



MISSOURI CHILDREN'S BUDGET

**DOWN
PAYMENT:
FUNDING
CHILDREN'S
PRIORITIES**

October 2019

THE CHILDREN'S BUDGET: A RESOURCE FOR ADVOCATES

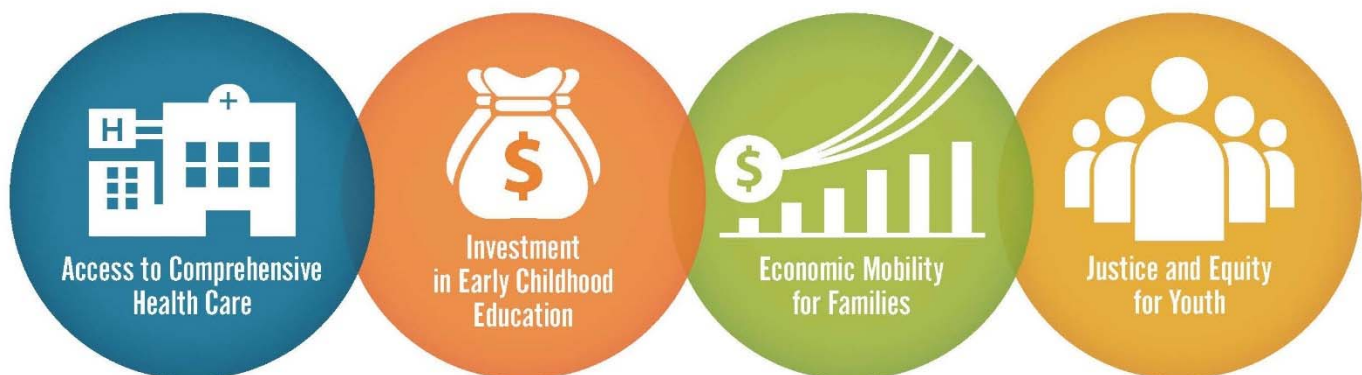
All across the nation - in states like Ohio, Massachusetts and Utah - citizens are gathering to tell their children's stories, prioritize their needs and align resources to pursue child well-being. National organizations, like First Focus and the Children's Defense Fund, are resourcing those conversations with critical fiscal analysis and issue advocacy. A valuable tool in these settings has been the development of Children's Budgets. These budgets have both focused and sharpened the powerful work of champions for children in coalitions at all levels.

Since 2003 in Missouri, the Missouri Budget Project (MBP) has worked to inform the public debate surrounding budget and tax issues. Since its founding, the MBP has addressed state budget shortfalls; the impact of budget cuts on social service, mental health, health and senior services sectors; how federal policies affect all Missourians; and the quality, adequacy and fairness of Missouri's revenue system. Deaconess Foundation has been pleased to support this work over the years.

DOWN PAYMENT ON OUR PROMISE

In October 2018, Deaconess engaged our partners at Missouri Budget Project to begin the process of creating a Missouri Children's Budget. Our aim is to produce a multi-issue, multi-year tool to serve as a resource and support for child advocates, policymakers, organizers and community members pursuing and promoting sustainable solutions benefiting Missouri's children, youth and families. That work is bigger than Deaconess and MBP. It is power-building, coalition work that will take time. **This briefing report represents a *down payment* on that long-term project and calls for a *down payment* on the lifetime promise of our children and youth.**

Over the last twelve months, led by an Advisory Committee of leaders from across the state, we listened to nearly 200 citizens. Focus group voices in Kansas City, St. Louis, Springfield and the Bootheel combined with one-on-one meetings in Jefferson City and Columbia to produce the set of priorities reflected in these few pages. Organizers used Deaconess' four-pronged public policy agenda for child well-being to determine nine top priorities. That broad agenda itself was developed from regional convenings throughout 2016.



In the end, these advocates called for a \$1 billion down payment toward the promise of a state budget reflecting commitment to our children and youth. Their reflections reinforce our proactive public policy agenda and established a dollar-for-dollar advocacy framework. They pay for every investment called for.

