



State Representative
MIKE STURLA

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REPORT

to the 96th

Working Hard for Lancaster

July 2014

Dear Neighbor,

After three state budgets with irresponsible fiscal policies, it is no surprise that Governor Tom Corbett's fourth budget proved what happens when you give tax breaks to some multinational corporations while refusing to tax others at all: a \$1.7 billion General Fund budget deficit and Pennsylvania one of only 11 states nationwide with a deficit.

In this newsletter, you will find articles about the difficult 2014-15 state budget cuts, the truth about education funding, revenue options left on the table, how to avoid electricity bill spikes, the Policy Committee that I chair, and upcoming events.

As always, please contact my Lancaster office at 295-3157 for help with any state-related matter. You also can email me through my website www.pahouse.com/Sturla.

Sincerely,

Mike Sturla

Rep. Sturla on Social Media

Twitter: @RepMikeSturla

Facebook: www.facebook.com/RepMikeSturla

Legislative website: www.pahouse.com/Sturla

Committee website: www.pahouse.com/PolicyCommittee

Blog: www.policycommonwealthcommonsense.blogspot.com

Irresponsible 2014-15 State Budget

On June 30, Rep. Sturla voted against the most irresponsible state budget in his legislative career.

Four years ago, Governor Tom Corbett unveiled his first state budget proposal and likened it to a belt-tightening family sitting around the kitchen table making decisions on where to save and where to spend. This \$29.1 billion state budget is based on either delaying paying the bills or simply not paying the bills at all. Not many families can balance their budgets in that way.

Standard & Poor's warned that Pennsylvania's credit rating would suffer if the Republicans continued to use one-time gimmicks to "balance" the budget (see page 4 for a list of these gimmicks). This Republican budget is based on \$1.75 billion in one-time accounting gimmicks that supposedly balance the budget this year, but will lead to a \$2 billion structural deficit in next year's budget.

Education

The \$9.17 billion in K-12 education spending remains less than the 2008-09 state budget for education. This Republican budget continues the

elimination of classroom funding for programs such as: Dual Enrollment, Reimbursement of Charter Schools, Education Assistance Program, Science: It's Elementary, and School Improvement Grants.



Higher Education

While the state-related and non-preferred universities were "flat funded," their funding is based on the 19 percent recurring cut they experienced four years ago. For families with students

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STATE BUDGET *(Continued from Page 1)*

in college, that would be like telling the school: "We'll pay tuition for 4 out of 5 semesters and call it even."

Human Services

This Republican budget continues no new funding for county-run human service programs, retaining Gov. Corbett's 10 percent funding cut (worth \$84 million) for a third year. This impacts community mental health programs, drug and alcohol treatment, community intellectual disability base programs, homeless assistance, and the human services development fund.

Environment

The Republicans estimate \$95 million in revenue from new leasing of state

park and forest land, which equates to a minimum of 31,677 more acres leased for drilling by the Department of Conservation and Natural Resources. Meanwhile, the Marcellus Shale drilling companies escape yet again without having to pay any type of severance tax like they do in other states.



Economic Development

Instead of trying to grow Pennsylvania's economy, this budget makes it more difficult by raiding \$200 million from funds that help small businesses and making drastic cuts to critical programs such as Pennsylvania First, Marketing to Attract Business, Discovered in PA/ Developed in PA, and World Trade PA.

Rep. Sturla's Upcoming Events

For more details on both events, please call Rep. Sturla's office at 295-3157.

Back-to-School Giveaway: On **Saturday, August 23 from 11 a.m. to 2 p.m.** at the Lancaster Rec Center (525 Fairview Avenue), Rep. Sturla will be hosting his third annual Back-to-School Giveaway to ensure Lancaster students have the tools they need to succeed. Students grades K to 5 will receive backpacks, school supplies, and lunch. If you would like to volunteer or donate supplies, backpacks or food for the event, please contact Rep. Sturla's office.



