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State budget shortfall spurred day care cost cutsby Ry Rivard
Daily Mail Capitol Reporter

CHARLESTON, W.Va. - Recently announced cuts to a program for poor parents and their children may preview the tough choices state budget officials and lawmakers will make in coming months.

The Department of Health and Human Resources announced plans last week to cut \$8 million from a program to help provide day care to 24,000 children of low-income parents.

New entry to the program will be sharply limited; costs will go up for families; and 1,400 children will be gradually removed from the program.

The cuts come as the state prepares to deal with a Medicaid shortfall of about \$200 million in the budget year that begins in summer 2013.

While the state has ways to deal with the Medicaid shortfall - including hundreds of millions of dollars in rainy day funds - the next legislative session may bring a fight over how to hold down costs amid rising expenses and relatively flat revenues.

Ted Boettner, executive director of the liberal-leaning Center on Budget and Policy, said the state was pulling the rug from under single mothers at the same time it was sitting on its rainy day fund and cutting taxes.

"We have close to a billion dollars in our rainy day fund, we have a surplus, we have room for corporate tax cuts, but we don't have room to help struggling working mothers afford child care so they can get to work?" Boettner said.

State officials will begin work on the budget for next fiscal year in coming weeks. The result of the months-long budget process likely will remain unknown until the governor's State of the State address in early 2013.

Their big obstacle is Medicaid, the state and federal health insurance program that serves about 420,000 low-income West Virginians. The Governor's office plans to hire a consultant to conduct a thorough review of the program.

The changes to the day care program could provide a glimpse into the debate to come.

Senate Finance Chairman Roman Prezioso, D-Marion, said the state will face tough decisions as it puts together a budget.

"There's basically only two things you can do," he said in an interview. "You can scale back on programs, or you can find some fees or some kind of taxes you can raise."

Tomblin so far has resisted attempts to tap the rainy day fund or to raise taxes. Instead, he has cut the food tax and cheered on decreases in the business franchise tax.

House Health and Resources Chairman Don Perdue, D-Wayne, said a budget is a state's "morality walking."

"It is nice to have a mattress full of money, but by the great God, it can be hard to sleep on," Perdue said.

But Perdue doesn't lay too much blame on Tomblin, who starting acting as governor after Joe Manchin left the Governor's office for the U.S. Senate in November 2010.

"The Tomblin administration is heir to a certain amount of lack of foresight of the previous administration in terms of Medicaid," Perdue said.

Perdue and Manchin often were at odds over Medicaid spending. Perdue argues spending more up front saves money later. Manchin fought to save money for expected shortfalls.

In particular, Perdue worries the state is in danger of making cuts that will end up costing it more in the long run. He said those long-term costs will be "more devastating" than cuts will save in the short term.

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The child care subsidy reductions are the second set of changes to a social program the Tomblin administration has made since December.

In December, the state said it would end enrollment in a program designed to keep West Virginia seniors from being sent to nursing homes.

Experts have warned that both sets of cuts could result in costly ramifications.

It costs the Medicaid program more to put seniors into nursing homes than to send someone to their homes to care for them. If a senior who could have stayed home is forced to go to a nursing home, the state pays more.

The Governor's office said late last week it did not yet know if the freeze to the waiver program was cost effective.

The changes to the day care program could increase the ranks of the unemployed by making the care too costly for some parents.

"This is going to make things worse by taking people out of the workforce; it's completely counterproductive," Boettner said.

Hallie Mason, Tomblin's public policy adviser, disputes that characterization of the child care changes. She said the changes were structured to affect the fewest people possible, and they most affect parents who are making more than 150 percent of the federal poverty level.

"These are clearly people that are demonstrating they want to work, that they want to be productive, that they want to be part of productive society and get out and do what they can - I think just to state they would fall out of the workforce isn't fair to them," she said.

Mason emphasized that cuts to the child care and nursing home waiver programs aren't resulting from any reduction in state dollars. Instead, she said, the federal dollars weren't available to let the programs go unchanged.

For instance, Mason said the child care subsidy had to be scaled back because the state has gradually exhausted about \$50 million in federal money it used to keep the program open to as many people as possible.

New state money would have to be spent to make up for those federal dollars. The administration considers that an expansion of government, which it is trying to avoid.

"Nationally, states are cutting back on programs left and right," Mason said. "Clearly, expanding a program is a rare bird anymore."

The administration also disputes the notion it is not looking out for the poor.

Tomblin administration officials point out the program changes are designed to save money so the state can deal with Medicaid costs. The state spends hundreds of millions on that program each year.

"In the big picture, we're taking a lot of our general revenue to help this population," Mason said, referring to low-income West Virginians.

The administration also put an additional \$30 million into the budget for the current year and for the one that starts July 1, Mason said. The money went to things as diverse as foster care, emergency shelters, adoption, adult protective services and homeless shelters.

"We put a lot more money into that this fiscal year, and we're still looking for a couple hundred million for next year," Mason said, referring to the amount the state needs to find for Medicaid.


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COMMENTS

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Posted By: lane656

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What the article does not mention is that the state pays millions upon millions for child care services that are very poor and I can say that this is the most corrupt program in state government. You have these contract agencies that waste millions because they are not penalized for doing a bad job. They have had this cut coming for a long time. For each good child care center or provider they paid 4 who were just ripping the state off and were terrible, minimal level providers.