

Southern Early Childhood Association

Public Policy Notes

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Congress Reaches Agreement on Compromise Stimulus Package

The Economic Recovery & Reinvestment Act (stimulus package) has come through Conference Committee and the compromise bill has passed the House and Senate.

During the last several weeks, different versions of the bill were passed by the US House of Representatives and the US Senate. A Conference Committee is used to resolve those differences, reach compromises on the content of the bill and draft one bill that is presented to the House and Senate for consideration.

President Obama has worked to get this bill on his desk for signature this week and will sign the bill tomorrow in Denver, Colorado. House Speaker Nancy Pelosi issued a fact sheet on Wednesday, February 11th, that outlined a preliminary overview of the Act. According to this fact sheet, the compromise bill will:

- Create and save 3.5 million jobs, rebuilding America, making us more globally competitive and energy independent, and transforming our econ-

omy.

- Give 95 percent of American workers an immediate tax cut.
- Invest in roads, bridges, mass transit, energy efficient buildings, flood control, clean water projects and other infrastructure projects.
- Restore science and innovation as the keys to new American-made technology, preventing and treating disease, and tackling urgent climate change and dependence on foreign oil.
- Invest quickly into the economy.
- Include unprecedented accountability and transparency measures.

The legislation includes targeted efforts in health, education, energy, science & technology, infrastructure projects, tax cuts and helping workers hurt by the recession.

Source: Office of Speaker Nancy Pelosi Fact Sheet, February 11, 2009

Special Edition of *Public Policy Notes*

A special edition of *Public Policy Notes* will be produced at the end of February to provide the following information:

- Specifics on the language included in the spending portions of the stimulus bill.
- Specifics on how much federal funding will be available to the SECA states through the stimulus bill.

- An analysis of the potential impact of the stimulus bill on state programs

There are a significant number of questions to be answered about the final version of the bill and how it will impact current programs and initiatives. We'll gather information from the organizations that are working on the bill in Washington and provide you with the latest information that is available.

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Special points of interest:

- Preliminary Look at the Stimulus Bill
- State Legislative Calendar
- Highlights from the State of the State Addresses by SECA Governors
- Unemployment Statistics

2009 Schedule for SECA State Legislatures

The Legislatures of all SECA States will be in session in 2009. These Legislatures go into session with the worst economic conditions in over 30 years and many difficult decisions will be made in order to balance state budgets.

The schedule for the SECA State Legislatures follows:

Alabama/ February 3-May 18, 2009

Arkansas/ January 12-March 12, 2009

Florida/ March 3-May 1, 2009

Georgia/ January 12-late March 2009

Kentucky/ January 6- March 30-2009

Louisiana/ April 27-June 25, 2009



SECA State Legislatures will meet in 2009 to make many hard budget decisions.

Mississippi/January 6-April 5, 2009

Oklahoma/February 2-May 29, 2009

South Carolina/January 13-June 4, 2009

Tennessee/January 13-late May, 2009

Texas/January 13-June 1, 2009

Virginia/January 14-February 28, 2009

West Virginia/February 11-April 11, 2009

Source: National Conference of State Legislatures, www.ncsl.org, February 2009.

Although these are the regularly scheduled meetings of the State Legislatures, you may anticipate that special sessions could occur in 2009 to deal with the stimulus funding from Washington. Additionally, it may require changes in state laws or policies to utilize those funds..

Governors Deliver State of the State Speeches

These two pages of *Public Policy Notes* will be dedicated to brief summaries of the State of the State speeches delivered by Governors of the SECA states. We'll begin with Alabama and Arkansas.

Alabama State of the State/February 3, 2009

Governor Bob Riley include the following proposals in his State of the State speech: 1) creation of the Alabama Economic Recovery Plan that includes a Back to Work Tax Credit of \$500 for employers that hire unemployed workers and a Targeted Job Creation Tax Credit of \$1500, 2) a complete overhaul of Alabama's Ethics Code and 3) protection of current funding levels for the Reading Initiative, the Math & Science Initiative and distance learning.

State of the State: Georgia and Kentucky

Georgia State of the State/January 23, 2009

Governor Sonny Perdue called for a \$1.2 billion stimulus package funded by bonds to create 20,000 construction jobs. He also presented two budgets, one to revise the budget for the current fiscal year (including cuts of \$2 billion) and a budget for the next fiscal year. His plan was predicated on tapping the state's rainy day fund for \$237 million. He also proposed instituting a tax on hospitals and health insurance plans to pay for Medicaid and a trauma care system.

Kentucky State of the State/February 4, 2009

Governor Steven L. Beshear began his remarks with a recog-

Arkansas State of the State/January 14, 2009

Governor Mike Beebe challenged the Legislature to expand social services and increase funding for education. His plan included 1) a \$234 increase per student over the next two years 2) streamlining the process to apply for college scholarships, 3) a 56 cent tax on cigarettes to fund a statewide trauma system and expanded health coverage for low-income children and 4) a cut in the grocery tax by another penny. (The grocery tax was cut in half in 2007 and this would remove another penny.) 4) creation of a rainy-day fund and 5) \$50 million additional dollars for economic development.

For complete texts of the State of the State speeches, go to www.stateline.org.

nition or the severe economic crisis that the state faces, including a mid-year shortfall of almost half a billion dollars. He proposed managing the shortfall with \$150 in additional spending cuts this year and increased taxes on tobacco. He also proposed 1) modernizing and restructuring the state's economic incentive programs, 2) a comprehensive energy plan, including nuclear power, 3) a thorough review of the Kentucky Education Reform Act and 4) the creation of a task force on early childhood development and education.

