



## The Impact of the Governor's Proposed Fiscal Year 2011 Budget on Children

Revised February 4, 2010

In her midterm budget proposal for Fiscal Year 2011, Governor Rell would reduce funding for many programs that directly affect children, youth, and their families. The Governor's budget calls for an estimated net \$74.9 million reduction in funding for a variety of services that have a clear and direct impact for children, youth and families.<sup>1</sup> This includes \$105.6 million in funding cuts and \$30.6 million in funding increases (\$11.2 million of the increase was in the Temporary Assistance to Needy Families [TANF] cash assistance program, probably reflecting an increased demand due to the recession.)

However, the Governor avoided many of the most damaging cuts that had been proposed in her deficit mitigation proposal of December 2009. Unfortunately, much of the funding for preserving these services comes from the use of one-time revenues and budget gimmicks such as current federal stimulus funds, transfers between state accounts, delay of payments to state employee retirement accounts, securitization (selling) of future revenue streams, and the hope of expanded federal aid. Given that the state is facing an historically large \$3.9 billion deficit in Fiscal Year 2012 (according to the Office of Fiscal Analysis), a continued reliance on one-time, quick fix budget solutions places Connecticut's children and economic future at an even greater risk.

The attached table shows these cuts by various categories, including child care, health, education, and family supports.

### Early Care and Education

If the Governor's proposed budget for 2011 enters into effect, Connecticut's Care4Kids Program will experience a considerable loss of funds. Care4Kids is an essential component of child care in Connecticut, helping to subsidize child care costs for low- to moderate- income families, many of whom would be unable to obtain safe and affordable child care for their children without assistance. The Governor has recommended that a reduction of 12% (\$11.5 million) be made to the 2011 budget for Care4Kids, reducing total funding to slightly over \$84.4 million. As a result of the decrease, fewer families will receive subsidized child care. Low-income working parents may be unable to work or may leave children at home without proper care and supervision. The loss of funding will also result in layoffs at child care centers, increasing Connecticut's already elevated unemployment rate. This loss of \$11.5 million in funding will harm not only Connecticut's children and families, but will negatively affect Connecticut's broader economy.

Included in the Governor's budget is the proposed elimination of both the Early Childhood Advisory Cabinet and the Office of Early Childhood Planning, Outreach, and Coordination. Yet, the budget highlights a reorganization of the Early Childhood Cabinet and its future role in designing an action plan in response to Federal Head Start

<sup>1</sup> Connecticut Voices for Children developed this estimate by identifying and summing across agencies budget adjustments that have a clear and direct impact on children and families. These criteria produce a conservative estimate of the full impact of cuts to children and families because it does not consider the many indirect affects that seemingly unrelated budget cuts may have. Several spending measures that *in part* benefit children and families were also not included if a reliable proportion could not be verified.

program requirements. At this point, it is believed that the newly formed State Advisory Council would undertake these responsibilities, but it remains unclear as to how the Council would be funded.

## **Health**

The HUSKY B program, which provides health insurance coverage to nearly 16,000 uninsured children, is targeted for a \$2,150,000 cut in state funding, through increased premiums and co-payments for children in low-income families. The federal government reimburses Connecticut for 65% of HUSKY B expenses. In order to save \$732,000 in state dollars Connecticut must cut \$2,150,000. Experience in Connecticut has shown that increasing premiums for children in low-income families leads loss of coverage for eligible children. When HUSKY B premiums were raised in 2004 and again in 2005, thousands of children would have lost coverage had the premium increases gone into effect. Recognizing the harmful impact, policymakers repealed the premiums—twice. Connecticut should avoid repeating mistakes of the past. At a time when the Governor is proposing to restructure the HUSKY program to be administered by a non-risk administrative services organization, and other changes, it is troubling that HUSKY outreach, which includes funding for the United Way HUSKY Infoline telephone helpline, would be eliminated. The total cut to the HUSKY outreach line item is \$706,452.

The Governor has also proposed a number of changes to the HUSKY Program that will significantly increase costs for families. These proposals include: imposing co-payments on services for most adults in HUSKY A, discontinuing coverage for non-prescription medication for adults in HUSKY A, and restricting vision services for adults in HUSKY A. Taken together, increased cost-sharing threatens the affordability of coverage for children and families in the HUSKY Program. Research shows that increased co-payments can result in significant delays in obtaining needed care.

