

Pennsylvania budget stalemate in seventh week

Samuel Davidson
18 August 2015

Homeless shelters, food banks, early childhood programs and care for the elderly are some of the many human services programs that are starting to run out of money as Pennsylvania is in the middle of the second month without a budget.

Most social service agencies, which rely upon reimbursements from the state, are not getting paid and many have run out or expect to run out of funds soon.

“We have cut all nonclient-related expenses,” explained Megan Shreve, who runs the South Central Community Action Programs (SCCAP), which provides a vast range of services to people in Adams and Franklin Counties near the state capital of Harrisburg.

SCCAP operates two homeless shelters and food banks serving many thousand of homeless and low-income people in the two counties. In addition, they provide childcare, employment and career services, to name just a few of the dozen or so programs they operate.

“Each night we house 55 people in our homeless shelters and half of them are children. We provide food to 5,000 people a month.”

Almost all social services in Pennsylvania have been privatized. A vast number of nonprofit and for-profit companies compete for various grants and funding. In addition to programs for the homeless and low-income, programs for the elderly such as meal on wheels, home health aids and health care along with early childhood education are being affected.

State money stopped being paid on July 1, when Democratic Governor Tom Wolf and State Republican legislative leaders failed to pass a budget. State funds for public libraries, museums and public schools have all stopped.

“We expect to run out of funds in early September. We are working hard to find other funds to keep running.” SCCAP has stopped reimbursing employees for their incurred expenses, such as driving to visit clients, and any

other expenses not tied to client support.

Their next step will be to lay off all management employees. “We want to keep providing services as long as possible, but we don’t know where the funds are coming from,” Ms. Shreve said.

She criticized Governor Wolf and the state legislature as well as media for making it appear that human services agencies can simply borrow the money until the budget is passed. Pointing out that under normal circumstances, reimbursements are made by the state 60 to 90 days after agencies provide services, “we already have to borrow money, and getting more money is not easy and it is costly,” Shreve said. “Everything we borrow means cuts to future services.”

Shreve explained that this was not just affecting her agency, “it is affecting everyone in the state. There are many agencies which are smaller than us and don’t have the access to any credit.”

Adams and Franklin Counties have seen a rapid increase in unemployment and poverty. Overall wages have dropped, as many better-paying manufacturing jobs have been lost. Over one in five live below the poverty level in Chambersburg, Franklin County’s largest municipality, and in Gettysburg, the largest city in Adams County, more than one in three are in poverty.

SCCAP provides assistance to 30,000 people a year, on basically the same budget as 10 years ago, when they serviced 15,000. “We have seen a steady increase in use,” Shreve said. In referring to the recession of 2008, “we are seeing a lot of new people who never needed help before.”

Since July 1, when the 2013-14 budget expired, only essential services and employee salaries are being paid. Such services include state prisons, the state police and the parole systems.

The state’s 500 school districts are not receiving their state funding, which accounts for about 37 percent of their

budget. Most schools rely heavily on local taxes and should not start running out of money until later in the year, after they open in a few weeks. However, school districts are also not receiving any of the capital-spending budget needed for buildings.

Wolf submitted his first budget in March, which included an additional \$400 million for education and \$100 million for special education. Wolf's budget also included a severance tax on gas drilling in the state and increases in both the income tax and sales tax.

In the past five years, huge cuts to education funding have taken place, leading to the layoffs of 20,000 teachers and school employees, the cutting of art, music and sports as well as many core classes such as math, science, English and foreign languages. Many schools have been closed in that period. Hostility to the education cuts throughout the state is primarily credited for Wolf's election victory in 2014.

While billed as the greatest increase in state funding for education, in reality it falls far short of the billions cut and much of it would be offset by local school district's loss of property tax revenues. In addition, the increase in the income and sales tax will fall primarily upon the working class and poor.

Both houses of the Republican-controlled legislature rejected Wolf's tax increases. Instead, they proposed fewer funds for education and cuts in the pensions for state workers and school employees. The proposed pension schemes would force all newly hired workers out of a defined benefit pension plan and into a 401k-style plan based on employee contributions.

After not having any meetings for weeks, Wolf and the legislature have met several times in the past few days to attempt to resolve education funding levels and pension cuts. In those discussions, Wolf proposed keeping the existing pensions for current workers and accepting a 401k pension plan for newly hired state and school employees making over \$100,000 a year.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact