

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE HEARING

STATE CAPITOL  
MAJORITY CAUCUS ROOM  
ROOM 140  
HARRISBURG, PENNSYLVANIA

FRIDAY, MAY 22, 2009  
4:12 P.M.

PRESENTATION ON SENATE BILL 850

PANEL 12 OF 15

BEFORE:

HONORABLE DWIGHT EVANS, MAJORITY CHAIRMAN  
HONORABLE MATTHEW D. BRADFORD  
HONORABLE WILLIAM C. KORTZ III  
HONORABLE DEBERAH KULA  
HONORABLE BRYAN R. LENTZ  
HONORABLE TIM MAHONEY  
HONORABLE JOSH SHAPIRO  
HONORABLE MATTHEW SMITH  
HONORABLE MARIO J. CIVERA, JR., MINORITY CHAIRMAN  
HONORABLE GORDON DENLINGER  
HONORABLE JOHN R. EVANS  
HONORABLE MAUREE GINGRICH  
HONORABLE DAVID R. MILLARD  
HONORABLE RON MILLER  
HONORABLE DOUGLAS G. REICHLEY  
HONORABLE RICHARD R. STEVENSON

ALSO IN ATTENDANCE:

HONORABLE KEVIN P. MURPHY

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**JEAN DAVIS REPORTING**

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ALSO PRESENT:  
MIRIAM A. FOX  
MAJORITY EXECUTIVE DIRECTOR  
EDWARD J. NOLAN  
MINORITY EXECUTIVE DIRECTOR

DEBRA B. MILLER  
REPORTER

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## 1 P R O C E E D I N G S

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3 MAJORITY CHAIRMAN EVANS: We are going to  
4 get ready to get started, and you kind of know that  
5 you just introduce yourself and we move through and  
6 give your comments.

7 MS. DALEY: Cindy Daley, the Housing  
8 Alliance of Pennsylvania.

9 MAJORITY CHAIRMAN EVANS: Repeat it and say  
10 it a little louder.

11 MS. DALEY: Cindy Daley, the Housing  
12 Alliance of Pennsylvania. I'm here in place of  
13 Liz Hersh.

14 MAJORITY CHAIRMAN EVANS: Okay.

15 MS. TOLER: Sonya Toler, the Governor's  
16 Advisory Commission on African American Affairs.

17 MAJORITY CHAIRMAN EVANS: Okay.

18 MS. OTERO CRUZ: Joanna Otero Cruz from  
19 Congreso de Latinos Unidos.

20 MS. FILIPI: Deborah Filipi, the  
21 Pennsylvania Federation of Museums and Historical  
22 Organizations.

23 MAJORITY CHAIRMAN EVANS: Right.

24 MR. BURKERT: I'm Richard Burkert. I'm with  
25 the Johnstown Area Heritage Association and the

1 Pennsylvania Coalition of Independent Museums.

2 MAJORITY CHAIRMAN EVANS: Next.

3 MS. SEDOR: I'm Gabrielle Sedor. I'm with  
4 PAR, the Pennsylvania Association of Resources for  
5 Autism and Intellectual Disabilities.

6 MAJORITY CHAIRMAN EVANS: Okay.

7 MS. BALKA: Christie Balka from Public  
8 Citizens for Children and Youth.

9 MS. HOULIHAN: I'm Mary Houlihan. I'm the  
10 Licensing Manager for the Knowledge Learning  
11 Corporation.

12 MR. RABUCK: Richard Rabuck with the  
13 Manufacturer and Business Association.

14 MAJORITY CHAIRMAN EVANS: Thank you.

15 MS. KAISLA: And I'm Marja Kaisla, a  
16 taxpayer, a concert pianist, and the Artistic and  
17 Executive Director of the Lansdale Center for the  
18 Performing Arts.

19 MAJORITY CHAIRMAN EVANS: Well, why don't we  
20 start with you and then we can just go right back  
21 around.

22 MS. KAISLA: Well, I was going to be  
23 ad-libbing today, but since I'm a huge advocate of  
24 the arts, I would never stop talking, so I decided to  
25 write my thoughts down.

1           So I am Marja Kaisla, and I am making my  
2 statement today in front of you as a taxpayer, a  
3 concert pianist, an educator, and recently, the  
4 Artistic and Executive Director of a new regional  
5 performing arts center in one of the Philadelphia  
6 suburbs, and this regional performing arts center is  
7 called the Lansdale Center for the Performing Arts.

8           I come originally from Finland. I came here  
9 about 20 years ago, barely as an adult, and now I'm  
10 an American citizen as of 3 years ago.

11           I play concerts as a pianist, having  
12 performed on an average 50 concerts a year around the  
13 country.

14           I also own and direct my own conservatory in  
15 the Philadelphia area. And this opportunity came to  
16 me only a couple of months ago, this Lansdale Center  
17 for the Performing Arts, to create all programming in  
18 eight different art mediums, creating art exhibits in  
19 our art gallery and developing an entire educational  
20 facility there to influence the lives of hundreds of  
21 thousands of people in Montgomery County and beyond.  
22 It is really absolutely amazing.

23           As, you know, the sky and one's imagination  
24 is the limit, so is what this center can do for  
25 improving the quality of life and be the catalyst for

1 economic development in the region and be the  
2 center of revitalization of the borough of Lansdale  
3 itself.

4 I'm sure throughout these testimonies you  
5 have heard numerous statements about the beauty and  
6 aesthetics about the arts, but today as we are facing  
7 very serious economic challenges, it might be good to  
8 stick to the very practical points about the  
9 importance of arts in this country.

10 Coming from Finland, which is pretty much a  
11 paradise for education and culture, where music and  
12 arts do flourish because of heavy government  
13 subsidies and people's general attitude towards the  
14 arts, which is considered an essential part of one's  
15 education and everyday life, I find the current  
16 situation that Pennsylvania is facing with its total  
17 cuts in arts funding simply astounding.

18 Putting aside for a moment the importance,  
19 the enormous importance, of the arts in education,  
20 just from an economic point of view, it is simply  
21 impossible for me to understand that decisionmakers  
22 here would not have considered the financial returns  
23 that nonprofit organizations bring back to the  
24 communities for the very minor amount invested in  
25 them.

1           And as we all know, as an example, when  
2 people go to arts and cultural events, by definition,  
3 it is always a unique experience for them, and they  
4 spend way more money during that experience, as there  
5 is no price tag for such a therapeutic experience.  
6 And as they feel good about themselves, having been  
7 part of a great art experience, they really do spend  
8 the money.

9           At the Lansdale Center for the Performing  
10 Arts, I have now a firsthand experience in being  
11 responsible for creating this new economy, education,  
12 culture, job opportunities, and place for volunteers,  
13 which is also vital for people to focus on in their  
14 communities.

15           The center itself uses services of local  
16 businesses in many ways, so economically, too, we  
17 collaborate with all sectors of the community.

