A Roadmap to a New Pennsylvania

State Policy Towards a Safer, Healthier, More Prosperous and Equitable Commonwealth
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Written by the We The People Policy and Communications Team with guidance and input from our allies.

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INTRODUCTION TO WE THE PEOPLE AGENDA

THE PROBLEM
For far too long, politics in our country and state has been shaped by a corporate-sponsored narrative that says prosperity comes from cutting taxes on the rich and gutting government spending. We’ve seen government revenues shrink, vital programs defunded, and the needs of most Pennsylvanians go unmet. The state has failed to create fair economic rules. And it is struggling to fund basic operations of government, much less make the investments in the public goods we need to create individual opportunity and thriving communities.

- Wages for the vast majority are stagnant and leave too many struggling to make ends meet while our government refuses to raise the minimum wage or support labor unions.
- Our schools are the most unequally funded in the country, support for higher education is fourth from the bottom in the country, and we are falling behind in providing pre-K education.
- Too many families cannot afford necessities like food, housing and health care and there are long waiting lists for those who need help with child care or care for those with intellectual disabilities or help dealing with opioid abuse.
- Our water and air are among the dirtiest in the country while spending to protect the environment has shrunk by one-third even as the growth of natural gas fracking requires more resources to enforce our already inadequate regulations.
- Pennsylvania cannot make these investments because we have an upside-down tax system that taxes low-income and middle-income people too much and does not ask the rich, corporations, and natural gas drillers to pay their fair share. The result is failure to generate the revenue necessary to invest in our people and our communities.
- And underlying all these problems is a failing democracy that gives too much power to the rich and powerful, that twists economic rules and taxes to suit the powerful and makes it too difficult for average citizens to influence our government.

THE SOLUTION
We The People is a nonpartisan campaign that aims to make state government work for all of us. Our agenda was created by people who came together in 13 conversations in every corner the state. Our discussions were supplemented by a major statewide poll (see our polling memo on page 3) and were informed by the best policy research from Pennsylvania and other states.

We found broad agreement on what we want from the state: public policies that make poor, working-class, and middle-class Pennsylvanians safer, healthier, and more prosperous. No matter that we came from urban, suburban, or rural areas, or were white or Black or Latinx, or straight or gay. No matter that we were longtime residents of the state or new arrivals. No matter our income or our profession, we found common interests and devised a common agenda. And we left those meetings determined not to let our opponents divide us from one another as we seek to create a growing economy that benefits us all.

The central idea of the We The People campaign is that the well-being of Pennsylvanians depends on the common goods we create together and on creating economic rules that work for all of us rather than being rigged to serve the rich and corporations. Economic growth is driven not by cutting taxes on the rich and cutting government spending. It is driven by rising wages and benefits that allow people to buy more from our businesses. And businesses can produce more only if workers are better educated and trained.

Pennsylvania’s economy was once among the most powerful in the world because we invested in people and everyone shared in the benefits of growth. Our economy can grow fast and work for all of us if we put people first again by improving wages and living standards and by investing in building the skills and abilities of our workers.

Our goal is not a larger state government. We need to fix the rules of the Pennsylvania economy. We need to invest in the work done in local settings all over our state: local schools, training programs, community colleges, colleges and universities, social service agencies, doctors’ offices and hospitals. And we can pay for these investments by fixing our upside-down tax system which takes too much from those low and middle incomes and lets the rich and corporations get away without paying their fair share.

We believe that our commonwealth and the communities and citizens within it cannot thrive unless we step forward in six critical areas.
The We The People policy agenda has six overarching principles. It calls for:

- guaranteeing fair wages and benefits, and worker rights, including the right to form a union;
- expanding educational opportunities so that every Pennsylvanian can secure the education and training they need to have meaningful and rewarding lives and work;
- ensuring the right of every Pennsylvanian to have the basic necessities of life including food, housing, and health care;
- creating a modern infrastructure while protecting our air and water;
- making our tax system fair by reducing taxes on those with low and moderate incomes and asking the rich and corporations to pay their fair share; and
- securing our democracy by protecting our civil liberties and rights, making voting easier, ending gerrymandering, reducing the influence of money on our elections, and eliminating all barriers of race, gender, and sexual orientation to participation in our political and economic life.

This booklet presents detailed policy proposals that are meant to attain the goals delineated by these six principles. Each one presents an overview of the problems, the solutions to those problems, and some background information about the issue. Together they make up a roadmap to the Pennsylvania we all can be proud to call home.

What we offer in this booklet are detailed, proven policy prescriptions informed by years of research and by the experiences of other states—red, blue, and purple—that have implemented these policies correctly and shown that they work.

BACKGROUND: THE WE THE PEOPLE CAMPAIGN

We The People is not just a set of policy proposals, it is a campaign to change the direction of our state. It is guided by a steering committee (listed below) that contains the largest multi-issue advocacy organization in the state, advocacy organizations focused on issues that are central to our agenda, and public sector labor unions that have deep knowledge of public policy issues. Together, the advocacy organizations and labor unions have represented hundreds of thousands of members who work to advance the policy proposals that are part of the We The People agenda.

We The People works by enlisting individuals, organizations, and political officials to support our agenda—not only in principle but in action. Over ten thousand Pennsylvanians have taken action directly on behalf of We The People. We work with many local organizations on behalf of our ideals. We have a major presence on the Web and on Facebook, Twitter, and Instagram. And over 120 candidates for the General Assembly endorsed our agenda. We The People – Pennsylvania Action mounted an independent expenditure campaign to help elect many of these candidates via both direct mail and social media.

Our goal in the election was to get supporters of our agenda to the polls and to define the election as more than just a set of individual races. Our aim was to make it about turning the state in a new and progressive direction. Bringing together over 120 candidates in support of our agenda helped accomplish that goal. Our effort, as well as the national political moment, helped encourage voters who share our ideals to come out and vote for change.

The results of the election were striking. Eleven candidates for representative and five for senator won seats that were formerly held by legislators who generally opposed our agenda. Thirteen of them officially endorsed the We The People campaign and the three others supported many elements of it.

Forty-seven representatives and 11 senators who have endorsed the We The People agenda will serve in the new General Assembly, including the leaders of the Democratic Party, in both the House and Senate.

Our aim at We The People is to win some critical victories this year on the budget and other issues. But we also want to keep looking ahead and set the stage for bold initiatives that might not be possible to enact in the next two years but will set the stage for electoral and legislative victories in the future.

To attain both short-term and long-term victories, we will be working with our allies, both individuals and organizations, all over the state, as well as our steering committee member to keep building a base of activists in support of the We The People agenda. And we will work with our allies to bring that activism to bear in legislative advocacy next year and into the future.

We know our policy agenda will not transform Pennsylvania overnight. But We The People is in the fight to attain the goals of our agenda now and in the years ahead.
POLLING MEMO

To: Legislators, Legislative Staff, and Other Interested Parties

From: Marc Stier, Director, We The People

Re: Release of Statewide Polling Results.

The Pennsylvania Budget and Policy Center completed a survey of 1,150 registered voters in Pennsylvania in April 2018, conducted by nationally acclaimed polling firm TargetSmart. The poll was carried out on behalf of We The People, a statewide issue advocacy campaign launched today in support of Pennsylvania’s working families and communities and the priorities important to them.

The poll provides dramatic evidence to support one of the key themes of the We The People campaign: the leadership of the General Assembly is completely out of touch with what the people of Pennsylvania want from government. At a time when that leadership is focused on cuts to the social safety net, including Medicaid and SNAP; undermining unions; and blocking options for much-needed recurring revenues like a severance tax on natural gas drillers, our poll finds the following:

Public Investment
By margins of 30% to 40% or more, Pennsylvanians believe that state government is investing too little, rather than too much in K-12 education, pre-K education, roads and transportation infrastructure, job training, and combating opioid addiction.

Goals for the State
By margins of 55 points—and sometimes much more—Pennsylvanians believe that the state should improve the economy and create higher paying jobs; increase take home pay and improve working conditions for Pennsylvania workers; fully fund public schools; make job training, vocational training and college more affordable; make pre-K and child care more affordable; make health care more affordable; protect our air and water; invest in roads, bridges, and public transit; combat the opioid epidemic; reform our tax system to make it more fair; and hold down prescription drug prices.

Legislative Proposals
By margins of 60% or more, Pennsylvanians want to see the government create fair scheduling laws; guarantee all workers the right to earned, paid sick days off; end both gender-based and race-based pay gaps; restore the 40-hour work week by paying lower-paid salaried workers fairly for working extra hours; make tuition affordable at public colleges; create a new paid family leave insurance system; create and expand public health insurance options to make quality affordable health care accessible to all; and invest in 21st century infrastructure.

And even on some of the issues on which there is the greatest partisan divide, the people of Pennsylvania strongly support raising the economic prospects of working people and securing our democracy.

- About 62% support, and only 28% oppose, raising the minimum wage to $12 an hour and eliminating the tipped minimum wage.
- Fifty-four percent of Pennsylvanians side with the Supreme Court’s decision to redraw district lines in congressional elections, while only 38% support the idea of impeaching the justices of the Court.
- And despite 20 years of relentless attacks on unions, by 65% to 35% Pennsylvanians want to strengthen, not weaken, workers’ rights to form and join a labor union.

Taxes
Of course, some of these policies will cost money, and our research affirms that Pennsylvanians are concerned about taxes. But when given a choice between raising revenues to support investment in health care and education or avoiding tax increases, Pennsylvanians choose the former by a margin of 50% to 37%.

What’s more, Pennsylvanians have a clear sense that the tax code is rigged—and not in their favor. They believe, by margins of 35 percentage points or more, that poor and middle-class families—and in some areas, property owners—are taxed too much, while large corporations, wealthy families, and oil and natural gas producers are taxed too little.

Given those sentiments, it’s no surprise that there is broad support for proposals that would raise new revenues in a targeted way—by closing corporate loopholes (supported 69% to 27%), by a severance tax on natural gas extraction (59% to 36%), and by adopting an idea that was new to most of them, the Fair Share Tax proposal (58% to 26%), which lowers taxes on wages and interest while raising them on income from wealth (business profits, dividends, capital gains, etc.).

The poll found very similar results statewide and in selected areas of both Southeast Pennsylvania and Western Pennsylvania that were oversampled.
PRINCIPLE ONE

Raise Wages and Improve Working Conditions
**INTRODUCTION:**

**FAIR WAGES, BENEFITS, AND WORKER PROTECTIONS**

**THE PROBLEM**

From the 1940s to the 1970s, a rising economic tide lifted all boats in Pennsylvania and the United States, and living standards doubled for middle-income and low-income, as well as affluent families. In recent decades, however, an extraordinary share of the benefits of growth have gone to a tiny slice of the richest Pennsylvanians and Americans and to corporate profits. Employers have too much power in the workplace and the labor market, and workers too little. Government protections for workers such as the minimum wage and the 40-hour week have been eroded. New protections have not yet been enacted to: (a) counter employers’ aggressive efforts to squeeze workers—protections such as fair scheduling laws and paid sick leave, vital to work-family balance now that all adults work in many families; or (b) ensure fairness to women, people of color, and others. And labor union membership has declined, not because workers have chosen to leave unions, but because, in the face of an all-out attack on unions by the corporate sector, government has failed to support the right of workers to join together to advance their common interests. The economy has become rigged against working families because national and state policies have too-often served the interests of the donor class and big corporations.

And it is not just the lowest-paid working people who suffer from the imbalance in power between labor and management. When wages in the bottom half of the economy are stagnant, half the country cannot afford as many goods and services from Pennsylvania businesses, and economic growth and job creation slow for everyone. When wages are stagnant, there is also less incentive for businesses to invest in labor-saving devices that generate productivity advances that benefit us all. (More on this in the paper on the minimum wage.)

**THE SOLUTION**

Pennsylvania policy needs to restore balance in our economy rather that continuing to step on the scale on the side of employers and the rich:

- Raise and enforce labor-market standards that ensure basic fairness for:
  - lower-wage workers through a much higher state minimum wage, elimination of the tipped minimum wage, and indexing of the minimum wage to inflation;
  - moderate-wage salaried workers through restoration of the 40-hour week and fair overtime pay if people work more than 40 hours; and
  - workers in occupations where a public interest exists in setting wage standards above the minimum wage—that is, where higher wages promote safety and skill on public construction jobs or quality education and care in child care and long-term care.

- Enact new labor-standards by adopting fair scheduling and paid sick days.

- Enforce laws against wage theft and wage discrimination on the basis of race, gender, and sexual orientation.

- Use state and local government to help workers organize, countering the many ways US employers violate workers’ fundamental freedom to form unions.

**BACKGROUND**

Even now, the stories of plant closings and downward mobility in the 1980s remain fresh in the minds of many Pennsylvanians and have been passed down to younger generations. Globalization, automation, and the loss of manufacturing jobs upended the lives of millions of families, and decimated mill towns, the entire western half of the state, and manufacturing centers in the east such as Reading, the Lehigh Valley, and York. Typical (median-wage) non-college white men in Pennsylvania experienced wage decline of about $2 per hour in inflation-adjusted dollars by the early 1990s, with little recovery since. Typical non-college-educated Black men still earn nearly $4 per hour less than in 1979-81. And non-college men are a big group, accounting for an estimated 71% of all Pennsylvania men between the ages of 25 and 64. Women, who were in some cases forced into the job market to help offset the decline in a partner’s earnings, still earn far less than men.

The first chart shows that the output workers produce per hour—labor productivity—continued to rise after 1979 but workers’ wages and benefits remained stagnant. The second shows that the share of income received by the top 1% in Pennsylvania has more than doubled from 8% to 18% since the mid-1970s. The top 1% in Pennsylvania received 46% of the total increase in Pennsylvania income from 1973-2015 compared to 3.4%
in the period 1945-1973. These trends were not the inevitable result of a changing economy. They reflected public policy choices made by national and state lawmakers. In recent years, for example, a significant part of Pennsylvania’s legislature has pursued a set of policies objectively summarized as “An Agenda to Lower Pennsylvania’s Pay.”

- They have failed to raise the state minimum wage, even while all our neighboring states have done so.
- They have repeatedly sought to weaken the state’s prevailing wage law that ensures construction workers on state-funded projects receive a middle-class wage high enough to attract and retain skilled and experienced workers in the industry.
- Rather than embrace Governor Wolf’s proposal to ensure 465,000 lower-paid salaried employees receive overtime pay if they work over 40 hours, the House Labor and Industry committee legislative majority scheduled hearings giving a platform only to opponents of such basic fairness.
- And while Pennsylvania’s lawmakers who want to lower workers’ pay have not passed a “right-to-work for less” law to undercut workers’ collective power, they have their hopes pinned on this change if a governor is elected who would sign such a bill.

Pennsylvania’s working families need a bold effort to move in a different direction and to restore an economy that works for all. The We The People policy proposals were created to ensure fair wages, benefits, and worker protections provide just such a bold agenda.

**ENDNOTES**

RAISE THE MINIMUM WAGE

IN BRIEF
- The gradual fall in the purchasing power of the minimum wage relative to wages for typical workers had made it difficult for many families to afford the basics—things like food, car repairs, and eyeglasses. An increase in the minimum wage will raise wages not just for minimum wage workers but for many workers above the minimum wage generating more consumer demand and spurring economic growth. Thus, the minimum wage is a key tool for creating broadly shared prosperity.
- The minimum wage should be set at about half the median wage for full-time, full-year workers, which stood in 1968 when we had very low unemployment.
- We call for the minimum wage to be raised in annual increments until it reaches $15 in 2024. Thereafter the wage should be adjusted annually to maintain its purchasing power relative to the growth in wages for the typical worker.
- Twenty-seven states and 42 local governments have adopted minimum wages higher than the federal minimum wage since 2014 and these states and cities continue to have job growth with the added benefit of stronger wage growth among the lowest-paid workers. All of Pennsylvania’s neighboring states have already increased their minimum wage above the national level, both wages and employment in the food service sector—one of the biggest low-wage industries—continue to grow faster than in Pennsylvania.

THE PROBLEM
Without annual increases in the minimum wage, wages at and several dollars above the minimum wage tend to grow more slowly than wages for the typical worker. When jobs don’t pay enough for our neighbors to afford the basics, it hurts the local economy.

Pennsylvania wages are so low now that many working families can’t afford to buy enough groceries at local businesses and rely instead on the local food bank to help make ends meet. Raising the wage floor can help restore spending on the basics and, in the process, boost the local economy. The minimum wage is thus a critical tool that governments use to drive the economy forward.

Over the long term, a higher minimum wage drives the economy forward in another way. When wages rise, businesses have more incentive to invest to save labor by mechanizing or automating work. This increases productivity. While there is a great fear today that this will eliminate jobs, a century of experience (the first state minimum wage increase passed in Massachusetts in 1912) shows us that if we manage these changes properly, wages are driven up in all sectors of the economy and we all benefit from a higher standard of living and / or a reduced work week.

From the inception of the federal minimum wage in 1938 to 1968, regular increases in the minimum wage tracked labor productivity in the economy as a whole. As a result, during this 30-year period of very low unemployment the incomes of the bottom 20% of families doubled, matching the growth for middle-income and high-income families and generating prosperity that was genuinely broadly shared. By 1968, Pennsylvania minimum-wage workers earned $1.60, which was just over half (51%) what the typical Pennsylvania worker made, $3.15.

Since 1968, minimum wage increases have been infrequent and small. Today, the Pennsylvania $7.25 minimum wage is less than a third (30%) of the median wage for full-time full-year workers ($24.44).

Wages for the lowest earners in Pennsylvania have also fallen below that of workers in most other states.
- As of January 2018, the minimum wage will have increased in 27 states since January 2014.
- The minimum wage in Pennsylvania as of 2018 was below the minimum wage in Delaware ($8.25), Ohio ($8.30), New Jersey ($8.60), West Virginia ($8.75), Maryland ($9.25), New York ($10.40), and the District of Columbia ($12.50).

Laws already on the books will lead to further increases in the minimum wage in six neighboring states and the District of Columbia between now and January 2024.

THE SOLUTION
We recommend that policymakers raise the minimum wage gradually with the aim of setting it at $15 by 2024, thereafter making small annual adjustments to maintain the purchasing power of the minimum relative to the median wage.

The results of increasing the minimum wage will be good for workers, their families, and the economy.
A minimum wage of $15 by July 2024 would raise the minimum wage to about 57% of the median wage. This would give a raise to 2.2 million Pennsylvanians, 37% of the total workforce. Total earnings for Pennsylvania workers will increase by $9.1 billion.

More than 80% of workers in Pennsylvania that would get a raise if the minimum wage were eventually increased to $15 are adults. Just under 60% of those who benefit from a higher minimum wage work full-time; and the affected workers earn on average half of their families income.

A minimum wage increase in Pennsylvania is long overdue and would provide a critical boost to family incomes while making important progress towards reducing income inequality.

**BACKGROUND**

Business and legislative critics of increasing the minimum wage often say that a higher minimum wage will increase unemployment because businesses will not be able to afford to pay workers higher wages or that they’ll pass the cost of higher wages on to their customers. These critics all seem to know an owner of a pizza shop who says they cannot sell pizzas in their neighborhoods if they have to pay their employees $12 an hour.

These critics forget four things:

- First, labor is not the only cost paid by businesses, and prices will not have to rise in proportion to an increase in the minimum wage.
- Second, if every pizza shop and restaurant, as well as all other businesses, have to raise their wages, none are put at a competitive disadvantage.
- Third, higher wages are partly offset because they reduce employee turnover which is expensive for businesses because it takes time and effort to train new employees.
- Fourth, when the minimum wage goes up (and wages go up generally), people can afford to buy more pizza—and everything else.

The Keystone Research Center has recently documented the benefits of increasing the minimum wage for both wages and employment by examining county-level data on employment and average weekly wages drawn from a survey of employers in food services and drinking places (hereafter, food services), a sector with a large share of low-wage workers—precisely those workers who critics of the minimum wage say will suffer if it is increased.

As we have seen, the minimum wage has gone up in other states in our region: Delaware, District of Columbia, Maryland, New Jersey, New York, Ohio, and West Virginia while it has been stagnant in Pennsylvania. The
consequences clearly show why Pennsylvania should raise its minimum wage as well.

- Wage growth has been stronger where the minimum wage was increased. Pennsylvania real wages in food services grew between 2012 and 2016 by just 5% while across the region they grew by an average 7.8%.
- Employment growth has also been stronger where the minimum wage was increased. In Pennsylvania, where the minimum wage lost 4.7% of its purchasing power from 2012 to 2016, employment food services grew by only 6.8%. Across the region, as the purchasing power of the minimum wage rose by 12%, employment in food services was up 12.3%.
- Low-wage Pennsylvania workers in large parts of rural Pennsylvania have lost the most ground. In food services, the prototypical low-wage industry, low wage growth has been coupled with the slowest job growth in the state.
ONE FAIR WAGE: ELIMINATE THE TIPPED MINIMUM WAGE

IN BRIEF
- Workers that customarily receive tips are only required to be paid a minimum wage of $2.83 an hour.
- Tipped workers in states like Pennsylvania have higher rates of poverty and rely more on public assistance than tipped workers in states that do not have a tipped subminimum wage.
- We recommend streamlining Pennsylvania’s minimum wage law by phasing out the tipped minimum wage by 2025. Raising the tipped minimum in Pennsylvania to $5.25 immediately, while boosting the minimum wage to $9.00, would increase the wages of 161,688 tipped workers.

THE PROBLEM
In Pennsylvania, employers of workers that customarily receive tips are required to pay their tipped workers a base wage of $2.83 per hour, provided the employees’ weekly income from tips plus their base wage would bring their hourly rate to $7.25, the current minimum wage.

Tipped workers in states like Pennsylvania have higher rates of poverty and rely more on public assistance than tipped workers in states that do not have a tipped subminimum wage. The median wage for tipped occupations in Pennsylvania is $9.48/hour compared to the overall median wage of $17.13. Pennsylvania’s tipped restaurant workers live in poverty at 2.4 times the rate of other workers in PA and use food stamps at a rate 74 times that of other workers in our state.2

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<th>Poverty Rate and Food Stamp Usage Rate for Pennsylvania’s Workers and Tipped Workers</th>
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<td>Poverty Rate</td>
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<td>Tipped Restaurant</td>
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Women are particularly affected by the subminimum wage. In Pennsylvania, 71% of tipped workers are women. Of Pennsylvania’s tipped restaurant workers, 74% are women. While 80% of tipped workers in Pennsylvania are white, workers of color are disproportionately concentrated in the lowest paying occupations, typically the “back of the house” jobs in the restaurant industry. Sexual harassment is a particular problem for tipped restaurant workers. One study found that 37% of claims of sexual harassment filed with the federal government during a 10-month period were workers in the food service industry.4

ENDNOTES

THE SOLUTION
We recommend streamlining Pennsylvania’s minimum wage law by phasing out the tipped minimum wage by 2025. The Economic Policy Institute estimates that raising the tipped minimum in Pennsylvania to $5.25 immediately, while boosting the minimum wage to $9, would increase the wages of 161,688 tipped workers. Two other subminimum wages that policymakers sometimes propose include subminimum wages for younger workers or subminimum wages for workers in small business. These provisions generally do more harm than good by giving employers an incentive to discriminate in hiring by age or by subsidizing inefficient firms.5

BACKGROUND
Rooted in a history of exploitation, the tipped minimum wage allows employers to offset their labor costs by putting the burden of paying wages on to the customer. The Fair Labor Standards Act established a two-tiered wage system at the federal level with the federal minimum wage set at $7.25/hour and the subminimum wage set for $2.13/hour for tipped workers. Tipped workers are allowed to earn the subminimum wage as long as their hourly wage with tips reaches the minimum wage. Seven states (Minnesota, Montana, Oregon, Washington, California, Nevada, and Alaska) currently have one fair wage, or a requirement that tipped workers are paid the full state minimum wage. The remaining states, including Pennsylvania, lack one fair wage and have a tipped minimum wage at or above the federal subminimum wage of $2.13/hour, but below the federal minimum wage of $7.25/hour.

Ending the tipped minimum wage will, of course, increase costs for low-end and some moderate-end restaurants. But wages make only a part of the costs of running a restaurant. And higher wages will lead to increased business.
CREATE FAIR SCHEDULING LAWS

IN BRIEF

- Many workers in Pennsylvania, especially in the retail and service industries, face unpredictable work schedules and an inadequate number of work hours. This wreaks havoc on workers juggling two jobs or a job and caregiving responsibilities. It also makes the incomes of many struggling families unpredictable. Many part-time workers also want more work hours but can’t secure them, which makes it more difficult to make ends meet.
- Pennsylvania should follow the Oregon model and enact comprehensive fair scheduling legislation aimed at protecting employees from erratic schedules and unpredictable wages.

THE PROBLEM

Many workers in Pennsylvania, especially in the retail and service industries, face unpredictable work schedules and an inadequate number of work hours. Workers may be scheduled with little notice, required to be on-call without compensation or guarantee of hours, given irregular shift times, sent home early after reporting for work because of low customer demand, or even required to work two shifts in one day with an unpaid break in between. Unpredictable scheduling wreaks havoc on workers juggling two jobs or a job and caregiving responsibilities. It also makes the incomes of many struggling families unpredictable. Many part-time workers also want more work hours but can’t secure them, which makes it more difficult to make ends meet.

