

# Notes on the US social crisis

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**4 August 2011**

The federal budget deal targets critical social programs that are already under duress at the state level.

## Minnesota unemployment insurance to end

States will lose billions of dollars in federal funding for unemployment payments and other cash and food assistance programs. In Minnesota, thousands of jobseekers will see their benefits expire within the next few months.

“As of right now, it’s certain—unemployment insurance will end,” Minnesota Department of Employment and Economic Development attorney Lee Nelson told the *Star Tribune* Wednesday. “If you are laid off today, there’s no extension” beyond 26 weeks. Nearly 125,000 Minnesotans currently depend on unemployment insurance, including many who have fallen into the ranks of the long-term unemployed.

## State utility assistance programs cut in midst of heat wave

In Oklahoma, where temperatures exceeded 100 degrees Fahrenheit every day for over a month, the home utility assistance program has run out of money. Thousands of poor residents have been left to suffer without air conditioning, many in areas without public cooling centers.

The elderly and residents with medical conditions are especially vulnerable to extreme heat. Since the end of June, dozens of deaths have been attributed to the heat wave, and officials have reported sharp increases in emergency room visits for heat stroke and heat exhaustion.

In Illinois, the Democratic administration of Governor Pat Quinn eliminated the summer cooling assistance program, affecting 70,000 households. (An estimated 750 Chicago residents were lost due to heat-related deaths in 1995.) Indiana’s Republican government froze enrollment. Wisconsin’s Energy Services has rejected 80 percent of applicants for the federal Low Income Home Energy Assistance Program (LIHEAP). “I’ve never seen it this bad,” Energy Services executive director Timothy Bruer told the *Associated Press*.

States face the prospect of even less federal funding for utility assistance next year, with the Obama administration proposing to cut LIHEAP from \$4.7 billion to \$2.5 billion, even as need explodes. Since the onset of the economic crisis in 2008, LIHEAP applications have soared by more than 3 million, to nearly 9 million households this year.

## Illinois cuts home-delivered meals to poor elderly residents

The newly enacted Illinois budget includes a cut of \$2.2 million in funding for home-delivered meals and other services to elderly residents. Some 40,000 residents had been receiving an average of three to four meals per week through state subsidized programs. The funding cut, amounting to 14 percent of state spending on delivered meals, is the equivalent of some 400,000 meals served to 2,400 residents.

Chicago-based Age Options, a not-for-profit organization that delivers meals to the elderly in Cook County, estimates it will have to cut services for nearly 700 residents. Advocates have warned that without such assistance, many residents may have to be institutionalized in nursing homes.

Health service providers are already struggling to meet social need under conditions of a months’ long delay in state reimbursements. Illinois owes providers some \$4 billion in back payments.

## Georgia students impacted by scale-back in scholarship program, rising tuition

The Georgia budget cut funding for the HOPE scholarship, a lottery-funded program that originally covered full tuition for mainly low-income students with “B” average (3.0 grade point average) grades or better. Now students will receive aid only if they earn a high “A” average (3.7 gpa) or higher.

Thousands of students who were granted the scholarship in the spring have seen their aid revoked. “I will have to come up with \$2,000 to \$3,000 more,” Georgia State University freshman Kamala Johnson told the *Atlanta Journal-Constitution*. Johnson earned a 3.4 gpa and had been awarded the full HOPE scholarship in the spring.

Georgia has also cut funding to universities, leading to tuition and fee hikes averaging nine percent across the system. As a result, many students will be forced to take on huge student loan debts and divide their efforts between studying and work.

## Pennsylvania eliminates mortgage assistance program

Pennsylvania’s Homeowners’ Emergency Mortgage Assistance Program (HEMAP) has been suspended due to drastic underfunding. The new budget appropriates only \$2 million for HEMAP,

representing an 80 percent cut from previous years.

The program was created in the early 1980s in response to the social distress triggered by the collapse of the state's steel industry. Over the years it assisted 45,000 households with short-term loans averaging \$10,000. Four out of five recipients were able to both keep their homes and repay their loans, according to a report in the *Philadelphia Inquirer*.

Demand was always far higher than the number of approvals. While the program saw more than 27,000 applications between July 2008 and June 2010, it granted only 6,000 loans, according to Pennsylvania Housing Finance Agency data. The agency reports that in fiscal years 2009 and 2010, demand was the highest it had ever been.

Of the program's termination, Republican Governor Tom Corbett's spokesperson said simply, "Difficult decisions had to be made."

### **Banks bulldoze repossessed homes**

Increasingly, banks are demolishing foreclosed homes in areas where home values have collapsed. *Time* magazine reported August 1 that Bank of America plans to bulldoze 100 foreclosed homes in Cleveland, Ohio in order to rid itself of its "least saleable properties, many of which, according to a company spokesperson, are worth less than \$10,000."

The bank has already destroyed 100 homes in Detroit and 150 in Chicago in similar fashion, and has said it "may add as many as nine more cities by the end of the year" to its demolition plan.

Bank of America and other financial institutions—including Fannie Mae, Wells Fargo, and JPMorgan—have "donated" thousands of properties to be destroyed by local governments in order to avoid paying taxes or keeping homes in good repair. Local authorities have jumped on the plan in order to hasten "revitalization" and downsizing agendas on economically distressed neighborhoods.

### **Court systems lay off hundreds, cut indigent services**

One third of Alabama state court clerks' offices are to be laid off effective August 31. In Jefferson County, the most populous county in the state, only 48 clerks will be charged with handling some 75,000 filings. Beginning August 1, offices across the state reduced their public hours by 10 hours per week, during which time the reduced staffs could process documents.

The New York City court system has laid off nearly 400 employees. As a result, jailed defendants have been held for long periods of time for offenses as minor as littering.

The San Joaquin County, California, public defender's office stopped taking new cases in the city of Lodi—population 62,000—in 2010 due to budget reductions. In spite of this drastic cutback, the office continues to shed services, including the elimination of eight staff. "The total number of attorneys, clerical workers and supervisors is 63," office director Peter Fox told the *Lodi News-Sentinel*. "That's down from 100 three years ago."

The county's district attorney's office has seen its budget slashed by 41 percent since 2009. Court office hours have also been reduced.

Last month, judges across the state signed an open letter to Democratic Governor Jerry Brown decrying the cuts: "San Joaquin County will not be able to maintain the level of service it has provided to the public. Changes as a result of further funding reductions are anticipated to include the closing of the entire Tracy court branch of the courts, the elimination of one of the Lodi—leaving the remaining court open to handle only in-custody criminal matters, the elimination of certain case types, including small claims hearings, fish and game hearings and possibly civil cases."

### **Florida fast-tracks massive prison privatization deal**

Described by the *Miami Herald* as the "fastest privatization venture ever undertaken by the state of Florida," the state has set a January 1, 2012 deadline to privatize 30 prisons, road camps and parole offices under one company. The Department of Corrections has issued a bid document calling on prospective companies to visit all 30 sites and submit an offer by August 16 outlining a plan to cut operation costs by at least 7 percent annually.

Conditions in private prisons are notoriously brutal, with cost-cutting contributing to overcrowding, violence, high rates of hepatitis and tuberculosis, poor nutritional and medical care, and other miseries. Florida, which holds nearly 100,000 inmates, has laid off many prison health care workers in the past few months.

The nation's two largest private prison operators, Corrections Corp. of America and GEO Group, are pursuing the offer. Corrections Secretary Edwin Buss commented to the *Herald* that the state ultimately wants all prisons under one private entity. "You'll get a better price. More volume, better price." He added, "This is going to be some of the most competitive bidding the country has ever seen for private prisons."



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