

CAPITOL REPORT

from
Rep. Paul Semmel



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SPECIAL EDITION PA BUDGET CRISIS

MAY 1991

Dear Neighbors:

As a member of the House Appropriations Committee, and more importantly as your elected representative, it is of utmost importance that I provide you with up-to-date information on our looming budget crisis.

By now, I'm sure that all of you are aware of the commonwealth's fiscal problems and of the governor's proposal to place the burden of balancing his budget squarely on the shoulders of taxpayers and businesses. Through raising everyone's taxes and imposing clandestine increases on fees for such things as birth and death certificates the governor hopes to bring years of his fiscal mismanagement under control.

When this governor took office he enjoyed a fiscal surplus of more than \$350 million. Less than six years later, the state is operating in the red and is facing a budget short-fall of \$2 billion. Imagine if we, as individuals, ran our household budgets the way the governor has managed the state's budget, we would lose our homes, our property and our pride.

Pennsylvania, who less than a decade ago was proud of its prestigious national economic standing, now stands ashamed in the light of a recent report ranking the Keystone state among the top ten states with unfair tax rates. Our commonwealth has unfortunately earned the dubious distinction unfairly taxing its poor citizens. And now, to add insult to injury, the governor is planning to place additional taxes on those who can least afford to pay.

Enough is enough. We must return this state to the well-oiled fiscal machine that it once was. But in order to do that, we must work together to combat the governor's tax increases.

That is why I am providing you with this newsletter. It is a special edition that will give you an idea of what the governor is really proposing to do and will arm you with the information that is necessary to fight this tax increase. I plan to oppose any such tax increase. But I need your help. You too, must voice your outrage to the governor. After all, it is only through speaking out and through action that we together can make a difference.

As always, if you have any suggestions or ideas concerning the budget or any other state legislative matter, please do not hesitate to contact my office.

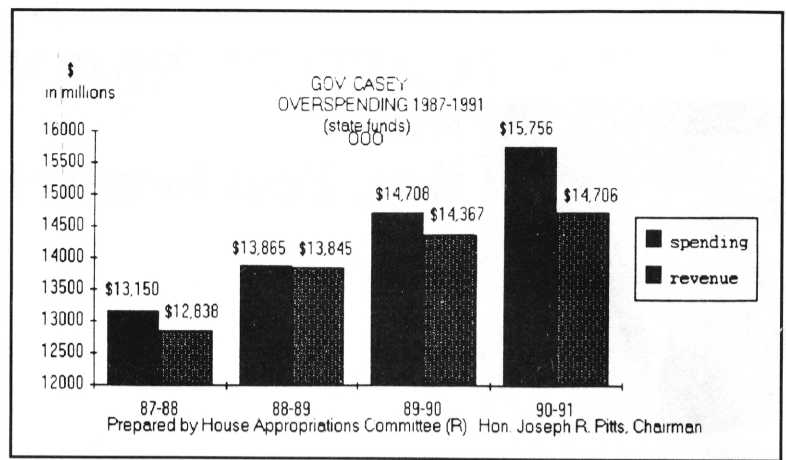
Sincerely,

Paul Semmel
PAUL SEMMEL

WHAT CAUSED THE BUDGET CRISIS?

Gov. Casey began his administration with a \$348 million surplus left to him by the former Thornburgh Administration. Each fiscal year thereafter, beginning with 1987-88 and including the current fiscal year, the Casey Administration overspent state revenues. The cumulative total exceeds \$1.7

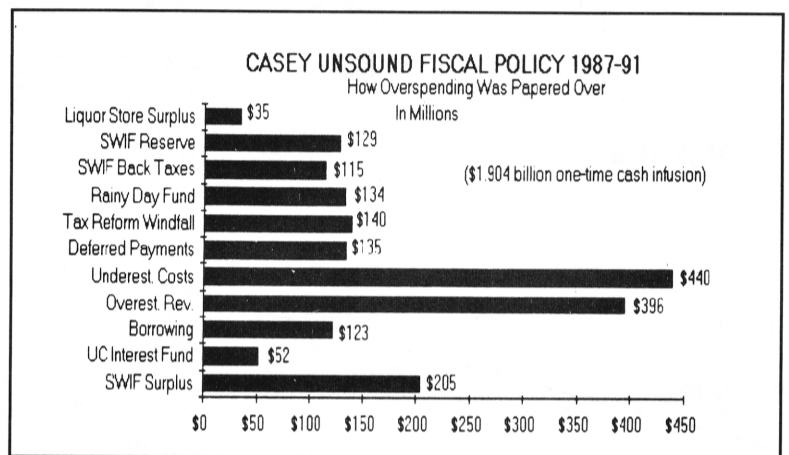
billion. Thus, Gov. Casey not only spent every dime of the surplus left to him but spent substantially more in state dollars than were available from state revenues. The total amount tops two billion dollars. In the light of the governor's claims of frugality, it is interesting to note that spending for his own office has risen 93 percent in the last five years compared to the cumulative inflation rate of 22 percent.