18           This brand-new regional and performing arts  
19 center serves 125,000 people in the 5-mile radius  
20 around the center, and going about 10, 15 miles  
21 further, we serve about half a million people whose  
22 life we can influence in a most profound way,  
23 including one of the biggest school districts with  
24 13,000 students.

25           And our center currently has a performing

1 arts theater, art gallery, and educational facility,  
2 which all go hand in hand to give people a  
3 comprehensive educational and cultural experience  
4 whenever they visit the center.

5 And a second bigger theater is planned for  
6 the center, as we're in the capital campaign for its  
7 construction to begin soon.

8 We also have started to collaborate between  
9 arts organizations in Philadelphia to come to perform  
10 in Lansdale, thus expanding constituency our way.

11 In order for our center to become effective  
12 economically, educationally, and culturally in this  
13 huge region, being the catalyst for the  
14 revitalization and development in so many areas, it  
15 would be impossible for me to understand why the  
16 State would not continue making an investment in  
17 projects like this which require long-term goals and  
18 where the returns are invaluable on so many levels.

19 Continued funding of arts programs by the  
20 State would, by its example, encourage city councils,  
21 corporations, and foundations to increase their own  
22 contributions as well.

23 Apart from the economic statistics that show  
24 the immense importance of the arts, it is sometimes  
25 difficult to show the intangible returns of it. But

1 if you go to your own consciousness, you will realize  
2 the paramount importance of the arts and how music  
3 and arts are all around us and how we simply cannot  
4 live without them, and to notice the arts even in  
5 forms we don't always think about, as in buildings we  
6 live and work in.

7           And even here today, you know, you look at  
8 this beautiful artwork on the ceiling, and we don't  
9 always think that it's the result of an artist having  
10 had an education, you know, in that very area.

11           We even, you know, have arts in all art  
12 advertisement in the media, which we don't always  
13 think about. So really, we can't live without it.

14           And although I began by saying that I  
15 wouldn't talk in the abstract about the arts and its  
16 aesthetics and stick to just practical statements,  
17 but after all, being a musician and having shared my  
18 art with hundreds of thousands of people by now, I  
19 must end by saying that once we have been exposed to  
20 music and the arts, we look at the world differently,  
21 we look at ourselves differently, because we realize  
22 that human beings are able to create great things and  
23 not to destroy.

24           And with this understanding, we can accept  
25 and love ourselves and others around us, and

1 therefore, be able to respect one another and work  
2 together.

3           And finally, on a much larger and global  
4 sense, if the United States wants to show how  
5 progressive the country it wants to be or says that  
6 it is and to serve as an example to the rest of the  
7 world, it is imperative that it includes music and  
8 arts in its core values to show that it cares about  
9 its citizens, their well-being, and its own future as  
10 a civilized country.

11           Thank you.

12           MAJORITY CHAIRMAN EVANS: Can you just say  
13 your name so that the stenographer can get it. Thank  
14 you.

15           MR. RABUCK: Richard Rabuck.

16           Good afternoon. My name is Richard Rabuck,  
17 and I am the State Government Relations  
18 Representative at the Manufacturer and Business  
19 Association, a regional employers' association  
20 focused on improving Pennsylvania's economy and  
21 business climate for our more than 4,500 member  
22 companies and the hard-working citizens they employ.

23           First and foremost, I would like to thank  
24 Chairman Evans as well as the Members of the House  
25 Appropriations Committee for providing this

1 opportunity to discuss with you the 2009-2010 State  
2 budget as contained in Senate Bill 850.

3 As you know and have heard throughout the  
4 course of the past 2 days of hearings, Pennsylvania  
5 has historically been slow to enter into a recession,  
6 and likewise, has experienced a delayed recovery in  
7 comparison to other States throughout the nation.

8 During both the 1991 and 2001 recessions, it  
9 took State revenues more than 2 years to return to  
10 pre-recession numbers.

11 While there are various factors that play in  
12 this trend, the Manufacturer and Business Association  
13 believes that the slow recovery is due in large part  
14 to the given Administration's desire to raise taxes  
15 in order to maintain and increase State spending  
16 rather than prioritizing spending and eliminating  
17 programs that are neither effective, efficient, or  
18 vital to the core functions of State Government.

19 And let me be clear: This is neither a  
20 Democrat nor a Republican issue. Just a brief look  
21 at our State history shows that both Republican and  
22 Democratic Governors are guilty when it comes to  
23 increasing taxes amidst a recession.

24 This, however, does not make it right for  
25 the citizens of Pennsylvania, and in the eyes of the

1 association, a tax increase this year, more than  
2 ever, is the absolute opposite of what is right for  
3 the citizens of our great State.

4 We feel that instead of implementing new or  
5 increased taxes on tobacco products, health insurance  
6 premiums, and the extraction of natural gas in order  
7 to maintain or increase funding for programs, we as a  
8 State, just like individual families and businesses,  
9 must live within our means and seek to prioritize  
10 spending and pass a sensible, practical, and fiscally  
11 responsible budget.

12 In short, tough decisions are going to have  
13 to be made by both the Legislature and the Governor.  
14 However, in all of this, Pennsylvania's taxpayers and  
15 economic future must come before rhetoric and  
16 partisanship.

17 The State Senate recognized this and, with  
18 the passage of Senate Bill 850, sought to improve  
19 economic competitiveness without placing an undue  
20 burden on taxpayers or job creators.

21 In doing so, they have been criticized by  
22 both the Administration and several Members of the  
23 House. Some have referred to Senate Bill 850 as  
24 "mean, shortsighted, and beyond common sense." One  
25 Administration official has even referred to it as a

1 "fantasy budget."

2 I, however, would argue that Senate Bill 850  
3 is far from fantasy. Rather, it represents the stark  
4 realities of years of failed government intervention  
5 policies and drastic overspending.

6 Pennsylvania is currently facing a  
7 \$2.6 billion revenue shortfall, which represents more  
8 than 10 percent of anticipated year-to-date revenues.  
9 Even more alarming, the current revenue shortfall is  
10 anticipated to reach a minimum of \$3 billion by the  
11 end of the fiscal year.

12 With the passage of Senate Bill 850, the  
13 Senate made a conscious effort to present a balanced  
14 and responsible budget that does not increase taxes  
15 and preserves the core governmental functions of  
16 public health, welfare, safety, and education.

17 While education spending levels have been a  
18 major sticking point among opponents of Senate Bill  
19 850, the truth is that due to the influx of Federal  
20 stimulus dollars, K-12 education spending under the  
21 bill has increased by more than \$400 million. As a  
22 result, every school district throughout the  
23 Commonwealth stands to receive a minimum increase of  
24 3.1 percent.

25 Senate Bill 850 also prepares the

1 Commonwealth for the future by maintaining the  
2 current \$750 million Rainy Day Fund. This is  
3 extremely vital to our future prosperity, because the  
4 State will have utilized all of its Federal stimulus  
5 funds by the end of the 2010-11 budget and will  
6 once again be faced with filling a major budget  
7 shortfall.

8 By keeping the Rainy Day Fund intact, the  
9 State will be in a much better position to fill  
10 further budget gaps and stave off future tax  
11 increases that would hinder future economic growth.