United Way Day of Caring Conestoga River Cleanup:

Rep. Sturla will again partner with the United Way of Lancaster from **8:30 a.m. to noon on Saturday, September 6** to offer a cleanup of Lancaster's Conestoga River as a service project on the Annual Day of Caring.



Sturla advocates for human service providers

On June 17, Rep. Sturla spoke at a rally organized by The Rehabilitation and Community Providers Association (RCPA) to advocate for critical state funding for human service providers that offer important services related to children, mental health, brain injury, intellectual and developmental disabilities, addictive diseases, and rehabilitation. These providers have not recovered from the devastating 10 percent cut in the 2012-13 state budget and no restoration was included in this year's budget.

Medicaid Expansion Update

As of this newsletter's printing, Governor Tom Corbett still has not accepted the Affordable Care Act's Medicaid expansion. The expansion would cover 500,000 Pennsylvanians, reduce the number of uninsured by over 50 percent, and provide access to services like preventive care, screenings and doctor office visits. Instead, the governor proposes using federal Medicaid dollars to fund private insurance coverage under a separate plan, one that is not likely to receive approval from the federal government.

To date, Gov. Corbett has caused Pennsylvania to lose out on over \$1.2 billion in federal funding to expand Medicaid and the loss continues at a rate of \$7.3 million per day. Accepting Medicaid expansion would create or support up to 40,000 jobs and inject \$22 billion in federal investment in the state's economy over the next eight years.

Adopting Medicaid expansion also would have enabled an additional \$340 million to \$400 million to be spent in the 2014-15 state budget on important programs and services. The current budget uses funds to cover hospital programs that would be covered by Medicaid expansion.



Republican gimmicks to “balance” the budget

In order to produce the appearance of a balanced budget, the Republicans relied heavily on unsustainable, one-time revenue sources in the 2014-15 budget. Here are examples of these gimmicks totaling nearly \$1.5 billion:

\$394 million – one month payment delay to Managed Care Organizations (just not paying the bills)

\$225 million – tobacco settlement board transfer to teachers’ pension system

\$151 million – tobacco settlement funds redirected to help fund nursing homes

\$150 million – escheats (shortens holding period for unclaimed property)

\$130 million – expenditures for home and community-based services shifted from General Fund to Lottery Fund

\$125 million – questionable Medicaid savings from Healthy PA proposal that needs approval from federal government

\$95 million – leasing state forest land for additional drilling

\$75 million – Philadelphia casino license that has yet to be issued and will not be used for property tax relief as was past practice

\$45 million – enhanced federal matching funds for balancing incentive program

\$40 million – additional revenue collections amount

\$25 million – expenditures for long-term care (nursing homes) shifted from General Fund to Lottery Fund

They also diverted an additional \$246.6 million from dedicated special funds:

- \$100 million from the Small Business First Fund
- \$100 million from the Machinery and Equipment Loan Fund
- \$30 million from the Volunteer Companies Loan Fund
- \$8 million from local law enforcement grants available to the PA Gaming Control Board
- \$6.2 million from the Alternative Fuels Incentive Fund
- \$2.4 million from the Manville Property Damage Settlement Account

Revenue options left on the table

Governor Tom Corbett has spent the last four years handing out \$2.1 billion in corporate welfare. He takes care of his corporate friends while ignoring viable revenue options that all Pennsylvanians could benefit from. Here are some examples:

1. **Expand Medicaid = \$340 million to \$400 million per year**
2. **Roll back the Capital Stock & Franchise Tax rate to 2.89 mills = \$866 million per year**
3. **Close the “Delaware Loophole” by enacting combined reporting = \$165 million in the first year**
4. **Enact a 5% natural gas severance tax = \$720 million per year (PA is the only “mineral” state without one)**
5. **Enact a tax on smokeless tobacco and cigars = \$56 million per year (PA is the only state that doesn’t impose this tax)**
6. **Cap the Sales Tax Vender Discount at \$250 per month = \$44 million per year**
7. **Improve the liquor system and consumer convenience = \$125 million per year**

It is time for Gov. Corbett to take care of all Pennsylvanians, and not just his corporate friends.