THE SOLUTION

Pennsylvania should enact comprehensive fair scheduling legislation aimed at protecting employees from erratic schedules and unpredictable wages. Oregon, for example, recently enacted legislation protecting retail, food service and hospitality workers (ideally, workers in all industries would be protected) by providing

- at least two weeks’ notice to employees of their work schedules,
- compensation for last-minute work schedule changes,
- additional wages to employees who work a split shift in one day,
- employee input into scheduling,
- part-time wage parity (comparable per-hour starting rates to full-time workers) and access to pro-rated time off and benefit packages, and
- first right to additional hours and promotion opportunities for existing part-time, qualified employees.

BACKGROUND

The 1938 Fair Labor Standards Act (FLSA) addressed the primary labor issues of the day—child labor, low wages and restraining overwork—by establishing child labor laws, a minimum wage and the 40-hour work week. Today, many families face new challenges because both adults work, they are single-parent families, or family members juggle multiple low-wage, part-time jobs. Yet there are no national laws that protect workers from unpredictable schedules or involuntary and often low-wage part-time work.

Unpredictable work schedules and involuntary part-time work are widespread and have dire consequences for workers and their families. One study found that 35% of Illinois workers had less than a week’s notice of their schedule. Forty percent of the workers felt that their unpredictable schedules caused issues with their child care, parenting or direct caregiving responsibilities. Over half of workers enrolled in educational programs had to skip classes due to unpredictable work schedules. A survey of retail and food service workers in Philadelphia found that 66% report irregular or variable work schedules and 72% say their schedule makes it harder to meet their caregiving responsibilities. Unpredictable work schedules also mean unpredictable and often low pay for workers, making it difficult for individuals to make ends meet on one job or to hold a second job.

“Involuntary part-time employment” among workers who would like full-time work is also a problem, especially in retail and service jobs. Nationally, 6.4 million workers want full-time jobs but only work part-time. The share of workers working part-time because they can only get part-time hours dramatically increased in the Great Recession but has not dropped to pre-recession levels, remaining 44.6% higher than it was in 2007. Eighty-five percent of the growth of involuntary part-time work is concentrated in four industries: leisure and hospitality; retail; education and health care services; and professional and business services (in that order). Involuntary part-time work means workers are often earning less money than they need or want. Part-time workers also tend to have lower wage rates than full-time workers, fewer (if any) benefits, and more variable and unpredictable work schedules.
Localities and states across the US have begun to fill in this gap by passing fair scheduling laws. In 2014, San Francisco passed the first of such laws: the Retail Workers Bill of Rights. This legislation applies to retail chains with 40 or more locations that employ 20 or more people within the city of San Francisco. The law states that covered employers must provide workers with two weeks’ advanced notice of their schedules. It requires employers to establish predictable pay, penalizes employers who alter their employees’ schedules with fewer than seven days of notice, and provides extra pay to an employee who is on call for a shift that is cancelled less than 24 hours ahead of time. It also establishes significant protections for part-time workers, requiring employers to offer more hours to part-time employees before hiring new workers and part-time employees to receive the same starting hourly pay as full-time workers in the same position.4 Local governments in Seattle, New York City, and Emeryville, California, have also passed different versions of fair scheduling laws.

As stated above, Oregon passed a Fair Workweek law, the most comprehensive fair scheduling legislation in the country.5

City councilwoman Helen Gym has introduced a fair workweek initiative in Philadelphia. This legislation would require retail and fast-food employers to give workers at least two weeks’ notice of their schedules, offer additional hours to existing part-time workers before hiring new staff, and provide pay for workers when shifts are cancelled.6

It is a commonly held belief that relying on “just-in-time” scheduling makes the most financial sense for companies. However, a study by Worklife Law at the University of California found that not only could stabilizing workers’ schedules in hourly retail jobs be done without hurting financial performance, but that it can actually help businesses. Researchers found that stable scheduling sharply increased median sales—by 7%—and increased labor productivity by 5%, likely due to improved retention of more seasoned sales associates.7 Research on food retail companies by Zeynep Ton also shows that predictable scheduling can pay off for employers.8 At Trader Joe’s, flexible scheduling is a two-way street; employees can, within limits, shift their work hours or take more vacation to accommodate family obligations, a second job, or other careers like music. This example shows that companies do not need to use scheduling software to staff lean at all times, including by cutting employees at the last minute. Enlightened companies can use scheduling software to make flexibility work for employees and for the employer. A fair scheduling law would encourage more companies to take the high road to a win-win, family-friendly model of management.

ENDNOTES
REFORM PREVAILING WAGE LAWS

IN BRIEF
- Low and declining wages are a pervasive problem in the Pennsylvania economy. Prevailing wage laws, such as found in the construction industry, are an effective way of boosting wages while also improving the quality of services provided by employees.
- The state should systematically analyze how its funding and regulatory authority interacts with wages throughout the economy, including in caregiving, health care, truck driving, manufacturing, and residential construction. The state should use its funding and regulatory authority to raise wages, especially where doing this would deliver multiple benefits—better jobs and other positive impacts, such as higher quality human services or fewer traffic fatalities in accidents involving trucks.

THE PROBLEM
Low and declining wages are a pervasive problem in the Pennsylvania economy. In some industries, the state directly influences job quality because it provides funds that create employment in the private sector. In home care, child care, and the broader health care sector, state funding currently contributes to the creation of low-wage jobs held disproportionately by women and people of color, perpetuating race and gender wage gaps. The state also provides funds to some employers and/or has regulatory authority over other parts of the Pennsylvania economy; but with the exception of the construction industry, the state does not use its leverage to lift wages.

THE SOLUTION
The state should systematically analyze how its funding and regulatory authority interact with wages throughout the economy—including in caregiving, health care, truck driving, manufacturing, and residential construction. The state should use its funding and regulatory authority to raise wages, especially where doing this would deliver multiple benefits—better jobs and other positive impacts, such as higher quality human services or fewer traffic fatalities in accidents involving trucks. One model for how to lift wages is the state's prevailing wage law in construction.

BACKGROUND
In the construction industry, Pennsylvania’s “prevailing wage” law requires companies performing state-funded public construction projects to pay wage levels several times above the state minimum wage and good benefits. This helps ensure that state-funded public construction—a significant share of the non-residential construction industry market—and the state’s requirement to accept the “low bid” does not tilt the state’s construction industry towards cut-throat, low-wage, low-skill competition. The law helps to attract and retain highly skilled trades workers to Pennsylvania’s construction industry. Research on states without a state prevailing wage law, or which have repealed one, shows that this does not lower costs for taxpayers but does increase injury rates for workers and reduce investment in worker training.1 Despite this, proposals to eliminate or weaken Pennsylvania’s construction industry prevailing wage law have been a staple of lawmakers’ beholden to the ideological perspective of the self-identified free-market think tank, the Commonwealth Foundation.

Other countries and a few states (e.g., New York) use industry- and occupation-specific wage standards more widely than in just the construction industry. This creates more economy boosting jobs which enables workers to buy more from local Pennsylvania businesses. It can also benefit consumers who receive human services by improving the quality of those services, or, in other cases, improve public safety. Pennsylvania should explore the opportunity to do the same. Here are some targets of opportunity.

Long-term care and child care
In caregiving industries, higher wages lower workforce turnover and stabilize the critical relationship between the caregiver or educator and the consumer or young child. When combined with effective training and supportive management, higher compensation can have a profound impact on quality. In child care, higher wages that improve the quality of early childhood education pay for themselves in the long run by reducing social costs and increasing tax payments. In long-term care, raising pay to $15 per hour has a small impact on total costs, and there would be offsetting savings. Pennsylvania Representative Ed Gainey has introduced legislation to encourage nursing homes to pay $15 per hour. Given the concentration of women in caregiving jobs, “quality wage” standards in caregiving would help close the gap between women’s and men’s wages.
Trucking
Since the industry deregulation in 1977, long-distance truck drivers in the United States have been hammered. One estimate suggests that compensation per hour has fallen by half, counting the hours that drivers spend waiting for the next load.8 This has had a major impact in Pennsylvania: we have the fourth most truck drivers in the country, most of whom live outside southeast Pennsylvania and Allegheny County, including in rural areas.5 Research shows that higher pay improves safety in the long-haul trucking industry, in part because it improves retention of experienced drivers and because drivers no longer need to work unsafe numbers of hours to earn a decent living.7 Since higher pay improves safety, earlier this decade Australia established a “safety wage” which set minimum pay levels for truck drivers above the Australian minimum wage—high enough that drivers would not need to drive unsafe numbers of hours to earn a decent income.6 Raising pay for truck drivers operating within Pennsylvania would particularly benefit men and the central and rural parts of the state.9 Short of enacting a safety wage for truck drivers, the state should at least stop subsidizing low-wage trucking companies by publicly funding the training of new truck drivers with Commercial Drivers’ Licenses (CDLs). Pennsylvania could also raise the pay of truck drivers by cracking down on misclassification of drivers as independent contractors.

Manufacturing and distribution
The state of Pennsylvania provides millions of dollars annually in business subsidies, tax breaks, and training, often for manufacturing companies but in some cases for warehouses and distribution companies (e.g., Amazon). These funds should require all employees to earn at least $15 per hour within one year of employment, or by the completion of a registered apprenticeship program for employees hired as apprentices.

Non-public construction
For residential and commercial construction funded only by private funds, a case remains for lifting wages above the minimum wage because it would improve safety. Pennsylvania’s Department of Labor & Industry should conduct or commission an assessment of the potential reduction in accidents, injuries, and fatalities that might result from higher pay throughout the construction industry coupled with mandatory safety training for all Pennsylvania construction workers.

ENDNOTES
1 For summaries of research documenting that prevailing wage laws improve pay, skills, training, and productivity—but do not raise state construction costs, go to http://keystoneresearch.org/issues-guides/prevailing-wage.
2 According to Pennsylvania Partnerships for Children, “High-quality pre-kindergarten is a proven investment—every dollar spent returns up to $17 in reduced crime, education, and social services savings, as well as resulting in higher earnings and increased taxes paid in adulthood”; http://www.papартнерships.org/work/early-learning.
3 Keystone Research Center estimates that raising wages of all nursing home workers would increase nursing home costs by 4%. In addition, this change would generate offsetting savings because of reduced workforce turnover and reduced prescription drug costs because of happier residents. For the state and federal government, and for taxpayers, the cost of means-tested public assistance for low-wage workers would also decline. See Stephen Herzenberg, “Double Trouble: Taxpayer-Subsidized Low-Wage Jobs in Pennsylvania Nursing Homes,” Keystone Research Center, April 2015, p. 10; http://keystoneresearch.org/sites/default/files/KRC_DoubleTrouble.pdf.
4 Pennsylvania Rep. Ed Gainey has introduced legislation that would give nursing homes paying at least $15 per hour to all their employees a “living-wage certification.” He has also introduced separate legislation requiring nursing homes not meeting this standard to pay a portion of the cost of public benefits for which their low-wage workers qualify. See Stephen Herzenberg, “Nursing Homes Jobs That Pay,” Keystone Research Center, November 2015; http://keystoneresearch.org/sites/default/files/201511_NHFollowUp_FINAL.pdf.
5 Hourly compensation, counting the time long-distance drivers spend waiting for the next load, has fallen by about half in inflation-adjusted terms: see Michael H. Belzer and Stanley A. Sedo, “Why Do Long Distance Truck Drivers Work Extremely Long Hours?” Department of Economics, Wayne State University, Detroit, MI., no date, p. 28. See also Mike Belzer, Sweatshops on Wheels: Winners and Losers in Trucking Industry Deregulation (New York: Oxford University Press, 2000).
6 For a profile of “US heavy and tractor-trailer truck drivers,” including Pennsylvania’s third-place ranking for employment and a map showing that most of rural, central, and southwest Pennsylvania have between 1.25 and 2.5 times as many of these drivers relative to total employment as does the United States as a whole, see http://www.bls.gov/oess/current/oes533032.htm. See also http://www.bls.gov/ooh/transportation-and-material-moving/heavy-and-tractor-trailer-truck-drivers.htm.
9 Truck drivers in the United States are 94 percent male, about 55% non-Hispanic white, 21% Hispanic or Latino, and 17% Black (http://www.bls.gov/cps/cpsaat11.pdf).
RESTORE THE 40-HOUR WORK WEEK

IN BRIEF
- The 40-hour work week—the requirement that employees who work more than 40 hours a week must be paid more—has been taken away from most moderate-wage salaried workers. Six out of ten salaried workers once received overtime pay after a 40-hour work week. Now, fewer than one in ten do.
- Governor Wolf announced in January that he will use his regulatory authority to phase in a Pennsylvania overtime threshold at roughly the level proposed by the Obama administration. The governor’s proposal will now be subject to legislative and public input and deserves support.

THE PROBLEM
The 40-hour work week—the requirement that employees who work more than 40 hours a week must be paid more—has been taken away from most moderate-wage salaried workers. Since 1975, the federal threshold below which salaried workers receive overtime pay has been raised only once. It is now $23,660 ($455 weekly).

Six out of ten salaried workers once received overtime pay after a 40-hour work week. Now, fewer than one in ten do. Department managers at large stores, fast food shift supervisors, manufacturing team leaders, paralegals in law firms, office managers, and other salaried workers often work 50 or 60 hours per week for an effective hourly rate of $10 per hour or less.

THE SOLUTION
Governor Wolf announced in January that he will use his regulatory authority to phase in a Pennsylvania overtime threshold at roughly the level proposed by the Obama administration. The governor’s proposal will now be subject to legislative and public input—an opportunity for citizens and advocates to weigh in. It deserves to be supported. The governor’s authority to make this change is rooted in state law. With enough support, we can restore the 40-hour work week for thousands of hardworking Pennsylvanians.

BACKGROUND
In 2016, the Obama administration sought to raise to $47,476 the threshold below which all salaried workers earn overtime pay. This change would have directly benefited an estimated 459,000 Pennsylvanians, nearly a quarter (22.6%) of the commonwealth’s two million salaried workers. In November 2016, however, a Texas court blocked the new rule. The Trump administration appealed the decision to defend its right to set an overtime threshold through regulation but has made clear it will not defend a threshold near Obama’s. For the time being, the federal threshold remains at $23,660.

Just as states have the right to establish a minimum wage higher than the federal minimum wage, they also have the right to set a higher overtime threshold. New York and California have already set thresholds near or above the Obama administration’s $47,476 level.

Every day, hardworking Pennsylvanians lose a total of $144,825 because of the federal government’s failure to defend the overtime rule. That’s $53 million a year that should be going into the pockets of our neighbors and friends and back into our economy. Raising the overtime threshold in Pennsylvania could put all that money where it can do the most good.
STRENGTHEN LABOR UNIONS

IN BRIEF
• Making it easier for workers to join labor unions is a critical way to increase wages and benefits and reduce income inequality.
• The state can help build and strengthen unions in many ways. It can direct state purchasing to firms that are unionized or make unionization easier; create industry-wide labor-management wage boards; tie worker training funds to companies that respect the rights of unions; and allow local governments to take similar steps.

THE PROBLEM
A major reason for the growth in income inequality in the United States since the 1970s has been the decline in the share of workers who belong to unions. If we don’t reverse the decline in unionization, it will be difficult to increase wages and reduce inequality. Unions provide much of the political support for public policies that benefit working people and that created a middle class in America. If we don’t strengthen unions it will be more difficult to enact public policies such as a higher minimum wage, more affordable and accessible health care, and paid sick days and fair scheduling. The opponents of labor are powerful, well-funded, and relentless and they see unions as the most significant obstacle to locking in a political system and economy permanently dominated by conservative businesses and donors.

THE SOLUTION
Public policy and elected officials that support unions need to help unions grow in both the public and private sectors.

• Unions in the public sector are a big part of today’s labor movement. Helping them remain strong in the context of unprecedented attacks is vital.
• The private sector is most of the economy and where the next generation of unions is already being born.

Some specific ways lawmakers and other public officials can bolster unions:

• Make it easier for public sector workers to form a union. Replace the lengthy, bureaucratic process currently in place with a simple card check process that allows a majority of workers to form a union.

Also ensure that certified unions have access to new employees in order to explain the benefits of union membership. These ideas are embodied in the Pennsylvania Workplace Freedom Act, introduced by Rep. Madden and Rep. Mehaffie in June 2018.
• Use the “bully pulpit” to support workers engaged in specific organizing efforts, explain the value of unions, and help “next unionism”—area-wide private sector unionism anchored in service industries—to reach a take-off point.
• Don’t provide government contracts, subsidies or grants to companies that violate workers’ rights. Do use public funding for activities such as training and job creation and regulation to support companies that respect workers’ freedom to unionize. Help create positive models of labor-management relations.
• Encourage the use of labor peace agreements, ensuring that employers will maintain neutrality on organizing efforts on publicly owned or subsidized economic development sites.
• Encourage local governments to pass their own laws and ordinances that make it easier for Pennsylvanians to organize.
• Promote policies that allow Pennsylvania to move toward industry-wide bargaining, rather than firm- or shop-level bargaining. One way to do this would be to give the Department of Labor & Industry, advised by wage boards with labor and management representatives, the power to set industry-specific minimum wages above the state’s general minimum wage. Lifting non-union wages toward union levels could reduce employer incentives to resist unionization and make them more open to area-wide, multi-employer collective bargaining.

BACKGROUND
For a brief period, after the 1935 passage of the Wagner Act protecting workers’ freedom to organize and the acceptance of collective bargaining in World War II, some US private sector employers pragmatically accepted unions. Starting with the passage of the 1946 Taft-Hartley Act, however, US employers’ historic hostility to unions reasserted itself. Private sector employers faced with organizing efforts increasingly hired “anti-union” consulting firms that took advantage of our weak labor laws to discourage workers from joining unions and broke the law, if necessary, to break unions, for example,
WeThePeoplePA.org

by firing workers for pro-union activity. Penalties for such “unfair labor practices” remain a light slap on the wrist.

As private union density declined, union opponents increasingly advanced the idea that we don’t need unions any more saying they were important in the old economy of factories and mines but are not in today’s postindustrial, service-dominated economy. The wage stagnation and income inequality that has resulted from union decline, however, make the opposite case: unions are every bit as important in the new economy as the old. If workers want to earn a living wage, respect from their employer, access to training and career advancement, work-family balance and, most fundamentally, a voice and real power in negotiating the terms of their job, they need a union—even more when big employers use their immense market power to ruthlessly suppress wages, especially of low-wage workers.

By the late 1980s, conservative businesses, donors, and think tanks, such as Pennsylvania’s Commonwealth Foundation, increasingly trained their sights on public sector unions. They did so most recently by pursuing the Janus vs. AFSCME case in which the Supreme Court decided 5-4 in June to overturn precedent and the will of the legislature in Pennsylvania and many other states by making the public sector in all 50 states “right-to-work for less.” Workers who choose not to belong to a public-sector union now need not contribute anything to that union even though they benefit from its bargaining and representation. The intent is to reduce the resources available to unions, to permanently diminish the freedom of working people to join together and bargain for better wages and benefits, and to reduce workers’ collective power to shape public policy. Many unions are engaging in unprecedented campaigns to increase their membership in the face of the Janus decision.

Despite decades of attacks and the Janus decision, workers still support their unions and non-union workers overwhelmingly want a greater voice on the job. Further, a new model of unionism that could bring private union density back towards the levels of the 1950s is emerging. Increasingly, workers are coming together on an industrywide basis within cities, metro areas, regions, and whole state. We are seeing this union organizing in many places in Pennsylvania among janitors; security guards in Pittsburgh; home care workers; health care workers; airport workers in Philadelphia; contingent faculty in higher education in Pittsburgh and Philadelphia; child care workers; workers in fast food, supermarkets, and other retail areas; ride-share and taxi drivers; warehouse workers; and truck drivers. Some of this organizing reached a new level of visibility under the banner of the “Fight for $15 and a union” campaign.

Federal labor law reforms—a “Wagner Act for the New Economy”—could give all private sector workers the ability to organize and bargain on a multi-employer, area-wide basis, and take the new unionism to scale.
But that’s not going to happen without major shifts in US politics and the social movement required to bring that about. In the near term, the state and local levels are the key battlegrounds.

In the Pennsylvania legislature, success can no longer be defined only by blocking attacks on workers. Legislative champions need to help shift the balance in power in Harrisburg. This is a “which side are you on?” moment in which lawmakers must be on the side of working people. Working people’s freedom to come together in unions 70-80 years ago created the middle class and made our political system responsive to typical Americans and to the common good. To grow the middle class and restore responsive democracy, workers’ basic freedoms must be promoted like never before.

ENDNOTES


2 Workers were illegally fired in an estimated 26% of union campaigns in the 2000s, up from 16% in the late 1990s. See John Schmitt and Ben Zipperer, “Dropping the Ax: Illegal Firings During Union Election Campaigns, 1951-2007,” Center for Economic and Policy Research, March 2009, file:///C:/Users/herzenberg/Downloads/1756-2361-1-SM.pdf.


6 US law and practice are uniquely hostile to multi-employer and sectoral bargaining. Outside of the construction sector, unions can do little to compel more employers to negotiate as part of a master agreement and employers can choose to leave multi-employer bargaining at will. Unlike much of Western Europe, Canada, and Mexico, very few US laws facilitate the extension of the economic terms of union contracts to non-union employers. Stephen A. Herzenberg, John A. Alic, and Howard Wial, New Rules for a New Economy: Employment and Opportunity in Postindustrial America (Ithaca, NY: Cornell University Press, 1998), pp. 162-64, briefly summarizes the lack of support for multi-employer organizing and bargaining in the United States and statutory changes that could make it more supportive.
IN BRIEF

- Many workers in Pennsylvania and across the country, especially low-wage ones, do not have access to earned paid sick days. Workers without this benefit must choose between going to work while ill or sending their child to school sick or missing a day’s pay and risking the loss of their job. When employees, especially in food service industries, do go to work sick, viruses such as the flu spread more quickly.
- Pennsylvania should pass earned sick leave legislation and give workers the right to earn paid sick days to be used when they or a family member are sick or in need of health-related care.
- The experiences of states like New Jersey and cities like San Francisco that have enacted earned sick days show that far from being costly to businesses, the policy actually leads to improved productivity.

THE PROBLEM

Many workers in Pennsylvania and across the country, especially low-wage ones, do not have access to earned and paid sick days. Workers without this benefit face difficult choices such as (a) going to work while ill or sending their child to school sick or (b) missing a day’s pay and risk getting fired. The lack of a national or statewide paid sick leave law in Pennsylvania has negative consequences for workers, their families, employers and the public at large. It increases the spread of food-borne viruses at restaurants, including the flu, and creates other public health problems. It also raises injury rates on the job and the use of emergency rooms, while lowering preventive care that saves lives such as cancer screenings. Lack of earned sick days can also lower productivity and increase turnover.

THE SOLUTION

Pennsylvania should pass earned sick leave legislation giving workers the right to earn paid sick days to be used when they or a family member are sick or in need of health-related care. Some important elements to include in such legislation are:

Number of days/hours and accrual rate: The policy should spell out the details on number of days/hours accrued over what period of time. For example, California’s law states that a worker can accrue one hour for every 30 hours worked, up to 48 hours of sick leave. Accrual should begin when work begins and workers should be allowed to use the time after a 90-day probation period.

Coverage: The program should cover both private and public sector workers.

Use of paid sick time: Workers should be able to use paid sick time to care for their own medical illness or get medical care for themselves or a family member or help a family member get medical care. The policy should also address school or business closures due to a public health emergency.

Safe time: “Safe time” allows use of paid sick leave in instances of sexual assault or domestic violence for oneself or a family member. One in four women in the United States have faced sexual violence, physical violence or stalking by an intimate partner at some point in their lives. Survivors of domestic and sexual violence lose days of work after being assaulted—36% of survivors of this type of violence on average lose more than ten days of work after being attacked. One study found that between 25% and 50% of domestic violence victims report being fired due, at least in part, to domestic violence. Including “safe time” in earned sick leave legislation is critical to ensuring that victims of domestic or sexual violence are not penalized at work after being assaulted.

Defining family member: The definition of a family member should be expansive to acknowledge the fact that families are not all the same and many have intergenerational caregiving needs. The term family member should have a broad definition and should include family related “by blood or any individual whose close association with the Employee is the equivalent of a family relationship.” This can include any individual that the Employee has a close personal relationship with that is or is like a family relationship, regardless of the biological or legal relationship status.

BACKGROUND

While 68% of all private sector workers have access to paid sick days, access varies tremendously by wages. Ninety-two percent of the top-earning 10% of income-earners have access to paid sick days compared to only 30% of the lowest 10%.

Few workers in low wage jobs, including at restaurants...
and in food service, have access to paid sick days. Many opt to go to work while sick because they fear getting fired or can't afford to lose even one day of work. Ninety percent of restaurant workers do not have a single day of paid sick leave and two-thirds have reported cooking, serving, or preparing food while sick. A 2014 US Centers for Disease Control and Prevention study found that sick restaurant workers were a major cause of foodborne norovirus outbreaks. Access to paid sick days can begin to reverse this public health problem. A study of cities that passed paid sick leave laws saw a decline in flu rates after the legislation was passed.