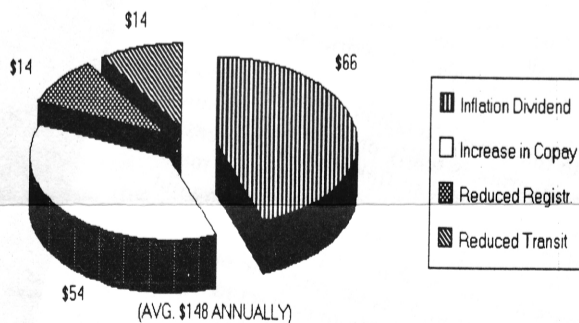
HOW WAS THE OVERSPENDING PAID FOR?

Gov. Casey was unwilling to rein-in this uncontrolled spending spiral, and used fiscally questionable means to make up the widening gap between permanent spending and revenue growth. For instance, he raided the State Workers Insurance Fund (SWIF) surplus for \$205 million, incurred \$123 million

in public debt to pay for daily government operations, overestimated revenue by at least \$396 million, and underestimated welfare program costs by \$440 million. In addition, he used an accounting procedure to shift payment of \$135 million due to the School Employees Retirement System from last fiscal year to this fiscal so that the state's books would appear to be balanced. It constitutes the worst form of fiscal policy to pay for permanent spending increases with one-time infusions of cash, leaving a gaping deficit to be filled by higher taxes.



GOV. CASEY'S INCREASED COSTS TO SENIOR CITIZENS

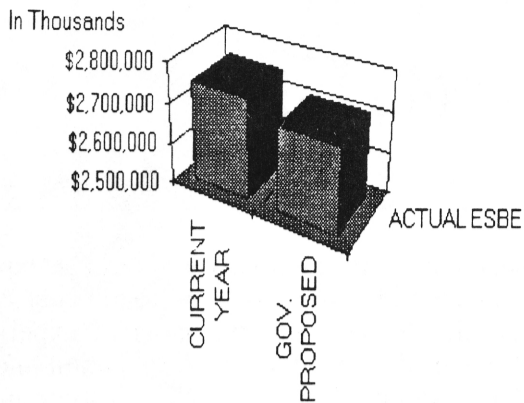


CASEY/SINGEL BUDGET CUTS DEVASTATING

Contrary to his budget rhetoric, Gov. Casey's proposals will cost Pennsylvania's elderly citizens precious dollars that many of them can ill-afford to lose. For instance, the governor wants to increase from \$4 to \$6 the co-payment for prescription drugs for nearly half-a-million seniors who participate in the PACE program, an average cost of \$54 per person per year. In

addition, he has called for the elimination of the Property Tax and Rent Rebate Inflation Dividend, which by the administration's own estimate will cost the average participating senior citizen \$66 per year. The governor proposed to slash \$35 million from the Free Transit and Shared Ride programs as well as eliminate nearly three million dollars in state subsidy for reduced vehicle registration fees for the elderly, costing an additional \$14 per year per vehicle. For hundreds of thousands of participating senior citizens, Gov. Casey's proposed changes could drain their yearly budgets by an estimated average of nearly \$150 per year.

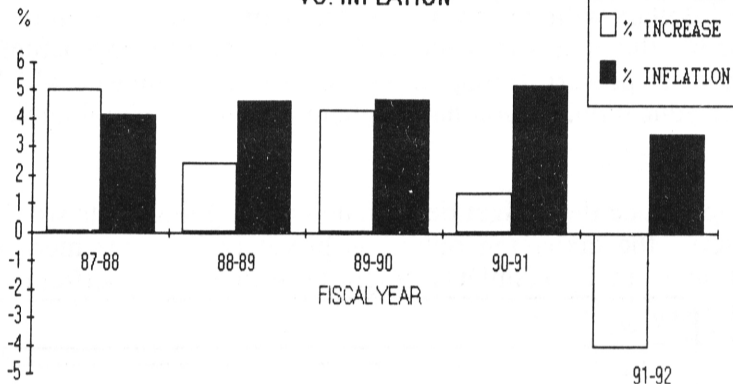
GOV. CASEY'S REDUCED ESBE FUNDING



Governor Casey has proposed a plan to redistribute state funding for local schools by changing the basic subsidy formula. His plan would integrate payments for Social Security and pensions with the subsidy formula. Currently these payments are made separately and the cost evenly split between the state and school districts. If the governor's proposal is enacted, 261 school districts would receive less money from the state than they do now. Following are the losses that will be incurred by our local