In the pages ahead, you will hear their voices which are in a sense informed by the echoing voices of one of America's greatest sons and advocates. In 1963, during the March on Washington, the Rev. Dr. Martin Luther King, Jr. declared in part:

In a sense, we have come to our nation's capital to cash a check. When the architects of our republic wrote the magnificent words of the Constitution and the Declaration of Independence, they were signing a promissory note to which every American was to fall heir. This note was a promise that all...would be guaranteed the inalienable rights of life, liberty, and the pursuit of happiness. It is obvious today that America has defaulted on this promissory note...a check which has come back marked "insufficient funds." But we refuse to believe that the bank of justice is bankrupt. We refuse to believe that there are insufficient funds in the great vaults of opportunity.

In calling for an initial investment of \$1 billion to fund children's priorities in the state of Missouri, these parents, social workers, youth, advocates and policymakers are calling our state leaders to open the "vaults of opportunity" for our kids.

WHAT'S NEXT?

First, during this session we will work with policymakers in Jefferson City to socialize these priorities and support their efforts to make a down payment for our children's future. We invite you to join us in amplifying community voice by sharing these recommendations. Get on the bus with us on April 8, 2020 for Missouri Child Advocacy Day when hundreds of our friends will help lift them up.

Over the next two years, Deaconess will work with our partners, including Missouri Budget Project, parents, youth and child advocates across the state, to listen to our children, sit with their parents, learn more about their needs and share with our policymaking partners. Through the work of the Foundation, Deaconess Center for Child Well-Being and a new sister organization (Deaconess Children's Action), this initial briefing will grow and evolve as an organizing tool and coalition-building effort. The three policy inputs we anticipate producing include:

- ***A Down Payment: Funding Children's Priorities*** (October 2019 - Briefing Report)
- ***The Balance Sheet: Budgeting with Children in Mind*** (Fall 2020 - Policy Paper)
- ***The Bottom Line: When Every Budget Is a Children's Budget*** (Fall 2021 - Comprehensive State Budget)

The Balance Sheet: Budgeting with Children in Mind will undertake an assessment for optimization of the budget categories and departments traditionally seen as impacting children and youth, like the Department of Elementary and Secondary Education. It will also analyze how other Key Departments impact our youngest citizens. *The Bottom Line: When Every Budget is a Children's Budget* will cast a re-envisioned Missouri State Budget.

Ultimately, the holistic Missouri Children's Budget will reflect the amount of state funding necessary to ensure that children and youth are thriving in Missouri. Our goal is to lead the way to improving Missouri state budget, tax and public policy priorities in order to transform Missouri into an ideal state within which each child and all children and youth flourish.

ACCESS TO COMPREHENSIVE HEALTH CARE



All Missouri children should have universal access to affordable, high-quality, comprehensive mental, physical and dental care, supported by a trauma-informed care approach, a network of school-based health centers and the benefits of Medicaid expansion.

Children's Health Insurance Program

The Children's Health Insurance Program (CHIP) provides health insurance to children in families earning more than what would qualify them for Medicaid, but who may be unable to afford private health insurance. Nearly all families enrolled in CHIP in Missouri are currently required to pay premiums for their children in order to maintain eligibility for the program. Premiums make coverage unaffordable for too many Missouri families and limit access to care. There is substantial evidence that many families are forced to forgo coverage entirely when they are not able to afford their monthly CHIP premiums.¹ These cost barriers are especially problematic for African American children and families; in fact a premium increase in Alabama's CHIP program was found to decrease renewal rates among African-American children at nearly twice the rate of non-Hispanic white children.²

Recommendation: Eliminate premiums for all Missouri families enrolled in CHIP to expand health care access for Missouri children. Currently, the families of approximately 94% of the children enrolled in CHIP are required to pay premiums in order to maintain eligibility for the program. Recommended funding would serve approximately 28,000 children.

Funding: \$0 current \$10.68 million recommended

Behavioral Health Care

More than 250,000 children, which is one in five kids, in our state, have one or more emotional, behavioral or developmental conditions. Yet a severe shortage of child and adolescent psychiatrists in Missouri limits children's access to treatment and prevents early diagnosis and treatment of behavioral health disorders for many Missourians.

