



# The 2004-05 Budget: What's At Stake Children & Youth

Children are not only one of the most vulnerable populations in our society – they are also the most innocent and voiceless. And they are at the center of the current budget battles at the state legislature. Although the Governor and legislators have said they want to hold K-12 education “harmless,” the health and well-being of our children is clearly at stake. Both the Governor and the legislature have proposed changing, reducing, and eliminating programs that touch every area of our children’s lives. Not only does this not make sense in the short-term, but it also jeopardizes the future vitality of our state.

## Keeping children healthy...

A healthy start for children gives them their best chance at a successful life. A number of changes proposed by the Governor, House, and Senate would reduce health care coverage for low- and moderate-income Minnesotans. For instance, the Governor’s and the House proposals would roll back the “Cover All Kids” initiative to insure more children. Instead, under these proposals, Minnesota would see more than 50,000 people lose health care coverage by the end of the biennium, including working families, pregnant women, and kids.

Some children face extraordinary health issues that require extraordinary help – help that would disappear or become unaffordable under some budget proposals. While the Governor and Senate propose funding for two important new initiatives for children with emotional disabilities, the House proposal omits one of these – funding for early identification and intervention. In addition, the Governor and House propose consolidating funding for over a dozen children’s grant programs and several community social service programs into a single block grant, while significantly reducing funding. This consolidation, combined with the anticipated county level cuts, means serious reductions in outreach and treatment for children with severe emotional disturbance. Eliminating these services means shifting the costs to more expensive treatment and services like residential treatment facilities, hospitalization, special education, and often juvenile corrections. Other children’s programs forced to compete for scarce dollars under the proposed consolidation include fetal alcohol syndrome prevention and services for homeless children.

Out-of-pocket health care costs for parents will also be increasing under the proposed budgets. For instance, all three proposals would increase fees parents of disabled children would pay for TEFRA services, which help parents care for their disabled children, usually in their own homes. The impact of increased co-payments for working families covered by MinnesotaCare under the Governor’s and House proposals would be dramatic. A family of four making \$36,800 a year (200% of poverty) would see their monthly health care co-payments jump from \$180 per month under current law to \$720 per month under the Governor’s plan, and \$751 per month under the House plan.<sup>1</sup> With

### Proposed changes include:

- Establish co-pays for Medical Assistance (MA)/General Assistance Medical Care (GAMC) /MinnesotaCare (MnCARE)
- Consolidate GAMC & MnCARE
- Roll back MnCARE Children exceptions
- Eliminate MA/GAMC for undocumented persons
- Reduce MA income limit for children
- Repeal MA income deductions for pregnant women and children
- Limit MA/MnCARE coverage of newborns
- Consolidate and cut children’s grant programs
- Increase TEFRA parental fees
- Increase child care co-payments

<sup>1</sup> Children’s Defense Fund-Minnesota, *Addressing the 2004-2005 Deficit: How Minnesota Children and Families Will Pay*, April 2003. [www.cdf-mn.org/PDF/BudgetAnalysis.pdf](http://www.cdf-mn.org/PDF/BudgetAnalysis.pdf).

these kinds of stunning increases in health care costs, working families will be forced to make impossible choices between spending their money on food, housing, transportation to their job, or health care.

Keeping our children healthy also means ensuring they are well cared for while their parents are at work. Low- and moderate-income working families depend on affordable day care to help make ends meet. The Senate and Governor's proposals would increase child care co-payments by 10% for families with income over 100% of the federal poverty line. Under the House proposal, increases in co-pays would be much more drastic. For instance, a family of four making \$36,800 a year (200% of poverty) would see their monthly child care co-payment jump from \$208 to \$229 under the Governor's and Senate plan, and to \$405 under the House proposal.<sup>2</sup> Furthermore, under the House plan, some families would no longer be eligible for child care assistance. Faced with soaring child care costs or complete elimination of assistance, parents may be forced out of the work force, or consider more dangerous child care alternatives.

### **Getting children ready for school...**

A recent article released by the Federal Reserve Bank of Minneapolis emphasizes that early childhood education is the best investment that can be made, arguing that "the return on investment from early childhood development is extraordinary, resulting in better working public schools, more educated workers and less crime."<sup>3</sup> Historically, Minnesota has recognized the value of these early childhood programs by funding them. One such program that faces reductions in all three budget proposals is School Readiness, which focuses on children aged 3½ to 4 years and their families, particularly the developmentally disadvantaged. At no charge or for a small fee, it provides services that enable children to enter school with the skills and behaviors necessary for success. The Governor and the House also recommend eliminating Way to Grow, a program that provides services to pregnant women, support and prevention programs, and culturally-specific services to families with children up to age six. All three budget proposals would also reduce funding for Early Childhood Family Education (ECFE), which is open to all Minnesota families with pre-kindergarten aged children. The program works to strengthen families and equip parents with the skills to provide a healthy environment for the growth and development of their young children. The proposed reductions in these early childhood programs mean services will need to be cut back and classes cancelled, fees may increase (making the program inaccessible to some), providers will be unable to meet ever-increasing demand, and more children will enter school unprepared and needing costly special attention.

**Proposed changes include:**

- School Readiness reserves taken
- Eliminate Way to Grow
- ECFE reserves taken and funding reduced
- Reduce Head Start

The House proposal would go even further and cut funding for Head Start, which provides a comprehensive, individualized program of health, nutrition, education, parent involvement, and social services to children of low-income families from birth to age 5. Today, Head Start is only able to serve 44% of the eligible population aged 3 to 5, but the House proposal would cut the program by nearly 23% over the biennium.