12 In short, Senate Bill 850 is an indication  
13 that the Senate has learned from the mistakes of the  
14 past, which have resulted in slow economic growth,  
15 hindering the expansion of business and the creation  
16 of new jobs throughout the Commonwealth.

17 Unlike the errors made in 1991 when tax  
18 after tax was increased to close a budget gap,  
19 Senate Bill 850 presents a fiscally responsible  
20 alternative that will not only help our economy grow  
21 but will help it rebound faster than that of our  
22 neighbors who are considering tax increases as a way  
23 to restore prosperity.

24 In closing, Mr. Chairman, a few weeks ago on  
25 the House floor you stated that you hope this week's

1 hearings on Senate Bill 850 would bring more people  
2 into the process and engage them in a conversation  
3 that would reveal the solution to Pennsylvania's  
4 budgetary crisis.

5 Mr. Chairman, the Manufacturer and Business  
6 Association feels that the solution stands before us  
7 today in the form of Senate Bill 850.

8 While we recognize that Senate Bill 850 cuts  
9 a lot of programs, many of them we would even deem to  
10 be worthwhile, the fact remains that we simply cannot  
11 afford them at this time.

12 The only other alternative would be to  
13 increase taxes by hundreds of millions of dollars, an  
14 alternative that would prove detrimental to our  
15 businesses as well as the State's 12 million-plus  
16 citizens who are already taxed to the max.

17 As a matter of fact, according to the  
18 nonpartisan Tax Foundation, Pennsylvania's residents  
19 are already paying more than 10 percent of their  
20 income in State and local taxes.

21 Additionally, they rank Pennsylvania among  
22 the least competitive States with regard to business  
23 taxes. Such statistics only emphasize the sentiments  
24 expressed by the Senate with the passage of  
25 Senate Bill 850.

1           With this in mind, the Manufacturer and  
2 Business Association feels that Senate Bill 850 is a  
3 responsible, sound, and balanced State budget that  
4 preserves the core governmental functions of the  
5 Commonwealth. We feel it is the right and only  
6 approach able to get Pennsylvania through these  
7 difficult economic times.

8           Therefore, we would ask that you fully  
9 consider supporting Senate Bill 850, or at the very  
10 least, a budget that maintains the Rainy Day Fund and  
11 protects core governmental functions without any new  
12 or increased taxes.

13           Thank you.

14           MS. HOULIHAN: Thank you.

15           Good afternoon, Chairman Evans and Members  
16 of the committee.

17           My name is Mary Houlihan, and I'm the  
18 Licensing Manager here in the Commonwealth of  
19 Pennsylvania for the Knowledge Learning  
20 Corporation.

21           I am happy to appear here before you today  
22 to discuss Senate Bill 850 and its impact on our  
23 youngest learners in the Commonwealth, and I do thank  
24 you for allowing me to speak with you today about  
25 this.

1           The Knowledge Learning Corporation operates  
2 97 child-care centers in Pennsylvania in 18 counties  
3 under the name of the Kinder Care Learning Centers.  
4 All but our newest center participate in the quality  
5 improvement activities through the Keystone STARS  
6 program.

7           Our centers serve 11,000 children from over  
8 6,000 families. I understand that our nation and its  
9 families are facing difficult decisions every day as  
10 we try to recover from the current recession.

11           In addition, I do understand that the  
12 Commonwealth is facing unprecedented fiscal pressure  
13 as the deficit for the current fiscal year continues  
14 to grow and projections for next year look bleak as  
15 well.

16           Given these pressures, it makes sense for  
17 the State to prioritize its budget investments and  
18 try to close the budget gap. With that being said, a  
19 key priority worth of investment in good times or in  
20 bad times is the care and education of Pennsylvania's  
21 young children.

22           Unfortunately, Senate Bill 850 fails to  
23 prioritize children and cuts investments in key  
24 programs, including Child Care Works and  
25 Pre-K Counts. Many children who are served at the

1 Kinder Care Learning Center sites participate in  
2 these programs.

3 I see the benefits these programs provide to  
4 the children, their families, the communities, and  
5 the State.

6 Child Care Works helps parents stay employed  
7 by providing assistance for safe, accessible, and  
8 affordable child care, and let's not forget that  
9 helping people maintain their employment is a key  
10 component of Pennsylvania's economic recovery.

11 Under Child Care Works, parents do share the  
12 cost of child care, paying from a sliding-fee scale  
13 based on income. Working parents may be eligible for  
14 assistance for child-care expenses if they meet  
15 income guidelines.

16 We have a number of centers at which the  
17 vast majority of children are in subsidized care.  
18 Overall, 29 percent of the children served by our  
19 programs receive some support through Child Care  
20 Works.

21 I know very well a young woman who benefited  
22 from Child Care Works. She utilized child-care  
23 subsidies while she maintained a job and advanced her  
24 education. She is proud that Child Care Works helped  
25 her become more self-sufficient.

1           She is now the Director of our Bristol  
2 Kinder Care Center, and she works tirelessly to  
3 provide children and working families the same  
4 opportunities that she had.

5           Compared to the Governor's proposed budget,  
6 Senate Bill 850 cuts State child-care funding by  
7 \$23 million and uses Federal stimulus dollars to  
8 replace State funds. This does pose a problem, as  
9 the American Recovery and Reinvestment Act requires  
10 child-care stimulus dollars to supplement State  
11 funds, not replace them.

12           There are currently more than 16,000  
13 children statewide who are on the subsidized  
14 child-care waiting list. Over 13,000 of the nearly  
15 16,300 children who are on the statewide waiting list  
16 live in the counties in which we operate.

17           The State funding cut in Senate Bill 850  
18 would mean that about 7,700 children from working  
19 families who benefit from child-care assistance would  
20 have to do without, and the waiting list could swell  
21 to nearly 24,000 children.

22           As evidenced by the waiting list, demand for  
23 child-care assistance is at an all-time high.  
24 Efforts should be taken to invest in child care to  
25 help families cope with the recession, stay on the

1 job, and provide a good, safe place for their  
2 children.

3           Instead of cutting the program, State and  
4 Federal funds should be used to cut the waiting list  
5 by half. This investment can help the State's  
6 economy as well.

7           Research shows that for every dollar  
8 invested in Child Care Works and Keystone STARS,  
9 \$2.17 is circulated in the economy.

10           In addition to Child Care Works,  
11 Senate Bill 850 would also cut another valuable  
12 early childhood education program, Pre-K Counts, by  
13 55 percent as compared to the Governor's proposed  
14 budget.

15           This program provides voluntary,  
16 high-quality pre-K to children at risk of education  
17 failure.

18           About 12,000 3- and 4-year-olds are  
19 currently enrolled in the program. We have six sites  
20 that participate in Pre-K Counts, and we serve 80 of  
21 those children.

22           Research shows that children who participate  
23 in high-quality pre-K programs experience fewer grade  
24 retentions, less remediation, higher standardized  
25 test scores, and higher graduation rates.

