

US: Pennsylvania enters fourth month without a budget

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Pennsylvania has begun its fourth month without a budget as schools, childcare providers and other social services are forced to make deep cuts and close facilities due to the lack of funds.

Senate Republicans have said that they will not approve a budget measure that passed in the state house that called for increased taxes on casinos, natural gas drilling and tobacco products.

In September, Senate Republicans, with the backing of Democratic Governor Ed Rendell, passed a budget that imposed taxes on “small games of chance,” such as raffles and bingo used by most local volunteer fire departments and veterans organizations to raise funds. The Republican bill also includes a 20 percent tax on tickets for museums, plays, concerts and other cultural events.

Democrats, who control the state house, proposed to increase taxes on legalized poker and other table games at casinos from the Republican plan of 12 percent to 34 percent, the same tax rate as on slot machines, and to impose taxes on cigars and smokeless tobacco products, which currently are not taxed in the state.

Rendell asked lawmakers to stay in the capital and work out their differences.

Meanwhile thousands of social service agencies, schools and county and local governments have not received any funding while the state has been without a budget since July 1. In early August, Rendell signed a stopgap budget that allowed state workers to be paid, and to continue operations at the state prisons. However, he vetoed all funding for education and other social services.

To date, local school districts have not received close to \$2 billion in funding owed by the state. This has led many school districts to lay off teachers and other staff, or take out short term loans at high interest rates.

Libraries and museums have also not received their funding, forcing them to reduce hours and layoff staff. The Carnegie Library of Pittsburgh announced that it will close 4 out of its 18 branches, cut 30 percent of its staff and reduce hours by 28 percent.

Childcare subsidies have also been eliminated, forcing hundreds of childcare centers throughout the state to close or drop children whose parents cannot afford to pay the full tuition.

About 130,000 children receive childcare subsidies through four state-supported programs. Most of these are children whose parents either work at jobs that pay poverty-level wages or who are attending school.

“We have been forced to close one of our centers and cut back the hours at our other center,” said Cassandra Wilson, who works at a childcare center in the city of McKeesport, near Pittsburgh. “96 percent of the kids in our day care receive state subsidies. The whole staff hasn’t been paid since August. The owner has promised to pay us our back pay once the state budget is passed, but many of the people that work here are single parents themselves and need a job to pay their rent and buy food.

“You can’t run a center without money. You have to pay the people that work for you, you need to buy food, cleaning supplies, pay your rent and electric bills, not to mention buying toys and games for the children to play with while they are here.

“We operated from 5:30 in the morning till midnight and on Saturdays. People have jobs that are different shifts and they need a place for their children. When we closed our one center and cut back our hours, I had parents tell me they didn’t know what they would do with their children. One mother said she was going to have to quit her job. But then how is she going to feed her kids? I fear that many parents are going to be forced

to leave small children home alone while they go to work or school.”

In Philadelphia, 5,000 children have been forced out of daycare and 1,300 childcare workers have lost their jobs because centers are not receiving their state subsidies.

The demand for child care has grown rapidly over the past year, as workers who have been laid off and forced to take minimum-wage jobs and now need help paying for child care. Before the budget impasse began, about 8,000 children were on a waiting list to receive child care. That number grew to 16,000. As a result of the recession and proposed cuts in programs, 16,000 more children will lose the state child care subsidy.

Many county and local governments have also lost their state subsidies. Another large group is health care agencies that provide services to veterans and the elderly. College students who receive state grants have also not been paid.

Since July, 300 state workers have been laid off, and another 800 positions of workers who have retired since January of this year will not be re-filled.

Both the House Democrats and the Senate Republican version of the budget would result in large cuts in social services. Both are proposing a \$27.9 billion budget, which is \$400 million less than last year’s budget. Just to keep pace with inflation, the state budget would need to be increased by almost \$1 billion. Most state agencies and services will see deep cuts.

Pennsylvania has been hard hit by the recession. It ended the 2008-09 fiscal year on June 30 with a \$3.2 billion dollar deficit. More than 1 million people have lost their jobs since the beginning of the recession, and unemployment continues to mount. Over the past decade, Pennsylvania government has cut corporate taxes, so most of the state revenue comes from a flat rate income tax and sales tax—both of which have vastly declined during the recession.

In addition, growing unemployment and poverty have placed greater demand upon the state’s unemployment insurances, welfare, Medicaid and other social services.

The budget also contains many hidden cuts. More than \$2 billion in revenue is coming from Federal Stimulus funds. This money, meant to stimulate the economy by funding new projects will, under both the Democrats and Republican budgets, be used to maintain current programs. When that money is gone,

the state will proceed to deeper cuts and layoffs.

The bill also seeks to move most state forest land out from under the control of the Department of Conservation and Natural Resources (DCNR), to allow more drilling for oil and gas in Pennsylvania state parks and forests. Driven by the increase in prices for natural gas and oil, companies are seeking to exploit deposits of oil and natural gas that lay below many areas of the state. Pennsylvania has become one the top states for the number of new wells being drilled.

By moving issuing of drilling permits from the DCNR, the state will eliminate many of the environmental protections that companies must meet in order to get drilling permits.



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