### **Starting our youth on the right path...**

Children and youth today face many challenges, including the temptation to use drugs, alcohol, and tobacco, or engage in other risky behavior. Recognizing the importance of a good start in

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<sup>2</sup> Children's Defense Fund-Minnesota, *Addressing the 2004-2005 Deficit: How Minnesota Children and Families Will Pay*.

<sup>3</sup> Art Rolnick and Rob Grunewald. "Early Childhood Development: Economic Development with a High Public Return." *fedgazette*, March 2003, p. 17. <http://minneapolisfed.org/pubs/fedgaz/03-03/earlychild.cfm>.

life, the state has chosen to invest in several programs that try to intervene before kids who are at risk for dangerous behavior start making bad choices.

After School Enrichment (ASE) is one statewide program for youth that faces elimination under the House and Governor's proposals, and reductions under the Senate proposal. These are out-of-school programs for school-aged youth who may be struggling with academic success or have been involved in the criminal justice system. The programs help youth develop better decision-making skills, improve socialization, provide tutoring and homework assistance, offer sports and physical fitness activities, arrange educational speakers, and offer many other positive activities. With no structured place to go after school or during the summer months while their parents are at work, these youth are more at risk of causing trouble, or becoming victims themselves. ASE was cut by 69% for FY 2003 during the Governor's unallotment orders in February. Both the Governor and the House propose eliminating the program in 2004-05. The impact of this cut would be severe. In a survey, the Minnesota Council of Nonprofits heard from 12 providers of ASE programs throughout Minnesota. Six said they would cut services, 9 said they would eliminate services or programs, 9 said they may (or already did) lay-off staff, and one said the combination of cuts from the state and county may force their 25-year-old agency to close its doors at the end of the year.

One particular After School Enrichment program in Minneapolis serves 5- to 9-year-olds who are at risk for reading failure. The program provides intensive reading services, increasing reading levels by one to two grades and preventing these children from being referred to Special Education. The program also provides services through the summer months so children do not lose skills gained during the school year. The Governor's unallotment orders in February forced them to eliminate summer services – complete elimination of funding may close the program altogether.

**Proposed changes include:**

- Eliminate After School Enrichment funding
- Eliminate State funding for Children's Trust Fund

All three budget proposals would also eliminate state funding for the Children's Trust Fund, which would reduce the Fund's total budget by 29%. Many prevention programs would be impacted, including child abuse prevention, parenting education, fathering education, and adolescent pregnancy prevention programs.

## Helping kids when things go wrong...

When children make mistakes, our state has a number of programs in place to help them get things straight while they are still young.

Youth Intervention Programs (YIP) is one of these programs facing significant cuts in the Governor's and House budget proposals. YIP works with at-risk youth that are referred for minor illegal activities such as shoplifting, vandalism, petty theft, truancy, drug use, etc. The program is extremely successful – 90% of youth involved in the program successfully stay out of the correctional system. And the program is cost-effective – it costs an average of \$271 per youth annually. In contrast, it costs citizens an average of \$1,140 for every youth that enters the juvenile court system, \$36,000 for every youth in a group home, \$43,000 per child sent to a residential treatment facility, and \$52,306 per child confined to a juvenile correctional facility.<sup>4</sup> Some of these programs may go away. One agency in Ramsey County said the state cuts, combined with anticipated county cuts, would mean the elimination of their program.

There are other programs for at-risk youth in jeopardy in the Governor's and House proposals. For instance, one program funded by the Department of Corrections works with young female

<sup>4</sup> Minnesota Youth Intervention Programs Association. [www.mnyipa.org/yis.htm](http://www.mnyipa.org/yis.htm).

offenders to get them out of the criminal justice system. Another program helps adolescents on probation learn anger management and social skills so they can avoid high-risk situations in the future.

At other times, children are the victims. A number of programs in place to care for children during traumatic times face reductions in the Governor's and House proposals. One such abused children's program through the Minnesota Center for Crime Victim Services helps kids who witness domestic violence, providing support groups, emergency housing, court advocacy, and other services to these traumatized children. In Greater Minnesota counties, for example, budget cuts could mean there will be no victim advocacy services for children, and no prevention efforts in the schools.

Other programs help children who are abused or at risk of abuse. For instance, funding for crisis nursery services, which provide emergency care for children (newborn through six) at risk of abuse or neglect due to a family crisis, is consolidated into a single block grant with a number of other children's and community service programs in the Governor's and House proposals. The consolidation, combined with a significant reduction in funding, means counties will have to choose which programs to fund with the limited resources. Providers warn that cuts could mean the elimination of these services in some Greater Minnesota counties. Other services at risk include 24-hour crisis lines, supervised visitation, safe exchanges, prevention education, and support groups.

**Proposed changes include:**

- Reduce Youth Intervention Program funding
- Grants eliminated by the Dept. of Corrections: Juvenile Female Offender, Juvenile Restitution, Extended Jurisdiction Juvenile, Juvenile Continuum of Care, Restorative Justice, Juvenile Residential Treatment
- Reduce Crime Victims Assistance grants
- Consolidate Crisis Nursery Grants

### Looking for more information?

The Minnesota Council of Nonprofits has compiled a spreadsheet that details programs and services impacted by the various budget proposals, focusing on items that would directly impact nonprofit organizations, low- and moderate-income persons, and other vulnerable populations. [www.mncn.org/doc/fy200405.pdf](http://www.mncn.org/doc/fy200405.pdf).

Results from the Minnesota Council of Nonprofits' budget survey are available online at [www.mncn.org/budgetresults.htm](http://www.mncn.org/budgetresults.htm).

*Sources: Governor's FY 2004-05 Budget Proposal documents, House Fiscal Analysis spreadsheets, Senate Fiscal Policy & Analysis spreadsheets, Minnesota Council of Nonprofits Budget Survey results*