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President's FY 2006 Budget Recommends Freezing Prevention Funding

The President's FY 2006 budget request – submitted to Congress February 7th – makes clear that the Administration intends to address deficit concerns by cutting back on domestic discretionary spending unrelated to defense and homeland security. Nearly all non-mandatory child and family service programs are recommended for reductions or – at best – flat-funding under the President's proposal. Some 150 programs across the spectrum of government agencies are targeted for major decreases or total elimination.

In addition, the following two budget proposals could pave the way for spending reductions:

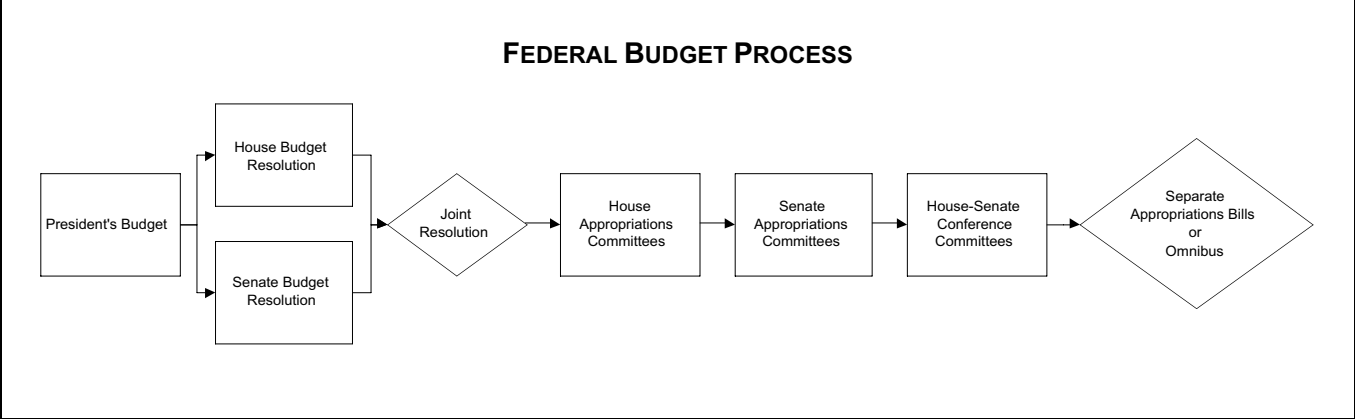
- 1) Through the FY 2006 budget, the Administration proposes caps on all discretionary spending which would result in \$22 billion in cuts in Year 1 and \$66 billion in cuts in Year 5.
- 2) The budget also proposes using Pay-as-You-Go (PAY-GO) rules to require increases in entitlement spending to be offset by mandatory spending cuts. Previously, PAY-GO rules also required tax cuts to be offset.

Reconciliation: It is also possible that reconciliation instructions will be included in the budget now being considered in both the House and Senate. Reconciliation allows mandatory programs, or entitlements, to be cut in order to meet outlay and revenue targets. Generally, entitlements are off limits to appropriators seeking to reduce spending. This year, however, reconciliation language could be used to provide procedural protection for reducing entitlement spending on programs such as Medicaid or title IV-E. Budget committee chairs have already hinted at using reconciliation language to address the growth in entitlement spending.

It is important to keep in mind that the budget request for FY 2006 is just that – a *request* that Congress adopt the Administration's policy recommendations. The proposal is by no means the final word on appropriations, which are unlikely to be completed until fall at the earliest. However,



advocates should begin paying attention now because spending caps or reconciliation language could fast-track significant spending reductions.



As you can see from the diagram above, submission of the President’s budget marks the beginning of a budget cycle that is expected to last most of the calendar year. Budget bills are now being considered in both the House and Senate, with the ultimate goal of adopting a single congressional budget resolution. The deadline for adopting a final resolution is April 15th, though there is no penalty for missing the deadline. In fact, during the last two years Congress failed to come to agreement on a joint budget blueprint. By late spring, House and Senate committees will begin work on appropriations bills. It is the appropriations committees that have final say over funding amounts for domestic discretionary programs such as CAPTA and Promoting Safe and Stable Families (PSSF).

Below are highlights from the Administration’s budget proposal (see chart on page 4):

CAPTA: You may recall that last year the Administration’s budget recommended a near doubling of funds for CAPTA state and community-based grant programs. In the end, Congress appropriated what amounted to a 30% increase.