1 Long-term studies show that every dollar  
2 invested in high-quality pre-K can yield a return of  
3 up to \$16 in reduction expenditures for education,  
4 welfare, criminal justice, and other public spending  
5 and benefits to the child.

6 Research shows that for every dollar in  
7 State funds invested in Pre-K Counts and Head Start,  
8 \$2.10 is circulated in the economy.

9 Just in its second year, Pre-K Counts is  
10 achieving great results. At the end of the 2007-2008  
11 academic year, studies show that nearly 70 percent of  
12 the children who participated in the program showed  
13 age-appropriate skills and behaviors at the end of  
14 the year. Ninety-four percent showed age-appropriate  
15 or emerging-age-appropriate skills and behaviors.

16 Why is this significant? Not every child  
17 that enters kindergarten is ready for school. School  
18 districts must invest significant funds for  
19 remediation and special education to help them.

20 Almost all children entered Pre-K Counts  
21 with at least one risk factor for education failure.  
22 The results demonstrate that the program is working  
23 to help prepare children for their academic careers.

24 I have a picture that I brought for you  
25 today. It is in your packet. This great picture was

1 drawn by Hector, who attends one of our Pre-K Counts  
2 programs in Lancaster. Hector is one of the nearly  
3 12,000 3- and 4-year-olds that has benefited from  
4 Pre-K Counts this year.

5 I have to tell you, I have been in early  
6 childhood education for a long time, 36 years -- I  
7 think that's a long time -- and in those 36 years,  
8 when I see a picture like this, I know why I have  
9 done it and I know why I will continue to do it.

10 Programs like this do make a difference. It  
11 is a program that has good quality early childhood  
12 education in it.

13 As you can see by his drawing, he is  
14 dancing, he is smiling, and he is holding his  
15 friends' hands.

16 I understand that demand for participation  
17 in Pre-K Counts is high. At the beginning of the  
18 current academic year, providers reported waiting  
19 lists of more than 3,500 children.

20 Five of our Pre-K Counts sites have waiting  
21 lists of nearly 60 children. We even fielded  
22 20 inquiries at one of our centers, at the Lancaster  
23 center, that doesn't even have a program there.

24 We know that more children can be reached by  
25 the program, while over 57 percent of our 3- and

1 4-year-olds live in families with incomes below  
2 300 percent of the Federal poverty level. Just  
3 35 percent have access to high quality  
4 publicly-funded pre-K.

5 As a high-quality program, Pre-K Counts  
6 holds the promise of both short-term and long-term  
7 returns on the Commonwealth's investment.

8 Senate Bill 850 would shut 6,500 children out of the  
9 program and the prospective returns for those young  
10 learners and their schools and communities will be  
11 lost forever.

12 Pre-K Counts should not be slashed.  
13 Instead, it should be grown to serve an additional  
14 thousand children statewide.

15 I do know that difficult times involve  
16 difficult decisions. Investing in our future by  
17 investing in our children should not be a difficult  
18 decision. It should be easy. Investing in children  
19 is an investment in our future workforce.

20 I do respectfully ask that you oppose the  
21 cuts to Child Care Works and Pre-K Counts in  
22 Senate Bill 850 and support prioritized investments  
23 to cut the subsidized child-care waiting list in half  
24 and allow an additional 1,000 young learners to  
25 participate in Pennsylvania Pre-K Counts.

1 Thank you very much.

2 MS. BALKA: Good afternoon.

3 My name is Christie Balka, and I'm the  
4 Director of Child Care and Budget Policy for Public  
5 Citizens for Children and Youth.

6 First, I want to thank you for devoting the  
7 first few hours of your holiday weekend to these  
8 important hearings and just let you know by way of  
9 background that PCCY is southeastern Pennsylvania's  
10 leading child advocacy organization, working to  
11 improve the lives and life chances of nearly a  
12 million children who live in Bucks, Chester,  
13 Delaware, Montgomery, and Philadelphia Counties.

14 Since PCCY was founded more than a quarter  
15 century ago, we have rarely seen a budget that would  
16 be as harmful to Pennsylvania's children and families  
17 as Senate Bill 850.

18 This budget was approved by a straight  
19 party-line vote. The problem with legislation of  
20 this kind is that it treats important matters like a  
21 game. Those who are impacted the most are rarely  
22 asked to play.

23 Senate Bill 850 reflects a deep lack of  
24 concern for children, families, and the future of the  
25 Commonwealth. It would deprive nearly 20,000

1 children who currently receive early childhood  
2 education of services beginning July 1.

3 It would cut proven investments in  
4 Head Start, which already sustained a cut in the  
5 current fiscal year, and it would cut Pre-K Counts  
6 in half.

7 From the Warwick Child Care Center in  
8 Chester County to the Delaware County Intermediate  
9 Unit to the School District of Philadelphia, which  
10 has 1,300 children on the Head Start waiting list  
11 this year, educators don't know how they will meet  
12 the need if these programs are cut.

13 Senate Bill 850 would also increase the  
14 waiting list for Child Care Works, as you just heard,  
15 the State's child-care subsidy program.

16 As of March 31, 16,000 children were on the  
17 waiting list, approximately half of them from the  
18 five southeastern Pennsylvania counties.

19 It's important to note that 43 percent of  
20 Pennsylvania's counties had waiting lists of 6 to  
21 12 months. The map included in my written testimony  
22 shows that these children are from rural, urban, and  
23 suburban areas throughout the State. They are not  
24 only from southeastern Pennsylvania.

25 Senate Bill 850 would supplant child-care

1 funds, State child-care funds, with Federal economic  
2 stimulus funds, violating a key provision of the  
3 American Recovery and Reinvestment Act and placing  
4 \$60 million in Federal funds at risk.

5 In addition to slashing early care and  
6 education programs that show excellent results,  
7 Senate Bill 850 would end health coverage for  
8 12,000 children currently enrolled in the Children's  
9 Health Insurance Program, and it would prevent  
10 24,000 more children from receiving benefits as their  
11 families face anticipated economic hardships over the  
12 next year.

13 Since the early 1990s, Pennsylvania has  
14 provided increasing numbers of children with health  
15 insurance, and as you know, we are praised throughout  
16 the country for our Cover All Kids program.

17 Senate Bill 850 would deny health care to  
18 children in the midst of the worst recession in  
19 80 years. Like cutting investments in early care and  
20 education, cutting children's health insurance will  
21 cost the public billions of dollars more in the long  
22 run.

23 Senate Bill 850 will stall the progress of  
24 Pennsylvania's children and strain taxpayers in other  
25 ways as well.

1           Last year, the General Assembly approved a  
2 new formula for the State's basic education subsidy  
3 that would enable every school district to achieve  
4 funding at adequacy and improve educational quality  
5 over the next 6 years.

6           With the first installment of new funds,  
7 districts have been able to reduce class size,  
8 provide full-day kindergarten, improve teacher  
9 quality, and strengthen the curriculum over the last  
10 year. But Senate Bill 850 would deny schools the  
11 second installment of this funding next year.