A lack of paid sick leave also means workers have less time to schedule preventative doctor’s appointments, which can save lives. One study found that workers without paid sick days are less likely to get cancer screenings than those with such access. One multi-year study found that private sector employees with access to paid sick leave go to emergency rooms less frequently, reducing costs to the public. More specifically, those with paid sick leave are 14% less likely to be moderate emergency room users than those without and 32% are less likely to be repeat emergency room users. Workers with access to paid sick leave are also 28% less likely to be injured on the job than those without.

Paid sick days not only benefit workers, their families and the broader community, it also benefits employers. Earned sick leave ensures a company’s workforce is healthy and productive. After a paid sick time law was implemented in New Jersey, more than 40% of employers reported that the policy improved productivity, resulted in better qualified new employees, and/or reduced turnover, all of which led to cost savings. Paid sick time also ensures sick workers do not infect other workers or the public, which can have a negative financial impact on a company. And generally, implementing paid sick time does not mean an increase in costs for businesses. In San Francisco, 85% of employers did not report any negative impact on their profits after the city’s law went into effect.

The United States is the only developed nation that does not guarantee paid sick leave to its workers. Local governments and states have begun filling in this legal gap. As of June 2018, ten states—Connecticut, California, Massachusetts, Oregon, Vermont, Arizona, Washington, Rhode Island, Maryland, New Jersey—have enacted paid sick days legislation. Thirty-two cities and two counties have passed paid sick leave laws as well, including Philadelphia and Pittsburgh in 2015.

In Philadelphia, the law requires paid sick leave for employees of businesses with ten or more employees. Employees can earn as much as 40 hours of sick leave a year. The law covers about 200,000 workers who were previously without paid sick time. The law passed in Pittsburgh would have affected about 50,000 workers but the law was challenged and ruled invalid by an Allegheny County judge in December 2015. This decision has appealed to higher state courts. The ruling stated that Pittsburgh did not have the authority to enact a paid sick leave law because of the Home Rule Charter and Optional Plans law which states that municipalities are not allowed to determine “duties, responsibilities, or requirements placed upon business, occupations and employers.” Philadelphia is exempt from this law and therefore its paid sick leave law has not been challenged. There have been efforts on the state level (Senate Bill 128) to preempt the ability of local governments to pass legislation requiring businesses to provide workers with access to leave.

ENDNOTES
1 https://www.ncbi.nlm.nih.gov/pubmed/26851064
COMBAT WAGE THEFT

IN BRIEF

• In many industries, some employers abide by labor laws, but others fail to pay the minimum wage, violate overtime laws and safety standards, and evade social insurance payments.

• Wage theft costs workers at least $15 billion and taxpayers tens of billions more.

• Letting companies violate the law with impunity is bad economic policy and hurts all Pennsylvanians because it puts pressure on other companies to take the low road, holding wages down and reducing innovation, productivity growth, and thus the growth of living standards over time.

• Evidence-based, data-driven enforcement of labor law is being effectively carried out by leading states and cities.

• It’s time for Pennsylvania to become a leader in the effective enforcement of labor law as part of a strategy for rebuilding its middle class and long-run competitiveness.

BACKGROUND

Labor law enforcement agencies in the United States at the federal, state, and local level have too few inspectors to inspect all the workplaces under their jurisdiction. Historically, agencies tend to have different groups of inspectors enforcing different laws—even though employers that violate one law often violate many. Many agencies also determine which employers to inspect or audit based on complaints, and complaints often are not raised against the employers and industries most likely to violate standards. Thus, some employers in certain industries routinely fail to pay the minimum wage or required overtime. They violate health and safety standards, misclassify employees as independent contractors, and fail to pay payroll taxes or worker’s compensation premiums. The Economic Policy Institute estimates that wage theft costs employees $15 billion dollars per year and that a lack of worker’s compensation coverage, unemployment insurance coverage, or Social Security coverage costs billions more. Special surveys that take pains to adequately represent vulnerable workers suggest that the real costs of labor law violations may be even larger.

THE PROBLEM

Hundreds of thousands of employers routinely fail to pay minimum wage or overtime, violate health and safety standards, and/or misclassify employees as independent contractors. They may also fail to pay payroll taxes, unemployment insurance, and worker’s compensation premiums. As well as stealing from workers, poor enforcement undercuts law-abiding companies. And by unfairly exploiting workers, it undercuts efforts—at other employers, in whole industries and in the economy as a whole—to diffuse “high-road” economic strategies that seek profit in partnership with workers, paying well and increasing productivity over time.

THE SOLUTION

Drawing on evidence-based “best enforcement practices,” the Pennsylvania governor and attorney general should collaborate to implement a pro-active, industry-specific labor law enforcement strategy, picking up the slack from the federal government’s retreat in this vital area. The gubernatorial administration and attorney general should use their authority under existing law and seek legislation that increases penalties for violating labor law, providing additional resources for enforcement and for technical assistance to help employers comply with the law. Effective enforcement of labor law can be paid for if enforcement agencies capture a portion of penalties for violations of the laws.
It is particularly critical that Pennsylvania and its localities step up to the challenges of effective labor standards enforcement given that the federal government has sharply reduced the budget of the US Department of Labor (USDOL) and reversed policies intended to regulate the low wage workplace.9

ENDNOTES
5 In May 2013, Philadelphia passed construction contractor licensing reforms, now codified under Philadelphia Code Section 9-1004, aimed at making it much harder for companies to misclassify independent contractors in construction. The law establishes significant civil penalties of up to $2,000 per violation per day, criminal penalties of up to 90 days in prison, and the possibility of revoking contractor licenses now required to operate in the city. The new law also allows private parties to institute a lawsuit in municipal or common pleas court to enforce code violations.
6 One of the “bibles” of the new approach was funded by the US Department of Labor (USDOL) under President George W. Bush. It’s author, David Weil, then became the Wage and Hour Administrator in USDOL, increasing reliance on such strategic approaches. See David Weil, “Improving Workplace Conditions Through Strategic Enforcement: A Report the Wage and Hour Division,” Boston University, May 2010; https://www.dol.gov/whd/resources/strategicEnforcement.pdf.
8 Elmore and Chisti distinguish targeted enforcement of civil law (via administrative orders, administrative hearings, or revocation of licenses); data-driven targeting for audits and investigations; criminal prosecutions; and stakeholder cooperation (including public-private partnership, interagency coordination, and federal-state cooperation). See Andrew Elmore and Muzaffar Chisti, “Strategic Leverage: Use of State and Local Laws to Enforce Labor Standards in Immigrant-Dense Occupations,” Migration Policy Institute, March 2018; file:///C:/Users/herzenberg/Downloads/StateLaborStandardsEnforcement_FinalWeb.pdf.
END WAGE GAPS BASED ON RACE AND GENDER

IN BRIEF

• Race-based and gender-based wage gaps are larger than they were in 1979. Discrimination has sadly persisted, especially against people of color. And as wage growth has slowed or, in some case, declined, the burden has fallen on people of color and women.
• Reducing race-based and gender-based wage gaps requires a variety of approaches, many of which are developed in other policy papers on strengthening labor unions, education, and workforce training.
• Other approaches must be added, including vigorous and pro-active enforcement of anti-discrimination laws and reducing barriers to employment for ex-offenders.

THE PROBLEM

Race-based and gender-based wage gaps are a problem both nationally and in Pennsylvania. Nationally, of those who worked full-time in 2012, white men have the highest average weekly earnings ($932) followed by white women ($760), Black men ($732), Hispanic men ($667), Black women ($639) and Hispanic women ($593).1 In Pennsylvania, women earn 79.3 cents for every dollar men make; white, non-Hispanic women earn 78.0 cents for every dollar; Black women earn 67.8 cents; and Latinas earn 56.9 cents.2

The wage gap between Blacks and whites is larger now than it was in 1979. As Wilson and Rodgers explain, part of the problem is that when wage growth is slow or wages decline, the burden falls on people of color and women. The 1980s saw a widening of the wage gap due to rising unemployment, decreased unionization rates, and decreased enforcement of anti-discrimination laws. In the late 1990s the gap began to close as labor markets tightened—but since 2000, the gap has again been growing.

There is also evidence from field experiments that discrimination in employment against Black people has not declined since 1989.3

In 2015, when comparing the average hourly wage between individuals with the same education, metro status, region, and experience, Black men make 22% less than white men and Black women make 34% less.4

In part, the wage gap is due to occupational segregation, the distribution across and within occupations of different demographic groups. Hispanics and Blacks are disproportionately clustered in low-paying occupations while whites are disproportionately clustered in higher-paying occupations. For example, whites make up 80% of workers in the US but make up 96% of farm managers and ranchers, 92% of construction managers, 91% of carpenters, and 90% of CEOs. Hispanics make up about 15% of all jobs nationally, but they make up approximately 50% of all farmworkers, 44% of grounds maintenance workers, and 43% of maids and housecleaners. Blacks make up 11% of the workforce nationally but make up 33% of home health aides and 25% of security guards and bus drivers.5 Women are also concentrated in low-wage jobs. The National Women’s Law Center reports that two-thirds of the nearly 20 million low-wage jobs paying $10.10 or less an hour are held by women even though they make up slightly less than half of the workforce as a whole. Women workers were particularly hard hit by the Great Recession—the share of women workers who hold low-wage jobs increased by more than 6% between 2007 and 2012. The NWLC’s report, Underpaid and Overloaded: Women in Low-wage Jobs, explores the overrepresentation of women in the low-wage workforce and examines women in low-wage jobs by state. While women nationally make up about 66% of the share of low-wage jobs, there are ten states where women make up more than 70% of the low-wage workforce—Pennsylvania is just below at 69.9%. In Pennsylvania, women are 2.5 times as likely as men to be employed in a low-wage job.6

THE SOLUTION

A comprehensive approach that works on multiple levels is necessary to end race-based and gender-based wage gaps. Many of the proposals overlap with other parts of the We The People policy agenda. Pennsylvania should do the following:

• Strengthen labor laws and workers’ right to organize.
  a. Raise the minimum wage and the tipped minimum wage.
  b. Support fair scheduling.
  c. Pass paid sick days legislation.
  d. Pass a paid family and medical leave program in Pennsylvania.
  e. Raise the overtime threshold.
  f. Strengthen enforcement of new and existing
labor standards.
g. Pursue policies that improve the ability of unions to organize and reject policies like “right to work” which would restrict workers ability to organize.

- **Combat discrimination** with rigorous enforcement of federal, state and local employment discrimination laws. As part of this effort the PA attorney general should carry out state-funded field investigations of discrimination in hiring.

- **Strengthen equal pay laws.**
  
  h. Support pay transparency. When women or people of color are unable to discuss their salaries they often do not know when they are making less than their colleagues. Pennsylvania could pass a paycheck fairness act which would reduce any secrecy associated with pay and make pay differences more transparent. The legislation should prohibit employers from retaliating against employees who share salary information with co-workers.
  
  i. Ban employers from asking job applicants about salary history. Philadelphia passed the Fair Practices Ordinance which bans salary history questions from the hiring process. In 2018, Governor Wolf signed an executive order to combat the gender pay gap in the state which prohibits state agencies from asking about salary history during the hiring process and requires salaries to be based on job responsibilities, position pay range, and the applicant’s qualifications, and that clearly states positions’ pay ranges. Pennsylvania can expand its law to make it unlawful for any employer to ask about salary history, not just employers who work for the state.
  
  j. Specify that the time period to pursue equal pay claims restarts after every paycheck in which a worker is getting lower pay due to discrimination.
  
  k. Require all companies who bid/receive a government contract to analyze their pay practices in regard to wage gaps based on race and gender. Require companies to report this information and comply with all pay equity laws and principles in order to receive the contract.
  
  l. Allow workers who have successful pay discrimination claims to recover compensatory and punitive damages.

- **Establish targeted worker training programs.**
  
  m. Invest in targeted worker training. Targeted workforce development programs can help reduce the tendency of white men to dominate higher paid occupations. Investment in job training and placement programs will help diversify better paying occupations. While apprenticeship is widely used and respected in many other countries, it has been primarily associated with the construction industry in the US. There are many benefits of apprenticeships for both workers and employers; companies can train workers to the specific needs of their company while workers get paid and trained at the same time, starting on a path to good paying jobs.
  
  n. Governor Wolf has made it a priority to expand apprenticeship opportunities to industries that are not typically associated with apprenticeship, including manufacturing, healthcare, transportation, and insurance. Apprenticeship can narrow the gender and race postsecondary achievement gaps. Pre-apprenticeship programs can also play an important role in ensuring there is more diversity within established apprenticeship programs.

- **Reduce barriers to good jobs and increase job opportunities for ex-offenders.**
  
  o. Support a dignity-based approach for ex-offenders. People released from jail should not continue to be degraded and marginalized; they should be encouraged to contribute and integrate back into society. Compared to similar countries, the United States tends to continue to punish and stigmatize those with criminal records beyond their actual sentence. This has numerous collateral consequences for those getting out of jail. Pennsylvania has taken steps towards a dignity-based model, including the passage of clean slate legislation (passed in the summer of 2018) which allows those with minor convictions to get their records sealed so that it does not serve as a barrier to employment or housing.
  
  p. Support Ban the Box laws and other fair hiring policies: Ban the Box laws are policies that remove the check-box from job applications, indicating whether an applicant has ever been convicted of a crime. While there has been debate in the literature as to the impact of Ban the Box, multiple studies have shown that Ban the Box laws have been effective at getting more
ex-offenders hired. In Pennsylvania, Governor Wolf signed an executive order in 2017 to “ban the box” for state government job applications. Pennsylvania can continue to strengthen these laws by mandating the removal of conviction history from job applications for private employers. Currently, eleven states have passed such a law. Philadelphia has extended such laws to government contractors.13

**BACKGROUND**

Over the last several decades, the United States economy has undergone a series of changes that has led to growing income inequality. Deindustrialization led to the loss of good paying union jobs in the Northeast and Midwest as companies sought out cheaper labor in the South and overseas. Nonstandard, part-time, contingent, and temporary work became more commonplace as employers explored ways to circumvent regulations and labor standards won by the labor movement. Private sector union density declined from more than one-third of workers in the 1950s to 6.7% in 2015.14 The proliferation of low wage, services jobs has occurred alongside the rich getting richer, accentuating inequality in the US and leading to more and more working families struggling to meet their basic needs as the once family-sustaining wage disappears. At the same time, growing disparities in employment, unemployment, and wages between African-American and white workers, have led to what some call the Black jobs crisis.

The Black jobs crisis can be defined as high levels of Black unemployment and underemployment as well as the concentration of Black people in low-wage jobs. The Black-white unemployment ratio remains at about 2:1 and Black workers are highly concentrated in low-wage jobs. Thirty-eight percent of non-Hispanic Blacks worked in low wage jobs, defined as jobs that pay less than $12.60 an hour, compared to 26% of non-Hispanic whites.

There is a significant literature on the Black jobs crisis—some of the main areas of scholarly debate are in the areas of discrimination, occupational segregation, skills/education gaps, and incarceration.

**Discrimination:** Racial discrimination—the unequal treatment of people based on their race or ethnicity—is most relevant here in terms of how discrimination plays out in the realm of employment. Numerous studies quantify the extent of racial discrimination and describe the ways in which this takes place—in hiring, job promotion, job channeling, and wage rates.15

**Occupational Segregation:** This trend is most often associated with gender, but racial/ethnic occupational segregation exists as well.

**Skills/ Education Gap:** While Blacks have made significant progress in closing the education gap especially in terms of high school completion, their wages and employment opportunities still lag behind whites. Bernstein (1995) explores the reasons why advances in education haven’t led towards employment and wage payoffs. He finds that because Blacks are overrepresented in vulnerable sectors of the labor market, they have been more likely to be harmed by trends including the shift from better paying manufacturing jobs to lower-paying ones in services, declining unionization, declining minimum wage, the eroding safety net, worker protections, and an increase in wage inequality that favors those with higher levels of education and experience. He also finds that Blacks face the added burden of discrimination in the labor market. Wilson and Rodgers find that reductions in the education gap will not necessarily reduce the wage gap. In fact, they find that while the education gap has narrowed since 2000 between Black and white college graduates, the wage gaps of these populations have grown and persisted.16 While closing the education between Blacks and whites is important, education alone will not solve the racial wage gap.

**Incarceration:** There has been exponential growth of the prison population in the US over the last 30 years, making it the nation with the highest incarceration rates by far. Since 1980, the prison population has increased by 300%. Black men have the highest rates of incarceration—one in 12 African-American men are in prison or jail compared with one in 87 white men. People of color make up 60% of people behind bars and Black men are 6 times more likely to be incarcerated than white men.17

**Decline of Unionization:** Labor unions have been proven to improve wages and reduce the wage gap. Unions reduce the wage gap by standardizing wage rates for workers in similar positions as well as narrowing gaps between workers in white collar and blue collar positions.18 Bucknor examines Black unionized workers and the role unions play in reducing wage inequality. She finds that Black workers are more likely than any other race/ethnicity to be in a union, with 14.2% of Black workers unionized compared to 12.3% of all workers. Black workers in unions earn 16.4% higher wages, are 17.4% more likely to have employer-provided health insurance, and are 18.3% more likely to have an employer-sponsored retirement program than Blacks.
not in unions. The benefits are even larger for low-wage workers and those with fewer years of formal education.\textsuperscript{19}

ENDNOTES


2 https://nwlc.org/resources/wage-gap-state-state/


8 https://www.americanprogress.org/issues/women/reports/2014/09/18/97421/7-actions-that-could-shrink-the-gender-wage-gap/


14 US Department of Labor, Bureau of Labor Statistics


PRINCIPLE TWO

Promote Educational Opportunities
that Help Pennsylvanians Secure
Rewarding Lives and Work
INTRODUCTION:
ADEQUATELY AND EQUITABLY FUND PRE-K AND K-12 PUBLIC EDUCATION AND REDUCE TUITION FOR PUBLIC COLLEGES AND JOB TRAINING PROGRAMS

THE PROBLEM
"Social programs may be a matter of ethics and generosity, but education and training are not. I am willing to pay for, indeed insist upon, the education of my neighbors’ children not because I am generous but because I cannot afford to live with them uneducated.” Lester Thurow, The Zero Sum Solution, Simon and Schuster, 1985, p. 187.

"If an elective republic is to endure for any great length of time, every elector must have sufficient information, not only to accumulate wealth and take care of his pecuniary concerns, but to direct wisely the Legislatures, the Ambassadors, and the Executive of the nation . . . it is the duty of government to see that the means of information be diffused to every citizen. This is a sufficient answer to those who deem education a private and not a public duty—who argue that they are willing to educate their own children, but not their neighbor’s children." Thaddeus Stevens, Speech Before the Pennsylvania General Assembly, February 1835.

Quality education has long been recognized in America as a foundation, not only for equal opportunity and long-run economic growth, but also for democracy and human development—for life, liberty, and the pursuit of happiness. Thanks in part to the leadership of Republican Thaddeus Stevens, more than 180 years ago Pennsylvania was at the forefront of the movement for universal free public schooling. In recent times, however, Pennsylvania’s investment in education has lagged behind many other states. We have the largest gap in K-12 education funding between the richest and poorest districts. We rank 47th among all states in K-12 education funding. We rank 50th for higher education according to U.S. News and World Report, and as a result, Pennsylvania college students pay high tuitions and lead the nation in student average student.

In relatively new areas for state investment in education, early childhood education and workforce training, including for adults, Pennsylvania ranks higher and at times has been a leader—in part because there is some bipartisan support for these investments. Yet in these areas too, state investments lag behind the needs of families and the future economy. Pennsylvania’s rank in pre-K access for three-year-olds and four-year-olds has dropped in the last few years. With so many dual earner and single-parent families—and so many jobs paying too little—we need more access to affordable child care and pre-school. In a world with higher and faster changing skill demands, we need stronger linkages between training and education and the world of work—for mid-career adults as well as for young people.

Without more investment in education and training that responds to the economy and society of today—and of the future—our state will struggle economically. In addition, unequal educational opportunity threatens to transform education from a vehicle of upward mobility—a cornerstone of the American Dream and the means by which any American, no matter the station of their birth, has a real chance at reaching at any station as an adult—to a buttress of the existing class structure. If you are born into the right family and community, you will get a great education from cradle to career. If you come from an economically struggling family and community, you will bear the brunt of unequal schooling from the starting gate and have less chance of becoming upper income than lower-income children in most European countries.

THE SOLUTION
- Adequately and equitably fund K-12 education by substantially increasing state funding through the fair funding formula.
- Provide free college tuition for students at state system schools, state-related universities, and community colleges, and provide grants for job training/apprenticeship programs that are closely tied to jobs that pay good wages.
- Make pre-kindergarten and early childhood education available and affordable to all families.

BACKGROUND
There are huge gaps in educational opportunity in Pennsylvania, not only between rich and poor but between white and Black. These gaps exist because of the vast differences in income and wealth between affluent suburbs and struggling rural and urban communities,
and the state’s stunning failure to invest in all our children and workers to our common benefit.

In K-12 education, our state’s 500 often small and economically homogenous school districts allow geographic gaps in income and wealth to have a profound impact on school quality. Some districts are composed of mostly affluent people and have many businesses that pay a great deal in property taxes. Others are made up of mostly people of modest means and there is little or no commercial activity. The state has persistently failed to step up to mitigate these economic inequalities.

In higher education, regional differences in income and wealth play themselves out even more dramatically. Rural areas are the most disadvantaged when it comes to affordable, accessible higher education. Some 28 Pennsylvania counties do not even have a community college instructional site. As a result, the share of Pennsylvania adults with more than a high school education is lower in 35 counties than in any of the 50 states and below West Virginia’s 48.1%. And while rural communities are especially hurt, despite the extraordinary institutions of higher education in both major and many smaller cities, opportunities for young Black men and women are limited by the high cost of higher education and the impact of underfunded, deficient public schools on their preparation for college-level work.
MAKE PRE-K AVAILABLE AND AFFORDABLE FOR ALL FAMILIES

IN BRIEF

• Access to high quality pre-K significantly improves children’s language, literacy, math, and social/emotional skills. It cuts special education placement nearly in half through 2nd grade, reduces by a third the need for students to repeat grades through the 8th grade, raises the likelihood of children graduating high school and college, and reduces the odds that they will be arrested for a violent crime.

• Pennsylvania has been losing ground on the accessibility of pre-K. Only 6.5% of three-year-olds and 13% of four-year-olds are served in Pennsylvania while other states serve more than 70% of their state’s four-year-olds. Our national ranking in providing pre-K has been dropping as well.

• Pennsylvania should eventually provide pre-K for all children but in moving toward that we should target pre-K for those most in need, ensure that they go to full-day programs that are aligned with K-12 schools, and ensure the high quality of programs by adopting the standards set by the National Institute for Early Education Research.

THE PROBLEM

Ninety percent of brain development in children takes place by the age of five. This makes early childhood education especially critical in a child’s mental, physical, and emotional development. However, only one in six of Pennsylvania’s 300,000 three- and four-year-olds currently have access to publicly funded pre-K programs. Of those 175,000 three- and four-year-olds at risk of school failure because of their low family income, 70% are not enrolled in publicly funded preschool.

Research shows that attending a pre-K program has numerous and significant benefits. Access to high quality pre-K significantly improves children’s language, literacy, math, and social/emotional skills when they enter kindergarten, thereby lessening disparities in learning that exist from the very beginning of school. Attending pre-K cuts special education placement nearly in half through 2nd grade. It also reduces by a third the need for students to repeat grades through the 8th grade.

The effects of quality pre-K programs go beyond primary school. Participants in pre-K programs are more likely to graduate high school and enroll in college, which not only benefits them but our state’s economy as well. Children are also less likely to be arrested for a violent crime—one study showed that those who didn’t attend a high-quality pre-K program were 70% more likely to be arrested for a violent crime by the age of 18 than those who did.

There are economic benefits as well. One analysis of 20 studies of high-quality pre-K programs shows the economic benefit for each child who attends a good pre-K program adds up to more than $34,000. This includes reductions in the cost of crime, special education, and grade repetition as well as increases in wages over a lifetime.

Access to affordable pre-K helps low- and middle-income families by eliminating the often-crushing costs of early childhood education and childcare. In Pennsylvania, the annual average cost of a four-year-old’s childcare in a center is $8,727, which is out of reach for many families of modest means.

Pennsylvania has been losing ground on the accessibility of pre-K. Only 6.5% of three-year-olds and 13% of four-year-olds are served in Pennsylvania while other states serve more than 70% of their state’s four-year-olds. Our national ranking in providing pre-K has been dropping as well. (See more on this below.)