schools. Whitehall-Coplay (\$303,224), Hamburg (\$31,235), Parkland (\$597,061), Kutztown (\$176,129), Northwestern Lehigh (\$89,428), Northern Lehigh (\$29,572). This attempt at social engineering by taking state subsidies from some districts and redistributing them to others is unfair, unwarranted and unacceptable.

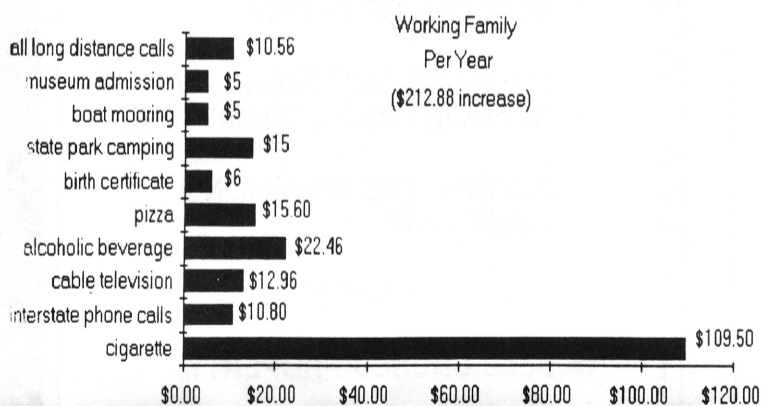
GOV. CASEY'S PROPOSED HIGHER ED INCREASES VS. INFLATION



Since 1987 Gov. Casey has consistently proposed funding increases for the state's colleges and universities which fall short of inflation and which fail to keep pace with escalating tuition. His budget proposal takes a giant step backward in adequately meeting the needs of Pennsylvania college students and their families. The governor wants to slash four million dollars from the current level of funding for the 14 institutions which constitute the State System of Higher Education, despite an inflation estimate which would require an increase of \$10.4 million just

to stay even. Penn State is slated to receive less state aid next year while Pitt, Temple and Lincoln receive no increase. Thousands of college students may be unable to continue their advanced learning if the governor's budget becomes law.

SAMPLE GOV. CASEY'S TAX & FEE INCREASES



WORKING FAMILIES, CONSUMERS, THE ELDERLY HARD HIT BY CASEY/SINGEL TAX PLAN

Contrary to what the governor would have us believe, working families would be hard hit by the tax increases he has proposed. First, the more than one billion dollar tax increase to be imposed on commercial enterprises would be passed along to consumers as higher prices, eroding the average family's purchasing power. Nearly tripling the cigarette tax and expanding the six percent sales tax to include cable television bills, long distance phone calls, alcoholic beverages sold by the glass and pizza delivered at home would certainly demolish the tight budgets of working families. These recreation and entertainment taxes would especially hurt low-income and moderate-income families whose margin of survival is razor-thin. It is estimated that Gov. Casey's proposed tax increases would cost the average working family more than \$212 a year. Included in the "hidden" costs to families is an \$80 million increase in hundreds of licenses and fees, such as: birth certificates, death certificates, camping fees and admission fees for state museums. Clearly, it would become more expensive to live and die in Pennsylvania if Gov. Casey's tax proposals were enacted.

ALTERNATIVES TO THE CASEY/SINGEL BUDGET CUTS AND TAX HIKES

Instead of painful spending cuts and devastating tax hikes, innovative alternatives should be explored. For instance, a mini-Grace Commission, similar to the one which identified \$432 billion in cost savings at the federal level, should be established for Pennsylvania. A Blue Ribbon panel of experienced managers would undoubtedly discover hundreds of millions of dollars of waste, duplication and poor management practices in state government operations. One example illustrates what this commission might uncover. The legislature authorized a Drug and Alcohol Abuse Council in the Department of Health. Last year, Gov. Casey established a similar council by Executive Order to operate under his direction. Thousands of such instances of duplication may be found.