This year, the Administration has proposed a very different budget. Funding for CAPTA state grants, which are used to improve child protective services, would remain at the FY 2005 level of \$27 million (up from \$22 million in FY 2004). Community-based child abuse prevention (CBCAP) grants would also be flat-funded at \$43 million, up \$10 million from FY 2004. Spending for CAPTA discretionary grants is recommended to be \$32 million, an amount that includes some \$5.6 million in earmarks added last year to the base funding level of \$26.3 million.

Despite the President’s budget recommendations, the National Child Abuse Coalition has decided to request FY 2006 CAPTA appropriations at the same levels requested last year: \$42 million for CAPTA basic state grants and \$65 million for CAPTA community-based prevention grants. These are the same levels that were requested by the President in his FY 2005 budget proposal. Stay tuned to future editions of *Prevention Advocate* for steps you can take to advocate for increased spending for CAPTA programs.

PSSF: Otherwise known as title IV-B (2) of the Social Security Act, Promoting Safe and Stable Families (PSSF) funds a variety of services along the child welfare continuum, including family support, family preservation, adoption promotion, and post-adoption. In the past, the Administration has been committed to fully funding PSSF at \$505 million. Last year, the program was level funded at



\$403 million. For FY 2006, the Administration proposes a small increase to PSSF discretionary of \$7 million (for a total of \$410 million) instead of fully funding the program.

SSBG: As has been the case in recent years, the Social Services Block Grant (SSBG) is once again proposed to be level funded at \$1.7 billion. States use SSBG allotments to pay for a range of social services to children, families, and the elderly. Prevention and intervention initiatives can be paid for by states using SSBG dollars if a state so chooses. Unfortunately, the value of this block grant has been significantly reduced since the mid-1990s when it was funded at \$2.8 billion.

CDC: The Administration proposes a reduction overall in the CDC's budget for FY 2006. For injury prevention and control, which includes a small appropriation for child maltreatment prevention activities, the budget proposes \$138 million, the same amount appropriated in FY 2005.

Early Childhood: While some education programs (such as Title I and IDEA special education) could see modest increases under the budget proposal, early childhood programs – important vehicles for prevention initiatives – do not fare as well. Several programs are targeted for elimination, including the Early Learning Fund, Even Start, and Parent Information Resource Centers (PIRCs).

The President's budget proposes to freeze funding for Head Start, the national preschool program for low-income children, but for an extra \$45 million to support the President's not-yet-authorized proposal to fund nine state pilot projects in an optional block grant.

Child Care: The Child Care and Development Block Grant, which provides child care to low-income working families, would also be flat funded under the budget proposal. According to some estimates, this would translate into 300,000 fewer children receiving child care assistance by 2009.

Medicaid: The budget proposes to reduce Medicaid spending by \$45 billion over the next 10 years. Language in the budget also suggests that states would be given more flexibility to tailor their programs, though few specifics are offered as to what this would mean.

Within Medicaid, the budget seeks to restrict what services can be claimed under Targeted Case Management (TCM) and rehabilitative services, and also limit reimbursement of TCM services to 50% for all states. This could be significant because many states rely on Medicaid TCM as a significant source of funding for child welfare services.

Many governors and state legislators have already weighed in against the proposed Medicaid reductions. A bill introduced with bipartisan support in the Senate would delay the cuts by establishing a congressional commission to study the program.

Juvenile Justice: A 46% cut has been recommended for juvenile justice programs. The budget also recommends eliminating the Juvenile Accountability Block Grant.

Marriage and Fatherhood: In line with the Administration's TANF reauthorization proposal, the budget includes \$200 million to promote healthy marriage through research, demonstrations, and a matching grant program. The FY 2006 budget also recommends \$40 million to promote and support responsible fatherhood, which would similarly be authorized under House and Senate TANF bills.

Mentoring Children of Prisoners: Though this has been a favored program within the Administration, this year the budget proposes level funding at \$50 million.



Compassion Capital Fund: The Compassion Capital Fund has long been a priority program of the Administration. The budget recommends a \$45 million increase – and a new anti-gang initiative – for the Fund for FY 2006. Currently funded at \$55 million, the Compassion Capital Fund is intended to assist faith-based organizations interested in providing social services by funding intermediary organizations to help them.