THE SOLUTION

Pennsylvania should join other states that have made it a priority to work towards universal pre-K for their state’s young children, including West Virginia, Vermont, Wisconsin, Alabama, New York, and Illinois. Universal pre-K should be our long-term goal, but when resources are limited, targeted pre-K for those most in need should be prioritized. On our way to providing universal pre-K, Pennsylvania should:

• prioritize universal access for three- and four-year-olds most in need;
• ensure offerings are full-day programs that align with K-12 schools, so children get the full benefit of early childhood education and parents are able to work;
• ensure the high quality of programs by adopting the standards set by the National Institute for Early Education Research; and
• ensure teachers are both well-trained and well-compensated.
BACKGROUND
Pennsylvania has four programs that provide publicly-funded pre-K: The Pennsylvania Four-Year-Old Kindergarten (K4) and School-based Pre-kindergarten programs (SBPK), the Ready to Learn block grants (RTL), the Pennsylvania Pre-K Counts Program, and Head Start. The Pennsylvania Department of Education oversees each of these programs. The K4/SBPK programs are offered through public schools that wish to provide them; 19% of school districts currently do. Ready to Learn can be used by school districts for pre-K or other services for those not achieving proficiency in their district. Pre-K Counts was created in 2007 to provide no-cost pre-K education for children from families earning up to 300% of the federal poverty level. These grants are awarded to eligible providers, which can include school districts, Head Start programs, licensed nursery schools, and child care centers meeting certain criteria. Funding for Pre-K Counts comes entirely from the state. Head Start is funded by federal dollars, but Head Start Supplemental Assistance provides additional state funding for Head Start programs to increase the number of children they serve or expand the length of the Head Start day or year for children.13

The Pre-K Counts and Head Start Supplemental Assistance programs have helped Pennsylvania make progress on funding for pre-K. Between 2010-11 and 2018-19, funding for these programs has increased 107% (from $121 to $251 million).14 Despite this growing investment, Pennsylvania has been losing ground on the accessibility of pre-K in recent years. In 2017, 28,160 kids were enrolled in state pre-K programs: 6.5% of three-year-olds in the state and 13% of four-year-olds. In comparison, Florida, Oklahoma, Wisconsin, Vermont, and Washington, D.C. all serve more than 70% of their state’s four-year-olds.15 In 2017, the state spent an average of $7,254 per student on pre-K. Nationally, Pennsylvania ranks 14th in pre-K access for three-year-olds and 30th for pre-K access for four-year-olds.16 Our rankings have gotten worse since 2010 when we ranked 11th for pre-K access for three-year-olds and 24th for four-year-olds.17

Of children in Pennsylvania eligible for high-quality, publicly funded pre-K, only 39% participate. In 2017-18, Pennsylvania was outpaced in per capita spending by many of its bordering states. Pennsylvania invests $792 per capita compared to New York ($1,736), New Jersey ($3,227), Maryland ($1,005), and West Virginia ($2,248).18 Pre-K is also incredibly popular among the residents of Pennsylvania. Seventy-five percent of Pennsylvania voters favor an increase in funding for high-quality, publicly funded pre-K in the state.19

In 2016, with the passage of the city beverage tax, Philadelphia committed to providing universal pre-K to its residents. In the first five years of the program, the city aims to create 6,500 new, quality pre-K spots for three- and four-year-olds with no income requirement.20

ENDNOTES
13 For more information see http://www.dhs.pa.gov/citizens/childcareearlylearning/headstart/.
14 Pennsylvania Budget and Policy Center analysis of state budgets over many years.
20 http://www.philprek.org/philprek/
ADEQUATELY AND EQUITABLY FUND K-12 EDUCATION

IN BRIEF

- The state share of education funding has been falling since the 1970s and is now 46th in the nation. This has created serious problems for our kids and communities.
- Education is inadequately funded by the state in most school districts in the Commonwealth.
- Education is inequitably funded in our state. Schools in the richest districts spend 33% more per students than those in the poorest districts. Schools attended primarily by students of color are especially harmed by our inequitable funding.
- Property taxes have been rising a great deal and are too high in some parts of the state, partly due to inadequate state funding of education.

THE PROBLEM

Every child in Pennsylvania has a right to quality public education. Yet too many children suffer from an inadequately funded education in Pennsylvania. And inadequacy is compounded by inequity—a child’s zip code too often determines the quality of that education.

The state government shares responsibility for funding K-12 schools with five hundred local school districts across the Commonwealth. Local funds, raised primarily through property taxes, supplement state funds for K-12 schools. However, as Figure 1 shows, Pennsylvania funds K-12 education at a far lower level than many other states, ranking 46th in the nation in state share of all K-12 education spending. Only 37% of K-12 funding comes from the state compared to the national average of 47%.1

The state share of funding of K-12 schools has been declining since the early 1970s under Democratic and Republican governors it has declined the most under Republican control of the General Assembly. As Figure 2 shows, in the early 1970s the state covered 54% of the actual instructional expenses of our schools—that share has declined to 33%.

Three problems arise from our inadequate state funding of public education.

The first is that many students go to schools that are inadequately funded. A study by Michael Churchill of Public Interest Law Center demonstrates that Pennsylvania would need to add at least $3.7 billion to state funding of schools to provide an adequate K-12 education for all children.2

The second problem is that Pennsylvania’s over-reliance on local school districts to fund schools leads to great disparities between school districts based on the income and wealth of the community. Pennsylvania has a greater disparity in school spending than all other states. Affluent districts spend 33% more per pupil than the

Figure 1

Pennsylvania Ranks 46th From the Top in the State Contribution to Local School Funding

WeThePeoplePA.org

WeThePeoplePA.org

WeThePeoplePA.org

WeThePeoplePA.org

The wealthiest school districts are spending $114,000 more per classroom than the lowest spending districts. These inequities also have a racial dimension as schools primarily attended by Black children are funded at lower levels than those attended by white children.

The combination of these two problems can be seen in Figure 3. It divides the five hundred Pennsylvania school districts into four groups, from those with the highest share of children living in or near poverty to those with the lowest rate of children living in poverty. To reach an adequate level of funding, schools in the poorest quartile would need an average of an additional $2,156 per student per year, far more than what's needed in the quartiles of schools with lower rates of children living in poverty. But school districts with moderate rates of child poverty also need substantial new funding, an average of $1,223 per student per year in the third quartile and $1,321 in the second one. And even in the top quartile, schools need, on average, an additional $856 per year per student.

The third problem we face is that many local school districts have been forced to make up for the lack of state K-12 funding by raising property taxes. This has resulted in high property taxes in many communities throughout the Commonwealth which place a great burden on low-income and retiree households. As Figure 4 shows, as the state share of school funding has gone down, property taxes collected throughout the state have risen.

Seventy-seven percent of local school districts reported they plan to raise local property taxes even higher in 2018-19 to help fund their schools.

We discuss the problem of property taxes in a separate brief in Principle Five.

Students in need of special education, which in Pennsylvania is one of six public school students, are also shortchanged. Though they are legally entitled to receive supports and services in school that are critical to their learning and advancement, Pennsylvania’s state share of Special Education funding has dropped from 36% to 25% over the last decade. Inadequate state funding for Special Education has resulted in an insufficient number of staff available to provide required services. Local school districts must make up the difference, often diverting money from the rest of their operating budgets to fill the gap.

Pennsylvania’s Career and Technical Education (CTE) program has been flat funded for over a decade, making it harder for CTE to play the same role in the education of our students than it once had. Some headway was made this year under the leadership of Governor Wolf. In 2018/19, the CTE budget will increase by $30 million for a total budget of $92 million this year. Part of that money will go through the CTE fair funding formula ($10 million); the rest ($20 million) will go towards a new initiative called PA Smart aimed at increasing STEM and computer science-related training for youth and adults.

THE SOLUTION

Pennsylvania must:

- Increase basic education funding, run through the fair funding formula, by at least $3.7 billion over a number of years. Increased state funding
for K-12 will both ensure children in our state are receiving the public education they deserve—and in some school districts—make it possible to reduce school property taxes. This cannot happen all at once for two reasons. First, even with our proposals to generate new revenues from the richest Pennsylvanians, it will take some time to build the political will to generate new tax revenue. And, second, schools cannot absorb new funding that quickly.

- Provide resources in accordance with the funding formula more quickly to those districts that historically have been shortchanged by state funding, especially during the period when the state operated without a funding formula and political deals rather than sound policy determined which districts were favored and which were not. This advance of funding through the formula is necessary to reduce the historic geographic and racial inequities that currently exist.

- Raise the state’s share of special education funding to what it was a decade ago (35%) so all students in need of special education get access to the services they are entitled to.

- Ensure there is adequate CTE funding and that it is distributed equitably so that every student interested in career and technical training has the opportunity to take part in it and get the skills they need.

- While additional state funding will help with the property tax problem, additional steps need to be taken to reduce the burden of property taxes, not just for schools but for county and municipal governments. We outline a proposal to create a property tax circuit breaker in a separate policy paper.

**BACKGROUND**

Pennsylvania has several problems in how we fund our schools. As we pointed out above, funding is highly unequal in large part because the state share of funding is so low. State funding of local school districts comes in the form of various state subsidy payments, the largest of which is the Basic Education subsidy. In 2018/19, funding for Basic Education increased by $100 million to about $6.1 billion, a 1.7% increase.

A fair funding formula was enacted in Pennsylvania, aimed at addressing the disparity that exists between rich and poor school districts in June 2016. This legislation requires all new education funding to be distributed using this new funding formula. The formula ensures that new funding takes into account each school district’s distinct needs, including the number of students, the number of children living in poverty, the number of English language learners, the overall income and wealth, and the “tax effort” made by each district—that is, how much money it raises for local schools relative to its income and wealth. While this fair funding legislation and the new funds that flow through the formula have been critical to restoring the Corbett cuts to education, it does not resolve all of the funding inequities. It cannot do so because the funding formula only applies to new money added to the Basic Education subsidy since 2014-15. Figure 5 below shows the percentage of funding (in red) that has gone, or will go through, the fair funding formula. While the money going through the formula has increased each year since 2014-15, it is a relatively small percentage of the total funding distributed. Considering 2018/19 funding, the total amount of basic education funding distributed through the fair funding formula will increase to $539 million, which is only 9.7% of the total Basic Education funding appropriation.

Thus, while substantial new funding through the formula is necessary to both enable more school districts to receive an adequate level of funding and to reduce the disparities between rich and poor school districts and districts that teach primarily white and Black children, some additional steps need to be taken to reduce historical geographic and racial inequities in school funding.

(Additional steps that may need to be taken to reduce property taxes in certain parts of the state are considered in the policy paper noted above.)
**Figure 4**

*Increase in Inflation-Adjusted School Property Taxes Collected Since 1999-2000*

Percent increase since 1999-2000

Source: Keystone Research Center based on Pennsylvania Department of Education data.

**Figure 5**

*Basic Education Funding by Share Going Through the 2016 Enacted Fair Funding Formula*

Total Basic Education funding not covered under fair funding formula  
Money to go through the fair funding formula

In Thousands

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Note: The base amount (pre-formula money) has changed slightly in 2015-16 and 2017-18 due to changes in the base allocation for certain school districts. For more information, see p. 8 of [http://www.pahouse.com/Files/Documents/Appropriations/series/3013/BFRC_BP_011018.pdf](http://www.pahouse.com/Files/Documents/Appropriations/series/3013/BFRC_BP_011018.pdf).

Source: Pennsylvania Budget and Policy Center analysis of Governor Wolf’s 2018-19 Executive Budget (February 6, 2018) and data provided from the House Democratic Appropriations Committee.

**ENDNOTES**

1 Data from [https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SSF_2016_00A05&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SSF_2016_00A05&prodType=table).
5 [http://www.keystoneresearch.org/sites/default/files/KRC_WhoPaysPT_0.pdf](http://www.keystoneresearch.org/sites/default/files/KRC_WhoPaysPT_0.pdf)
6 [http://file2.pasbo.org/Budget%20Report%202018%20FINAL.pdf](http://file2.pasbo.org/Budget%20Report%202018%20FINAL.pdf)
8 [http://paschoolswork.org/](http://paschoolswork.org/)
9 Pennsylvania Budget and Policy Center analysis of the 2018-19 passed budget.
MAKE COLLEGE TUITION AFFORDABLE

IN BRIEF

- Pennsylvania ranks 47th out of 50 states for per capita investment in higher education. This results in high tuition which makes college unaffordable for many working families and crippling debt for many students. As a result, Pennsylvania ranks 40th for the share of adults ages 25-64 with an education beyond a high school degree.
- The PA Promise, introduced in the Senate (SB 1111) and the House (HB 2444), was based on a proposal that would
  - provide two years of tuition and fees for any high school graduate enrolled full-time at one of Pennsylvania’s fourteen community colleges,
  - cover four years of tuition and fees for high school graduates with a family income of less than $110,000/year to attend one of the fourteen State System of Higher Education schools,
  - provide four years of grants from $2000 up to $11,000 to students who attend a state-related university in Pennsylvania, and
  - provide grants to adults without a college degree who have a family income of less than $110,000 a year for accredited work-force training programs.

THE PROBLEM

Pennsylvania ranks 47th out of 50 states for per capita investment in higher education (see chart). This results in high tuition which makes college unaffordable for many working families and crippling debt for many students.

Partly because of a lack of affordable, accessible higher education, Pennsylvania ranks 40th for the share of adults ages 25-64 with an education beyond a high school degree. In over half of Pennsylvania counties (35), almost all of them rural, the share of adults with more than a high school degree is lower than in any of the 50 states.¹

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**State Higher Education Investment Per Capita, 2017**

Note: Per Capita estimates based on July 2016 population estimates from the U.S. Bureau of the Census
Source: Pennsylvania Budget and Policy Center based on University of Illinois Grapevine data base Table 4, online at https://education.illiniosstate.edu/
Underinvestment in higher education has dire consequences for our young people, the quality of our workforce, and our economy.

THE SOLUTION
The PA Promise, introduced in the Senate (SB 1111) and the House (HB 2444), was based on a proposal developed by the Keystone Research Center and the Pennsylvania Budget and Policy Center. The proposal pulls from the best qualities of tuition assistance programs in Tennessee, New York, Oregon, and from Senator Bernie Sanders’s proposal.

The PA Promise would make college more accessible and affordable in a number of ways.

First, it would provide two years of tuition and fees for any high school graduate enrolled full-time at one of Pennsylvania’s 14 community colleges, regardless of family income.

Second, it would cover four years of tuition and fees for recent high school graduates with a family income of less than $110,000/year who are accepted into one of the 14 State System of Higher Education schools.

Third, the plan would provide four years of grants from $2000 up to $11,000 based on family income, for students who attend a state-related university in Pennsylvania—Penn State, University of Pittsburgh, Temple or Lincoln. Tuition is more expensive at these public higher ed institutions so the plan would provide tuition assistance on the level of the state system costs.

And last, the plan would provide grants to adults without a college degree who have a family income of less than $110,000 a year. Funding could be used towards earning a degree or getting workforce training that leads to an industry-recognized credential. The goal of this funding is to give adults without a college degree access to higher education and workforce training to help them move towards a higher paying career down the road. (For more on this issue, see the We The People – Pennsylvania brief on providing grants for job training/apprenticeship programs closely tied to jobs that pay good wages.)

The PA Promise is what is called a last-dollar proposal, which means students are required to seek and take existing federal and state grants offered to them. The PA Promise funding will kick in after students accept existing federal and state aid grants.

The proposed PA Promise legislation would provide funding for room and board for students with family incomes of less than $48,000/year. Considering room and board is the fastest growing college cost, this will help make college more affordable to low-income students.

BACKGROUND
U.S. News and World Report ranks Pennsylvania worst in the nation when it comes to higher education. Pennsylvania ranks so low because of the high cost of college in the state and because of the high levels of debt at graduation for Pennsylvania students. Pennsylvania ranks third highest for in-state tuition and fees of public four-year colleges and universities, and number one for student debt with 69% of graduates leaving with an average debt of $35,185 in 2016.

High tuition and other costs reduces the number of working-class students who attend college. At Pennsylvania’s 14 state system universities, 42% of students attending in 1999-2003 came from households with bottom-60% incomes; a decade later, that share had dropped to 35%. State-related universities (Penn State, Temple, Lincoln, and University of Pittsburgh) experienced an even bigger decline in the share of families from bottom-60% families from a lower starting point.

Study after study has shown that lower educational attainment translates into lower wages and income for individuals and slower economic growth for regions. Stronger investment in higher education is good for our young people, good for our communities and good for our economy.

ADDITIONAL RESOURCES
sites/default/files/PA_Higher_Education_at_a_CrossroadsFINAL.pdf


- Senate Bill 1111: http://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?syear=2017&sind=0&body=S&type=B&bn=1111


ENDNOTES


3 College Board


5 Keystone Research Center analysis of Mobility Report Cards: The Role of Colleges in Intergenerational Mobility. Find online at http://www.equality-of-opportunity.org/college/.

PROVIDE GRANTS FOR JOB TRAINING/APPRENTICESHIP TIED TO GOOD PAYING JOBS

IN BRIEF

• Too many Pennsylvanians, especially in communities of color and low-income rural and urban areas, are struggling to find good paying jobs.
• Young people are graduating college with a crushing amount of student debt and many others either don’t go to college, or drop out, because even public institutions cost too much.
• Many businesses are searching to find skilled workers to replace retiring baby boomers, including in “middle-skill” jobs that require some postsecondary education but not a four-year degree.
• The better connection of education and training to industries and employers who pay well can address all these challenges. Investment in career and technical education (CTE), pre-apprenticeship, apprenticeship, and Next Generation Industry Partnerships (NGIPs) can provide that training.
• The state legislature should continue to invest in the state’s new “PAsmart” initiative, crafted with input from Governor Wolf’s bipartisan Middle-Class Task Force. PAsmart provides funds for apprenticeship, CTE education, and industry partnerships to meet the governor’s goal of doubling the number of new apprentices by 2025.
• As the state’s new Apprenticeship and Training Office (ATO) is doing, the state should expand apprenticeships to new industries and occupations and enable more women, people of color, and out-of-school youth to access pre-apprenticeship and apprenticeship tied to family-sustaining careers.
• To allow a larger-scale expansion of education and training tied to industries and employers that pay well, the state should also leverage federal Pell grants for programs that deliver industry-recognized credentials and college credit, including in rural areas that are currently higher education deserts.

THE PROBLEM

Pennsylvania workers, employers, and communities face several intertwined problems that expanding education and training connected to good paying jobs can help solve.

• Too many Pennsylvanians struggle to find “jobs that pay.” The bottom 60% of Pennsylvania workers earn less today than a decade ago.1 The shortage of good jobs is greatest for those with a high school education or less in many rural areas and some city neighborhoods, and for people of color.
• Many Pennsylvania employers report difficulty finding qualified new employees, including for technical, craft, and other “middle-skill” jobs that require education beyond high school and, in some cases, an industry-recognized credential. Baby boomer retirements will require employers to find more new replacement workers over the next few years.
• The cost of four-year college has grown beyond the reach of even fairly well-off families, and Pennsylvanians who do go to college graduate with an average of $33,264 in debt, the third-highest level in the nation.2
• As elaborated in our policy brief on Pennsylvania Promise, Pennsylvania’s educational attainment levels beyond high school are low, in part because over 20 counties, mostly in the state’s rural “T,” do not have any access to community college.
• Many of Pennsylvania’s education and training programs are disconnected from the economy and do not sufficiently contribute to addressing these problems.

THE SOLUTION

Pennsylvania is already a national leader in innovative programs that better connect education and training to the economy. These programs include apprenticeship and industry training partnerships that identify the common needs of employers with good jobs (e.g., in health care or manufacturing) and design and implement training to address those needs.

Along with industry partnerships and apprenticeship, providing high-quality career and technical education (CTE) in high schools—including pre-apprenticeship programs—can be a powerful way to create the missing link between education and the economy. As well as generating career opportunities for students and skills for employers, CTE programs can improve educational outcomes because students understand that math and other academic subjects have real-world applications and because learning-by-doing through projects and from peers works better for some students than learning from books or from teachers’ lectures.
Recently, Governor Wolf and the Pennsylvania General Assembly have taken important steps to invest in industry partnerships, apprenticeship, and CTE with guidance from the governor’s Middle-Class Task Force which includes representatives of the Pennsylvania AFL-CIO and the Chamber of Business and Industry. Governor Wolf established an Apprenticeship and Training Office (ATO) within the Pennsylvania Department of Labor & Industry in spring 2016. He committed to doubling apprenticeship by 2025 in his 2018 budget address, putting down a marker that he wants to follow in the footsteps of other countries (e.g., England, Australia) and states (e.g., South Carolina) that did not use apprenticeship widely but now do. The 2018/19 state budget also included $7 million in additional funding for apprenticeships and pre-apprenticeships along with $3 million for Next Generation Industry Partnerships and $20 million for CTE and STEM (Science, Technology, Education, and Math) education. Moving forward, Pennsylvania should

- continue to invest in the state’s new “PAsmart” initiative;
- build on the good work for the ATO, continue to expand apprenticeships tied to family sustaining careers by creating them for new industries and occupations, and by enabling more women, people of color and out-of-school youth to access them; and
- allow a larger-scale post-secondary expansion of education and training tied to industries and employers that pay well—with stronger feeder programs from high schools—by leveraging federal Pell grants for programs that deliver industry-recognized credentials and college credit, including in rural areas that are currently higher education deserts. Keystone Research Center estimates that Pennsylvania public colleges draw down about $250 million less than the state’s population-based shared of Pell grant money (based on the size of our 19- to 34-year-old population), in part because there are almost no Pell-eligible programs in rural areas.

Since Pennsylvania has no community colleges in many rural counties, we have a chance to design community colleges there for today’s 21st-century conditions, building on the foundational work of the rural regional college championed by Senator Joe Scarnati, president pro tem of the Senate. In the course of doing that and strengthening CTE and STEM education in schools, Pennsylvania also has a chance to effectively reinvent the period of late high school and early post-high school so that they work for students who are currently bored and/or who are struggling. In addition to smartly leveraging Pell grants, a logical source of revenue to implement a national model vision of these phases in a student’s career would be a portion of a severance tax since the geographical footprint of drilling regions overlaps that of our counties without a community college.

BACKGROUND

A Pennsylvania workforce reform based on investing in industry partnerships and delivering training through them became a national model in the second half of the 2000s. It was replicated in other states such as Maryland and Maine and helped to shape the federal “Sectors Act,” which did not pass, and the Workforce Innovation and Opportunity Act (WIOA), which did. Pennsylvania’s industry partnership strategy has been revitalized and reborn in the Wolf administration under the banner of Next Generation Industry Partnerships.

Apprenticeship in Pennsylvania is especially strong in the unionized construction industry and in pockets in Pennsylvania manufacturing. In apprenticeships, workers learn on the job and in “related instruction” while being paid to work. The average apprenticeship salary for those who complete their program is $50,000 per year. Apprenticeship is a proven model that can address all the challenges listed in the “problem” section above: apprenticeships create more middle-class jobs including for at-risk youth. They deliver employees with broad, deep knowledge that is customized to the needs of their employers. And they allow debt-free acquisition of college credit and industry-recognized credentials. Despite its strengths, however, apprenticeship remains underutilized in Pennsylvania and across the United States. In Pennsylvania, the number of new apprenticeship registrations has remained below 6,000 annually since 2002—less than one new apprentice for every 1,000 Pennsylvania workers.

Apprenticeship is well-known, respected, and fully integrated into the education and workforce system in places like Germany, Australia, Canada, England, and France, where apprentices make up more than 1.5% of the labor force. Germany has long been cited as the leading example of a country that embeds apprenticeship deeply into its educational system and its industries, with a level of apprenticeship roughly 10 times higher than that in the United States (i.e., 20 or more per 1,000 jobs rather than two per 1,000). More relevant to Pennsylvania, a growing number of countries in which apprenticeship has not been widespread in the past (such as England, Australia, and Canada) have seen apprentices grow to
more than 15 per 1,000 jobs. In England, for example, apprenticeship in the late 1990s was about three times the current Pennsylvania level. Today, it is more than 20 times the Pennsylvania level.

In the United States, apprenticeship has not been pursued on a large scale, and efforts by the federal government to expand apprenticeship have paled in comparison to these other countries. Secondary schools have spent the last 30 years singularly focused on getting youth onto a college track, and many employers outside of the construction industry don't know much about apprenticeship.

There are proven social and economic benefits to apprenticeship for employers, workers, and the community at large. For every dollar invested in apprenticeship, there is a return of $27 in tax returns over the career of someone who completed an apprenticeship. Moreover, with increasing wages, reliance on public assistance and unemployment insurance decreases among those who complete apprenticeships. Apprenticeship provides employers with a stable pipeline of new, skilled workers and with training—curricula, learning-by-doing, mentoring and, increasingly, assessment—customized to the technical and soft skills required on the job. Many employers find that workers who complete apprenticeship fit the culture of the company better and are more loyal than workers hired directly to jobs, which means hiring apprentices lowers turnover. Apprenticeship also benefits apprentices. Apprenticeship can offer a more affordable route to college or an alternative no- or low-cost path to good-paying careers. Apprentices earn an estimated $300,000 more over a lifetime than their peers. One study found that registered apprenticeship participants in Pennsylvania were earning $8,304 a year more than non-participants in their sixth year after enrollment—the second-largest earnings gain of 10 states studied—possibly because of the high proportion of Pennsylvania apprentices in highly paid unionized construction jobs.