How to avoid electricity bill spikes

This winter, thousands of Pennsylvanians were shocked when their electric bills doubled or tripled in one month. Those customers who had a variable-rate contract with an electric supplier or who had a fixed-rate contract that expired, were subject to the price spikes. To avoid this problem, be sure to check the terms and conditions of your contract with your electric supplier.

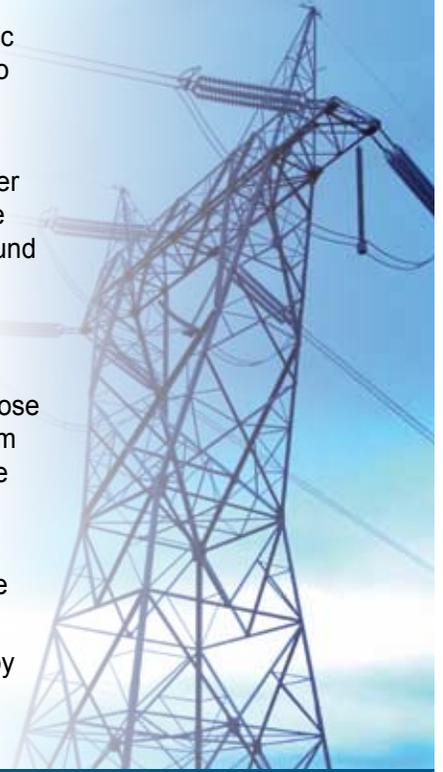
You can obtain information regarding the current status of your contract, including whether your rate is fixed or variable, and any cancellation fees, by calling the supplier. The name and phone number of your supplier, along with the current rate you are paying can be found on your monthly bill.

As a result of the price spikes, the Pennsylvania Public Utility Commission has approved new rules to help consumers.

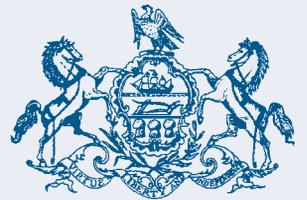
One rule, which took effect in June, requires competitive energy suppliers to clearly disclose the details of their offers, especially the risks of variable-rate offers. In regard to fixed-term contracts, suppliers must notify customers by mail if their contracts are expiring or if there are changes to terms of service.

Another rule will shorten the time to switch suppliers. Currently, it takes up to 40 days; however, the new rule, which is expected to take effect by the end of the year, will require the change to occur within three days of the request.

You can learn more about shopping for electricity suppliers, or choose another supplier by visiting www.papowerswitch.com, a website maintained by the PUC.



Policy Committee holds public hearings on important issues



As Chairman of the House Democratic Policy Committee, Rep. Sturla has held many public hearings this legislative session on a variety of important issues, including Medicaid expansion, jobs, education, minimum wage, and Marcellus Shale. For a list of all hearings and testimonies, go to www.pahouse.com/PolicyCommittee.



Check inside for info on:

- 2014-15 State Budget
- How to Avoid Electricity Bill Spikes
- Medicaid Expansion
- Revenue Options

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Help available in Spanish

Pictured here, Belky Herrera has joined Rep. Sturla's district office staff. Since Belky is bilingual, she can provide assistance on any state-related matter in Spanish. You can reach her at (717) 295-3157, bherrera@pahouse.net, or stop by the office at 150 E. King Street in Lancaster.

Ayuda disponible en Español

Fotografiada aquí aparece, Belky Herrera, la cual se unió al equipo de empleados de la Oficina del Distrito del Rep. Sturla. Belky es bilingüe y puede proveer asistencia en Español con casos relacionados con el Estado. Pueden contactarla llamando al (717) 295-3157, por correo electrónico bherrera@pahouse.net or pasando por nuestra oficina localizada en el 150 E. King Street en Lancaster.

Rep. Sturla welcomes former Lancaster City Council President Nelson Polite Sr. and Virginia Brooks of the Lancaster Theological Seminary to the House chamber on June 3.

