Assistance appropriation provides subsidized child care for Pennsylvania's Temporary Assistance for Needy Families (TANF) and former TANF families. Quality child care programs are essential for families meeting federally mandated work requirements. Funding for this appropriation was contained in the Cash Grants appropriation in previous fiscal years.

In 2007/08, DPW is working to integrate child care services under this appropriation and the Child Care Services appropriation. Previously, TANF and former TANF families received their child care services through County Assistance Offices, whereas other low-income families received services through local Child Care Information Services (CCIS). Under the integrated system, all child care services will be coordinated through CCIS.

The 2007/08 budget includes:

- ◆ A total of \$39.157 million to maintain adequate levels of provider rates, taking into account the increased minimum wage.
- ◆ An additional \$11.096 million for a three percent cost-of-living adjustment
- ◆ An additional \$17.275 million to maintain the number of funded child care slots at an increased cost per slot
- ◆ An additional \$10.786 million to increase provider rates

### Department of Public Welfare: Early Intervention

The Early Intervention program under DPW funds services and supports designed to help families with children up to age three who have a developmental delay. Services include physical therapy, speech therapy, health services, family counseling, and

family training. DPW allocates funds to counties, which administer local early intervention programs, based on the prior year needs and special needs identified by counties for the current year.

The 2007/08 budget includes:

- ◆ An additional \$3.53 million for a three percent cost-of-living adjustment
- ◆ A total of \$9.328 million (\$8.327 million state dollars) to expand services to approximately 2,690 additional children.

### Department of Education: Early Intervention

The Early Intervention program under PDE funds services and supports designed to help families with children age three years to five years who have a developmental delay. Services include physical therapy, speech therapy, health services, family counseling, and family training. The 2007/08 enacted budget increases funding by \$32 million, providing services to an additional 2,749 children.

### Department of Public Welfare: Nurse Family Partnership

The Nurse Family Partnership is an intensive and comprehensive home visitation program for first-time pregnant teens and young women, starting with prenatal care and continuing through the child's infancy. The program is designed to serve low-income, at-risk pregnant women expecting their first child. Long-term studies have found that such programs reduce child abuse, welfare use, arrests and substance abuse, while improving education and employment rates. Currently, the program operates in 35 Pennsylvania counties.

The 2007/08 budget increases state funding by \$4.762 million. The budget includes \$900,000 to expand the program to accommodate 184 additional families in five additional high-risk counties.

| EARLY INTERVENTION                |         |         |           |          |  |
|-----------------------------------|---------|---------|-----------|----------|--|
| APPROPRIATION                     | 2006/07 | 2007/08 | \$ CHANGE | % CHANGE |  |
| DPW: Early Intervention - State   | 103,022 | 119,661 | 16,639    | 16.2%    |  |
| DPW: Early Intervention - Federal | 42,432  | 49,600  | 7,168     | 16.9%    |  |
| PDE: Early Intervention - State   | 140,889 | 173,099 | 32,210    | 22.9%    |  |
| PDE: Early Intervention - Federal | 0       | 14,283  | 14,283    | 100.0%   |  |

## Children and Youth Programs

| CHILD WELFARE                       |         |         |           |          |
|-------------------------------------|---------|---------|-----------|----------|
| APPROPRIATION                       | 2006/07 | 2007/08 | \$ CHANGE | % CHANGE |
| DPW: County Child Welfare - State   | 880,831 | 966,710 | 85,879    | 9.7%     |
| DPW: County Child Welfare - Federal | 538,931 | 493,078 | (45,853)  | -8.5%    |

The County Code and the Public Welfare Code require support for county-administered social services programs for children and youth in each of the Commonwealth's 67 counties. The County Child Welfare appropriation under DPW provides state and federal funds to support the following services: placement; prevention; family reunification services; adoption; temporary placement; child protective services; and other court-ordered services for dependent and delinquent children.

Pennsylvania determines annual funding for child welfare services by using a needs-based process in coordination with the counties. Child welfare services are funded through a combination of state, county and federal dollars. Federal funding, the largest portion of which is Title IV-E, comprises approximately 30 percent of all revenue available for child welfare services. State and local revenue make up the balance, with the state share driven by Act 148.

The 2007/08 budget includes \$966.7 million in state funding for the County Child Welfare appropriation. This represents an increase of \$85.879 million over 2006/07, including funds for a two percent cost-of-living adjustment for services purchased by counties. An additional \$28 million in state support is provided for child welfare services through two other appropriations, TANF Transition (\$20 million) and Behavioral Health Services Transition (\$8 million).

### QUESTIONS AND COMMENTS

717-783-1540

**Miriam A. Fox, Executive Director**  
[mfox@hacd.net](mailto:mfox@hacd.net)

**Barbara Fellencer, Communications Director**

**Lisa Fleming, Budget Analyst**

<http://www.hacd.net>

### CHILD WELFARE REVENUES

**ACT 148 (General Funds):** The state reimburses counties for expenditures incurred in providing services. Counties are responsible for the difference, often referred to as a county match. The state reimbursement varies, based on the service:

- ◆ Adoption Services = 100 percent
- ◆ Institutional Placement (non-detention) = 60 percent
- ◆ Foster Care and Community-Based placement = 80 percent
- ◆ In-home (non-institutional) services = 80-90 percent
- ◆ Administrative Activities = 80 percent
- ◆ Detention Costs = 50 percent

**Federal Title IV-E:** Provides funding for children in placement, for the adoption of eligible children and certain administrative and training costs

**Federal Title XX (SSBG):** Funds foster care and community residential costs.

**Federal Title IV-B:** Funds used to establish and strengthen in-home (non-institutional) services.

**Federal TANF:** Flexible block grant funds used in support of in-home (non-institutional) services and emergency shelter services. Funds may not be used for detention services. Unlike Act 148 funds, counties may use TANF funds without the required county match.

**TANF Transition (General Funds):** Created to help counties transition from unmatched TANF funds to matched Act 148 funding. Per the Fiscal Code, this appropriation is distributed to counties in the form of a grant. Like TANF, counties do not have to match these funds with local dollars.