ENDNOTES
4 For information on Next Generation Industry Partnerships, see https://www.dli.pa.gov/Businesses/Workforce-Development/Pages/Industry-Partnerships.aspx.
6 https://www.dol.gov/apprenticeship/toolkit/toolkitfaq.htm#2b
PRINCIPLE THREE

Protect Our Rights to the Necessities of Life
INTRODUCTION:
THE RIGHT TO THE NECESSITIES OF LIFE, INCLUDING HEALTH CARE, HOUSING, AND FOOD

THE PROBLEM
Our country and commonwealth have long been committed to the idea of protecting everyone from the vagaries of life and ensuring everyone an equal opportunity to make the best use of their talents in both the workplace and our political community. We believe that bad luck or circumstances beyond their control should not stand in the way of anyone securing the basic necessities of life, including food, housing, and health care. That is why we say everyone has a right to food, housing, and health care. And we believe that everyone should have a chance to get the education and training they need to get ahead. Indeed, these two commitments are intertwined. Young people who are lacking in the basic necessities of life—who are hungry, cold, and lacking critical health care—are hampered in taking advantage of the educational and other opportunities provided by our public investments.

It would be ideal if life, and our economy, made it possible for everyone to secure the basic necessities by holding a well-paid job. We have put forward ideas elsewhere in this agenda for creating an economy that would make it possible for far more people to do so.

But even an economy that is regulated properly and has a sufficient level of public investment will not be enough to secure the necessities of life for everyone. Some people are unable to work because of physical or mental illness, disability or family responsibilities. Others cannot find work that pays enough to provide for the necessities of life for themselves or their families because they are unable to secure sufficient training and education or because they live in economically depressed communities and are unable to move. And there are some goods, like health care, that are potentially so expensive, that they can only be guaranteed to all through public efforts.

That is why any decent, humane, and just society provides a broad safety net to help all of us be confident we’ll have the critical resources we need to live and participate in society.

In recent years, the safety net in Pennsylvania has been strengthened, most notably by the expansion of Medicaid under the Affordable Care Act. Yet providing quality and affordable health care to all is still a gap in the net. And the challenges to our economy have made securing the necessities of life ever more difficult. Even though productivity and per capita income have continued to grow steadily in Pennsylvania and the US, too many of the benefits have gone to the wealthiest households. The average income of the top 1% of Pennsylvania households is 21.7 times higher than the average income of the other 99%. Economic restructuring has led to the loss of manufacturing jobs and other good jobs for workers without a college degree, resulting in layoffs, lower paying jobs, and less health care and retirement coverage for these workers. As a result, many working families are struggling to meet their basic needs, especially as costs have increased for health care, child care, housing, and food.

THE SOLUTION
Pennsylvania should deepen and strengthen its safety net to ensure all residents of our state can afford the necessities of life.

- Enact a Paid Family and Medical Leave Insurance (PFMLI) system in which everyone pays a small amount per month into the system and can then draw benefit from it when they need it.
- End hunger in Pennsylvania by protecting and expanding SNAP in Pennsylvania, passing the Pennsylvania Fresh Financing Initiative to reduce the number of food deserts in the state and expanding the number of children benefiting from free and reduced lunch, breakfast, and summer meals.
- Expand child care programs in Pennsylvania by increasing funds for child care services to ensure all low-income families with eligible children can get access to subsidized child care; increase reimbursement rates for child care providers so they can pay their workers a living wage and meet required safety guidelines.
- Protect and expand cash assistance programs by restoring the state’s General Assistance program and improving TANF so it better serves low-income Pennsylvanians.
- Substantially increase the availability of affordable and safe housing in Pennsylvania by passing a state low-income housing tax credit; increase
WeThePeoplePA.org

the Neighborhood Assistance Program amount; establish a program aimed at helping renters in an emergency.

- Make quality, affordable health care accessible to all by creating a public health insurance option in the health care exchanges, enacting regulatory reform that reduces health insurance costs, protecting people's access to doctors as their insurance changes, and expanding coverage under Medicaid.
- Combat the opioid epidemic by making it easier for people to access medication-assisted treatment for substance abuse disorder, repealing counter-productive drug laws, making Naloxone more widely available and training people on its use, and protecting Medicaid and other social services that help people suffering from opioid abuse.

BACKGROUND

Despite some progress, the US safety net has too many holes and “cliffs”—with eligibility ended well below a self-sufficiency income. As a result, people often get stuck in impossible dilemmas. For example, when people in low-wage jobs without paid family and medical leave get sick—or when they need to care for a sick family member—they may lose their jobs or be unable to continue working. This is a problem that many Pennsylvanians could face, especially considering 69% of employers do not offer paid family leave to their workers. Also, people in low-wage jobs are often unable to find affordable housing and sometimes end up homeless or living in unsafe or overcrowded apartments. In the state, there are only 66 affordable housing units for every low-income household.

Food insecurity is also a problem, affecting 1.7 million residents of our state (13.9% of our population). The statistics are even worse for kids—nearly one in five children in Pennsylvania (19.3%) experiences food insecurity which is linked to behavioral challenges, health problems, and repeating grades in elementary school. Access to affordable child care is also a challenge in Pennsylvania—71% of parents who qualify to put their child in subsidized care do not have access to this benefit because of a lack of public investment. The average annual cost for infant care in Pennsylvania is $10,640 or $887 month, which is a crushing cost for many working families. Despite the increase in the number of Pennsylvanians with health insurance due to the Affordable Care Act and the state’s expansion of Medicaid, there are still people who are uninsured or unable to afford basic medical care because of the high cost of copays, etc. Our state also struggles in light of the current opioid crisis as Pennsylvania has been among the highest in the nation in terms of overdoses. In 2016, opioid-related overdoses per 100,000 residents was 18.5 compared to the national average of 13.3. We know more can be done to ensure all Pennsylvanians have access to affordable health care, food, child care, housing, and paid family and medical leave.
ENSURE A PAID FAMILY AND MEDICAL LEAVE PROGRAM

IN BRIEF
• In Pennsylvania, 69% of employers do not offer paid family leave to their workers. Most are too small to be able to afford it.
• The lack of paid family leave places a great burden on families who need to care for a new child or a sick family member. The burdens of providing such care can lead to impoverishment, health issues, and family tension.
• Pennsylvania should follow other states and enact a Paid Family and Medical Leave Insurance (PFMLI) system in which everyone pays a small amount per month into the system and can then draw benefit from it when they need it.
• A PFMLI system would protect all workers including those who work multiple jobs or in the “gig” economy.

THE PROBLEM
Only 14% of workers in the United States have access to any form of paid family leave through their employer. In Pennsylvania, 69% of employers do not offer paid family leave to their workers. Despite the lack of access, nearly 100% of workers will need time off at some point during their career to address their own serious health condition or to care for a new child or a sick family member. Without a national or state paid leave plan, employers and workers must find their own path to financing leave.

While some large companies offer leave to their employees, most small and mid-size companies can’t afford plans of their own. Instead, workers struggle financially while taking unpaid leave, return to work too soon after a major health problem, and/or try to balance caregiving while working.

THE SOLUTION
Pennsylvania should follow the lead of nearby states and create a paid family and medical leave insurance fund. This fund will protect workers, employers, and taxpayers along with our economy. Paid family and medical leave allows workers time to address their own serious health conditions and to carry out their family caregiving responsibilities, including caring for a spouse or an aging parent without risking financial instability. Research demonstrates that when workers have access to paid family and medical leave, the health and well-being of parents and children is improved. Having access to paid leave also means that families are less likely to use public assistance.

This legislation should include the following:
• Coverage for All Workers: For a PFMLI program to work, all workers must pay into and have access to the program. Nearly all workers will face a qualifying illness in their own lives or the lives of their loved ones—access to paid family leave will make it easier for them to get the care they need and return to their jobs.
• Defining Family Member: Family member should be defined broadly—"related by blood or affinity whose close association with the employee is the equivalent of a family relationship”—and allow leave for intergenerational caregiving.
• Percentage of Wages Received: Workers should receive at least 60% of their wages while on PFMLI. To make it easier for low-wage workers to afford leave, Pennsylvania should create a sliding scale wage replacement rate so that all workers earn the first 90% of their wages while on leave up to a certain amount. Remaining wages can then be replaced at a lower percentage.
• Access to Job Protection: Workers need to know that they can return to their jobs once their complete their PFMLI time.
• Distribution of Insurance Funds: Workers should pay into a centralized state fund throughout the year. When a qualifying medical condition requiring leave occurs, workers can apply to the same fund to receive benefits. Creating one fund rather than a private insurance model means that workers with multiple jobs only need to fill out one application to access PFMLI. It also eases the burden on the state, which otherwise would be tasked with monitoring whether each individual business had purchased qualifying insurance.

BACKGROUND
Families face major problems due to the lack of paid family and medical leave. In the United States, one quarter of working mothers return to work within two weeks of giving birth, which is often too soon. Pennsylvania’s workers invest 1.4 billion hours of unpaid time each year caring for their elderly family members. Nationally, 78% of seniors living at home and in need of care depend on family and friends as their only source of support.
Access to paid family and medical leave can end some of the negative consequences Pennsylvania’s families face today. Several studies have shown paid leave is connected to a range of health benefits including reduced rates of postpartum depression, increased breastfeeding, and routine infant checkups and immunizations. Fathers and other co-parents also stand to gain, with some research suggesting they develop stronger bonds with their children when they can afford to stay home. Meanwhile, adults receiving care from their families report better health outcomes from a variety of conditions, including heart attacks and strokes.

In the past, statewide or national paid family leave programs usually relied on businesses to pay 100% of the financial burden for leave, regardless of business size. However, seven states nationally have passed laws creating a new type of paid family leave program known as paid family and medical leave insurance (PFMLI). These programs share the cost of leave for all workers and/or employers by creating or utilizing an existing insurance fund within the state. These funds, which are usually held by the state itself, cover partial wages for workers who need time to care for themselves or their families. By sharing the cost throughout the state, workers and/or employers only pay a fraction of the overall expense. And, since the cost is paid by everyone, PFMLI programs are not limited to parental or maternal leave. Everyone covered by the program can use it to care for themselves or a loved one dealing with a serious health condition or welcoming a new child into their lives.

Pennsylvania’s economy relies almost exclusively on small businesses. Nearly 95% of all business establishments in the Commonwealth employ fewer than 50 workers. No matter how much these employers value their workers, most cannot afford to match the generous leave benefits offered by larger employers. When an employee needs paid family leave, many Pennsylvania small business owners must hope that the workers they’ve trained and supported can afford to get the care they need and return to the job. When businesses have access to a paid family leave program, small businesses are those most likely to benefit. In a study of California’s paid family leave program, nearly all businesses reported positive outcomes—but small and medium sized businesses (those with up to 99 employees) reported the best outcomes for their companies.

The lack of paid family and medical leave also takes its toll on taxpayers. Without paid family leave, women who provide family caregiving are 2.5 times more likely to live in poverty than non-caregivers and are five times more likely to receive SSI. Nearly 10% of workers relying on unpaid FMLA after the birth of a child used public assistance while out on leave. Conversely, women who take paid leave report using $413 less in public assistance (on average) than women without paid leave in the year following the child’s birth. People who take 30 or more days of paid leave are 43% less likely to need public assistance in the year following their child’s birth. Overall, parents with access to paid leave are 93% more likely to be in the workforce 9-12 months after childbirth compared to those without any leave.

ENDNOTES

1 https://static1.squarespace.com/static/59a8406c8fd4d227956aba1/t/5a5f9d8a24ac9d40b31e52ca5/1516215697582/UPDATED+PA+DOL+Study+Executive+Summary+FINAL.pdf
3 http://www.pewresearch.org/fact-tank/2015/11/18/5-facts-about-family-caregivers/
4 Caregiving in the United States; National Alliance for Caregiving in collaboration with AARP. November 2009.
5 https://www.dol.gov/wb/media/Pennsylvania_Final_Report.pdf
7 https://static1.squarespace.com/static/59a8406c8fd4d227956aba1/t/5a5f9d8a24ac9d40b31e52ca5/1516215697582/UPDATED+PA+DOL+Study+Executive+Summary+FINAL.pdf
in/
END HUNGER IN PENNSYLVANIA

IN BRIEF
- Food insecurity is a problem in Pennsylvania that affects 1.7 million residents of our state, or 13.8% of our population.
- We know the problem of hunger has its roots in poverty and low wages in our state and these problems need to be addressed. Aside from that, there are other things Pennsylvania can do to improve access to healthy foods in all urban and rural neighborhoods. Among them are
  - protecting SNAP and increasing the SNAP income threshold to 200% of the federal poverty line;
  - continued work around the Pennsylvania Fresh Financing Initiative to reduce the number of food deserts in the state; and
  - expanding the number of children benefiting from free and reduced lunch, breakfast, and summer meals.

THE PROBLEM
Food insecurity is a problem in Pennsylvania that affects 1.7 million residents of our state, or 13.8% of our population. The statistics are even worse for kids—nearly one in five children in Pennsylvania (19.3%) experience food insecurity which is linked to behavioral challenges, health problems, and repeating grades in elementary school.1

We know the problem of hunger has its roots in poverty and low wages in our state. In order to address the issue of hunger in Pennsylvania in a just way, we must eliminate the root cause of hunger—poverty and low-wages—not only address the symptom through charity. This is why We The People has a comprehensive agenda to raise wages and incomes, make our tax system fairer, and strengthen our social safety net for those who can't work, are in school or have caregiving responsibilities.

While pursuing these anti-poverty policies is essential to ending poverty for good, there are other things Pennsylvania can do to improve access to healthy foods in all urban and rural neighborhoods. It can ensure that children who need it have access to free and reduced lunch and breakfast at school, expand and protect SNAP benefits in the state, and make sure it pursues just procurement policies in its own food purchasing.

It is difficult for many individuals and families to access fresh and healthy food in our state. Many low-income neighborhoods are considered “food deserts” because they lack grocery stores or other markets that sell fruits, vegetables, and other whole foods.2 Instead, residents of these neighborhoods must shop at corner stores or convenience stores that tend to sell highly processed food that is high in unhealthy fats and sugar at higher prices. A diet heavy in these foods often leads to obesity.3

The establishment and growth of farmers markets in poor neighborhoods have begun to make healthy, locally grown food more accessible and affordable in some neighborhoods, in part due to efforts that have led to allowing SNAP at farmers markets.

THE SOLUTION
Addressing hunger is a complex problem with a variety of players on the local level from farms, grocery stores, and food pantries all the way up to the federal level where the Farm Bill establishes and funds SNAP. Aside from other items in the We The People's anti-poverty agenda, below are some actions the state government can take to address the issue of hunger.4

- **Protect and expand SNAP benefits.** In the face of mounting attacks on SNAP on both the federal and state level, the General Assembly must protect access to this important program, rejecting all efforts to impose work requirements that will kick people off the program because of administrative red tape and burdensome reporting requirements. The General Assembly should also take steps to increase SNAP participation from 90% to 98% by strengthening outreach for the program.5
- **The Department of Human Services should increase the SNAP income threshold to 200% of the federal poverty line.** By using the categorical eligibility rules for SNAP, states can choose to increase the gross income threshold. Nationally, it is set at 130% of the federal poverty line. Pennsylvania has increased eligibility to 200% of the federal poverty line for seniors and people with disabilities but only increased it to 160% for everyone else. Pennsylvania can, and should, go further and increase it to 200% for all families/individuals so that more people in need can get access to SNAP benefits.
- **Support continued work of the Pennsylvania Fresh Financing Initiative.** Build upon Pennsylvania's strong start in fresh food financing and ensure this initiative has the funds it needs to continue. In June 2018, Governor Wolf included $1
millions in the state budget for the recapitalization of the PA Fresh Food Financing Initiative (FFFI), which will be housed in DCED. SB1100, the PA Fresh Food Financing Initiative, would provide an annual appropriation for the program: “financing for grocery stores and other health food retail projects in low- or moderate-income and underserved communities. The initiative will be funded with an annual appropriation and will also be able to accept donations and federal dollars.”

- **Expand the number of children benefiting from free and reduced lunch, breakfast, and summer meals and improve these programs.** The state should provide grants to schools in order to improve their breakfast programs, which would promote school breakfast participation. The state should also take steps to increase the number of children in the state who can take advantage of free and reduced lunch from 20% to 30%.

- **Target public transit spending to low-food access communities.** Pennsylvania can ensure that individuals living in food deserts have access to quality public transportation so they can access fresh, healthy, and affordable food options via public transit.

- **Pursue a good food purchasing policy on the state level.** The Center for Good Food Purchasing has created standards for good food purchasing based on five values: strengthening local economies; nutrition; a valued workforce; environmental sustainability; and animal welfare. By adopting a good food purchasing policy, the state of Pennsylvania could accelerate the promotion of an equitable and sustainable food system in the state by ensuring its food purchases are in line with these values.

**BACKGROUND**

SNAP, the country’s most effective anti-hunger program, is 100% federally funded. It provides low-income individuals and families access to food stamps that can be used to purchase food during a given month, which is both good for families and individuals who struggle to put food on the table and good for businesses that accept food stamps. In fact, every dollar spent in SNAP benefits generates $1.70 in economic activity. In Pennsylvania, 1.84 million people benefit from SNAP—that is 14% of our state’s population or one in eight Pennsylvanians. More than 63% of SNAP participants in Pennsylvania are families with children and nearly 42% are in families with members who are elderly or have disabilities. The Center on Budget and Policy Priorities found that, nationally, nearly three-quarters of adults (74%) receiving SNAP worked within a year of receiving benefits.

Republicans in Congress and the General Assembly have mounted an attack on SNAP at both the national and state level as reauthorization of the Farm Bill is underway (summer of 2018). This includes pushing for draconian work requirements which would result in fewer individuals and families getting the support they need to stave off hunger.

Pennsylvania has a strong track record in addressing the issue of food deserts. In 2004, the General Assembly started a program called the Pennsylvania Fresh Food Financing Initiative (FFFI) which was designed to eliminate food deserts by attracting supermarkets, grocery stores, and other fresh food options to underserved, low-income communities across the state. The state seeded the program with a $30 million grant over three budget cycles and the Reinvestment Fund leveraged that money with $145 million more. Funds were used to provide loans and grants to establish stores in food desert areas. The project mapped where food insecurity was greatest and shared information with elected officials and the public. Over four years, the program funded 88 projects and made fresh food available to over 40,000 Pennsylvania residents previously without access. The model was so successful, it was integrated into the Farm Bill in 2014. Unfortunately, funding dried up and the program became defunct in 2010. The 2018/19 final budget funded the Fresh Food Financing Initiative at $1 million for the year, which is a significant step forward. Senate Bill 1100 would ensure the Initiative has ongoing annual appropriations.

In recent years, the state has made efforts at addressing the issue of hunger in Pennsylvania. In 2015, Governor Wolf, by executive order, established the Governor’s Food Security Partnership made up of the secretaries of the Department of Agriculture, Community and Economic Development, Education, and Health and Human Services. The goal of the partnership is to improve coordination, planning, and communication across departments and with the private sector in order to effectively provide the public with food and nutrition assistance. The Partnership created a “Blueprint for a Hunger-Free Pennsylvania,” establishing goals for the state such as: increasing the SNAP participation rate; increasing the number of children benefiting from free and reduced lunch; increasing the number of people participating in WIC programs; making Double SNAP Bucks available at more farmers markets; and ensuring more SNAP recipients have access to SNAP employment and training programs.
ENDNOTES

1  http://www.agriculture.pa.gov/Food/food_assistance/Documents/Blueprint%20for%20a%20Hunger-Free%20Pennsylvania.PDF
2  The USDA defines a food desert as an area in which at least 33% of the residents live one or more mile away from the nearest grocery store in urban and suburban areas and 10 miles from a grocery store in rural areas.
3  http://americannutritionassociation.org/newsletter/usda-defines-food-deserts
4  Many of these policy ideas come from the Blueprint for a Hunger-Free Pennsylvania (http://www.agriculture.pa.gov/Food/food_assistance/Documents/Blueprint%20for%20a%20Hunger-Free%20Pennsylvania.PDF) and from input from Just Harvest and the Pittsburgh Food Policy Council.
5  For more info see: http://www.agriculture.pa.gov/Food/food_assistance/Documents/Blueprint%20for%20a%20Hunger-Free%20Pennsylvania.PDF
6  https://voicesforhealthykids.org/pennsylvania-fresh-food-financing-initiative-funding/
7  http://www.legis.state.pa.us//cfdocs/Legis/CSM/showMemoPublic.cfm?chamber=S&SPick=20170&cosponId=25198 http://www.legis.state.pa.us//cfdocs/Legis/CSM/showMemoPublic.cfm?chamber=S&SPick=20170&cosponId=25198
8  For more information on good food purchasing policies, see https://goodfoodpurchasing.org.
9  Community Legal Services of Philadelphia and Coalition Against Hunger. “Oppose HB 1659: Additional SNAP Work Requirements are Unnecessary, Harmful and Costly.”
12  http://www.agriculture.pa.gov/Food/food_assistance/Documents/Blueprint%20for%20a%20Hunger-Free%20Pennsylvania.PDF
MAKE QUALITY, AFFORDABLE HEALTH CARE AVAILABLE TO ALL

IN BRIEF

- Pennsylvania, like the country as a whole, has serious problems in ensuring that quality affordable health care is guaranteed to all of our citizens. While the Affordable Care Act has reduced the uninsured population in the state, and helped make insurance affordable for many people. But problems in the ACA, which have been made far worse by the efforts of Republicans in Washington to sabotage the program, have made it more difficult for some Pennsylvanians to afford health insurance.

- Rising health care costs will make these problems increasingly intractable. While consolidation in the health care industry both threatens the accessibility of health care in many parts of the state while also creating opportunities for bold steps forward to a better health care system.

- To control costs and deliver better quality health care, the state should take a number of steps—instuting pharmaceutical transparency, using our Medicaid Managed Care Organizations (MCOs) to push Value Based Care forward, and encouraging competition among existing and newly created Accountable Care Organizations, among other steps—to more rapidly move from Fee for Service payment systems to Value Based Care systems. This transition will lead to better coordinated, more effective, less wasteful, and better health care.

- To guarantee that all Pennsylvanians can afford health insurance, the state should introduce regulations that counter the Trump administration’s attempts to undermine the ACA by requiring all health insurance plans to cover essential benefits, create a public health insurance option for our marketplaces based on Medicaid MCOS, institute a reinsurance plan to reduce the costs of insurance for those who have serious medical problems among other steps.

- As efforts to limit the growth of health care costs become effective, the stage will be set to consider instituting single payer health insurance in our Commonwealth.

THE PROBLEM

Health care is a complicated issue and one in which the landscape for state public policy is developing rapidly due to changes in federal policy under Donald Trump and the Republican Congress as well as changes in the relationships among insurance companies, hospitals, and physician practices. Change is happening so fast that we're unable to provide detailed policy recommendations here. Instead, here are some suggestions about what policy ideas might make sense given developments in the next few years.

The issue is so complicated that, after a brief review of the main health care issues facing Pennsylvanians today, we are going to look at the background of these problems before proposing some solutions.

There are a number of basic and interrelated problems in ensuring that all Pennsylvanians have access to quality, affordable health care.

Rising Health Care Costs

The first and deepest problem in our health care system is the high cost of health care. Health care spending accounted for 17.9% of the Gross Domestic Product of the United States in 2016, up from 5% in 1960. The United States spends a greater share of our GDP on health care than any other country. And that means health care expenditures are a major burden for the state since it pays for a substantial part of the cost of Medical Assistance (what we call Medicaid in Pennsylvania), which provides both health care for those with incomes below 138% of the federal poverty line and long-term care for elderly Pennsylvanians who cannot afford to pay for it themselves. Medical Assistance costs the state roughly $6 billion a year or almost 20% of the General Fund.

While it is true that health care is a right that government must uphold, it will become increasingly difficult to enforce that right if the cost of doing so leads to ever increasing taxes.

So, controlling health care costs is one of state government's critical tasks.

Health Insurance Access

Pennsylvanians secure health care through a combination of health insurance and out-of-pocket costs. But a second problem we face is that health insurance remains unaffordable for too many people.

The various provisions of the Affordable Care Act have enabled many more people to secure insurance. The rate of uninsurance in Pennsylvania declined from 11.1% to 6.4% between 2013 and 2015. Between the expansion of Medicaid, which provides insurance for 700,000
Pennsylvanians, and individual and family insurance offered on the marketplaces, almost a million more people have health insurance now than before the ACA was enacted. In addition to those who received insurance through ACA programs, the rate at which employees can secure health insurance from their employers has stabilized after declining by 1 to 2 percentage points every year before 2013.

Despite this improvement, not everyone in Pennsylvania has health insurance. One group—undocumented immigrants, including those with DACA status—are not eligible for insurance under the ACA. The others who lack insurance generally do so because they are either not aware of their eligibility for health insurance under Medicaid or the health insurance marketplace, or because they cannot afford insurance.

Health Insurance Costs
While more people are insured since the enactment of the ACA, and health insurance costs have been stable for many, there is no question that insurance costs—premiums, deductibles, and co-pays—have increased for some individuals and families. The roughly 60% of Pennsylvanians who receive health insurance from their employer have seen their insurance premiums grow more slowly. Medicare and Medicaid premiums have remained stable, and the costs of these programs, along with other health care costs, have grown more slowly since the ACA was enacted.