Privatization, the policy of contracting certain state services to private contractors, could save additional tax dollars. Great success has been achieved in other states and in cities with partial privatization of mass transportation systems. Consider this: in the past decade Pennsylvania taxpayers have poured nearly two billion dollars into mass transit assistance (\$1,969,710,000). Of that total \$1.3 billion has been funneled to one system, SEPTA, which serves Philadelphia and portions of four adjacent counties. A huge savings could be realized if parts of SEPTA were contracted to private firms. The experience in other states indicates that the competition of the marketplace improves the quality of service while reducing costs and fares. Privatization of prisons should be considered. In Tennessee private prisons are saving the state millions of dollars without lowering security or reducing programs. Another privatization initiative gaining favor in other states is schools of choice. By allowing parents to send their children to any school of their choice, a powerful competitive incentive is introduced which could reduce the skyrocketing costs of public education. Courts have upheld a form of school choice in Minnesota.

Another way for the commonwealth to help reduce the budget deficit and cut on-going costs would be to divest operations which may better serve the taxpaying public as privately held commercial enterprises. Harrisburg International Airport, now run by PennDOT, might be sold to a consortium of investors. The State Liquor Store System might be divested and sold to qualifying merchants. Of course, the state would continue to fully enforce current liquor laws. Unused property with no likelihood of future development should be sold.

Where possible, private contractors could be engaged to provide certain services now performed by state government. For instance, the federal government contracts with private companies to review Medicare claims and process them. Pennsylvania could follow suit by contracting the review and processing of Medicaid claims. In addition, certified and licensed professional engineers could be allowed to bid on work for the Department of General Services instead of maintaining a large work force on the public payroll to perform these tasks.

Another initiative involves the reform of the state's Prevailing Wage Law, which currently forces the state and municipalities to pay the highest wage rates prevailing in their area for work performed for government, instead of bidding for competitive labor costs. I have supported, on many occasions, legislation to allow municipalities to opt out of the Prevailing Wage Law.

If only some of these suggestions were implemented, the extent of the state's budget crisis could be significantly diminished.

ALTERNATIVES

- **MINI-GRACE COMMISSION**
- **PARTIALLY PRIVATIZE MASS TRANSIT**
- **SCHOOLS OF CHOICE**
- **ELIMINATE DUPLICATION IN AGENCIES AND COMMISSIONS**
- **REFORM THE PREVAILING WAGE LAW**
- **PRIVATIZE PRISONS**
- **SELL UNUSED PROPERTY**
- **DIVEST STATE-RUN AIRPORTS**
- **SELL STATE LIQUOR STORES**
- **CONTRACT MEDICAID CLAIMS REVIEW TO PRIVATE FIRMS**
- **ALLOW PRIVATE ENGINEERS TO BID ON GOVT. CONTRACTS**



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Rep. Paul Semmel

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Dear Neighbors:

October 1991

Everything old is new again. The same issues that faced this state and nation ten years ago are still being debated and discussed today. While environmental and educational concerns, child care, judicial reform, and living wills top the legislative agendas of both political parties, everyone agrees that our immediate priority must be to improve this state's economy.

As every one of us unfortunately realizes, this state is experiencing the largest tax increase in the history of Pennsylvania. Taxes will rise on personal income; businesses are being taxed beyond belief; and customers will see new taxes on services and products. Despite all the increases, no cuts were made in governmental spending. As a matter of fact, many increases occurred.

The taxes that were enacted, not to mention the strong-fisted way it was done, makes a mockery of our democratic system. I **voted against the tax package**, not because I don't support many of the programs and agencies the money will support, but because I don't believe it is fair to place the burden of troublesome economic times squarely on the shoulder of the taxpayers.

When the dust settles, I will release to you specific information on how the budget will affect the 187th legislative district.

As always, I welcome your input. If you have any comments or concerns regarding state government, please don't hesitate to contact me.

I look forward to continuing to work with you and for you in the coming year.

Sincerely,

Paul Semmel

Paul Semmel
Member, Pa House of Representatives

P.S. Please take a few minutes to fill-out the questionnaire on the back page. Thanks!

“Government must be looked at as ever-evolving. When it stops re-examining itself, it stops being useful.”

AG PROGRESS DAYS

SENIORS EXPO!

Continuing our commitment to better serve our constituency, I, along with my colleagues are again sponsoring this special senior citizen expo at the J.C.C. on October 25 from 9 a.m. to 5 p.m. The Center is located at the corner of 22nd and Tilghman Street (was old Rt. 22 through Allentown).