12           It's worth noting that the largest portion  
13 of Federal stimulus funds for education, the State  
14 Fiscal Stabilization Fund, was explicitly designed to  
15 drive these reforms.

16           The legislation outlines a number of  
17 priorities, including phasing in State equity and  
18 adequacy adjustments. However, Senate Bill 850 would  
19 deny school districts the increase that they were  
20 promised and stall Pennsylvania's move toward funding  
21 adequacy. It would limit our ability to provide  
22 every child with the kind of education that makes  
23 Pennsylvania competitive.

24           PCCY urges the General Assembly to pass a  
25 budget that includes the \$418 million initially

1 committed to school districts as the second  
2 installment of the plan for funding adequacy.

3           The American Recovery and Reinvestment Act  
4 was designed to make this possible. If not used for  
5 this purpose, school districts will be forced to  
6 either cut programs or raise taxes to make up for the  
7 loss of anticipated funds.

8           In addition to these cuts, Senate Bill 850  
9 reduces the State's library budget by half, it  
10 eliminates the proposed increase to community college  
11 operating budgets, and it reduces funds for already  
12 cash-strapped community-based mental health services,  
13 which families turn to in greater numbers during  
14 periods of economic stress.

15           In sum, this budget proposal represents a  
16 broad-based attack on children and families of  
17 Pennsylvania. It's an effort to defer critical  
18 investments in early education, children's health,  
19 education, and social services until the future when  
20 they will only cost taxpayers more.

21           PCCY urges the General Assembly to pass the  
22 budget that has been on the table since February and  
23 to cut the Child Care Works waiting list in half.  
24 Federal support will allow us to keep our commitments  
25 over the next 2 years while the Pennsylvania economy

1 recovers.

2 We ask that you not turn your back on  
3 children and families of Pennsylvania as  
4 Senate Bill 850 would.

5 MS. SEDOR: Good afternoon.

6 I'm Gabrielle Sedor. I'm with PAR, the  
7 Pennsylvania Association of Resources for Autism and  
8 Intellectual Disabilities.

9 Thank you, Chairman Evans and Members of the  
10 committee, for the opportunity to talk with you today  
11 about Senate Bill 850 and the development of the  
12 State budget for fiscal year 2009-2010.

13 PAR is the only statewide provider  
14 association in the Commonwealth dedicated exclusively  
15 to intellectual disabilities, also known as mental  
16 retardation, and autism.

17 PAR members provide over \$1.4 billion in  
18 mental retardation services and supports in  
19 Pennsylvania. Our members provide the full range of  
20 supports and services to more than 46,000 individuals  
21 with mental retardation, including about 8,000  
22 children and adults living with autism.

23 We provide these services in over  
24 7,800 locations in every county across the  
25 Commonwealth, in addition to providing numerous

1 nonresidential and in-home supports.

2           You've had a really long day, so I will be  
3 very brief.

4           We don't underestimate the significant task  
5 ahead of you: structuring a budget that is good for  
6 Pennsylvania, its economy, and its citizens,  
7 particularly its most vulnerable.

8           How do you stimulate the economy in  
9 Pennsylvania? By creating and preserving jobs,  
10 preventing crime and homelessness, and drawing down  
11 Federal dollars.

12           Putting dollars into mental retardation and  
13 autism services does all of these, perhaps more than  
14 any other single action you can take to stimulate the  
15 economy.

16           Organizations in PAR provide jobs for  
17 over 30,000 individuals. We estimate that every  
18 \$100 million into MR services equals about  
19 3,000 jobs, jobs that require personal contact and  
20 connections.

21           Community services by their very nature are  
22 staff intensive and rely upon a workforce that cannot  
23 be replaced by computers, cannot be outsourced  
24 overseas. These are the kinds of jobs that  
25 Pennsylvania needs to increase and to improve its

1 economy.

2           Yes, some of these are low-paying jobs, but  
3 this means more people are put to work. These jobs  
4 support people who are the most vulnerable, and  
5 through this work, those individuals are kept from  
6 being homeless, some of them from going to prison.  
7 This work gives people a chance at a good life.

8           People with autism or mental retardation  
9 have few options without your support. Mental  
10 retardation services rely on one funder, and that is  
11 you.

12           Nearly all of the money used for these  
13 services is spent on the preservation and creation of  
14 jobs to support these individuals, many of whom are  
15 then able to become workers and taxpayers themselves.

16           By adequately funding mental retardation and  
17 autism services, you get jobs, you help people, you  
18 draw down more than dollar for dollar in Medicaid  
19 funds. What more could you ask for?

20           We know we have a problem financially in the  
21 world, in the United States, and here at home in  
22 Pennsylvania. Community mental retardation and  
23 autism services are part of the solution for  
24 Pennsylvania. We are a key to creating sustainable  
25 jobs -- our mutual goal.

1           Thanks very much.

2           MAJORITY CHAIRMAN EVANS: Thank you.

3           MS. FILIPI: Good afternoon.

4           MAJORITY CHAIRMAN EVANS: Good afternoon.

5           MS. FILIPI: I'm just here to speak for a  
6 very brief period. I did address this group in late  
7 February about the elimination of the museum  
8 assistance line item in Governor Rendell's proposed  
9 budget.

10           Senate Bill 850 takes funding away for the  
11 remaining museums in Pennsylvania. That would be the  
12 nine nonpreferred museums that are funded through the  
13 PHMC and also for art museums that are funded through  
14 the Pennsylvania Council on the Arts.

15           Needless to say, I urge you to restore  
16 funding for museums in Pennsylvania.

17           I submitted written testimony that  
18 represents a statement from myself and from my  
19 colleague, Richard Burkert, who will speak after me.  
20 And I just wanted to briefly say that within that  
21 written testimony, there is a possible solution to  
22 some of the museum funding issues.

23           So I'm going to turn this to Richard Burkert  
24 to talk about his own museum. In fact, he runs  
25 several museums in Johnstown. He is the

1 Executive Director of the Johnstown Area Heritage  
2 Association, and he has received funding for many  
3 years from the PHMC grant program.

4 Richard is also the Chair of the  
5 Pennsylvania Coalition of Independent Museums,  
6 which is a museum advocacy group. So this is  
7 Richard Burkert.

8 MR. BURKERT: Thank you for that  
9 introduction.

10 Mr. Chairman and Committee Members, as  
11 Mrs. Filipi indicated, we are here to make the case  
12 for museums, and particularly the museum assistance  
13 line item, the main grant source for history museums,  
14 science museums, children's museums, arboreta. A  
15 variety of museums receive general operating support  
16 through the Pennsylvania Historical and Museum  
17 Commission.

18 As was indicated, that was zero funded in  
19 the Governor's budget, and we have sort of notched up  
20 the level of damage in the Senate budget by  
21 eliminating funding to the nonpreferreds and art  
22 museums funded through the Pennsylvania Council on  
23 the Arts.