On the other hand, there have been substantial increases in the cost of individual insurance for those who purchase it on or outside of the health insurance marketplaces created by the ACA. After the first year of the ACA when insurance costs in the marketplaces were generally lower than costs in the individual market, premiums and out-of-pocket expenses shot up for some but not all who purchase insurance on the marketplaces.

Given how varied health insurance costs are for people with different incomes and ages and who purchase different plans, it is difficult to summarize costs increases. To simplify matters, let’s look at the cost for a Philadelphian making $30,000 a year who purchased the second lowest cost silver plan on the marketplaces. This person’s costs would have increased an average of 12% a year between 2014 and 2018, with the monthly cost increasing from $300 to $484.

However, not everyone who secured insurance in the marketplaces suffered as a result. Individuals and families under 400% of the poverty line benefited from tax credits that reduced the cost of premiums, and these tax credits increased as well, often offsetting much of the increase in premiums. Thus, the same Philadelphian making $30,000 a year, purchasing the second lowest cost silver plan would have seen his or her premium costs decline from $208 to $206 between 2013 and 2019.

While premiums were stable for those receiving tax credits, there were some increases in out-of-pocket costs, that is deductibles and co-pays. Yet individuals and families whose income was below 250% of the federal poverty line also benefited from cost sharing reduction subsidies that basically held out-of-pocket payments stable.

However, health insurance costs have gone up for middle-class people at or above 250% of the federal poverty line, and even more for those at or above 400% of the federal poverty line. Those who are older or have preexisting conditions still have options for insurance—and possibly cheaper insurance—than they had before the ACA was enacted. But they are paying far more than they initially had under the ACA. And those who had few or no preexisting conditions, or who had health insurance plans that did not cover many health conditions or that included strict yearly or lifetime limits, often pay far more than they did in the past. They are getting much better insurance but at a substantial, and often burdensome, extra cost.

Health insurance premiums on the marketplaces did not increase in linear fashion. As we explain in the Background section, they rose as a result of efforts by Republicans in Washington to sabotage the ACA and then fell largely because of governors’ (both Democrats and Republicans) and state insurance commissioners’ work to protect citizens from rising health insurance costs.

Health Insurance Competition
In the early years of the health insurance marketplaces, there was health insurance competition on the marketplaces in most markets in the state, including the Philadelphia and Pittsburgh markets which had been dominated by Independence Blue Cross and Highmark. But many insurers left these markets in 2017 as uncertainty in the marketplace made it difficult for them to establish rates that would assure them some profit. With greater certainty in 2018 and 2019, the number of insurance plans being offered in many markets has increased again. In addition, the competition between UPMC and Highmark (see below) has led to a moderation of both costs and an expansion of offerings in Western Pennsylvania.
Health Care Consolidation and Access to Physicians
While rising insurance costs is the most serious problem Pennsylvanians face, there are other problems that afflict people in certain parts of the state. Consolidation in the health care market in Western Pennsylvania has made it difficult for people to continue to see physicians with whom they’ve had a long relationship. As the University of Pittsburgh Medical Center (UPMC) began to offer insurance plans and Highmark Blue Cross established a relationship with Allegheny Health Network, those who received insurance from one of these consolidated health center / insurance networks found it difficult to continue to see doctors from the other network.

The state forced UPMC and Highmark to sign a consent decree in 2012, which was renewed for five years in 2014, to protect citizens. It required the two sides to extend in-network contracts with the other. It is not clear whether the decree will be extended again, although in the seven years since the dispute began, many people have chosen one side or the other and have been willing to find doctors within their own network.1 To avoid disruption in health care, however, the state may have to push the two sides to allow people to continue to see out of network doctors in certain cases at in-network rates.2 And there are many areas where disputes between the two networks may create burdens for those seeking doctor and hospital care, especially in emergency situations.

What has played out in Western Pennsylvanian might be replicated in other parts of the state, and similar efforts may be needed to protect health care consumers. In Philadelphia, for example, the Jefferson system has been expanding and some observers of the health care marketplace expect it to eventually follow UPMC by offering insurance plans of its own, which could create intense competition with Independence Blue Cross. In turn, IBC might then choose to form an alliance with one or more of the other major hospital systems in the area, Temple Medical Center or the Hospital of the University of Pennsylvania (HUP).

Access to Health Care in Rural and Urban Areas
Another persistent problem in Pennsylvania has been the limited availability of health care in rural areas of the state. As population declines have taken place, hospitals and physicians offices have closed. ACA funding of federally qualified health centers has taken up some of the slack. But federal cutbacks may undermine these institutions. And access to specialists is sometimes difficult.

People who live in the urban centers of the state’s smaller cities have also sometimes found it difficult to gain access to health care, specialty care in particular.

BACKGROUND
The Problem of Health Care Costs
Ultimately, the problem of health insurance costs can’t be resolved if we do not get growing health care costs under control. If health care costs keep rising, it doesn’t matter whether we provide health insurance through our multiple payer systems or move to a single-payer system. Even if single-payer reduces administrative costs, a one-time decline in those costs would soon be offset by rising health care costs.

While health care is a right, ultimately people will object to paying higher and higher taxes to subsidize increasingly expensive health care especially when it becomes clear, as it is to many of us, that a great deal of health care spending is wasteful or ineffective. The result will be efforts to hold down costs. Right now, health insurance companies are doing this ineffectively and unfairly. If we were to move to a single-payer system, however, the task would fall on government. If the government did it no better than insurance companies do today, the result would be distress and distrust of government which would undermine efforts to use government to serve the common good.

There are many explanations of high and growing costs of health care in the United States with some dispute about which are the most important. Among the explanations are: (1) A lack of effective coordination of care, leading to both wasteful spending and a failure to provide adequate care for those with chronic illnesses, which accounts for 80% of health care spending; (2) an inclination to embrace expensive new drugs and medical and surgical interventions regardless of whether they have proven themselves to be cost-effective; (3) a fee-for-service system that encourages doctors and hospitals to do more rather than less and to do it with unnecessary tests and visits because medical procedure is reimbursed by an insurance company; (4) the high incomes received by physicians and hospital administrators. (For physicians, this is partly a result of very high training costs that are not paid for by government in the United States as they are elsewhere.); (5) the practice of “defensive medicine” because doctors and hospitals fear high malpractice settlements; (6) pharmaceutical cost increases, which are encouraged by both patents and other legal protections that unduly restrict competition among drug companies;
and (7) the high levels of administrative costs that result from having multiple insurers as well as the profits made by insurance companies.

While many progressives blame insurance profits and administrative costs for the high cost of health care, the other problems—and especially the first three—are most likely the main reasons that health care costs are both higher in the United States than elsewhere and that they increase faster. There will be administrative costs under any health care system and someone needs to be paid to carry them out—in fact, improvement in health care administration might actually save substantial amounts of money while also improving the quality of health care.

Health insurance costs on a per capita basis, which increased rapidly by about 9.2% a year between 2007 and 2013, have stabilized at a lower average of 6.2% between 2014 and 2018. The enactment of the Affordable Care Act has had some effect on bending the cost curve down. But there are fears that health care costs may start moving up again if more aggressive efforts to constrain them are not undertaken.

The fundamental difficulty we have in the United States is that we've divided decisions about medical care into two parts. Doctors, who have both financial and cultural reasons to treat patients aggressively and to use the latest technologies and pharmaceutical, decide what treatments they want to carry out. Insurance companies decide whether to pay for them. And while we instinctively side with the doctors in those disputes, doctors and the physician practices and hospitals that employ them, have not taken enough steps to provide care effectively. They often do not coordinate care or provide sufficient preventive care or avoid duplicative care. Nor do they engage in sufficient evaluation of whether particular modalities of care—such as expensive diagnostic tests, surgical treatments, and new pharmaceuticals—contribute to good health. The result is that medical care is often duplicative, wasteful, and ineffective.

For too long, doctors and hospitals have abdicated the job of considering the effectiveness of treatment, given the costs, when making medical decisions. Insurance companies have taken on the task of doing so. But they do not have the expertise to do it effectively or fairly. Instead they are guided by rules of thumb about the standard of care—which may vary considerably from one geographic area to another—and a general inclination to say no to new modalities of care, especially for those who pay lower insurance premiums.

The doctors have incentives to spend more than they should. The insurance companies have incentives to spend less. No one is really thinking about how to spend it well.

We need to end this division. We need organizations of hospitals and doctors to reclaim their responsibility to make medical decisions that take the cost and effectiveness of treatment into account. We need to create incentives to encourage them to do so.

**Value-Based Care**

The movement in health care systems to spend money wisely and effectively is called “value-based care.” A number of different and reinforcing ideas fall under this heading.

Central to value-based care is doing away with fee-for-service medicine and paying independent or hospital-based physician practices in one of two new ways. Care for a particular disease or set of diseases might be done by providing “bundled payments” that cover all the costs of treatment. Or, all medical care for a group of people might be provided by “accountable care organizations” such as hospital networks that both provide care and manage the financing of it. The central idea here is that eliminating fee-for-service does away with the financial incentive to provide unnecessary or wasteful care while giving doctors and hospitals an incentive to provide effective coordination of care—often through creating “medical homes”—and to choose only medical interventions that are proven to be effective. Value-based care also encourages more evidence-based research to discover which medical interventions are most effective for different types of patients and value-based care also includes efforts to encourage patient engagement in their own care and compliance with treatment regimens that are known to be effective.

A key to instituting value-based medicine is an intensive effort to gather and share information about the real costs and effectiveness of various medical treatments and interventions. Without some basic information about usual practices of care, it is impossible to accurately set bundled payments for particular medical conditions or per capita payments for the health care of individuals. And without consistent efforts to see how care can be improved, it is not possible to revise these payments.

**Undermining the ACA**

In order to understand some of the problems with the Affordable Care Act, it is necessary to understand how compromises built into the act, as well as Republican
efforts to undermine it, have created difficulties that we must now address.

The ACA was enacted through an unusual process. Two bills passed initially, one in the House and the other in the Senate. The House bill was superior to the Senate bill in many ways, both in that it included higher subsidies for health insurance and in that it included a public option that was designed to provide competition among private health insurance companies that would help hold down costs. The expectation was that a compromise between the House and Senate bills would be worked out in a conference committee. But before the conference committee could be held, the death of Senator Ted Kennedy cost the Democrats their ability to overcome a filibuster. In the rush to pass a final bill, the Senate bill became the ACA.

Despite the lower subsidies in the Senate version of the ACA, health insurance costs in the new marketplaces were initially lower than individual health care plans in prior years. But health insurance costs soon increased more rapidly. The increase in insurance costs was, in part, the result of Republican efforts to undermine the ACA.

A key part of the ACA model is a public policy called risk adjustment or reinsurance. An insured population (also known as an “insurance pool”) that is weighted to older, less healthy people cost insurance companies a great deal more than a pool with younger, healthier people. But on the one hand, insurance companies don’t always know in advance what their pools will look like. And, on the other, they have an incentive to “game the system” by encouraging younger, healthier people to seek insurance from them and discouraging older, sicker people from doing so. This drives up costs for those who secure insurance from companies that have less favorable pools.

The Obama administration sought to balance these costs through a number of policies that were meant to use federal funds and / or funds from insurance companies with more favorable pools to help insurance companies with less favorable pools hold down costs. These proposals seem to have helped keep insurance premiums lower in the initial years of the ACA. Yet at the end of the Obama administration, the Republican-controlled Congress declined to continue these programs helping lead to higher health insurance premiums costs in 2016 and 2017. The Republican Congress also filed a lawsuit to stop the Obama administration from making the “cost-sharing” payments that held out-of-pocket costs down for those with incomes at 250% of the poverty line or less.

Under the Trump administration, Republican sabotage of the ACA continued. After dithering on the issue, the Trump administration cut off cost-sharing payments in 2017. Fortunately, many state insurance departments, including ours in Pennsylvania, figured out a way to compensate for the loss of these subsidies.

The Trump administration has continued to undermine the basic model of the ACA through legislative and administrative efforts that aim to discourage people from signing up for insurance on the marketplaces. Encouraging as many people as possible, including younger and healthier people, to purchase insurance on the marketplaces is, of course, critical to holding down costs for insurance companies and insurance premiums.

The Trump administration has also shortened enrollment periods and cut funding for advertising of those enrollment periods and “health care navigators” who helped people sign up for insurance. It worked with Congress to include the repeal of the taxes that enforced the mandate that everyone have health insurance. And, more recently, it has created new rules that would allow people to sign up for “temporary” insurance that can be renewed for up to three years. Because these plans do not have to meet the essential health benefits insurance sold on the marketplaces, they need not cover preexisting conditions or many types of illness. These often exclude the treatment of substance abuse disorder and mental health in general. Many do not cover prescription drugs or maternity care. Because they offer limited benefits, temporary plans are cheaper and attractive to younger, healthier people. Siphoning them from the pool of those insured under the marketplaces will, however, drive up health insurance costs for older people and those who must remain on them because they have preexisting conditions. And, at the same time, they will leave the people who buy temporary plans unprotected from some of the vagaries of life. Finally, the Trump administration has proposed allowing business associations to offer health insurance plans that also escape the essential benefits rules.

In all these ways, the Trump administration has been trying to undermine the health care marketplaces that it could not repeal—and that it seems it never had any intention to replace. Little by little, the Republicans have tried to chip away at the ACA by undermining the basic notion of insurance, that we should all buy in to it so that decent health insurance is available to all of us at a
reasonable cost.

Despite these attacks, the ACA marketplaces have, to this point, remained vibrant. Perhaps as citizens have learned more about insurance through securing insurance in the marketplaces, they’ve come to understand the importance of staying covered despite the costs.

**THE SOLUTION**

There is no one solution to the difficulties we discuss above. Instead, we will suggest some promising policy ideas that the governor and General Assembly should investigate.

**Health Care Costs**

We have seen that the key to controlling the growth of health care costs is to move to value-based health care. Pennsylvania can encourage hospitals, doctors, and health insurers to adopt value-based practices in a number of ways.

First, it should make the information needed to set up value-based payment systems more widely available by requiring more reporting through the Pennsylvania Health Care Cost Containment Council.

Second, as pharmaceuticals are among the major drivers of health care costs, it is critical that Pennsylvania follow other states in taking steps to bring more transparency to the costs of drugs. Forcing pharmaceutical companies to be more honest about the prices of their drugs is a critical first step to bringing public pressure, legal challenges or further regulations on the price of drugs. Oregon, for example, mandates that “when the price of a drug is $100 or more for a one-month or shorter supply, and there is a net price increase of 10% or more, the maker of that product must report the factors that contributed to the price increase, the research costs associated with the drug, and what it costs to manufacture and distribute it... The law also forces insurance companies to disclose information on the 25 most expensive drugs they cover and how the costs of those products affect premiums.” Transparency is just a first step. Maryland empowers its attorney general to petition a court to “punish” a manufacturer that raises the price of a generic drug 50% or more in a year by fining the company and returning funds to patients and payers. And New York recently passed a law that allows Medicaid to negotiate rebates on particular drugs if the state’s spending on pharmaceuticals exceeds predetermined targets.4

Third, as Medical Assistance is one of the largest purchasers of health care, the state can require the managed care organizations (MCOs) that provide most of the payments for Medical Assistance move even more rapidly toward adopting bundled and capitation payments with physicians practices and hospitals (including their associated physician practices) and to take other actions to encourage adoption of value-based medical care delivery and payment programs. The Medicaid MCOs have already made Medical Assistance one of the lowest cost health insurance programs in the state, but they could do more to move our state toward value-based care.

Fourth, Pennsylvania should join other states in taking advantage of a section 1115 waiver to draw down federal money to institute “Delivery System Reform Incentive Payment” (DSRIP) programs.5 These programs were originally designed to help states provide supplemental payments for “safety-net hospitals” that provide a great deal of care to those who remain uninsured. But in four states the program has evolved to help those institutions, not simply by providing them with extra funding but by using that funding to encourage them to adopt value-based medical care. These programs fund care for those who are uninsured while also improving the quality and reducing the costs of that care.

Fifth, as we point out below, one way to create more competition in the health insurance markets is for the state to require the Medicaid managed care organizations to offer insurance plans on the marketplaces. If the Medicaid MCOs are encouraged to move more quickly to adopting value-based care strategies, they will not only provide stronger competition for existing insurers but challenge them to meet that competition by also adopting value-base care initiatives.

Sixth, there is some reason to believe that the competition between Allegheny and Highmark in Western Pennsylvania has already generated some movement, especially on the part of the Allegheny system, to embrace value-based care strategies. The integration of insurance companies with hospital networks that has taken place in both networks in Western Pennsylvania is ideally suited to the effective introduction of broad value-based care initiatives. The combined hospital network/health insurer can easily morph into an accountable care organization (ACO) that takes on the responsibility for providing all of the health care needs of its insured population, including efforts to encourage better health, exercise, and dietary practices. So, while the consolidation of hospitals and medical practices in Southeastern Pennsylvania and elsewhere around the
state could diminish competition, if managed effectively by state regulation and incentives, it could also encourage a quicker development of value-based care initiatives. If the state should need to deal with transition issues involving access to non-network doctors in Southeastern Pennsylvania, as it did in Western Pennsylvania, it should focus not just on maintaining continuity of care but also on encouraging a rapid development of value-based care initiatives.

Seventh, the state should welcome the efforts of broad-based hospital systems and insurers to expand into new areas of the state. But relaxation of rules limiting competition should be conditioned on rapid development of value-based care initiatives.

Health Insurance Access and Costs
As the Trump administration continues to undermine the ACA it is critical that Pennsylvania undertakes action to protect health insurance under the marketplace. It could do so with a number of steps.

First, it could mandate that all health insurance offered in the state, including “temporary” insurance and association health plans, provides all essential health benefits. Representative Pete Schweyer has introduced such a proposal. This would protect people from purchasing health insurance that does not cover preexisting medical conditions or new conditions that are excluded from the plan. It would also discourage Pennsylvanians from leaving the marketplaces in search of cheaper, junk insurance.

Second, the state should institute its own health insurance mandate that replaces the lapsed federal mandate.

Third, the state should set up a reinsurance plan to help reduce the costs of insuring unfavorable insurance pools. New Jersey recently created such a plan modeled on those created by Wisconsin, Alaska, Minnesota, and Maryland. New Jersey officials expect that their reinsurance plan will reduce health insurance costs by 9%. Under the plan, insurers with claims ranging from $40,000 to $215,000 can receive reinsurance assistance for 60% of the claim’s cost. Pennsylvania could also ask the Blue Cross/Blue Shield companies to pay into a reinsurance program in order to meet their obligations as tax-exempt public charities. Under threat of legal action on behalf of the Rendell administration, the “Blues” paid $130 million a year to support the Adult Basic Program. Those payments came to an end when Governor Corbett ended Adult Basic.

Fourth, as mentioned above, Pennsylvania could institute more competition into the health care marketplaces by requiring Medicaid MCOs to offer marketplace plans. This would create the public option for health insurance that was part of the initial design of the ACA but was left out of the final bill.

Fifth, the state should invest more in advertising the exchanges and funding health care navigators to help people sign up for insurance.

And sixth, the state should enact legislation prohibiting “surprise” emergency care costs when Pennsylvanians must use out-of-network emergency services. Health care consumers should be asked to pay no more than they pay in-network under their own insurance.

Single-Payer?
Representative Pam DeLissio and Senator Art Hayward have recently introduced single-payer legislation in the General Assembly. While single-payer systems have attractive features such as, reducing the administrative costs associated with multiple, incompatible insurance programs and forms, we think that the legislation is premature in our state for two reasons.

First, the costs of single-payer are likely to be very high. By some estimates, a single-payer program in Pennsylvania would require a doubling of the personal income tax and a 10% payroll tax. In a state that has historically been tax-averse, it would be a heavy political lift to enact such a program. And while there is no question that many people would pay far less in taxes than they would in health insurance premiums and out-of-pocket costs under such a program, given that the uniformity clause prohibits a graduated income tax, a large share of the cost of the program could not be placed where it should be—on the backs of the wealthiest Pennsylvanians and corporations in the state.

Second, and more importantly, we have seen that to receive tax credit. Additional funding for the New Jersey program comes from the state mandate which requires people who do not have health insurance to pay a penalty and from general revenues. Pennsylvania could also ask the Blue Cross/Blue Shield companies to pay into a reinsurance program in order to meet their obligations as tax-exempt public charities. Under threat of legal action on behalf of the Rendell administration, the “Blues” paid $130 million a year to support the Adult Basic Program. Those payments came to an end when Governor Corbett ended Adult Basic.
increasing health care costs is a challenge for any health insurance system, including a single-payer system. There is much we can do to encourage a transition to value-based care payment and delivery systems. But until those systems are put in place, the likely consequence of the introduction of a single-payer system in Pennsylvania would be severe health care cost inflation driven by the fee-for-service payment and delivery systems that remain in place. A likely response to health care cost inflation would be efforts on the part of the insurer to limit cost growth. But, after the introduction of single-payer system the insurer would be the government. So, the state government would be faced with a difficult choice of either raising taxes further to cover health care costs or acting, as insurance companies do now, to limit spending in ineffective and unfair ways. Either way, health care cost inflation would bring government into disrepute, undermining our efforts to build confidence in government as a means of securing a more prosperous future for us all.

Changing how we pay for and deliver health care—moving from fee-for-service to value-based health care is thus a prerequisite for instituting single-payer. Indeed, this transition is a far more radical challenge to existing practices than adopting a single-payer health insurance plan. Moreover, we have seen that competition among multiple insurers—or multiple accountable care organizations that replace insurance companies—might actually spur the adoption of value-based care. While single-payer might be more reasonable to adopt after the adoption of value-based care systems created both quality and cost improvement in the delivery of health care, it is also possible that the replacement of fee-for-service by value-based models of care would have already eliminated much of the administrative burden of our multiple payer systems. In such a world, the kinds of insurance regulations described above, as well as additional health care subsidies to cover the costs of those with low incomes or serious medical conditions, would make the move to single-payer unnecessary as a way of protecting our right to health care. On the other hand, an effective single-payer system that funded accountable care organizations might be the best way of guaranteeing everyone access to health care in one of those organizations while also providing an effective means of regulating them, ensuring competition between them, and pushing them to continued improvements in health care delivery. And ultimately, it would firmly establish the right to publicly funded health care.

ENDNOTES
1 https://www.thebalance.com/causes-of-rising-healthcare-costs-4064878
4 https://www.forbes.com/sites/arleneweintraub/2018/03/30/the-call-for-drug-price-transparency-is-growing-louder-but-will-it-matter/#739104a73267
5 https://www.kff.org/medicaid/state-indicator/delivery-system-reform-incentive-payment-program-dsrip-waivers-and-uncompensated-care-pools-in-place/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D
EXPAND CHILD CARE PROGRAMS IN PENNSYLVANIA

IN BRIEF

- In Pennsylvania, 500,000 children under the age of five need child care so their parents can enter and stay in the workforce. But even among the 71% of families who qualify for subsidized child care—those earning 200% of the poverty line or about $50,000 per year for a family of four—9,961 children were on the wait list.
- Child care providers are often poorly paid and not well trained for their work.
- Pennsylvania should increase funds for child care services to ensure all low-income families with eligible children can get access to subsidized child care and increase reimbursement rates for child care providers so providers can pay their workers a living wage and meet required safety guidelines.

THE PROBLEM

Child care expenses can be a crushing financial burden for working parents. The average annual cost for infant care in Pennsylvania is $10,640 or $887 per month. The US Department of Health and Human Services (HHS) considers child care “affordable” if it costs up to 10% of a family’s income. Given this standard, infant care is affordable for only 27.5% of Pennsylvanians. Even workers earning $15/hour would pay a third of their income on child care, more than three times what HHS considers affordable.

In Pennsylvania, 500,000 children under the age of five need child care so their parents can enter and stay in the workforce. But many of the 71% of parents who qualify for subsidized child care—those earning 200% of the poverty line or about $50,000 per year for a family of four—do not get the help they need due to a lack of public investment. In June 2018, there were 9,961 children on the wait list for child care assistance in Pennsylvania.

Unaffordable child care is not the only problem. Child care workers often are poorly paid. The median wage for child care workers in Pennsylvania was $9.71/hour in 2017. Fifty percent of child care workers in Pennsylvania rely on one or more public assistance programs such as EITC, food stamps, Medicaid or TANF. The typical child care worker would need to pay 55% of their earnings to put their own child in infant care in Pennsylvania.

The low pay received by child care workers makes it hard to find high-quality providers in Pennsylvania. Fifty-nine percent of people in the state live in what is considered a child care desert. This is a problem, especially for residents of rural areas where 73% of parents live in a child care desert. This results in fewer mothers in the workforce. Among women who live in a child care desert, 1.6% fewer are in the workforce. In a 22-state study, Pennsylvania ranked near the bottom (20th) for the share of people living in child care deserts.