The Expo provides an opportunity to learn more about a variety of services and benefits to Senior Citizens.



Rep. Semmel talks with Dr. Donald E. Evans, assistant Dean at Penn State's College of Agriculture (left) and the minority chair of the House Agriculture Committee, Rep. Jess Stairs (right) at the recent AG PROGRESS DAYS at Penn State.



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QUESTIONNAIRE

This questionnaire is designed so that two persons in your household may respond. Please take a few minutes and tell me how you feel about these issues. Thank you for your input.

1 Last year the Legislature passed an automobile insurance reform measure. Are you satisfied with the changes in the auto insurance law?

YES ___ ___ NO ___ ___

2 Do you believe that legislation should be passed to limit teachers' right to strike?

YES ___ ___ NO ___ ___

3 Do you believe the Legislature should enact "living will" legislation to allow persons to determine the extent of medical treatment and procedures to be performed on them should they become unconscious or mentally incapacitated?

YES ___ ___ NO ___ ___

4 Should state government become involved in ways to ensure that unemployed individuals and their dependents (if any) have access to affordable health care insurance?

YES ___ ___ NO ___ ___

5 Do you think reforming Pennsylvania's health care benefit system should be a top priority for state government?

YES ___ ___ NO ___ ___

6 Would you support legislation to protect Pennsylvania's wetlands, even if the law would prevent landowners from developing or farming the land?

YES ___ ___ NO ___ ___

7 Wetlands do benefit the public. Do you favor tax exemptions on those wetlands?

YES ___ ___ NO ___ ___

8 Do you believe that cable TV rates should be regulated by government?

YES ___ ___ NO ___ ___

9 Are you satisfied with your public utility services (i.e. gas, electricity, phone, water)?

YES ___ ___ NO ___ ___

10 Do you believe that the state should regulate companies which:

A — conduct telephone solicitations YES ___ ___ NO ___ ___

B — offer "900" numbers? YES ___ ___ NO ___ ___

11 Legislation limiting the liability of businesses for defective products passed the House last session but the General Assembly was unable to agree on a final version. Do you believe the legislature should pass some version of liability reform?

YES ___ ___ NO ___ ___

12 Do you believe that a law should be enacted that gives individuals the right to work without having to become a member of a labor union?

YES ___ ___ NO ___ ___

13 Do you favor legislation which would allow parents to choose the schools their children attend?

YES ___ ___ NO ___ ___

14 Do you believe choice of schools would improve educational quality?

YES ___ ___ NO ___ ___

15 Do you believe schools of choice would increase the cost of public education?

YES ___ ___ NO ___ ___

Please refold along dotted line, affix postage and mail, THANK YOU.

Place
29 Cent
Stamp
Here

Rep. Paul Semmel
Box 161, Main Capitol
Harrisburg, PA 17120-0028

THE DISTRICT OFFICE...HERE TO SERVE YOU!

Here are some of the services we can provide:

- Senior citizen information and applications;
- PennDOT/motor vehicle problems (i.e., auto registrations, driver's licenses, handicapped placards and special tags;
- Provide copies of bills and resolutions;
- Pennsylvania tax forms and information for individuals and businesses;
- PHEAA grant and loan applications and information;
- Voter registration forms, absentee ballot applications and information;
- Birth and death certificate applications and information;
- Maps, brochures and other state publications;
- State agency services (i.e., consumer protection, education, health and welfare, small business, Public Utility Commission, Workers Compensation, insurance and more;
- Professional licensing information and assistance;
- Meetings with state officials;
- Recreation, sportsmen and travel information;
- Cutting red tape!!

Schnecksville Office
799-0187
799-0188 (FAX)
Keith Archibald
Jean Husack

Hamburg Office
562-3411
Sandra Christman

Kutztown Office
683-9199
Joy Adams

CONTACT:

SPECIAL RECOGNITION

House Citations are one of the special services that I am honored to be able to provide. These documents are designed for occasions such as silver and golden anniversaries, scouting awards and other notable or outstanding accomplishments.

If you have a special occasion that you would like to note with a House Citation, please call me four-six weeks in advance and I will be happy to have it prepared for your particular event.

