

# Massive service cuts in Pennsylvania budget

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Newly elected Governor Tom Corbett will make drastic cuts in social services and attack government workers as part of his promise to close Pennsylvania's growing budget deficit, expected to be \$5 billion this year. Corbett plans to make deep cuts to funding for education, health care, Medicare, public transportation, libraries, and other basic public infrastructure.

While cutting education and other social programs that millions of Pennsylvania workers, elderly and low-income families rely upon, the governor has stated that he plans to make Pennsylvania more attractive for business by cutting taxes on corporate incomes and the rich.

For the past two years, massive cuts in social programs were made to close budget deficits of around \$2-\$3 billion each fiscal year, which ends June 30. With the continued impact of the economic crisis and the loss of \$3.3 billion in federal stimulus funds, the deficit for next year is projected to be \$4 to \$5 billion.

One of the first programs to be gutted is AdultBasic, which provides health insurance to more than 42,000 low-income adults throughout the state. The program, which is funded with a combination of state money and payments from the state's four Blue Cross/Blue Shield programs, runs out of funds at the end of this month.

There are nearly half a million Pennsylvanians on the waiting list for this program, which has grown by more than 100,000 in the last few years as the economy collapsed and millions of people lost their jobs and employer-provided health insurance.

Since 2005, the program was funded under an agreement with the state's four Blue Cross/Blue Shield plans, which expired in December. Outgoing Democratic Governor Ed Rendell underfunded the program by \$54 million in the current fiscal year. Both the Blues and Governor Corbett say that they will not put any more money into the plan and that those kicked off should instead buy private health insurance. As a

supposed alternative, Corbett told the uninsured to purchase Special Care, a plan run by the Blues, which costs \$140 a month. Organizations that advocate for the uninsured point out that the plan only covers four doctor visits per year.

Other major programs that will be cut are Medicare and Medicaid, which provide health care for the elderly, the disabled and the poor. While federal programs, they are supported about half with federal money and half with state money. Corbett plans to reduce the funds for these programs, meaning that services offered will be reduced and eligibility requirements increased.

Public transportation will also take massive cuts. In Pittsburgh, the Port Authority has announced plans to cut public transportation by 15 percent next month, laying off about 400 workers and eliminating service to many neighborhoods throughout the region. Other areas will see reductions or lose completely night and weekend service. Last month, fares were increased. Basic fare went up to \$2.25 and transfers to \$1.00.

State funding for mass transit has remained flat as costs and demand have risen.

This year, the Port Authority is facing a \$47 million deficit after additional money promised by the state never materialized. The Corbett administration has stated that additional cuts in public transportation will be made in the coming budget.

## Education targeted for cuts

Education is especially targeted for drastic cuts by the administration. Last week, Corbett announced that \$338 million in funds scheduled to be paid to local

school districts would be held by the state to be used for other state expenditures. If the general assembly approves the measure, only federal education job stimulus money will be given to the districts. The districts are not losing money today, but the federal stimulus money will end in June, leaving them scrambling for resources at that time.

Already, the state is using over \$650 million in federal stimulus money to cover the cost of education. This money ends in June, leaving local school districts with a \$993 million cut, or about one fifth of their state support. Local school districts will be forced to raise property taxes, cut programs or both.

In addition, the administration, which opposes public education, is also pushing for the passage of a school voucher program that will force local school districts to transfer additional badly needed funds from public education to religious and other private schools. Already, the state requires school districts to provide bussing, books and classroom materials to these schools.

The administration is also planning major cuts in funding for day care, head start, preschool and after-school programs. Many of those programs had already taken massive cuts in the last two years during Governor Rendell's last term in office.

Funds for the state's universities and community colleges are also on the chopping block. Pennsylvania State University already has one of the highest state school tuitions in the country, at \$14,412 per year, going up more than 5 percent last year alone.

## **Tax cuts for the wealthy**

While the Corbett administration plans massive cuts in social programs, he is keeping his promise not to raise any taxes and to cut the income tax on corporations. Corbett has rejected all proposals to levy a tax on the extraction of natural gas from the Marcellus Shale field. Pennsylvania is the only state that does not tax this practice, which is heavily debated for its potential to cause chemical poisoning of water supplies and already strained underground infrastructure.

During his election campaign, Corbett received over \$1 million in donations from the natural gas companies.

People living in areas where drilling is taking place have complained bitterly about the practice as they, rather than the natural gas companies doing the drilling, are forced to pay the cost of gigantic drilling machines that tear up roads and discharge water pollutants into the local water supplies. Some companies are predicting to their shareholders that they may make as much as a 64 percent return on their investment in drilling for gas in the Marcellus Shale vein that runs throughout the Appalachian mountains.

A severance tax identical to one already enacted in West Virginia that would impose a 5 percent tax on the value of the extracted gas, plus a levy of 4.7 cents per thousand cubic feet of gas, could raise up to \$475 million a year in new revenue within five years.

Corbett has also proposed cutting the corporate net income tax by 30 percent, from 9.99 percent down to 6.99 percent. While cutting taxes for the wealthy, Corbett is proposing to increase the payment made by workers for unemployment benefits to pay for the \$3 billion debt that the fund is in.



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