

Pennsylvania budget: Layoffs, cuts to education and pensions

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Pennsylvania Governor Tom Corbett is demanding that pensions be cut and the state's liquor stores be privatized as part of any deal on the state budget. With a June 30 deadline approaching, he has stated that he is willing to see the state go without a new budget, and begin a shutdown of social services, if the cuts are not made.

"We need to get [the budget] done right rather than quickly," Governor Corbett said during a press conference on June 17. "If we're not able to finish by June 30, we're not able to finish by June 30." What he means by "right" is attacking state workers through cutting pensions and privatizing the state liquor stores, along with another round of deep cuts to education and other social services.

For the most part, the media is completely ignoring the implications of not reaching a budget by the June 30 deadline and instead focusing on the various plans for cutting pensions and liquor store privatization.

If a new budget is not passed and signed into law by the time the current budget expires June 30, a shutdown of state services will begin. First hit will be day care centers, health care for the elderly and other social services that have been contracted out to service providers.

Care for about 130,000 children who are enrolled in various pre-school or Head Start programs will be put in jeopardy as service providers are no longer paid and are forced to lay off staff or close. In 2009, the last time the state failed to reach a budget by the June 30 deadline, these were the first services to be cut as the state stopped paying its contracts.

The approximately 77,000 state workers will also stop receiving their pay. Many may also get laid off as a result.

Services for the elderly, veterans and mental health

programs run by county governments, but with much of the funding coming from the state, will also be forced to cut back as they stop receiving the state contribution.

Corbett and lawmakers are demanding that the current defined benefit pension plan be replaced with a 401(k)-style plan in which younger employees would be forced into the new plan, with their future retirement determined by the stock market. This will affect both state workers and public school teachers. Corbett's plan does nothing to address the massive underfunding of the current pension plan, jeopardizing the pensions for the senior workers.

On Tuesday, the Pennsylvania House Appropriations Committee approved a budget that includes \$380 million from the privatization of the state's more than 600 liquor stores. This alone will lead to the layoff of over 5,000 state workers.

The Corbett administration and Democratic and Republican politicians alike are saying there are only two choices: privatize the state liquor stores and cut pensions for state employees, or make more massive cuts in education and other social programs.

The ongoing recession as well as tax policies that favor the corporations and rich are leaving a gaping hole in the Pennsylvania state budget.

According to the latest figures published, Pennsylvania is expected to finish the 2013-14 fiscal year, which ends June 30, with a \$572 million shortfall in tax revenue. The updated projections for the 2014-15 fiscal year, which begins July 1, is that the state will fall short by \$870 million, for a total deficit of over \$1.4 billion.

Even if the privatization of the state liquor stores passes it will still leave another nearly \$1 billion in cuts or tax hikes; even Corbett admits that the pension changes will do nothing to offset the current budget

deficit.

To date, the Corbett administration has refused any tax increases and has continued the tax cuts to big business enacted under the previous Randall administration. For six years no taxes have been imposed on the booming gas drilling industry, costing the state hundreds of millions of dollars.

According to several news reports, the Corbett administration may accept a severance tax on the natural gas drilling industry and an increase in the cigarette tax. This may just be wishful thinking on their part, however, if this is again on the condition that the liquor stores are privatized and the state pensions cut.

Almost certain are more cuts to education and other social services. In February, the Corbett administration had indicated plans to increase education funding by \$300 million. This would have only returned education funding to the level it was when the governor first took office in 2011, when he cut education funding by nearly \$1 billion.

Rather than restore the funding, the new budget will most likely include additional cuts to education. Depending upon the size of the cuts in the current budget, the cumulative effect of the cuts to education will total over \$2 billion.

Throughout the state more than 20,000 teachers and other education professionals have been laid off and every school district has been forced to close schools, eliminate courses such as art, music, science, advance placement, and cut or eliminate sports and other extra curricular activities.

The City of Philadelphia, the largest school district in the state, received the biggest cuts, both in absolute terms and per student. The city has closed dozens of schools, laid off teachers, nurses and other staff. Currently the School District of Philadelphia faces an \$800 million deficit and is considering laying off an additional 800 teachers.



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