State of the State: Mississippi, Oklahoma & South Carolina

Mississippi State of the State/January 14, 2009

Governor Haley Barbour said that impending state budget cuts would affect education and health care in 2009. He asked the Legislature to reconsider a tax on hospitals to pay for Medicaid and wants to bolster the state's rainy day fund. His top priority was economic development.

Oklahoma State of the State/February 2, 2009

Governor Brad Henry acknowledged that Oklahoma faced a budget shortfall of \$600 million this year and stated that this year in Oklahoma would be marked by thrift and sacrifice. He proposed a balanced budget that "made surgical cuts while protecting vital state functions such as education, healthcare, transportation, and public safety." He proposed that the state focus on 1) alternative energy technologies 2) maintaining a strong education system and 3) developing a universal health care system for all Oklahoma citizens.

South Carolina State of the State/January 16, 2009

Governor Mark Sanford pushed for limiting spending growth to the rate of population growth and inflation. He proposed creating more jobs by phasing out the corporate income tax which would be paid for by ending some economic development incentives. Additionally, he proposes giving South Carolinians the option of a flat income tax of 3.65 percent (if residents forego deductions) and increasing landfill dumping fees and raising the cigarette tax from 7 cents to 37 cents per pack. He also called for private school vouchers and for charter schools to be equally funded with public schools.

He also encouraged South Carolina to reject any money available to South Carolina through the federal stimulus package.

State of the State: Tennessee and Texas

Tennessee State of the State/February 9, 2009

Governor Phil Bredesen delivered his 7th State of the State Address and outlined a "path forward that will ensure Tennessee's financial position remains sound while focusing on the basics: improving education, job creation and health care." This basics are: 1) education, 2) keeping higher education affordable, 3) health care coverage, particularly for unemployed persons, and 4) job creation. By agreement with the Legislature, Bredesen will delay submitting his budget until the final passage of the economic stimulus bill.

Texas State of the State/January 27, 2009

Governor Rick Perry delivered an eight page address that

covered a variety of issues including: 1) enhancement of economic development funds, incentives and tax relief, 2) education, including maintaining the teacher incentive pay program, accountability for student performance, improvement of math and science education, college accessibility and affordability and investment in community colleges, 4) alternative energy development, including wind power, and water planning, 5) immigration policies and 6) abortion.

"We can't fix the national economy, but we can do everything in our power to support the people of our state through these times.." Governor Bredesen

State of the State: Virginia and West Virginia

Virginia State of the State/January 24, 2009

Governor Tim Kaine emphasized environmental preservation and job creation in his address to the politically split Virginia legislature. Kaine's 2010 budget preserved "services that educate our young people, keep our communities safe, protect our most vulnerable citizens, and create opportunities for economic growth." Proposals included: 1) \$400 million in cuts to the Virginia Medicaid program, 2) early release of non-violent inmates, 3) an increase in the cigarette tax, and 4) keeping all other taxes at current levels. Some Legislators wanted to see deeper cuts in the state budget.

West Virginia State of the State/February 13, 2009

Governor Joe Manchin stated that "West Virginia has faced tough times before and we know better than most how to prepare for, and overcome, challenging times." He presented his priorities for 2009: 1) the development of alternative and renewable energy sources and industries, 2) education, including flexibility in the school calendar, The School Innovation Zones Bill that would give teachers, principals and school communities control over critical education factors, and Troops to Teachers, 3) dental care for families without current services and expanded health care access.

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We're on the Web at
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How to Use This Newsletter

If you're interested in advocacy, one of the most effective tools that you can have is access to information. This newsletter is provided as a service to find and share information that we think will be helpful to you in your work at the state level and to keep you updated on what's happening in public policy.

You'll find information that:

- *Compares your state to other SECA states*—how you're doing, what issues you have in common, what the hot topics are in your states.
- *Brings the national scene to your fingertips* and gives you a perspective on how national events might impact you...You'll also receive information about where to find additional information.

We hope you'll find it helpful. Children need you to be their "voice" in your community and state.

Some States Borrow from the Federal Government to Fund Unemployment Insurance Payments

With the national economy in a "free fall", states are facing the daunting task of assisting persons who have lost their jobs with unemployment insurance while state revenues are declining. Seven states, including two SECA states, Kentucky and South Carolina, are currently borrowing funds from the federal government in order to pay unemployment claims.

Following are unemployment rates (as of December 31, 2008) for the SECA states:

Alabama 6.7%	Arkansas 6.2%
Florida 8.1%	Georgia 8.1%
Kentucky 7.8%	Louisiana 5.9%
Mississippi 8.0%	Oklahoma 4.9%
South Carolina 9.5%	Tennessee 7.9%
Texas 6.0%	Virginia 5.4%
West Virginia 4.9%	

Source: National Council of State Legislatures,
www.ncsl.org, February 13, 2009

A continuation of this level or higher unemployment within a state can:

- Decrease funds available for other state services.
- Decrease state revenues because of decreases in sales tax collections and income tax payments.
- Challenge the viability of child care and early childhood programs as unemployed parents no longer need services or can afford them.
- Challenge family stability and functioning with a possible increase in domestic violence and child abuse due to family stresses.
- Harm the viability of small rural communities that rely on one or two industries to support their citizens, particularly if those businesses close or lay off workers who have very few other options.
- Promote an increase in homelessness as families lose their principal residence due to foreclosure.
- Create an enhanced need for state services which strains state capacity and resources.