TOLL-FREE NUMBER

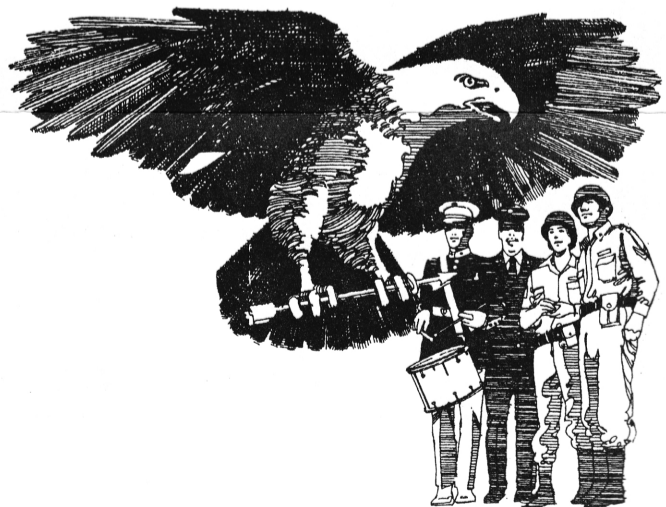
1-800-427-0187

(Only for residents served by our Kutztown and Hamburg office who may want or need to call the Schnecksville office when their local office is closed.)

WELCOME HOME TROOPS!

A special House resolution has been prepared for Pennsylvania military personnel who were deployed in the Persian Gulf. However, because of a federal right-of-privacy law, I am having difficulty locating area service men and women to provide them with this token of our appreciation.

If you are aware of a service person who has returned and would like to help me honor them by presenting this resolution, please contact my local offices with their name and home address.



Special Senior Section: LOTTERY FUND PRESERVATION

To strengthen the fiscal integrity of senior citizen programs such as shared rides, property tax and rent rebates and PACE, legislation was enacted that will restructure the way the state funds many of these programs.

WIDOW'S TAX

Last year, the governor vetoed a measure that would have gradually eliminated the archaic six percent tax surviving spouses must pay on property which is not jointly owned at the time of death. Strides were made during this budget season when a law was passed that would eliminate the tax for some individuals pending their income.



Reps. Semmel and Dennis Leh recently inspected the fish ladder at the Conowingo Dam. The device, which lifts shad over the dam, was developed in Berks County.

PACE KEEPS UP WITH COLA'S

Nearly 30,000 Pennsylvania senior citizens lost their prescription benefits because PACE eligibility limits did not keep pace with Social Security cost-of-living adjustments. The eligibility limits have now been increased from \$12,000 to \$13,000 for individuals and from \$15,000 to \$16,200 for married couples.

COMMITTEE ASSIGNMENTS

Helping preserve and protect the integrity of our number one industry, agriculture, guarding the interests of consumers while balancing the rights of businesses and providing alternative solutions to this state's fiscal crunch, are responsibilities I will meet while serving on the House Agriculture and Rural Affairs, Consumer Affairs and the House Appropriations Committee. I am also honored to be part of a special Republican Policy Committee on the Environment.

This next decade will be a very significant time for our state and nation, particularly for the issues these committees will address.

In addition, I have been chosen sub-committee chairman of the Telecommunications Committee, a branch of the Consumer Affairs Committee. We will pay particular attention to overseeing the responsibilities of the PUC.

HATS OFF...

To Ruth Ann Mantz and Lynne F. Shampain, who were recently recognized by the Lehigh Valley Division of the Pennsylvania Chapter NASW for their outstanding contributions to our community and Commonwealth.

Ms. Mantz, named Public Citizen of the Year, is the director of the Northern Lehigh Food Bank (NLFB) since 1987. Ms. Shampain was awarded Social Worker of the Year. Her work in Shared Housing resulted in formation of Holy Family Residences and in 1989, she founded Greater Lehigh Valley Foster Care Coalition.

NEW LAWS MAKE THE BOOKS

- Older adult daily living centers must now be licensed by the Department of Aging;
- Rules and regulations establishing a program to assist relatives who take care of dependent older adults suffering from chronic dementia of whom are disfunctional will be set-up by the Aging Department
- To better protect consumers and reputable charities, full disclosure of the identity of persons who solicit for contributions will be required
- The state's unique natural and cultural resource of caves will be preserved under Act 133
- Abandoned railroad rights-of-way can, under the new law, be turned into public trails for recreational use
- Motivational Boot Camps will be set-up allowing eligible inmates to be sentenced to a rigorous physical and rehabilitative treatment program rather than a traditional form of confinement
- Landlords are now permitted to remove tenants who are found to be in violation of certain drug-control statutes or are found by law enforcement officials to have illegal drugs on the leased premises
- A firefighter memorial flag will be created to honor firefighters who have died in the line of duty.