The Governor has proposed cuts to school based health centers (SBHCs) that provide health services to children in grades pre-K-12, often serving those children who have limited access to outside medical care. In 2006-2007, over 20,000 students were served by 68 state-funded school based health clinics in 19 communities. The Governor's budget includes a reduction of \$1,216,933 to school-based health clinics.

## **K-12 Education**

Connecticut's K-12 education system was largely spared from cuts in Governor Rell's FY 2010-2011 Midterm Budget Adjustments. The State Department of Education's budget was reduced by 0.8%. While new funding was recommended only for some small projects labeled "other expenses," the majority of programs were maintained at previous funding levels. Recommendations for budget reductions included cuts to transportation services. Other programs originally targeted for rescissions in November's deficit mitigation plan – such as Primary Mental Health, CT's Pre-Engineering Program, and regional and inter-district services – continued to receive reduction recommendations.

## **Child Welfare and Juvenile Justice**

The Governor's Budget provides for an additional \$1.49 million dollars to begin to implement legislation that places sixteen and seventeen year olds in the juvenile court system, where they will receive developmentally appropriate services, be kept safe, and enjoy a greater likelihood of staying in school. The "Raise the Age" legislation went into effect on January 1, 2010 for 16 year-olds and will expand to include 17 year-olds in July of 2012. The funds are directed to expand services in the Department of Children and Families.

The Governor proposes a reduction of \$4.15 million dollars in the Department of Children and Families budget by suspending funding for "lower priority contract service types," including therapeutic mentoring, youth support services, respite care, and enhanced care coordination. She also proposes savings by reducing foster care recruitment contracts, a savings of \$2 million dollars, and "better management" of wrap-around services, including initiating clinical authorization of one-to-one services, a savings of \$1 million dollars. Other proposals include a reduction in

therapeutic group homes and juvenile justice contracts due to decreases in both populations and a reduced need for services.

An important bright spot in the Governor's budget proposal is her inclusion of an appropriation of \$2.88 million dollars in the Department of Children and Families budget to provide funding to implement a new federal law requiring educational stability for children and youth in foster care. This means that when a child in DCF care is moved into a placement that is outside of his school district, DCF will coordinate with local schools to keep the child in his original school, if it is in the child's best interest.

## **Other areas**

Other significant cuts proposed include wholly eliminating the Connecticut Youth Employment Program (\$3.5 million) and the program for Children of Incarcerated Parents (\$700,000). The budget also proposes cutting \$614,000 (over 50%) from the Transitional Rental Assistance program.

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While this interim budget avoids some more severe cuts that would cause lasting damage to our state's future, it does little to resolve Connecticut's long-term budget problems. It relies heavily on quick fix and one-time budget solutions that continue our major, long-term budget deficits. Connecticut must balance deficit mitigation efforts between spending *and* revenue options, and must take an active role in ensuring its future prosperity. To achieve this Connecticut should look at revenue options, including proposals to close corporate tax loopholes, evaluate the return on investment of hundreds of millions of dollars in corporate tax breaks, delay reductions in the estate tax, and increase income taxes on the wealthy.

**Governor's Adjustments to the FY2011 Budget that Affect Children, Families and Youth**

	<b>Budget Adjustment FY11</b>	<b>Percent Change</b>
<b>Department of Social Services</b>		
Children's Trust Fund	-\$6,974,411	-51.0%
HUSKY outreach & data collection	-\$706,452	-100.0%
School Age Child Care Programs/Day Care Projects	-\$119,705	-25.0%
HUSKY B program	\$584,100	1.6%
Temporary Family Assistance-TANF	\$11,200,000	9.4%
Safety Net Services	-\$525,224	-25.0%
Transitional Rental Assistance	-\$614,000	-51.7%
Child Care Services-TANF/CCDBG/Care 4 Kids	-\$11,500,000	-12.0%
<b>Department of Children and Families</b>		
Personal Expenses	-\$15,139,277	-5.2%
Other Expenses	-\$5,165,777	-11.2%
Local Systems of Care	-\$240,000	-10.4%
Emergency Needs	-\$90,000	-5.0%
Gts Psychiatric Clinics for Children	-\$81,442	-0.6%
Juvenile Justice Outreach	\$748,650	5.9%
Community Emergency Services	-\$84,694	-100.0%
Support for Recovering Families	-\$134,047	-1.0%
Child Welfare Support Services	-\$1,058,412	-24.7%
Board and Care -- Adoption	-\$591,550	-0.7%
Board and Care -- Foster	\$2,884,215	2.5%
Board and Care -- Residential	-\$13,253,788	-6.8%
Individualized Family Supports	-\$289,073	-1.7%
Community KidCare	-\$1,723,936	-6.6%
<b>Department of Education</b>		
Personal Services (staff)	-\$9,182,064	-6.1%
Other Expenses	\$387,045	2.3%
Primary Mental Health	-\$122,258	-24.1%
Connecticut Pre-Engineering Project	-\$87,500	-25.0%
Best Practices	-\$475,000	-100.0%
Early Childhood Advisory Cabinet	-\$75,000	-100.0%
Longitudinal Data systems	-\$126,498	-16.3%
Admin-after school program	-\$450,000	-100.0%