Integrating behavioral health into a primary care setting addresses Missouri's shortage of child and adolescent psychiatrists and ensures that children are diagnosed and treated early.³ Primary care providers schedule frequent well-child checks and conduct screenings for a range of developmental matters. There is also compelling evidence to suggest that integration of behavioral health into a primary care setting would be particularly impactful for Missouri's children of color. Despite similar prevalence rates in early childhood, children of color are much less likely to receive effective treatment for behavioral health problems for a variety of reasons, including failure to properly identify and treat behavioral issues.⁴

Recommendation: Allocate state funding to ensure all Missouri pediatric primary care providers are served by the Missouri Child Psychiatry Access Project (MO-CPAP) and behavioral health care may be integrated into the primary care setting. MO-CPAP currently provides free, same day expert child psychiatry phone consultation to primary care providers in fifteen counties in eastern and central Missouri. Recommended funding would increase access to behavioral health care for approximately 250,000 Missouri children with emotional, behavioral, or developmental conditions.

Funding: \$425,000 current \$3.45 million recommended

¹ Samantha Artiga, Petry Ubri, and Julia Zur, "The Effects of Premiums and Cost Sharing on Low-Income Populations: Updated Review of Research Findings," Kaiser Family Foundation, June 2017.

² Morrissey, Michael & Blackburn, Justin & Sen, Bisakha & Becker, David & Kilgore, Meredith & Caldwell, Cathy & Menachemi, Nir. (2012). The effects of premium changes on ALL Kids, Alabama's CHIP program. Medicare & Medicaid Research Review. 2. 10.5600/mmrr.002.03.a01.

³ Tyler, E. T., Hulkower, R. L., & Kaminski, J. W. (2017). Behavioral health integration in pediatric primary care: considerations and opportunities for policymakers, planners, and providers. 2017.

⁴ Marrast, Lyndonna, David U. Himmelstein, and Steffie Woolhandler. "Racial and ethnic disparities in mental health care for children and young adults: a national study." International Journal of Health Services 46.4 (2016): 810-824.

All Missouri children should enjoy full access to quality early childhood care and education from birth to Pre-Kindergarten.

INVESTMENT IN EARLY CHILDHOOD EDUCATION

Universal Access to Early Childhood Education

Quality early care and education foster the development of cognitive and social skills that are critical to success in school and throughout life. While Missouri has increased access to public early childhood education in the last few years, a significant investment would expand access to serve all who wish to enroll in public early childhood education. Public funding of early childhood education can reduce gaps in school readiness no matter zip code, income or race.

Recommendation: Increase early childhood education funding in the School Funding Formula to expand access to serve all who wish to enroll. Current funding serves an estimated 4,578 children. Recommended funding would serve an estimated 82,000 children.

Funding: \$29 million *current* \$461.47 million *additional recommended*

Home Visitation

Home visitation provides support within the home for parents and their young children to help better understand their child's development. Quality home visitation can improve maternal and child health, enhance child development and school readiness, and reduce child abuse and neglect. While a variety of home visiting models serve Missouri families, only a fraction of vulnerable families received significant support to build parenting skills that nurture children's social and emotional development. The majority of those served by home visiting programs supported by the federal Maternal, Infant, and Early Childhood Home Visiting (MIECHV) funding are young mothers, and in 2015 39% were single mothers and 43% identified as women of color.⁵

Recommendation: Expand access to home visitation for Missouri children by increasing state funding so that all families with young children with incomes up to 200% of the Federal Poverty Level have access. Current funding serves an estimated 48,056 children. Recommended funding would serve an estimated 192,609 children.

Funding: \$26.3 million *current* \$509.4 million *additional recommended*

⁵ Center for American Progress, "Home Visiting Programs Are Vital for Maternal and Infant Health", September 2017

JUSTICE AND EQUITY FOR YOUTH



All Missouri children should receive just treatment under the law, with specific emphasis on contact with the state's systems for juvenile justice and foster and adoptive care.

Juvenile Diversion

Juvenile Court Diversion programs provide treatment and services at the community level to help Missouri youth who are referred to the courts avoid incarceration and develop the cognitive, emotional, and behavioral skills they need to thrive as adults. However, diversion serves just a fraction of Missouri youth referred to the Courts each year. African American youth are disproportionately represented in the juvenile justice system. In Missouri, black youth are four times more likely to be detained or committed compared to white youth.⁶ Additionally, research from the Annie E. Casey Foundation Annual Kids Count data indicates that Missouri's rate of committing youth to facilities is much above the national average. Missouri ranks 32nd among the states, committing youth to facilities at a rate of 173 per 100,000, compared to the national average of 152 per 100,000.⁷

Recommendation: Increase the implementation of diversion programming to ensure that all youth who come into contact with the Court system have access to diversion services. Recommended funding would provide diversion to approximately 31,133 additional youth.