THE SOLUTION

Without more public investment, child care remains too expensive for many families across the commonwealth and the child care workforce remains largely impoverished. This needs to change. Over the past dozen years, efforts have been made to improve the quality of child care in Pennsylvania through the implementation of the Keystone STARS system. Moving forward, the push needs to be on improving access and affordability of child care and on improving child care jobs while continuing to strengthen quality. Pennsylvania must

- increase funds for child care services to ensure all low-income families with eligible children can get access to subsidized child care,
- increase reimbursement rates for child care providers so providers can pay their workers a living wage and meet required safety guidelines.

A complete fix for the problem of providing affordable, quality child care for working families requires a significant federal investment. Pennsylvania can do better on its own by using some of the resources that would be generated by a fair taxation system. Increased funding for child care in Pennsylvania has broad public support. A recent survey in 2018 found that 77% of Pennsylvanians support increasing government funding for programs that assist low-income families accessing child care.

BACKGROUND

Both the state and the federal government fund subsidized child care. Federal funding for child care comes from the Child Care and Development Block Grant (CCBDG), which was reauthorized in 2014 for the first time since 1996. This funding is provided, in part, to subsidize child care for low-income parents unable to afford it. Because the reauthorized block grant focused primarily on improving the quality of care, it created new costs to states to enforce quality standards with no increase in federal dollars. As a result, the number
of children receiving care under the CCDBG declined after reauthorization. The US Department of Human Services said in 2012 that CCDBG served 15% of eligible children nationally. By 2015, this number decreased to the smallest number CCDBG had ever served. Without new funding the goals of the reauthorized program were undermined.9

So last year, funding for CCDBG to the states increased. This year, Pennsylvania is using $50 million of the $66.5 million in federal dollars mostly to increase rates for child care providers for the first time in 11 years.10 And additional infusion of $6.8 million in state funds in 2018/19 will be used to take 1,100 kids off the waiting list for child care services.

US senator Patty Murray has introduced federal legislation that would significantly increase funding for child care for working parents—the Child Care for Working Families Act. This legislation would ensure that parents who earn under 150% of the state median income would need to only pay 7% of their income on child-care costs. It would also provide universal pre-K to all 3- and 4-year-olds and improve compensation and training for the child care workforce.11

ENDNOTES

1 https://www.epi.org/child-care-costs-in-the-united-states/#/PA
3 Current wait list number is from the Pennsylvania Department of Human Services.
5 https://www.epi.org/child-care-costs-in-the-united-states/#/PA
6 A child care desert is defined as any census tract with more than 50 children under age 5 that either has no child care providers or so few options that there are more than three times the young children as there are licensed child care slots.
7 www.childcaredeserts.org
8 Reimbursement rates should be pegged to the higher end of current market rates (e.g., the 75th percentile or higher). The lower the percentile formula, the less likely it is that programs can afford to accept low-income families with subsidies.
CASH ASSISTANCE: RESTORE GENERAL ASSISTANCE AND IMPROVE TANF

IN BRIEF
- Two important social safety net programs that provide cash assistance—General Assistance and Temporary Assistance to Needy Families (TANF)—have been critical to giving individuals and families in dire need access to income support that is flexible. Cash Assistance allows families to meet critical needs that are not covered by in-kind or targeted safety net programs.
- Pennsylvania should protect the General Assistance program which was reinstated in 2018 and improve the TANF program so that it better serves low-income Pennsylvanians: General Assistance should be protected and expanded; TANF Cash Grants should be raised; the TANF asset limit should be eliminated; TANF Employment and Training Programs should be improved; and full-family sanctions and lifetime disqualifications should be eliminated.

THE PROBLEM
A strong safety net is the key to catching individuals and families who are falling through the cracks in an economy that does not work for everyone. Two important social safety net programs that provide cash assistance—General Assistance and Temporary Assistance to Needy Families (TANF)—have been critical to giving individuals and families in dire need access to income support that is flexible. Cash Assistance allows families to keep a roof over their head when they don't have housing assistance, afford toiletries or school clothes for their children, and pay for transportation and other basic necessities that are not covered by in-kind or targeted safety net programs.

These programs are essential to a society that values caring for its most vulnerable citizens. It is especially important to protect the most vulnerable in a country like the United States which, despite its great riches, suffers from extreme income inequality. Yet the US has continually slashed social programs under the guise of promoting work. The U.N. explains.

Proposals to slash the meagre welfare arrangements that currently exist are now sought to be justified primarily on the basis that the poor need to leave welfare and go to work. The assumption, especially in a thriving economy, is that there are a great many jobs out there waiting to be filled by individuals with low educational qualifications, often with disabilities of one kind or another, sometimes burdened with a criminal record (often poverty related), without meaningful access to health care, and with no training or effective assistance to obtain employment. It also assumes that the jobs they could get will make them independent of state assistance. In reality, the job market for such people is extraordinarily limited, and even more so for those without basic forms of social protection and support.1

Contrary to the common notion that the social safety net undermines work, in most cases, social supports make it possible for people who want to work to do so.

THE SOLUTION
Pennsylvania can take several actions to strengthen General Assistance and TANF to support and lift up the state's most vulnerable populations.

Pennsylvania should protect the General Assistance program which was reinstated in 2018 and improve the TANF program so that it better serves low-income Pennsylvanians. Cash benefits should be increased, and the earned income disregard should be increased, as well, to further strengthen the program. The following proposals will attain these goals.

- **Protect and Expand General Assistance:** General Assistance was eliminated in Pennsylvania by legislation in 2012. Due to a positive ruling by the Pennsylvania Supreme Court, the program has been restored. But as in 2012, it is vulnerable to attack by the General Assembly. We should protect the newly re-established General Assistance program and make sure outreach efforts are done effectively so those that need this support can access it. Moving forward, we should consider increasing the benefit from its 1990 grant level.
- **Raise the TANF Cash Grants:** TANF grants to Pennsylvania families have not increased since 1990. Had grants kept up with inflation, a grant for a family of three would be $721/month instead of the current $403/month. The state should increase its grant amounts and factor in a cost-of-living adjustment so that Pennsylvania’s poorest families
WeThePeoplePA.org can make ends meet.2

- **Raise the TANF Earned Income Disregard to 75%**: The Earned Income Disregard kicks in when families who receive TANF get a job—50% of their earnings are disregarded when determining their benefit level. This helps to ensure that families make a smooth transition to work. Once families earn half of the federal poverty level, about $806 a month for a family of three, they stop receiving TANF. Pennsylvania should raise the Earned Income Disregard to 75% of a family’s earnings. Often, transportation, childcare, and other costs related to getting a new job leaves a TANF recipient who starts working at minimum wage with take home pay just slightly more than they received in TANF benefits. Increasing the Earned Income Disregard can help support TANF recipients transitioning to work.3

- **Eliminate the TANF Asset Limit**: Currently, Pennsylvania residents with more than $1,000 in assets are no longer eligible for TANF benefits. This rule discourages emergency savings and creates unnecessary administrative costs. Only four other states in the US have such a low asset limit — most others have eliminated the asset limit or raised it significantly.4

- **Ensure TANF Rules are Clear-cut and Efficient and Don’t Result in Discouraging Participation**: Specifically, DHS should make sure families who have good cause to be excused from the pre-eligibility job search due to physical or behavioral health problems, domestic abuse or homelessness are not wrongfully denied. Child support referrals need to be modernized in all counties across the state. TANF recipients should be allowed to make child support enforcement referrals electronically and with the minimal necessary paperwork. DHS should ensure staff is trained effectively and outreach materials are up to date so that grandparents or other caregivers, teen parents, and families with an SSI recipient get correct information and application assistance. DHS should also improve coordination between safety net programs so that those families receiving SNAP are encouraged to seek TANF benefits as well, and vice versa.5

- **Improve TANF Employment and Training Programs**: Pennsylvania can provide more supports to low-income families transitioning from TANF. The $50 grant to help pay for work-related expenses for those leaving TANF should be extended from three to six months. Pennsylvania should also reestablish DHS’s employment and training programs and encourage and support quality programs to recipients, including high school equivalency classes, English as a Second Language classes, adult basic education and literacy programs, and post-secondary training.

- **Put an End to Full-family Sanctions and Lifetime Disqualifications**: Full-family sanctions were imposed in 2012, which means that if a TANF family is not in compliance with the rules for a certain period of time, the whole family is punished with a full-family sanction. If a family is sanctioned three times, there is a ban on TANF for the whole family for the lifetime of the parent. This penalizes children for their parents’ mistakes. Sanctions have been found to lead to increases in hunger, utility shutoffs, evictions, and homelessness, as well as other problems connected to extreme poverty.6

**BACKGROUND**

**General Assistance**: General Assistance is a program that provides approximately $205/month for the most vulnerable individuals in Pennsylvania. The only people who can receive GA are disabled or sick adults without children, domestic violence survivors, adults caring for someone who is sick or disabled or an unrelated child, adults participating in alcohol and other drug treatment programs, and children living with an unrelated adult.

Despite the program's importance in helping to stabilize the most vulnerable in our state, General Assistance in Pennsylvania was eliminated entirely in 2012. In 2018, the Pennsylvania Supreme Court ruled its elimination was unconstitutional because the manner in which it was eliminated violated the Pennsylvania Constitution. According to service providers working with individuals in recovery with mental health diagnoses and those fleeing domestic abuse, the elimination of General Assistance caused widespread anguish and increased homelessness as 68,000 Pennsylvanians were suddenly ousted from the program. While $200 a month may not seem like much, it was the difference between a roof over one’s head or not for some and life or death for others. Most likely, ending General Assistance did not save the state much money, if any, as the cost savings from cutting General Assistance were likely balanced by increased costs in incarceration and homelessness.7

**TANF**: TANF is a monthly cash assistance grant aimed at helping parents make ends meet in difficult times. Funding for TANF comes from both the federal and state governments. Since welfare reform in 1996, Pennsylvania has seen a large decline in the number of TANF caseloads, from 487,000 adults and children...
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in 1996 to 124,000 in May 2018. However, this decline in the welfare rolls has not resulted because recipients have transitioned to work or found their way out of deep poverty. Instead, poor families who need assistance have been denied it. In 2015-16, for every 100 poor families with children in Pennsylvania only 30 received TANF compared to 87 out of 100 in 1995-96. The declining caseload is a product of administrative barriers and a weakened safety net that has left many pregnant women and mothers without access to any income supports. Grant amounts have not increased since 1990 and remain at about $403/month for a family of three, which is just 24% of the federal poverty level. In 66 of Pennsylvania's 67 counties, this amount does not even cover the cost of fair market rent. While this support is meager, it can still provide some much needed help to Pennsylvania’s poorest families and single mothers.

Pennsylvania’s TANF caseload has declined because of policy initiatives that can be, and should be, eliminated. A requirement adopted by the General Assembly in 2012 requires applicants to submit proof they have applied for at least three jobs a week while their application is pending, even if they do not have assistance for the child care or transportation they need to hold these jobs. While applicants can be excused from this job application rule, many applicants don't know about this possibility. The work search requirement creates a huge barrier to access to TANF. Another barrier to receiving TANF benefits is the poor quality of most TANF work programs. Federal changes require recipients to work 20-30 hours a week or face a loss of benefits. Pennsylvania used to have stronger work training support programs for welfare recipients, but funding was cut in 2011 and never restored. This leaves most TANF recipients, many who lack a high school diploma, without access to skills training. Limited support for child care is a burden for other welfare recipients who are seeking work. Lastly, TANF has burdensome administrative barriers that are challenging to navigate for families living in deep poverty. This includes requirements to seek child support from non-custodial parents. Some counties require recipients to hand deliver child support forms to multiple agencies.

ENDNOTES

2 Just Harvest. “Pennsylvania must raise the TANF cash grants to protect the most vulnerable among us from sliding into deep poverty.”
3 Just Harvest. “Just the Facts: TANF Earned Income Disregard.”
4 Georgia, Oklahoma, Rhode Island and Texas. Several states have fully eliminated the asset limit and others have raised the asset limit above $1000 up to $10,000. Data from the Urban Institute.
7 https://housingalliancepa.org/593-p/
8 http://www.dhs.pa.gov/learnaboutdhs/wheredotaxdollarsgo/numberofpeopleenrolledindepartmentbenefitprograms/
temporaryassistanceforneedyfamiliesenrollments/index.htm
9 This “TANF-to-poverty ratio” declined 57 points in Pennsylvania which is high compared to the national ratio which saw a 45 point decline (from 68 out of 100 in 1995-96 to 23 out of a 100 in 2015-16). For more information see: https://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_pa.pdf.
COMBAT THE OPIOID CRISIS

IN BRIEF
- Drug overdoses from opioids continue to affect communities across the state—5,500 people died of drug overdoses in Pennsylvania in 2017, 80% of which were opioid overdoses.
- The state should make it easier for people to access medication-assisted treatment of substance use disorder, repeal counterproductive drug laws, make Naloxone more widely available and train people in its use, and protect Medicaid and other social services that help people living with substance use disorder.

THE PROBLEM
Opioids are a class of drugs that includes the illegal drug heroin, synthetic drugs like fentanyl, and pain relievers available by prescription (oxycodone, codeine, hydrocodone, morphine, etc.) or through illegal sales. In the late 1990s, the majority of overdoses were from cocaine. In 2014, heroin and other opioids became the leading cause of overdoses (61%). This epidemic has been caused by a dramatic spike in prescription painkillers and the recent influx of the illicitly manufactured fentanyl which is 100 times more potent than heroin. It has been made even worse by enforcement policies that seek to reduce the supply of heroin, which has resulted in increasing amounts of deadly fentanyl on the streets, leaving drug users with an increasingly unsafe supply.

Whites and Native Americans have experienced the largest rise in death rates from opioids, in part because doctors less often prescribe opioids to Black patients due to racial bias.

The opioid crisis affects communities across the state, crossing boundaries of city, town, race, age, economic status, and gender. Opioid overdose deaths are preventable, yet 5,500 people died of drug overdose in Pennsylvania in 2017, 80% of which were from opioids. The number of overdoses in Pennsylvania, as well as the rate of increase, has long been among the highest in the nation. In 2016, opioid-related overdoses per 100,000 residents was 18.5 compared to the national average of 13.3.

In 2014, 85% of Pennsylvanians who needed drug treatment did not receive it. This percentage has been declining but not fast enough.

THE SOLUTION
Substance use disorder is taking the lives of too many of our loved ones. Pennsylvania needs to push for accessible treatment and compassionate harm reduction solutions that reduce deaths and disease and more effectively help people reduce drug use.

Expand Access to Medication Assisted Treatment (MAT)
- Medication Assisted Treatment such as Buprenorphine programs has been proven an effective treatment for inappropriate opioid use, but the number of doctors that can prescribe it are very limited. Pennsylvania should require all new doctors to obtain the licensing waiver (done through an 8-hour online training) and offer incentives for practicing doctors to become licensed as well.

Repeal Counterproductive Drug Laws
- Drug-induced homicide laws allow charges of murder or manslaughter to be brought against persons involved in the manufacturing, sale, distribution or delivery of a controlled substance resulting in death. Pennsylvania is leading the charge here—the Commonwealth ranked number one in the nation for the number of drug-induced homicide charges brought. For this same crime, people of color on average receive much higher sentences than that of white individuals. Though these laws are generally brought forward with good intentions, they are harmful, target some of our most vulnerable populations, and should be eliminated.
- Similarly, laws that discourage doctors from providing legitimate pain treatment that sometimes includes the use of opioids often have unintended victims—people who are suffering from severe pain that sometimes cannot be treated in other ways. These laws can drive some pain patients to seek out alternatives, increasing the demand for heroin or unregulated prescription drugs sold on the street. We should be educating doctors and patients about the risks of substance misuse yet trusting them to make the best decisions about their medical needs.
- In order to set up syringe exchange programs and harm reduction centers, Pennsylvania needs to pass HB196 or a similar law that legalizes syringes and enables advocates and public health departments to set up syringe exchange services. Syringe service
programs and supervised injection facilities not only provide caring centers where drug users can access social services and treatment, they decrease reliance on emergency services, dramatically reduce the spread of bloodborne diseases such as HIV, decrease needle trash, and increase success rates of treatment and housing programs.  

- Reduce sentences and create alternatives to incarceration for low-level drug crimes. (See our “End Overincarceration” policy piece for more information.) Revise drugs laws to be consistent with understanding substance use disorder as a health issue not a criminal justice issue.

Expand Use and Training for Use of Naloxone, the Life-saving Medicine Able to Reverse Overdoses
- Every county should have a program that provides overdose reversal and Naloxone administration trainings, as well as naloxone distribution programs.
- Require state prisons to provide Naloxone and overdose reversal training to returning citizens upon release.

Protect Medicaid and Other Social Safety Net Programs
- Medicaid must be supported and fully funded to continue to close the “treatment gap,” giving access to people who previously had to wait months, even years, for care through a publicly funded treatment program.
- Medicaid pays for 29.2% of medication-assisted treatment in Pennsylvania. If funding for the Medicaid expansion is decreased, consumers who'd had access to medication-assisted treatment could be forced to use emergency rooms as their source of care, putting a high financial burden on state and local budgets as well as family members.

BACKGROUND
Governor Wolf has taken steps to combat the opioid epidemic by establishing 45 centers of excellence to provide treatment for 11,000 people with substance use disorders, equipping first responders and others with the overdose-reversing drug called Naloxone and eliminating barriers to access to medication-assisted treatment (MAT). MAT, found to be more effective for treating opioid abuse than placebos or detox alone, previously required prior authorization which delayed treatment at the most critical time in the initial recovery progress. Governor Wolf eliminated the need for such authorization. However, barriers still exist to accessing MAT. Nationwide, only 4% of doctors are licensed to prescribe it. In more than half of the counties in Pennsylvania, there are fewer than ten physicians who are licensed to prescribe buprenorphine, which is considered a gold standard for the treatment of substance use disorder. In six counties there are none.  

Social safety net programs such as Medicaid and SNAP provide critical support to those who live with substance use disorder. The Medicaid expansion made treatment available for 63,000 people. Protecting these programs from cutbacks is critical to our state. So is improving access to other social services and to medical services. Even for those with social capital, securing support for housing and treatment remains incredibly difficult for many.

Harm Reduction Strategies
Pennsylvania is behind many states in implementing harm reduction strategies, that is approaches to drug use that seek to do everything possible to minimize death by infection and overdose. Syringes are still criminalized as paraphernalia in Pennsylvania, preventing the state from opening life-saving health centers and syringe exchange programs that can decrease HIV infection rates, improve health outcomes, and expedite access to treatment.

One unintended consequence of the crackdown on opioid prescribing is that some people are being driven to the unsafe street market, while leaving others without access to much needed pain medication. On the streets, heroin has become less prevalent and fentanyl more widespread. In 2016, fentanyl surpassed heroin as the leading cause of opioid overdose death. 

For those who enter our criminal justice system, upon release they are more likely to die from overdose than the general public and are often not offered supportive services to reduce recidivism and harm. Pennsylvania has one of the largest prison populations in the nation, and approximately one in five people who are incarcerated are locked up for a non-violent drug offense. The number of people in prison for drug offenses grew by more than 40% between the years 2000 and 2011. Alternatives to incarceration like drug treatment programs can be used with greater results for low-level drug offenses and parole violations. Once someone has come in contact with the prison system, they are 130 times more likely to die of an overdose than the general population upon reentry.
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ENSURE THAT QUALITY, AFFORDABLE HOUSING IS AVAILABLE TO ALL PENNSYLVANIANS

IN BRIEF

- Lack of affordable housing makes a significant impact on urban, rural, and suburban Pennsylvanians. Many residents of the state struggle to pay their rent or mortgage as wages have remained stagnant and housing costs have continued to increase. In fact, across the state, 30% of homeowners and 50% of renters are paying more than 30% of their income on housing.
- Pennsylvania can accelerate the development of low-income housing in a number of ways:
  - Pass a state low-income housing tax credit.
  - Establish a state program aimed at helping renters in an emergency (similar to the already established HEMAP program that helps homeowners).
  - Expand funding for the State Housing Trust Fund or PHARE (Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund).
  - Enforce housing standards for rental units.
  - Create inclusionary zoning that leads to the development of more affordable housing.
- The state can further support homeowners by continuing support for existing programs, protecting those in gentrifying areas from increases in their property taxes, and supporting tenants and tenant associations who have the opportunity to purchase their properties.
- The state should also take initiative to help local governments provide more short-term and long-term housing for the homeless.

THE PROBLEM

The place where people lay their heads at night—their home—is the foundation from which families build their lives. Safe and affordable housing supports strong families and grounded communities. Everyone has a fundamental right to a safe home. However, too many people across the Commonwealth struggle to secure this right.

Rental Housing

Lack of affordable rental housing affects both urban and rural Pennsylvanians. While rents have gone up in many parts of the state, wages have not, making it more difficult for low- and middle-income households to afford decent housing. The average fair market rent of a two-bedroom house in Pennsylvania is $1,015/month. According to a 2018 report by the National Low-Income Housing Coalition, a household must earn $19.53 per hour (or an annual income of $40,616) to afford a two-bedroom rental in the state without paying more than 30% of their income on housing. The average hourly wage of the more than 1.5 million renters in Pennsylvania is $14.91 per hour, which makes affordable rentals out of reach for many. A minimum wage worker in Pennsylvania would need to work 2.7 jobs or 108 hours a week in order to afford a two-bedroom or would have to resort to substandard, low-quality housing. That same worker would need to work 87 hours a week to afford a decent one-bedroom rental unit.1

There is not enough affordable rental housing to go around. In Pennsylvania there are only 66 affordable housing units for every 100 low-income households and only 38 affordable units for every 100 very low-income households.2 And to make matters worse, much of the funding for affordable housing comes through the US Department of Housing and Urban Development (HUD), which under the leadership of Dr. Ben Carson, is expected to be cut.

Too often, apartments in low-income neighborhoods are run-down to the point that they become unsafe places for people to live. And yet, local officials do not force landlords to make necessary and legally required repairs. Sometimes this is the result of corruption. In other cases, local officials are afraid that strict enforcement of housing laws will reduce the stock of affordable housing and leave people homeless.

Homeownership

Renters aren't the only ones who struggle to pay their housing costs. Some homeowners also struggle to pay their mortgages, most often because of job loss or unexpected medical bills.3 One state program, the Homeowners Emergency Mortgage Assistance Program (HEMAP), has been a critical support for homeowners facing foreclosure. Low-income families and seniors also struggle to maintain the homes they own due to the expense of repairs and age of the housing, leading to dilapidated housing. Over 40% of Pennsylvania’s housing stock was built before 1950, making the need for repairs even more dire.4
Gentrification
A problem closely connected to the cost of housing is gentrification. Middle income people, both Black and white, are now interested in moving into (or back into) urban areas. It is important that gentrification not force people who have lived in declining communities for years or decades to leave because housing prices become unaffordable.

Homelessness
The lack of affordable housing results in homelessness for many. On any given day, 14,138 Pennsylvanians are known to be homeless—this includes men, women and children. Certain vulnerable populations are particularly at risk for homelessness, including women who are victims of domestic violence and people suffering from mental illness including substance abuse disorder. Ex-offenders often suffer from homelessness. While homeless people were once most likely to be single men, now single women, families, and unaccompanied children are often homeless as well.

Homelessness is a problem that affects every county, both rich and poor. It is found in our largest cities but also in the suburban communities that surround them, as well as small cities and towns all over the state. Counties vary greatly in their awareness and effort to deal with the homeless population. One county in Pennsylvania has a six-week waiting list for “emergency shelter.” This is simply unacceptable.

THE SOLUTION
An all too common housing narrative is that the cost of housing is beyond our control—that somehow market forces shape the cost of housing and therefore nothing can be done to solve the problem. We reject this narrative and know that public policies have historically shaped who has access to housing (and who does not) and that policies can help to solve the problem of housing affordability.

Affordable Rentals
- Pass legislation establishing a state low-income housing tax credit: There is a federal low-income housing tax credit that is responsible for the majority of the nation’s affordable housing construction. Developers apply for tax breaks and then are required to construct below-market housing rates. A state low-income housing tax credit would further support the development of low-income housing in Pennsylvania. In September 2018, state senator Tom Killion (R-Delaware) introduced the SB1185 legislation.
- [UPDATE: This was passed in October 2018; to go into effect in July 1, 2019.] Increase the Neighborhood Assistance Program to $36 million: The Neighborhood Assistance Program is a 51-year-old tax credit in Pennsylvania in which businesses can get up to a 55% tax credit if they donate to projects serving distressed areas in the categories of affordable housing, community services, crime prevention, child care, food distribution, job training or neighborhood assistance. The allocation was $18 million in 1967 and still is today. HB 645 and SB 512 would double that amount to $36 million.
- Establish a state program aimed at helping renters in an emergency: The HEMAP program in the state has helped many homeowners stay in their homes in times of dire need. However, no such program exists for individuals or families who rent their homes. Establishing a program similar to HEMAP that can assist renters will lead to fewer families in crisis and out on the street.
- Develop state programs to support existing local programs that are losing federal support or new programs that municipalities create to provide grants and loans to help landlords in distressed areas repair and weatherize their buildings.
- Expand the State Housing Trust Fund or PHARE, the PA Housing Affordability and Rehabilitation Enhancement fund. After the passage of Act 58, PHARE provides 67 counties in all with funds for rental assistance, utility assistance, homeowner repairs, rental rehabs, new construction or substantial rehab of vacant properties for affordable homes. Funds made available by the Housing Trust Fund leverage additional funds from public and private sources. While the fund was recently expanded with new revenues from the Realty Transfer Tax, further expansion with either general fund revenues or additional dedicated funds is necessary.