24 We have, in the museum community, been  
25 concerned about museums being funded out of several

1 different pots and, you know, the issues of parity.  
2 And we have finally apparently achieved parity, but  
3 at the zero level, and we want to argue that that's a  
4 shortsighted policy that could create, I think, a lot  
5 of difficulties in Pennsylvania communities.

6           Museums, and I listened to a lot of really  
7 moving testimony about human needs today, but museums  
8 play an important role in successful communities  
9 across Pennsylvania.

10           They are partners in education. They are  
11 cornerstones in community revitalization and economic  
12 development. They depend on outside support from  
13 charitable contributions and grants.

14           They create a lot of benefits, particularly  
15 through the tourism economy. But most of the money  
16 from that industry doesn't go to museums; it goes to  
17 other parts of that economy -- restaurants, lodging.

18           You know, tourism, of course, is  
19 Pennsylvania's second largest industry, but museums  
20 consistently need a level of write-down, and cuts to  
21 museum assistance programs are currently right when  
22 the private sector, which is the main reliance for  
23 museums, is also experiencing difficulty and  
24 significantly cutting back their support.

25           I know in the case of my museum, we have

1 enjoyed operating support from the Pennsylvania  
2 Historical and Museum Commission since 1996. It  
3 reached a height in 2004-05 when we received  
4 8 percent of our budget.

5           The current year, it's down to under  
6 2 percent of our budget, largely because the State  
7 funding has been decreased in recent years and the  
8 number of applicants has increased significantly.  
9 One hundred eighteen institutions across Pennsylvania  
10 received direct grants to sustain their programs and  
11 operations.

12           Now, certainly you have heard, you know, an  
13 array of testimony today about needs in Pennsylvania,  
14 and you are faced with dealing with deficits. And I  
15 understand the difficulty of, you know, meeting all  
16 these priorities. We do, however, want to suggest  
17 that this is an opportunity to reform museum funding  
18 and throw a lifeline to museums at the same time the  
19 State can save money.

20           The way museums are funded, you know, right  
21 now is a hodgepodge of funding sources based on  
22 discipline and agency. A lot of it depends on  
23 embedded funds and line items that are scattered  
24 throughout the budget.

25           And we have analyzed this, and we think a

1 far more fair, equitable way of supporting museums  
2 and one that is also good policy is to establish a  
3 formula grant program, and we are recommending a  
4 3-percent formula grant program be considered. We  
5 believe that if this is looked at closely, that it  
6 will save the Commonwealth money.

7           At a time that museums are gasping, you  
8 know, for air, our concern in the museum community is  
9 there has been really a proliferation of these  
10 institutions in the last 25 years, and not all of  
11 them are going to make it, that as they fail, it will  
12 have an effect on the quality of life in communities  
13 across Pennsylvania.

14           You also have a variety of really difficult  
15 issues to deal with. As institutions seesaw  
16 operations, we'll have to look at the problem of how  
17 you dispose of valuable collections that are housed  
18 in public trust for the whole Commonwealth.

19           So that again, the situation of museums is  
20 I think, you know, at kind of a low point right now.  
21 We need help. And if you're not ready to look at the  
22 big leap to reforming museum funding, we would  
23 respectfully request that you would consider  
24 reinstating the museum assistance line item at the  
25 \$5 million level.

1 Thank you.

2 MS. OTERO CRUZ: Buenas tardes. Good  
3 afternoon.

4 My name is Joanna Otero Cruz. I am the  
5 Director of Family and Behavioral Health Services at  
6 Congreso de Latinos Unidos, a division of health  
7 promotion and wellness.

8 Congreso is a community-based organization  
9 in North Philadelphia that strengthens Latino  
10 communities through social, economic, education, and  
11 health services, leadership development, and  
12 advocacy.

13 We thank you, Mr. Chairman Dwight Evans,  
14 Members of the House of Representatives, and other  
15 elected officials listening to our comments and  
16 concerns with the proposed Senate Bill 850 and the  
17 Commonwealth's budget for fiscal year 2010.

18 Most recently, I met a male client, a  
19 59-year-old from Ecuador, but who has lived in  
20 Philadelphia for more than 35 years.

21 He informed me that he had been laid off.  
22 He worked at a very well known corporate entity in  
23 Philadelphia for over 25 years.

24 While he had 15 years of sobriety, he  
25 relapsed and was seeking help. He continued to speak

1 of his distress and lack of motivation and the need  
2 to see a therapist and/or counselor, as he was sure  
3 he did not want to go down the path of where he once  
4 was drinking as well as using drugs. However, with  
5 little to no savings and now no medical coverage, he  
6 was finding it difficult to find help.

7 After quickly reviewing his household income  
8 information, despite expenses, it was clear he would  
9 not qualify for Medical Assistance, hence unable to  
10 receive drug and control and/or mental health  
11 services.

12 This is one man's story. At Congreso's  
13 Behavioral Health Services Department, we provide  
14 services to about 400 clients a year and about  
15 30 percent do not meet the eligibility criteria for  
16 Medical Assistance as it stands. Moreover, clients  
17 are not eligible to pay or able to pay our self-pay  
18 fees.

19 There are existing gaps in our current  
20 behavioral health system, creating barriers to  
21 clients accessing services. The budget cuts proposed  
22 in Senate Bill 850 and the Commonwealth's budget for  
23 fiscal year 2010 will only exacerbate and/or  
24 intensify these barriers.

25 In addition, the impact on a smaller

1 provider like Congreso, serving a language and  
2 cultural minority community, is perhaps hardest  
3 hit.

4           Since 75 percent of our program's costs are  
5 personnel, cuts mean loss of staff, which means  
6 putting the cost of the cutbacks on the State in the  
7 form of unemployment compensation, TANF, Medical  
8 Assistance requests, uninsured hospital emergency  
9 visits, medical care, and behavioral health problems  
10 that will spiral from job loss.

11           Proposed cuts in Senate Bill 850 and the  
12 Commonwealth's budget for fiscal year 2010 means  
13 program cuts that would directly impact the most  
14 vulnerable.

15           Just to name a few, cuts in BHSI will  
16 eliminate services to an additional 3,000 individuals  
17 in Pennsylvania; reduces the community medical health  
18 allocation by \$10 million and eliminating additional  
19 services to another 4,100 Pennsylvanians; reduces  
20 funding in the Department of Public Welfare, which in  
21 turn will affect programs providing services to the  
22 Commonwealth's most vulnerable citizens, including  
23 seniors, the disabled, and the chronically ill.

24           In summary, we acknowledge the process that  
25 the economic crisis has put on the budgeting process,

1 and we understand that the budget decisions in these  
2 trying times are very difficult.

3 Unemployment and the stressors of tough  
4 economic conditions will greatly multiply the need  
5 for behavioral health services. Keeping people  
6 working, producing, and spending money is exactly  
7 what is needed for the economic stimulus, as my peer,  
8 Tim, likes to say, which I totally agree with.

9 Thank you for your time today and your  
10 vested interest to ensure the well-being of men,  
11 women, children, and families in the Commonwealth of  
12 Pennsylvania.