Funding: **\$3.98 million** current funding **\$7.35 million** additional recommended

Foster Care

Every year, thousands of Missouri children live with foster families across the state. These families provide safe, temporary homes during a traumatic period of a child's life. The amount Missouri provides to financially support foster families is the seventh lowest in the nation, and falls far short of the actual cost of caring for a child. While African American children account for just 13% of the Missouri child population, they make up 20% of the children in state custody – meaning that they are more likely to be placed in state care than white children⁸. On average, African American and Hispanic children also remain in foster care much longer than white children, with average lengths of stay of 29 months, 23.2 months and 18.3 months respectively.⁹

Recommendation: Increase the foster care reimbursement rate to the actual cost of care. Recommended funding to increase the foster care reimbursement rate to the actual cost of care would total \$98.6 million.

Funding: **\$69.9 million** current **\$28.7 million** additional recommended

Adoption

Children who were formerly in foster care are likely to face increased risks and challenges due to the trauma they experienced from being removed from their parents. The state and federal government provide supports to help adoptive families meet the needs of the children they adopt. Adoptive families are given a subsidy to support the costs of caring for an adopted child. While Missouri provides adoption subsidies to support children in eligible adoptive or guardianship families, the subsidies are well below the amount needed to care for a child.

Recommendation: Increase adoption subsidies to the actual cost of care. Recommended funding to increase adoption subsidies to the actual cost of care would total \$126.8 million.

Funding: **\$89.96 million** current **\$36.9 million** additional recommended

⁶ The Sentencing Project, "Black Disparities in Youth Incarceration", September 2017

⁷ The Annie E. Casey Foundation, Kids Count Data Center, "Youth residing in juvenile detention, correctional and/or residential facilities in the United States" – 2015 Data

⁸ Race/Ethnic Composition of Children in State Care from the Missouri Department of Social Services, "Children's Division Annual Report Fiscal Year 2018; Missouri Child Population by Race/Ethnicity from the Kaiser Family Foundation State Health Facts for 2017.

⁹ U.S. Department of Health and Human Services, Administration for Children and Families, "Recent Demographic Trends in Foster Care", September 2013

ECONOMIC MOBILITY FOR FAMILIES



Missouri families should be able to achieve economic stability within one generation in an environment marked by fair chance employment practices, family-supporting wages and asset-building supports.

Temporary Assistance for Families

The Temporary Assistance for Needy Families (TANF) program is a federally funded block grant given to states to provide financial assistance and support services to struggling families. Missouri uses a portion of its block grant to provide a modest cash benefit to eligible Missouri families with children. In 2016, Missouri implemented stricter timelines and harsh sanctions in the TANF Program. As such, thousands of families have lost access to cash assistance. The loss of cash assistance due to sanctions and lifetime limits has consistently been associated with poor outcomes among children, including increased hospitalizations, higher food insecurity, and increased rates of eviction and homelessness.

In August 2019, only 9,383 Missouri families with 16,837 children received assistance through Missouri's TANF. The average age of children served through TANF is seven years old, and 43% of the children served are age five years old or younger. While 51% of TANF participants are white, 49% were people of color.

Recommendation: Eliminate full-family sanctions in TANF and raise the lifetime limit for benefits to 60 months to provide stability to struggling families. Recommended funding would benefit an estimated 7,271 families.

Funding: \$0 current

\$19.46 million recommended

Housing Assistance

Safe, stable housing improves child outcomes and allows families to plan for the future and carve a path to economic independence. Unfortunately, not only is housing unaffordable for many Missouri families, but housing assistance is extremely limited, increasing the risk of homelessness and instability in children's lives and education. Due to wage disparities and historical barriers to homeownership, housing affordability disproportionately impacts African Americans and Hispanics. Nearly 55% of African American renters, and 54% of Hispanic renters spend more than 30% of their incomes on housing, compared to 42% of white renters. Furthermore, African Americans and Hispanics are more likely to be Extremely Low Income (ELI) renters, compared to white households. Twenty percent of African American households, and 16% of Hispanic households are ELI, while only six percent of white households are ELI.¹⁰

In order to help low income families secure housing, Missouri created the Missouri Housing Trust Fund (MHTF) in 1994. Monies for the fund come from a \$3 fee collected by recorders of deeds for each real estate document filed in the state. The fund is administered by the Missouri Housing Development Commission (MHDC), who then awards grant funds to organizations that provide rent, utility, and home repair assistance to individuals and families.