**FUNDING FOR SELECT PROGRAMS UNDER THE ADMINISTRATION’S BUDGET REQUEST FOR FY 2006
(IN MILLIONS)**

| | FY 2004 | FY 2005 | FY 2006 REQUEST |
|--|---------|---------|--------------------|
| CAPTA State Grants | \$ 22 | \$ 27 | \$ 27 |
| CAPTA Discretionary Grants | \$ 34.4 | \$ 31 | \$ 32 |
| CAPTA Community-Based Grants | \$ 33.2 | \$ 43 | \$ 43 |
| Social Services Block Grant | \$1,700 | \$1,700 | \$1,700 |
| Title IV-B (1), Child Welfare Services | \$ 289 | \$ 290 | \$ 290 |
| Title IV-B (2), PSSF | \$ 404 | \$ 403 | \$ 410 |
| Child Care Block Grant | \$2,087 | \$2,084 | \$2,084 |
| Head Start | \$6,774 | \$6,843 | \$6,888 |
| Abandoned Infants | \$ 12 | \$ 12 | \$ 12 |
| Early Learning Fund | \$ 34 | \$ 35 | \$ 0 |
| Mentoring Children of Prisoners | \$ 50 | \$ 50 | \$ 50 |
| Compassion Capital Fund | \$ 48 | \$ 54 | \$ 100 |

What’s Next? Reaction on Capitol Hill to the President’s budget request has been decidedly mixed. Many pundits argue that proposed program cuts – though steep and painful – will make only a small dent in the deficit (currently estimated at over \$420 billion). Despite the lengthy list of programs targeted for elimination, members of Congress can be expected to fight for favored programs alongside lobbyists, advocates, and special interest groups. Many programs zeroed out in previous budget requests have been saved in the end by congressional champions and vocal advocates.

Advocates who want to weigh in on budget deliberations should reach out to members of Congress now. The chambers are expected to complete separate budget bills by mid-March, after which the House and Senate will convene to negotiate a single budget resolution.

To download a copy of the budget documents, go to <http://www.whitehouse.gov/omb/budget/fy2006>.

For 3rd Consecutive Year, Administration Proposes Child Welfare State Option

For the third consecutive year, the Bush Administration has included in its budget request a proposal to give states the option of either receiving title IV-E funds as a block grant over five years or continuing to receive foster care dollars as an annual entitlement based on the number of children in out-of-home care.



The proposed option would allow states greater discretion on how title IV-E funds are used. States would no longer be obliged to spend all Title IV-E on foster care, and could possibly use these dollars to fund front-end services such as child abuse prevention programs. However, participating states would also relinquish the title IV-E entitlement status and assume greater financial risk should foster care caseloads increase.

Leavitt Confirmed as HHS Secretary

On January 26th, 2005, the Senate confirmed Michael O. Leavitt as the new secretary of the U.S. Department of Health and Human Services (HHS), replacing Tommy Thompson who resigned late last year. Leavitt was previously the head of the Environmental Protection Agency (EPA) and, prior to that, served three terms as Utah's governor.

In Utah, Mr. Leavitt is known for reforming the state's Medicaid program, which increased the number of individuals covered, but decreased the level of benefits. His experience in this area will undoubtedly influence potential changes to Medicaid. At the helm of HHS, Secretary Leavitt will also oversee a sizeable array of programs including CAPTA, Promoting Safe and Stable Families, foster care, TANF, child care, CDC, and the Food and Drug Administration.

Combat Meth Act Reintroduced: S 103/HR 314

Senator Jim Talent (R-MO) reintroduced the Combat Meth Act (S. 103) on January 24, 2005. The following day, Representative Blunt (R-MO) introduced a companion bill (H.R. 314) in the House. First introduced late last session, the Senate bill proposes a wide array of policy changes to address the growing methamphetamine problem in an increasing number of states. In contrast to many state-level proposals, the Combat Meth Act provides funding specifically for the treatment of methamphetamine addicts, as well as funding for drug endangered children's programs. Drug endangered children's programs are a coordinated, multidisciplinary response, providing a range of services to children affected by drugs, particularly by the manufacture of methamphetamine. Existing drug endangered children (DEC) programs are funded through DOJ grants from the Office of Community Oriented Policing Services (COPS). DEC programs are operated and implemented on a local level, with collaboration from law enforcement, child welfare, and medical professionals.

One major component of this bill is the proposal to classify pseudoephedrine as a Schedule V narcotic. This will likely be controversial, though the provision is not central to the components that address the needs of children.

As discussed in the previous edition of *Prevention Advocate*, methamphetamine is a drug of increasing concern to prevention advocates. Because it can be manufactured with common household ingredients, clandestine labs have been found across the country in basements, kitchens, and even vehicles. From a child welfare standpoint, two distinct issues emerge: the potential harm to children from clandestine labs and also the potential abuse/neglect as a result of parental methamphetamine use.

The full text of S. 103 can be retrieved from: http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_bills&docid=f:s103is.txt.pdf.