13 MS. TOLER: Good afternoon.

14 I'm Sonya Toler, the Executive Director of  
15 the Governor's Advisory Commission on African  
16 American Affairs.

17 I was sitting here in the audience this  
18 morning and I happened to check the agenda and saw my  
19 name on it, and I said, oh, my goodness, I better  
20 prepare some comments. I have no idea how I showed  
21 up on that list, but I am grateful for the  
22 opportunity to talk with you about my concerns  
23 concerning Senate Bill 850.

24 This legislation is bad for Pennsylvania.  
25 It makes deep cuts without regard to the hurt and the

1 pain that it will cause to Pennsylvanians.

2 It also eliminates the Governor's Advisory  
3 Commission on African American Affairs, which, of  
4 course, I can't be happy about. I much prefer the  
5 proposal in House Bill 1416.

6 But eliminating this commission along with  
7 the commissions for women, Latinos, Asian-Americans,  
8 it sends a clear message to those constituents, a  
9 message that devalues them as citizens of this  
10 Commonwealth.

11 In a nutshell, the African American Advisory  
12 Commission is on a mission to educate and to be an  
13 advocate for Pennsylvania's nearly 1.3 million  
14 African-Americans and its 300,000 African and  
15 Caribbean immigrants.

16 This is something we do through partnerships  
17 with community organizations and State agencies. For  
18 example, last year, in conjunction with the  
19 Department of State, we registered nearly 300 new  
20 voters. That was in the season for the fall  
21 election.

22 This year, instead of focusing on  
23 registration, we held educational forums throughout  
24 Philadelphia where voters got a chance to speak  
25 directly with candidates for district attorney,

1 controller, and several judicial seats.

2 In conjunction with a major pharmaceutical  
3 company and the Legislative Black Caucus, we have  
4 also held two health-care disparity forums, one in  
5 Philadelphia -- or the Chester area; forgive me -- on  
6 mental health, and one in Pittsburgh on  
7 cardiovascular disease, in which we made  
8 recommendations that were given to both the  
9 Department of Health and to the Legislature.

10 We have also visited about six cities in the  
11 Commonwealth, speaking with seniors and their  
12 caregivers about services provided to them through  
13 the Department of Aging.

14 It is amazing as I travel throughout the  
15 Commonwealth to find out how many people don't know  
16 what the Commonwealth does or what it provides for  
17 them.

18 We have also been a very focal advocate in  
19 Washington, DC, on the issue of sickle cell, victims  
20 of violence, and people who suffer workplace  
21 discrimination, and we are always working to support  
22 our small businesses. As you all know, they are the  
23 economic engines of this Commonwealth.

24 But the quality of our education system is  
25 also intertwined with the success of Pennsylvania's

1 economy. That is why the commission is deeply  
2 disturbed by this Senate budget.

3           Instead of assisting Pennsylvanians in  
4 recovering from economic challenges, Senate Bill 850  
5 eliminates \$418 million in basic education funding.

6           It eliminates \$317 million in Federal  
7 stimulus State Fiscal Stabilization Fund grants.

8           It takes \$730 million in State funding out  
9 of the basic education subsidy.

10           It reduces Pre-K Counts from \$95 million to  
11 \$43 million, and you have heard testimony already on  
12 all of these topics.

13           We cannot improve our economy if we are  
14 cutting the basic investment that will drive the  
15 economy in the future.

16           Senate Bill 850 is wrong for Pennsylvania  
17 because it eliminates funding for AIDS research,  
18 trauma centers, the arts, organ donor awareness,  
19 cancer research facilities, and children's hospitals.

20           Senate Bill 850 is wrong for Pennsylvania  
21 because it cuts child-care assistance funds by  
22 \$12 million, including 3,397 subsidy slots expected  
23 as a result of increased TANF caseloads.

24           It will cut the Children's Health Insurance  
25 Program by \$7.7 million.

1           It cuts Medical Assistance that would  
2 jeopardize Pennsylvania receiving \$4 billion worth of  
3 Federal stimulus money.

4           Senate Bill 850 is wrong for Pennsylvania  
5 because it calls for \$4.7 million in reductions in  
6 evidence-based prevention and intervention programs;  
7 \$3 million for research-based violence prevention  
8 programs; and \$3.13 million in State support for the  
9 Weed and Seed Program.

10           These actions mean fewer support services  
11 available for at-risk youth and their families; an  
12 alarming increase in problem and risk behaviors among  
13 youth; and ultimately, more youth entering our  
14 already stressed criminal justice system.

15           I could go on and on, but 2 weeks ago I  
16 couldn't talk because I was very sick, and I'm  
17 starting to lose my voice now. But I will bring my  
18 comments to a close by saying this:

19           Many residents are looking to the House,  
20 particularly this committee, to prevent the Senate's  
21 harsh cuts to Pennsylvania and put Pennsylvania back  
22 on track toward an economic growth that can be shared  
23 among all residents, be they African-American,  
24 Latino, Asian, man, woman, child, young or old.

25           Thank you for listening.

1 MS. DALEY: Good afternoon.

2 I'm Cindy Daley, Policy Director of the  
3 Housing Alliance of Pennsylvania.

4 Thank you for holding this hearing on the  
5 effects of the potential budget cuts on the lives of  
6 Pennsylvanians -- taxpayers who look to the State  
7 Government to help in these difficult times.

8 We know you have heard about many worthy  
9 programs yesterday and today and you have difficult  
10 decisions to make. None of us here envy you. But at  
11 the Housing Alliance, we appreciate the opportunity  
12 to talk with you about the impact of the State's  
13 investment in the housing market.

14 If the connection between a healthy housing  
15 market and a healthy economy was not clear before  
16 last year, it is certainly clear now. Housing  
17 construction, rehabilitation, and repairs create  
18 jobs.

19 According to the newly-released study  
20 *Rebuilding Pennsylvania's Housing Market*, which you  
21 now have a copy of, every \$10 million invested in  
22 housing construction, rehab, or repairs creates as  
23 many as 200 jobs and generates approximately  
24 \$1.16 million in State tax revenue.

25 The Housing and Redevelopment Assistance

1 Program, the New Communities programs -- Main Street,  
2 Elm Street, Enterprise Zones -- that are run by the  
3 Department of Community and Economic Development  
4 provide just such an investment. This is the wrong  
5 time to cut programs that support our State and local  
6 economies.

7           What is a healthy housing market? In our  
8 view, it's a market that supplies choices, including  
9 market rate home ownership, low-cost home ownership,  
10 market rate rental opportunities, low-cost rentals,  
11 and supportive housing.

12           When there is an imbalance in the housing  
13 market, as there has been for the last decade with  
14 too many expensive homes being built, the market  
15 cannot sustain itself.

16           We believe that if you work hard and play by  
17 the rules, you should be able to afford a decent home  
18 for your family. But over the past decade, the  
19 supply of homes affordable to lower-wage workers and  
20 people on fixed incomes has dwindled.