Recommendation: Expand housing assistance and increase the availability of safe stable housing by providing Missouri Housing Trust Fund with sufficient funding to serve all Extremely Low Income (ELI) Renters with children in Missouri. Recommended funding would serve 40,106 families.

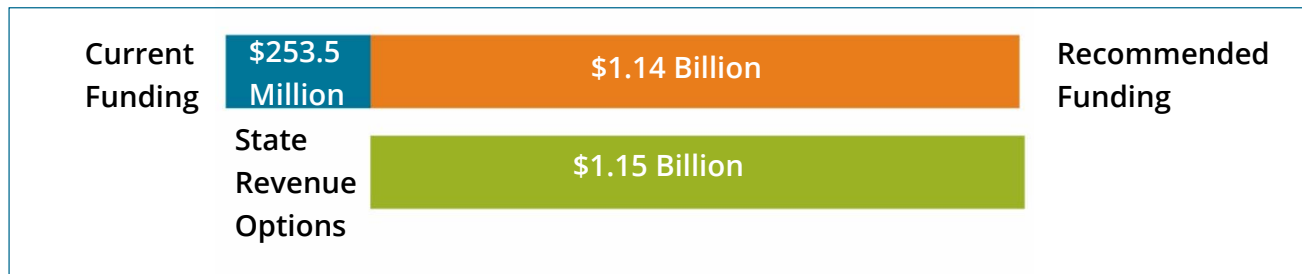
Funding: \$3.2 million current

\$63.41 million additional recommended

¹⁰ Housing Trust Fund Project, 2019

FUNDING CHILDREN'S PRIORITIES IN MISSOURI

Revenue Recommendations Dollar for Dollar



Minimum Wage

Raising the minimum wage helps families make ends meet and increases the purchasing power of families in their local communities while boosting job growth and the economy. In turn, Missouri will realize additional general revenue from income and sales taxes that can be reinvested in our communities. **Recommendation:** Increase Missouri's minimum wage to \$15 an hour. **Revenue:** \$66.83 million

Medicaid Expansion

Missouri has one of the lowest Medicaid eligibility levels for parents in the country. The 37 states that have expanded their Medicaid eligibility in line with the Affordable Care Act have seen improved health and economic benefits as well. The increased economic activity that results from expansion provides new state income and sales taxes and can offset some current state spending for Medicaid with federal funds. **Recommendation:** Expand Medicaid to 138% of the federal poverty level. **Revenue:** \$117.74 million (General Revenue Savings)

Sales Tax Loopholes

In Missouri, out-of-state online retailers are not required to collect sales taxes every time a purchase is made, even though sales taxes may be owed. **Recommendation:** Update Missouri's out-of-date sales tax code to implement the mechanisms needed to collect taxes from out-of-state retailers. **Revenue:** \$67.32 million

Income Tax Loopholes

The business income deduction, or "LLC loophole" incentivizes Missourians to structure their companies as limited liability companies (LLCs), S-corporations, Partnerships, or Sole Proprietorships to take advantage of a tax cut. The LLC loophole exempts 20% of that select group's income from tax, while Missouri families continue to pay state tax on the majority of their income.

Recommendation: Repeal the LLC loophole. **Revenue:** \$220 million

Timely Filing Tax Loophole

In what's known as the "timely filing discount," Missouri allows businesses to retain a portion of taxes collected if they remit those taxes in a timely manner. In fact, Missouri is the only state in the nation to provide this incentive to businesses for filing employee withholding tax on time. **Recommendation:** Close the timely filing discount for filing employee withholding taxes.

Revenue: \$24.4 million

Tobacco Tax

Missouri has the lowest tobacco tax in the country. At 17 cents per pack, it is less than 10% of the state average of \$1.79 per pack (as of July 2019). Missouri has not raised its cigarette tax since 1993. **Recommendation:** Increase Missouri's tobacco tax to the national average. **Revenue:** \$650.15 million

Please visit www.deaconess.org for the complete list of citizens engaged.
For more information on these priorities and the Missouri Children's Budget contact:
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