



## No Funding Package? Dire Consequences

After significant cuts, the budget is out of balance by \$2.3 billion and House Republicans are refusing to pass a bipartisan funding agreement to bridge the gap.

If Speaker Mike Turzai and House Republican leaders fail to act very soon to find honest revenue sources, the Governor will have no choice but to bring the budget into balance with additional cuts. The pain will touch every walk of life and in many cases will have harsh human and fiscal consequences that we will most assuredly live to regret for the long term. Some programs cannot be cut due to federal and state mandates leaving the balance of programs to shoulder the ramifications.

The most immediate and visible consequences will be the impact on our school children in pre-k through high school and families with kids in higher education, especially Penn State, Pitt, Temple and Lincoln universities. When we diminish school funding, it threatens a generation of our kids and the economic health and competitiveness of our state. Also, remember that spending cuts at the state level do not translate to lower spending for Pennsylvanians. The costs simply reappear in the form of significant local tax increases, especially property tax increases.

Counties would likely face deep cuts to programs that serve some of the most vulnerable Pennsylvanians including people struggling with mental health and substance abuse and individuals with intellectual disabilities. Again, local taxpayers would ultimately feel the pain through higher property taxes to pay for critical human services programs. Moreover, funding cuts in one program area directly impact costs in other county programs. For example, cuts to treatment and prevention services such as mental health and substance abuse programs will likely result in increased costs for prisons and law enforcement.

A complete picture of the consequences from a multi-billion dollar budget reduction is difficult to conceptualize. However, if non-mandatory spending were to be cut across the board, following are a few examples of the implications. Additionally, keep in mind that tax credits could be at risk as well as expenditures on programs. Under any scenario, the greatest dollar impact will be felt in the largest areas of state spending, education and human services.

### Higher Education

- Funding for state related universities (PSU, Pitt, Temple, and Lincoln) and the state's only veterinary school will be the first to be eliminated. Exceptional tuition increases are sure to follow.

### Pre-K – 12 Education

- Basic Education
  - Hundreds of millions in cuts to Basic Education funding would likely take us close to Gov. Corbett's controversial \$1 billion cut in 2011/12.

- The progress made using the fair funding formula could be completely erased.
- Large-scale teacher furloughs will lead to larger class sizes and lower student performance.
- We learned under Gov. Corbett that the arts and music are the first programs cut.
- Cuts would come at a time when school districts already are facing increased costs from charter schools, health care, and retirement.
- Cuts would push the funding burden to already overburdened property tax payers. This adds to the over-reliance on local sources, which is what drives the large inequities in school funding among PA school districts.
- Special Education
  - Significant cuts to special education would likely bring state funding levels lower than in 2008/09. Meanwhile, total school district special and gifted education expenditures have increased by \$1 billion or 33 percent since 2008/09.
- Early Childhood Education
  - Cuts would likely negate the \$30 million increase provided in the budget. About 3,300 fewer pre-k slots for kids.
- Community Libraries
  - Cuts would likely bring state support back to 2003/04 levels. The public library subsidy would be drastically less than what it was in 2007/08.

### Health and Human Services

- Funding cuts to programs that are not entitlements or mandates would jeopardize critical health care services.
  - Health programs include: opioid funds, cancer hospitals, ALS support services, hemophilia, etc.
  - Hospital payments include: burn centers, critical access (rural) hospitals, and obstetrics/neonatal services.
- Cuts in human services could mean significant harm to:
  - County-run programs that serve people with mental illness, individuals with intellectual disabilities, people struggling with substance abuse who need treatment, and people who are homeless or in need of shelter.
  - Behavioral Health Services funding for 20 Centers of Excellence that provide comprehensive health services to those struggling with substance abuse (in addition to the reduction in Department of Drug and Alcohol grants to Single County Authorities across the commonwealth to address substance abuse).
  - Women who are victims of domestic abuse and rape would lose access to critical services.
  - Programs that support and build strong families including community-based family centers and nurse family partnership.

### Rural/agriculture

- Penn State, in its role as the state's sole land-grant college, provides rural business management planning, opportunities for rural community and family development (e.g. 4-H), and comprehensive animal health diagnostic services. Educators with the Penn State Agricultural Extension deliver programs

in each of the state's 67 counties. Because state-related university funding is first to be eliminated, state funding for Penn State's extension offices would be gone, sharply impacting agriculture and the environment.

- Cuts will likely compromise food security programs that help to reduce hunger like:
  - Food banks.
  - Free and reduced-cost school breakfasts and lunches for hungry children.

### Public health risks and the environment

- For years the state General Fund budget for the Department of Environmental Protection (DEP) has been in decline. Over the same period, DEP has received warnings from the federal EPA that several of its programs, including safe drinking water, air quality, and surface mine inspections, have been out of compliance. Staffing shortages and shrinking budgets led to a substantial drop in the number of inspections conducted by DEP.
  - If further cuts occur, DEP will face a near insurmountable task in carrying out its mission.
  - We need a robust state investment in environmental protection. This investment must reverse years of underfunding, and provide the necessary safeguards to drinking water and clean air.

### Public safety

- Safety is at risk. While staff at state correctional facilities and the Pennsylvania State Police would not be directly cut, reductions for local police training, future state police cadet classes, county courts, adult probation services, and prison-based programs to reduce recidivism would severely impair the functioning of all phases of the criminal justice system.

### Cuts now will cost more later

- For example:
  - Compromised school funding threatens a generation of our kids and the economic vitality of our state.
  - Parole Board cuts mean Pa. can't process inmates as efficiently – overburdening correctional institutions (drives up inmate population).
  - Tax cheats get off the hook when funding for tax administration suffers.
  - Cuts to treatment and prevention services -- such as mental health and substance abuse programs -- will likely result in increased costs for prisons and law enforcement.
  - Local taxpayers will inevitably feel the pain through higher property taxes to pay for education and critical human services programs.

### Layoffs

- Thousands of dedicated public servants who administer these important programs could be laid off.