

Democratic governor imposing austerity budget in Pennsylvania

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Pennsylvania's Democratic governor, Edward Rendell, is seeking deep cuts in social programs and increased taxes in his budget plan for fiscal year (FY) 2003-2004, which began on July 1. The cuts are aimed at reducing the state's \$606 million deficit. Pennsylvania, the country's fifth most populous state, has been hard hit by the recession as well as by federal budget cuts and the loss of matching funds.

The new budget will result in higher taxes, higher college and university tuition, and lower levels of many social services including education, libraries, transportation and public welfare. In addition, most state workers' wages will be frozen for two years. The declining stock market has already left Pennsylvania's two major pension funds—for state and school employees—in need of massive cash infusions to remain solvent.

The current budget ended on June 30. The state is currently functioning under a stopgap budget that was presented by Rendell and passed in March, while the complete budget continues to be worked out by the state legislature.

The Department of Education faces the largest dollar loss—\$90 million. This represents a 1.1 percent decline over last year's budget. Spending will be frozen for local schools at the 2002-2003 levels, while higher education and a number of initiatives of the previous administration will receive less funding.

Rendell's "Education Plan for a New Pennsylvania" outlined an increase in the state's share of basic education spending from its present level of 35 percent to 50 percent. But the proposed cuts will actually reduce the proportion the state contributes to school spending.

The budget will particularly hurt students in poorer school districts. Rendell is cutting money for basic school subsidies used by the state to even out inequities between wealthy and poor districts. At the same time, it funnels more and more money away from public education by requiring school districts to spend more resources on charter schools and voucher programs, and for services such as bussing and gifted programs for parochial and private school students.

Tuition increases also reduce access to higher education for low- and moderate-income families. Pennsylvania State University is raising tuition by 13.5 percent, the first double-digit increase since 1984. Nationally, the College Board reported that tuition at four-year public colleges and universities increased by an average of 9.6 percent. Similar tuition hikes have been imposed at the other state-supported universities.

Rendell's budget plan includes an increase in the state personal income tax to fund a \$663 million early childhood plan and to cut property taxes by \$1.5 billion statewide. Rendell proposes raising the state income tax from 2.80 percent to 3.75 percent and legalizing slot machine at racetracks to pay for the plan. Taxes on beer would be raised by 25 cents per gallon.

The governor recently commented about his early childhood initiatives to United Way leaders from across the state, presenting the question almost entirely as a cost-savings proposal. Rendell, a former Philadelphia district attorney and law-and-order proponent, noted that studies showed investments in pre-kindergarten education result in long-range savings for welfare and the criminal justice expenses.

Even this initiative, however, falls far short in meeting existing needs, which have been worsened by the criminal dismantling of successful preschool programs such as Head Start.

Moreover, despite Rendell's efforts to portray himself as someone who would rather put poor children through school than behind bars, his budget provides ample funding for law enforcement and prisons. It includes a \$32.2 million increase for the Department of Corrections in anticipation of an increasing percentage of the population being incarcerated. In addition, there are \$138.2 million in total state and federal funds for Homeland Security.

Public libraries are taking the some of the biggest cuts. The state share of library funding is being cut in half from \$75,289,000 to \$37,644,000. The cuts will force many libraries to reduce hours and cut services. In Pittsburgh, the

Carnegie Library has closed all branches on Sundays and has shortened hours during the rest of the week. Outreach activities and programs designed to attract children to read have also been cut. Many other critical services such as the daily delivery system, interlibrary loan, and reserve pool will also be cut.

John Cihon, an office worker in Pittsburgh who took part in a recent protest against the library cuts, said, "I am a single father who took his son to the Summer Reading Kickoff on Sunday, and after it was over he said to me that this was the greatest day in his life. The thought that this and other programs that get young children excited about reading will be cut both sickens and frightens me.

"These cuts are taking away most of the things that people who are not wealthy have to enjoy. Both the government tax cuts and the billions spent on the war in Iraq are monies that could have been used for services like this."

Statewide transit money was cut from \$270 million to \$254 million, severely affecting the Port Authority Transit (PAT) of Allegheny County (Pittsburgh) and Philadelphia's Southeastern Pennsylvania Transportation Agency (SEPTA). The PAT board of directors announced that fares would have to be increased to \$2 and that Sunday and evening service may be eliminated.

At a public hearing held in Pittsburgh on the transit cuts, Gelda Ferguson described herself as a "hands-on grandmother" with three grandchildren. "I care for them during the week and I take them to events on the weekend and I do everything on a bus that a person does in a car," she said "Buses are my life. I can't drive.

"I live out in Oakmont. I would be stuck. I couldn't see my grandchildren and they couldn't see me. Now I have to walk a mile to get to the bus stop and back when I come home, but it's worth it to me.

"The cuts are unfair. A lot of poor people with no vehicle will not be able to get around to their jobs, their family or to society."

Other people who are disabled rely upon the PAT Access system. It is the largest public transportation service exclusively for the disabled and the elderly in the country. "These cuts are ridiculous," said Clorinda Ford. "People can't get anywhere. I live on the North Side. I rely upon Access to get to shopping, my doctor and to be part of society. Without transportation I would be stuck in my home, and I don't want to have to live like that.

"The politicians don't know what they are talking about. The budget may look good on paper but they have never had to walk in anyone's shoes who are without money or a car. Poor people, low paid working people, these are the ones who are going to suffer from this. The rich get richer and the poor get poorer."

Cuts in state welfare programs include:

- * \$48.0 million from Behavioral Health Services
- * \$34.5 million from Medical Assistance inpatient services
- * \$33.3 million from the Human Services Development

Fund

- * \$17.6 million for Acute Care Hospitals

* \$1.3 million from Community Mental Retardation Services

Other programs being slashed include Homeless Assistance, Domestic Violence Programs, State Centers for the Mentally Retarded, Rape Crisis, Community-Based Family Centers and Disabled American Veterans Transportation.

Deb Beck, president of Drug and Alcohol Service Providers Organization of Pennsylvania, said agencies are wondering whether to stop admitting new patients. She estimated that the cuts will mean 25,000 Pennsylvanians will not receive treatment next year. "The panic has already started. I don't really know if funding will be restored. If it is not, we're going to see a huge step back in the drug and alcohol treatment effort in the state of Pennsylvania."

Yet another antisocial aspect of the governor's budget is the attack on the state's Environmental Protection Agency. Cuts in this department include the elimination of funding for safe water. The funding went from \$11 million to zero, and the Sewage Treatment Operations Grants went from \$52 million to nothing.

While these vital services are being slashed, the portion of the profits that corporations pay in taxes continues to decline, with many big companies escaping taxation on profits altogether. Between 2000 and 2002, income from corporate taxes fell by 14 percent and 12 percent, respectively, while increasing by a mere 1 percent in the latest fiscal year, despite the massive budget deficit.

Rendell's only consolation to Pennsylvania residents facing these brutal cuts is to inform them that five other states, (California, New York, New Jersey, Virginia and Oregon) are in even worse financial condition.



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