21           As a result, some people bought homes they  
22 could not afford. Others got on waiting lists for  
23 subsidized homes in the hopes of finding a place that  
24 they could afford. Statewide, there are more than  
25 90,000 households on waiting lists for public housing

1 and rental vouchers.

2           Some people ended up in nursing homes,  
3 others became homeless. As a Commonwealth, we need  
4 to do much more to address the imbalance in the  
5 marketplace.

6           Certainly we need to maintain the level of  
7 investment we are currently making, which is not  
8 great. Housing and Redevelopment Assistance received  
9 \$34 million last year; New Communities I think was at  
10 \$18 million. They are not large sums, but they are  
11 important.

12           In 2007, the HRA Program assisted 5,397  
13 homes across the State. So far for 2008 -- I realize  
14 it's 2009 now, but not all of the funds have been  
15 contracted yet for last year -- HRA has assisted  
16 1,859 homes.

17           In addition, the program created 1,076 jobs  
18 in 2007 and retained another 651. So far, with 2008  
19 funds, 1,179 jobs have been created and another  
20 49 retained.

21           These figures represent permanent jobs. The  
22 numbers do not include the many construction jobs  
23 that are also created.

24           There are shovel-ready projects across  
25 Pennsylvania ready to create more affordable homes

1 and put more people to work but for the funding  
2 needed to move forward. HRA and New Communities are  
3 crucial to the health of our communities.

4           Because of the economic crisis, many  
5 families find themselves facing foreclosure or  
6 eviction. Some of them will become homeless, joining  
7 the 15,000 Pennsylvanians who are without a home on  
8 any given day. Yet, Senate Bill 850 proposes to cut  
9 programs that prevent foreclosures, evictions, and  
10 homelessness.

11           If these cuts are allowed to go into effect,  
12 not only will there be a tremendous cost to the  
13 families involved, there will also be a cost to the  
14 State. It is much cheaper to prevent homelessness  
15 than to deal with its aftermath.

16           The old adage, which you have heard here  
17 before, "pennywise, pound foolish," certainly applies  
18 to proposed cuts to the Homeowners Emergency Mortgage  
19 Assistance Program, known as HEMAP, Homeless  
20 Assistance, and Legal Services.

21           You are probably most familiar with HEMAP.  
22 Since its inception in 1983, HEMAP has helped well  
23 over 40,000 families avoid foreclosure. Families in  
24 every county have benefited from this  
25 nationally-recognized program.

1           Prior to the economic downturn that started  
2 last summer, HEMAP was receiving approximately 800 to  
3 900 applications a month. Now they are receiving  
4 about 1,400.

5           The \$11 million that was allocated to the  
6 program for the current fiscal year was not enough.  
7 Governor Rendell recently transferred an additional  
8 \$5 million to HEMAP to help homeowners who have lost  
9 their jobs. Yet Senate Bill 850 takes the  
10 \$11 million in the Governor's proposed 2009-10  
11 budget, already too small a number, and cuts it by  
12 10 percent.

13           Homeless Assistance funds are also designed  
14 to keep people in their homes, providing, for  
15 example, a month's rent or, when a family is forced  
16 to move, a security deposit.

17           Even in good times, the funding runs out  
18 midyear. This year, it is especially important to  
19 preserve funding for the program.

20           Similarly, the Pennsylvania Legal Aid  
21 Network helps thousands of families protect their  
22 homes. The intended cost savings from eliminating  
23 funding for legal services will result in larger  
24 costs through programs that try to pick up the pieces  
25 of broken lives.

1 Families who do lose their homes to  
2 foreclosure will find what thousands of  
3 Pennsylvanians already know: Living in homes that  
4 are unaffordable or living in substandard housing or  
5 in emergency shelters have impacts far beyond housing  
6 costs.

7 Studies have shown that living in  
8 substandard housing increases health risks. A recent  
9 study from North Carolina documented the cost, both  
10 direct and indirect, of treating health problems  
11 related to substandard housing at \$95 million a year  
12 in a State two-thirds the size of Pennsylvania.

13 Children who move three or more times during  
14 a school year fall behind their classmates. Not only  
15 do they not progress at grade level, they actually  
16 lose ground.

17 During the 2006-07 school year, Pennsylvania  
18 school districts provided special services to almost  
19 13,000 homeless children. So as we look for ways to  
20 improve education, doesn't it make sense to make sure  
21 that children have a stable home from which to go to  
22 school?

23 Then there are people living in nursing  
24 homes simply because they have no affordable place in  
25 which to move. Individuals with disabilities living

1 on SSI have been forced through lack of choice in the  
2 marketplace to go into a nursing facility.

3 It costs the State four times as much to  
4 keep someone in a nursing home as it would to provide  
5 rental assistance so the individual could find a home  
6 in the community of his choice.

7 These are the costs of doing nothing -- the  
8 costs the Commonwealth incurs for not making a  
9 sufficient investment in the housing market.

10 With the cuts proposed in Senate Bill 850,  
11 we would have these costs and more. We would be  
12 sustaining the recession rather than taking steps to  
13 shorten it.

14 We would be ignoring potential revenue  
15 gains, and we would be turning our backs on families  
16 who need help.

17 We understand that there is a huge deficit  
18 that needs to be addressed. We have heard it said  
19 that Senate Bill 850 is a responsible budget and that  
20 we need to live within our means.

21 I know that if I found myself with a drop  
22 in income, I would not only tighten my budget, I  
23 would be looking for a higher-paying job or a second  
24 job.

25 It simply is not good enough to sit back and

1 say, we don't have enough. The State must act  
2 responsibly and look for additional sources of  
3 revenue.

4 Some sources that should be considered are a  
5 severance tax on gas drilling, a tax on smokeless  
6 tobacco, closing corporate loopholes, and the  
7 Rainy Day Fund.

8 If the State fails to act responsibly, local  
9 governments will be forced to raise taxes to fill the  
10 gaps. Senate Bill 850 is not a no-tax budget. It  
11 will force that decision on down the line.

12 Thank you again for this opportunity to  
13 address our concerns, and we are available and happy  
14 to work with you moving forward to address the  
15 State's problems.

16 MAJORITY CHAIRMAN EVANS: One, I would like  
17 to again thank all of you for what you do every  
18 single day for the various groups that you may work  
19 for, just being good citizens of the Commonwealth of  
20 Pennsylvania. We really appreciate that.

21 We know we have to work together. This is  
22 just the beginning of the process. It seems like I  
23 have been saying that since February 6.

24 This is just the beginning. We've got a  
25 long beginning, but we just got to work together.

1           We are going to get through this. It's a  
2 little challenging, but, you know, I believe in  
3 challenges, and we are very optimistic that we will  
4 work together bipartisanly to make this happen.

5           Again, thank you for spending the time with  
6 us today. Thank you very much.

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8           (The hearing concluded at 5:15 p.m.)

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1           I hereby certify that the proceedings and  
2 evidence are contained fully and accurately in the  
3 notes taken by me on the within proceedings and that  
4 this is a correct transcript of the same.

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Debra B. Miller, Reporter

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