American School for the Deaf	-\$498,960	-5.0%
Regional Education Services	-\$458,568	-24.9%
Omnibus Education Grants State Supported Schools	-\$6,748,146	-100.0%
Charter Schools	-\$70,000	-0.1%
Head Start - Early Childhood Link	-\$110,000	-5.0%
Institutional Student Aid	\$882,000	-
Child Nutrition State Match	\$2,354,000	-
Health Foods Initiative	\$2,634,110	-
Transportation of School Children	-\$4,796,400	-10.0%
Health and Welfare Services Pupils Private Schools	-\$477,500	-10.0%
Education Equalization Grants	-\$426,769	0.0%
Bilingual Education	-\$212,903	-10.0%
Interdistrict Cooperation	-\$3,000,000	-21.2%
Non-Public School Transportation	-\$399,500	-10.0%
Magnet Schools	-\$1,500,000	-0.9%
School Accountability	-\$51,778	-2.8%

	Budget Adjustment FY11	Percent Change
<b>Regional Community Technical Colleges</b>		
TOTAL	-\$1,570,735	-1.0%

	Budget Adjustment FY11	Percent Change
<b>Connecticut State University</b>		
TOTAL	-\$632,242	-0.4%

	Budget Adjustment FY11	Percent Change
<b>University of Connecticut</b>		
TOTAL	-\$2,653,991	-1.1%

	Budget Adjustment FY11	Percent Change
<b>Department of Higher Education</b>		
Minority Advancement Program	-\$491,423	-20.4%
CommPACT Schools	-\$712,500	-100.0%

	Budget Adjustment FY11	Percent Change
<b>Department of Public Health</b>		
Fetal and Infant Mortality Review	-\$315,000	-100.0%
School Based Health Clinics	-\$1,216,933	-11.7%

<b>Office of Policy and Management</b>	<b>Budget Adjustment FY11</b>	<b>Percent Change</b>
Leadership Education and Athletics in Partnership	-\$425,000	-50.0%
Neighborhood Youth Centers	-\$743,500	-50.0%
<b>Department of Developmental Services</b>	<b>Budget Adjustment FY11</b>	<b>Percent Change</b>
Early Intervention	\$8,964,072	31.1%
Voluntary Services	-\$1,531,300	-4.7%
<b>Department of Corrections</b>	<b>Budget Adjustment FY11</b>	<b>Percent Change</b>
Children of Incarcerated Parents	-\$700,000	-100.0%
<b>Department of Labor</b>	<b>Budget Adjustment FY11</b>	<b>Percent Change</b>
Connecticut's Youth Employment Program	-\$3,500,000	-100.0%
<b>Judicial Department</b>	<b>Budget Adjustment FY11</b>	<b>Percent Change</b>
Juvenile Alternative Incarceration	-\$2,070,000	-6.9%
Youthful Offender Services	-\$237,986	-2.5%
<b>Child Protection Commission</b>	<b>Budget Adjustment FY11</b>	<b>Percent Change</b>
TOTAL	-\$1,147,336	-9.5%
<b>Office of the Child Advocate</b>	<b>Budget Adjustment FY11</b>	<b>Percent Change</b>
TOTAL	-\$68,399	-7.6%
<b>Total Increases</b>	<b>\$30,638,192</b>	
<b>Total Reductions</b>	<b>-\$105,576,977</b>	
<b>Net Change</b>	<b>-\$74,938,785</b>	