Urban Institute Publishes Report on Child Welfare Financing

The Urban Institute has released its updated report on child welfare financing, entitled *The Cost of Protecting Vulnerable Children IV*. According to the report, in 2002 approximately 4.5 million children were referred to child welfare agencies for suspected abuse and neglect, with an estimated 532,000 children in foster care as of September 30, 2002. States spent \$22.2 billion in FY 2002 to provide services to these children. This is an 8 percent increase since FY 2000. Funding for child welfare programs comes from a variety of federal funding streams, but primarily Title IV-B and IV-E of the Social Security Act.

The Urban Institute report reveals that most of the increase in spending is accounted for in increased TANF and Medicaid spending, which are especially significant sources of funding for out-of-home placements. In fact, these two funding sources account for 97 percent of the increase in federal spending from SFY 2000 and SFY 2002.

The use of TANF and Medicaid for child welfare services varies largely by state. While there was an overall increase in spending in these two funding streams, 17 states actually saw a decline in TANF spending, while Medicaid spending declined in 12 states.

The Urban Institute's report illustrates the variability in states' use of funds for child welfare, as well as the rapid changes that can occur over a short period of time. States often need to shift child welfare priorities based on changes to federal law. Given the possible changes to TANF and Medicaid funds in the near future, states might again be facing rapid, drastic changes in how they finance child welfare services.

The Urban Institute's full report is available at:

http://www.urban.org/UploadedPDF/411115_VulnerableChildrenIV.pdf.

PCA America Launches Blue Wrist Band Campaign

This April, PCA America will launch the **Blue Wrist Band Campaign**, a new national campaign designed to raise awareness of, and funding for, its prevention programs and efforts and those of participating chapters. The blue bands will read "Prevent Child Abuse" and feature our website, and will cost \$1.

We are thrilled to have PCA America Honorary Board members Grant and Tamia Hill serving as national spokespeople who will be featured in our national ad in *American Baby Magazine* this April. To get with the band or learn more, visit <http://www.preventchildabuse.org> or call 1-800-688-1275 x 2 as of March 7th.

Useful Resources for Advocates

- ***Safe Children and Healthy Families are a Shared Responsibility*** is the theme of the 2005 National Child Abuse Prevention Month in April. As part of this initiative, the Children's Bureau has announced the launch of the 2005 Prevention Month website at <http://nccanch.acf.hhs.gov/topics/prevention/index.cfm>, where community resource packets can be downloaded. Packets and posters can also be ordered by contacting the National Clearinghouse on Child Abuse and Neglect Information at 1.800.394.3366.



- ❑ A new report from the National Governors Association (NGA) Center for Best Practices focuses on initiatives that promote school readiness. The report, *Building the Foundation for Bright Futures*, includes sections on home visiting program models and offering family support to influence parent behavior and improve child outcomes. The report can be downloaded at: <http://www.nga.org/cda/files/0501GOVGUIDEREADINESS.pdf>.
- ❑ A research brief from Child Trends provides an updated discussion of welfare reform and its impact on child well-being. *How Welfare Reform Might Affect Children: Updating the Conceptual Model* also identifies gaps in data on welfare reform and provides information on the role of fathers. A copy of the report can be accessed at: <http://www.childtrends.org/Files/welfarebrief.pdf>.
- ❑ Many prevention advocates are familiar with the High/Scope Perry Preschool Project, which in 1962 began studying the impact of the preschool program on a cohort of children born in poverty and at risk of school failure. Impressive new data has been released on age 40 results of the Perry study. Adults at age 40 who were assigned to the preschool program had higher earnings, were more likely to hold a job, had committed fewer crimes, and were more likely to have graduated from high school. The study also documented a return to society of more than \$17 for each tax dollar invested in the early care and education program. For more information on the Perry Preschool Project, check out: <http://www.highscope.org/Research/PerryProject/perrymain.htm>.
- ❑ A series of analyses of the Administration's budget proposal for FY 2006 can be found on the website of the Center on Budget and Policy Priorities (<http://www.cbpp.org>). New reports from the Center focus on the budget deficit, where the budget cuts would be made, proposals specific to Medicaid, and the potential impact of five-year spending caps.
- ❑ Though current debates about the future of Social Security primarily focus on retirement, a new report from the National Center for Children and Poverty examines the program from a different perspective. According to the report, *Whose Security? What Social Security Means to Children and Families*, children receive more benefits from Social Security than from any other social program. To download a copy of this report, go to: http://www.nccp.org/pub_wsw05a.html.
- ❑ A new brief from the Urban Institute may be of interest to advocates monitoring current proposals to promote marriage. Marriage Promotion and the *Living Arrangements of Black, Hispanic, and White Children* can be downloaded at <http://www.urban.org/url.cfm?ID=311064>.

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Prevention Advocate is published monthly.