Homeownership
- Continue funding for housing programs aimed at supporting homeowners: (1) The Homeowners’ Emergency Mortgage Assistance Program (HEMAP) administered by the Pennsylvania Housing Finance Agency (PHFA) assists homeowners who are delinquent in their mortgage payments by providing state-funded loans for up to two years. (2) The Pennsylvania Accessible Housing program (PAH) assists elderly and disabled homeowners in making their homes
WeThePeoplePA.org

Accessible. (3) Keystone Communities is a part of the Department of Community and Economic Development and provides some funding to make sure those with disabilities have accessible housing.

- Develop state programs to support existing local programs that are losing federal support or new programs that municipalities develop, to offer grants and low interest loans to help homeowners repair and weatherize their houses.
- Expand relief statewide for long-time homeowners who have seen their property taxes increase. Philadelphia and Allegheny Counties are the only two places in Pennsylvania with a law in place (the First and Second Class County Tax Relief Act) to protect against increases in long-term homeowners’ property taxes that aren’t due to their own home improvements, but instead due to factors outside of their control like gentrification. Long-time homeowners should not pay the price for gentrification—higher taxes is one factor that pushes long-time homeowners out of their homes. This law should be expanded statewide.
- Create policies to support tenants and tenant associations who have an opportunity to purchase their properties. This should include both a PHARE set aside that can be used for due diligence as well as policies that help create opportunities for resident ownership. For example, the existing requirement that owners of manufactured home communities provide residents with advance notice of their intent to close the community, consider any purchase offer made by a resident association, and negotiate in good faith should be extended to other owners of multifamily rental housing.

Enforcement of Housing Standards
- The state should provide more oversight to local officials charged with enforcing local housing standards. New rules should be established to limit the political contributions made by landlords to local politicians that are ultimately in charge of regulating them.
- The PA attorney general should investigate allegations of political corruption and favoritism in the lack of enforcement of housing standards in low-income communities.

Inclusionary Zoning
- Inclusionary Zoning is an effective way for municipalities to encourage the development of affordable housing, especially in gentrifying neighborhoods where property values are rising. Inclusionary zoning offers developers incentives tied to the zoning code. Developers who are granted certain exceptions from zoning regulations—such as being allowed to build higher or more densely or to meet lower parking space requirements per unit—or who receive other benefit from the municipality, such as the use of eminent domain in assembling land for development are required in return to set aside a certain percentage of their units for low-income housing, whether rental or for purchase.
- While Inclusionary Zoning is primarily a municipal public policy, the state could encourage it by awarding planning grants to smaller cities to develop such policies. And, in order to limit the local political influence of developers, who often fight back against inclusionary zoning policies, the state could require that zoning variances that allow housing developers to add more than a certain percentage of units to a proposal require some kind of contribution to building affordable housing, either through setting aside some units for low-income housing or making a payment of equivalent value into a local housing trust fund. The state could also require as a condition of receiving state funding for community or economic development that the county or municipality must have a plan to provide for the housing needs at appropriate densities for households of all income levels.

Homelessness
- The state must set standards for each county’s efforts to care its homeless population.
- Increase funding for the Homeless Assistance Program (HAP) in the state which helps the homeless or near-homeless find affordable housing, emergency housing, supportive housing, rental assistance and/or case management.

BACKGROUND

Housing Affordability

While homeownership has often been associated with the achievement of the American Dream, it’s important to note that, historically, discriminatory lending practices, often referred to as redlining, have prevented many people of color from home ownership, and therefore, the ability to build wealth. In fact, a recent report on discriminatory lending practices across the US found that even today in Philadelphia, after accounting for income and other factors, the greater the number of African Americans or Latinos in a neighborhood, the more likely it was that a loan would be denied. At the beginning of 2018, Pennsylvania attorney general Josh Shapiro opened an investigation into discriminatory
lending practices in Philadelphia.\textsuperscript{10}

The state has taken steps toward addressing issues around housing. The Pennsylvanian Housing Affordability and Rehabilitation Enhancement Program (PHARE) was enacted in November of 2010. Funding from this housing trust fund can be used for a variety of projects aimed at creating affordable and accessible housing, ensuring housing is maintained and preventing homelessness. Other programs, like HEMAP, PAH and Keystone Communities, mentioned above, have helped homeowners stay in their homes and complete needed repairs. But, more can be done.

Housing affordability affects residents across the state — those who rent and own in urban centers, small towns, and rural areas. While household spending that amounts to 30% or less of income on housing is considered affordable, the number of households in Pennsylvania paying above that is staggering. Across the state, 30% of homeowners and 50% of renters are spending more than 30% of their income on housing costs. In urban counties, 51% of renters are paying more than 30% of their income on rent; 27% are paying 50% or more of their income on housing. In rural counties, the same problem exists: 48% of renters pay more than 30% of their income on rent and 24% pay more than 50%.\textsuperscript{11} Some rural counties with high-levels of gas drilling have seen rents rise significantly, like in Bradford, Greene, Washington, Susquehanna, and Tioga counties.\textsuperscript{12}

**Gentrification**

The movement that is sometimes called gentrification gives us an opportunity to either right a terrible wrong or to commit a second one that makes the first even worse. In the 1950s and 1960s, middle class, mostly white people fled many neighborhoods in our cities. They left poor and working class—in some cities, mostly people of color—who suffered through fifty years of evaporating jobs and declining neighborhoods. Large parts of Pennsylvania’s cities became distressed.

The consequences were devastating for many of the people who lived in these neighborhoods. Many suffer in poverty, have low wages and frequent unemployment. But that is perhaps not the worst of it. Low wages and unemployment are made much worse when one lives in a neighborhood that is declining commercially, that is lacking in city services, that is being threatened by housing deterioration, that suffers from high crime rates, and that is, in many ways, cut off from mainstream political and economic life. Such neighborhoods often lack the political clout to get good city services.

There is enormous potential to right this wrong by taking advantage of gentrification to create multi-income and multi-ethnic neighborhoods in our cities and other communities. But there is enormous danger as well. People who have long lived in gentrifying communities often welcome all the good things that come along with people of means moving into their neighborhoods. But, after suffering through bad times, they don’t want to be forced out of neighborhoods they have lived in for a long time by rising rental costs or property taxes.

**Homelessness**

As we pointed out above. Over an average of 14,000 Pennsylvanians are homeless every day.

Persons experiencing domestic violence face a high risk of homelessness, especially when women and children have limited economic resources.\textsuperscript{13} One out of every four homeless women is homeless because of violence against her.\textsuperscript{14}

Also at risk for homelessness are individuals suffering with severe mental illness—20-25% of homeless people nationally have some sort of severe mental illness, compared to just 6% in the general population.\textsuperscript{15} A report by the Penn State Data Center found that between 2012 and 2017, the homeless population suffering from severe mental illness and the number of those experiencing domestic violence both increased by nearly 21% during that five-year period.\textsuperscript{16}

Formerly incarcerated individuals are nearly 10 times as likely to be homeless as the general population, and these odds worsen the more an individual cycles in and out of jail. The criminalization of homelessness makes it more likely these individuals will be funneled back into the criminal justice system.\textsuperscript{17}

While typically thought of as affecting single men primarily, homelessness increasingly impacts families as well. In fact, about 34% of the homeless population in the US are families—of those families living in shelters, 84% of heads-of-household are female. Families of color are overrepresented in the homeless population—nationally 43% are African American, 15% are Hispanic and 38% are white.\textsuperscript{18}

Children also suffer from homelessness. Over the course of one school year, school districts in the state educate about 13,000 homeless children.\textsuperscript{19} Unaccompanied homeless youth represent about 6% of the homeless population in the US. Many of these youth left home due to facing physical or sexual violence or neglect in
LGBT youth make up as many as 20-40% of homeless youth.\footnote{21}

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PRINCIPLE FOUR

Invest in Our Infrastructure and Safeguard Our Environment
INTRODUCTION:
INVEST IN OUR INFRASTRUCTURE AND SAFEGUARD OUR ENVIRONMENT

THE PROBLEM
A growing economy, thriving businesses, and a healthy population need first-class infrastructure and a clean and safe environment. Yet many of our roads, bridges, and water and sewer systems are old and deteriorating, and many communities lack access to reliable and affordable transportation options. Many of our public buildings, such as schools and libraries are dilapidated and we have not invested adequately in 21st century infrastructure—broadband—leaving too many communities, businesses, and families disconnected from customers and suppliers. Meanwhile natural gas extraction (“fracking”) creates new dangers for our air and water on top of those created by the effluents of the industry and agriculture that contribute to making Pennsylvania’s air and water among the most threatened in the country.

THE SOLUTION
Pennsylvania must acknowledge and address its public investment deficit. Our current approach—doing the minimum necessary—is more expensive in the long run. To enjoy a thriving economy, expand economic opportunity and safeguard our rich natural heritage, Pennsylvania should do the following:

• Invest in and update our roads and bridges, repair and expand public transit systems, and create more options where public transit is not available. The patchwork solutions to funding public transit and road and bridge construction (Act 44 of 2007, later amended as Act 89 of 2013) will soon phase out with funding for public transit dropping from $450 million annually in 2022 to $50 million in Fiscal Year 2023 and zero by 2027.1 We need a sustainable, long-term solution to sustaining the 13 public transit agencies in Pennsylvania.
• Ensure that broadband internet is available to all Pennsylvanians.
• Ensure energy and utility affordability for all Pennsylvanians.
• Invest in green infrastructure to upgrade our water and sewer systems, create jobs, and save money.
  □ Building on Philadelphia’s and Lancaster’s national leadership in the implementation of green infrastructure, and Carnegie-Mellon University’s technology leadership, Pennsylvania should implement a bond-funded “Smart and Green Infrastructure plan” that includes “Buy Pennsylvania” provisions to keep more of the resulting investment and good jobs in Pennsylvania.
• Protect our air and water by: updating and vigorously enforcing environmental laws to meet current challenges—especially for natural gas drilling; strengthen the public entities tasked with protecting our air and water; and pass legislation to address lead in drinking water.
• Rehabilitate blighted land and preserve open spaces.
• Transition rapidly to renewable energy sources such as solar and wind power. These energy sources are becoming more cost effective and are already proven job creators.

BACKGROUND
Pennsylvania transportation infrastructure has outsized importance to the state’s economy because of our strategic location between the manufacturing areas of the Midwest and upper South and the massive consumer markets of the Northeast and Mid-Atlantic. Many of the goods flowing into East Coast ports also travel through Pennsylvania. As well as heavy truck traffic, our roads endure severe weather and the chemicals used in icy conditions, resulting in cracking and deterioration. Rather than being treated as the competitive asset that it is, our transportation infrastructure suffers from the same public investment deficit experienced by our education systems and across the board. Pennsylvania is home to the second highest number of structurally deficient bridges in the country—a little less than one in five bridges is considered structurally deficient.

Pennsylvania also underinvests in public transit, which low-income families (and middle-income families in Southeast Pennsylvania) rely on to get to work and get our children to school, as well as travel to grocery stores, doctors’ offices, libraries, and places of worship. Since traveling by public transit produces less air pollution and greenhouse gas emissions than riding in a private car, rising transit use can contribute to healthier and more sustainable communities. Rail transit also opens up roads for those who travel by car.

Pennsylvania’s rivers, lakes, and abundant supplies of
clean water are also economic as well as natural assets, boosting our economy and improving our collective quality of life. But here again, our public investment deficit—and weak environmental regulation—put these assets at risk. Pennsylvania has many aging water and sewer systems and the most combined sewer overflow (CSO) sewage systems of any state in the country. In these systems, stormwater flows into the same pipes as sewage, and in heavy rains, water volumes exceed the capacity of treatment systems with the result of a mix of sewage and wastewater that flows straight into our rivers and streams.

Access to broadband (or high-speed internet) is another pressing problem in our state. Despite the essential role that the internet plays in our daily lives, education, and our state’s economy, 800,000 Pennsylvanians are without access to strong, reliable high-speed internet. Of these, more than 525,000 live in rural areas and more than 250,000 live in urban areas.

Meanwhile, our natural resources—air, land, and water—are being devastated by pollution. Pennsylvania has the third worst air quality of all states. Industrial pollution and natural gas extraction release toxic chemicals into the air. Natural gas drilling is responsible for dangerous emissions of methane, a more dangerous greenhouse gas than carbon dioxide. We also have serious water pollution in all three of our major river basins as runoff from industrial and agricultural activities threatens our waters. Our drinking water is threatened by lead from various sources and, for some, by chemicals found in well water due to nearby natural gas drilling.

Extractive industries have played a major role in the Pennsylvania economy throughout its history and the state has long relied on energy from fossil fuels, including oil, gas, and coal. Because of the centrality of these fossil fuels, Pennsylvania is the third largest carbon emitting state in the country behind Texas and California. While all of us are affected by environmental damage, communities of color and low-income communities often bear the brunt of fossil fuel-related environmental and health problems.

ENDNOTE
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PROTECT OUR AIR AND WATER

IN BRIEF

- Pennsylvania has the third worst air quality of all states. Industrial pollution and natural gas fracking release toxic chemicals into the air. Fracking is also responsible for dangerous emissions of methane, which is a far more dangerous greenhouse gas than carbon dioxide. We also have serious water pollution problems in all three of our major river basins.

- The burdens of pollution are not felt equally by all Pennsylvanians. Too often, members of the Black community and those with low incomes suffer more than others.

- To deal with these problems we must strengthen Pennsylvania’s public entities tasked with addressing air and water pollution: enforce and strengthen rules that limit pollution, especially with regard to methane; pass legislation to address lead in drinking water as part of a water quality plan for the state; protect healthy watersheds and restore unhealthy ones by investing more in the protection of and restoration of watersheds in our state; invest in green infrastructure projects to reduce stormwater runoff; and protect our land, water, air, and health by further regulating the oil and gas industry.

THE PROBLEM

Protecting the air we breathe, the water we drink, and the natural world around us is critical for our health and well-being and that of future generations. We have a right to clean air and water and it is the Pennsylvania government’s duty to preserve and maintain it as outlined in Article 1, Section 27 of the Pennsylvania constitution:

The people have a right to clean air, pure water, and to the preservation of the natural, scenic, historic and esthetic values of the environment. Pennsylvania’s public natural resources are the common property of all the people, including generations yet to come. As trustee of these resources, the Commonwealth shall conserve and maintain them for the benefit of all the people.1

But our right to clean air and water is currently not being protected as promised.

Pennsylvania has the third worst air quality of all states. Industrial pollution and natural gas fracking release toxic chemicals into the air. Fracking is also responsible for dangerous emissions of methane, which is a far more dangerous greenhouse gas than carbon dioxide.

We also have serious water pollution problems in all three of our major river basins. Runoff from industrial and agricultural activities threatens our waters, and our drinking water is threatened by lead from a number of different sources. Natural gas fracking is also a major source of water pollution.

The burdens of pollution are not felt equally by all Pennsylvanians. Too often, members of the Black community and those with low incomes suffer more than others.

THE SOLUTION

The We The People Campaign supports the Pennsylvania Common Conservation Agenda created by Pennsylvania’s leading conservation organizations. It calls for the following measures.

Strengthen those Pennsylvania public entities tasked with addressing air and water pollution.

- Adequately fund the Department of Environmental Protection (DEP) to ensure that our state government can protect our land, air, and water. DEP needs more resources to adequately oversee gas operations, monitor damage to air and water quality, deter offenders, and ensure accountability. An adequately funded DEP can also continue to improve rules based on best practices to ensure natural gas drilling occurs under circumstances that guarantee the safety and health of surrounding residents.

- Require the Department of Environmental Protection and the Department of Health (DOH) to collaborate more in addressing issues arising from water and air pollution caused by industrial pollution and natural gas drilling.2

Protect our air.

- Enforce and strengthen rules that limit pollution, especially with regard to methane. The state must enforce new methane capture rules3 and expand these to include emissions from existing shale infrastructure.4

Protect our water.5

- Pass legislation to address lead in drinking water that includes the establishment of dedicated state
funds for lead service line replacement.

- Create a drinking water quality plan for the state. The Department of Environmental Protection should develop and implement a statewide plan for quality drinking water from source to tap.

- Protect healthy watersheds and restore unhealthy ones by investing more in the protection of and restoration of watersheds in our state.

- Invest in green infrastructure projects to reduce stormwater runoff. (For more information on this, see our WTP policy paper on green infrastructure.)

Protect our land, water, air, and health by further regulating the oil and gas industry.

- Protect our public lands from fracking. Oil and gas companies continue to try to access our most pristine and protected land, including our state parks, state forests and other public lands, for natural gas extraction. The General Assembly should oppose any legislation to open these areas for drilling.

- Extend gas facility to structure/building set-back distances. Set-back distances should be increased to: 0.6 mile (3281 feet) from smaller shale gas facilities; 1 ¼ miles from gas processing plants or compressor complexes; and 1 ½ miles for schools/daycares, hospitals, nursing homes, and other high-occupancy buildings.\(^6\)

- Pass a severance tax. Pennsylvania is the only natural gas-rich state without a severance tax, which means that oil and gas drillers located here are pillaging our natural resources without paying their fair share to the state. For more information, see WTP policy paper on passing a severance tax.

- Evaluate the potential current and future environmental impacts of pipeline infrastructure and review the DEP pipeline and permitting processes.

- The DEP should greatly expand toxic monitoring in shale gas regions to capture adequate information about toxic emissions.

- Before permitting new shale infrastructure, consider existing shale gas emissions when measuring combined emissions from multiple sources. This calculation should include periods of significant emissions that occur regularly within two miles for well pads and small compressors and five miles or more for processing plants/larger compressor stations and compressor station complexes.\(^7\)

- Establish an interagency working group with a focus on environmental justice. The mission of such a working group would be to work across agencies and with vulnerable communities affected by environmental devastation to find solutions to environmental problems unjustly affecting communities of color and low-income communities across the state.

BACKGROUND

Air Pollution

Pennsylvania has the third worst air quality in the US. The Pittsburgh region has particularly bad air, and Pittsburgh ranks as one of the top ten most polluted cities in the United States in terms of year-round particle pollution.\(^8\) Allegheny County ranks in the top 2% of counties in the nation for cancer risk from air pollution.\(^9\) Eighty-three percent of the toxic air pollution in Allegheny County comes from ten industrial facilities, sometimes referred to as the “Toxic Ten.” Residents who live and breathe that polluted air are paying the price with their health.

Chemicals used in the natural gas extraction process also pollute the air and for those living near production and infrastructure sites, they create numerous health threats to respiratory, cardiovascular, reproductive, and brain and nervous systems. Chemical pollution also causes cancers and interferes with fetal and child development.\(^10\)

Unconventional gas drilling (fracking) is particularly worrisome. Methane emissions from unconventional gas drilling is 23 times greater than from conventional wells and is always released in combination with other toxic chemicals.\(^11\) The US Environmental Protection Agency has identified methane as the second most prevalent greenhouse gas emitted from human activities in the US.\(^12\) And the impact of one molecule of methane is 84 times as potent as a carbon dioxide molecule in warming the planet.

Communities and families are not protected from unconventional gas drilling as much as they should be. In order to protect the public from pollution and potential explosions like the one in September 2018 in Beaver County, horizontally drilled wells are supposed to be set back from buildings and structures by 500 feet while compressor stations and processing plants are required to be set back by 750 feet. These distances are not adequate. Of particular concern are gas wells and infrastructure located in close proximity to schools, daycare centers, and hospitals. A 2013 report showed that over 190 daycare facilities, 223

Protect vulnerable communities from environmental devastation.
schools, and 5 hospitals were located within one mile of unconventional gas well sites within the three-state region of Pennsylvania, West Virginia, and Ohio. These numbers have grown significantly with the growth of gas drilling in Pennsylvania. Research finds that negative health impacts (babies born with a low birth weight or a congenital heart disease, childhood cancers, worsening asthma symptoms, etc.) increase the closer one resides to these facilities.

**Water Pollution**

Pennsylvania is home to 86,000 miles of rivers and streams and over 161,000 acres of lakes. Our surface and ground water are used by Pennsylvanians and tourists recreationally and we also rely on these water sources for our drinking water. The Delaware River Basin provides drinking water to more than 17 million people, including those in Philadelphia. The Susquehanna River Basin provides water to more than 6 million people, and the Ohio River provides water to 3 million people. Yet, our water is being damaged due to runoff from industrial, agricultural, and other sources, including industrial facilities, animal feeding operations, natural gas infrastructure, storm water runoff, and sediment from erosion.

Our aging housing stock, public buildings, and old water pipelines also threaten our drinking water. Leakage of lead into our drinking water is creating a public health problem in communities across the Commonwealth. Pennsylvania is ranked among those states with some of the highest risk for lead-contaminated water. Lead in the water can have devastating impacts on young children especially, creating permanent damage with lifelong affects.

Unconventional natural drilling (fracking) is another major source of water pollution. The fracking process, as usually carried out in Pennsylvania consists of pumping a mix of sand, water, and other often undisclosed, chemicals at high pressure into the ground to create cracks in rock that create pathways for oil and gas to come towards the well. Out of 353 chemicals used in fracking, one study found that 25% can cause cancer or mutations; 37% affect the endocrine system; 40%-50% affect the brain, kidneys and nervous, immune and cardiovascular systems; and 75% affect the skin, eyes, and other sensory organs. Residents living near such operations have reported that natural gas drilling chemicals have been appearing in their drinking water. Residents with well water need to be particularly aware considering private well water is not regulated in the US—well owners are responsible for monitoring their own water.

While the rapid expansion of natural gas drilling has posed new threats to the environment, funding for the Pennsylvania’s Department of Environmental Protection (DEP), which is tasked with protecting the environment and monitoring gas wells, has been gutted. Funding for DEP dropped 40% between 2002-03 and 2015-16. New funding proposed by Governor Wolf and appropriated by the General Assembly for 2018-19 will allow the department to add 35 new staff members to help monitor air quality in natural gas drilling areas and other key tasks. However, the 2018-2019 funding for DEP of $153 million is still far less than the $220 million it received in 2008-2009.

ENDNOTES

1. [link to page 7 of PA Citizens Guide to Art I Sect 27](http://blogs.law.widener.edu/envirolawcenter/files/2010/03/PA_Citizens_Guide_to_Art_I_Sect_27.pdf)
2. [link to file](https://earthworks.org/cms/assets/uploads/archive/files/publications/BlackoutSummaryFINAL.pdf)
3. [link to file](https://www.governor.pa.gov/governor-wolf-announces-new-methane-rules-to-improve-air-quality-reduce-industry-loss/)
5. For a more detailed agenda on protecting our water, see page 7 of [link to file](https://pennfuture.org/Files/Admin/CCA_2nd-Edition_Web-Version-6.1.18.pdf)
RAPIDLY TRANSITION TO RENEWABLE ENERGY

IN BRIEF

- Pennsylvania has long relied on energy from fossil fuels including oil, gas, and coal. But the state has suffered serious environmental damage, including air pollution and contaminated water, both of which can harm our health. More recently we have learned about the climate change threat created by the use of fossil fuels.
- While natural gas production will play some role in our immediate future, it is critical that Pennsylvania move rapidly to the production and consumption of renewable energy. A series of small and inexpensive regulatory and purchasing decisions on the part of the state would put us on this path. That will not only protect our water and air and help reduce the threat of climate change but it will create far more jobs than continued investment in dirty energy.

THE PROBLEM

Extractive industries have played a major role in the Pennsylvania economy throughout its history, and the state has long relied on energy from fossil fuels including oil, gas, and coal. This history teaches us that heavy reliance on fossil fuels can cause environmental damage, including air pollution and contaminated water, both of which can harm our health. And in the last few decades we have learned about the climate change threat created by the use of fossil fuels. Our state is the third-largest carbon emitting state in the country, behind Texas and California.1

While all of us are affected by environmental damage, communities of color and low-income communities often bear the brunt of fossil fuel-related environmental and health problems.

Luckily, there is an alternative to dirty energy. Clean and renewable energy like solar and wind are becoming more and more cost effective. They are soon likely to become less expensive than coal, first, and then natural gas. Pennsylvania has more than 17,000 solar installations and many wind farms, yet renewable energy currently only generates 5% of the state’s electricity.

The oil and gas industries constantly tout the number of jobs they create. However, renewable and clean energy is actually a larger job creator than the oil, gas, and coal industries combined. And clean energy jobs pay family-sustaining wages.

THE SOLUTION

Pennsylvania’s clean energy policies are weak compared to surrounding states. Pennsylvania must strengthen its energy policies2 by doing the following things:

- **Raise our Alternative Energy Portfolio Standards (AEPS):** These standards are low compared to surrounding states. Pennsylvania should commit to generating 15% of its electricity with solar energy by 2025.3
- **New regulations to limit methane pollution:** The Department of Environmental Protection should develop new regulations to limit methane pollution and air admissions from existing sources of oil and gas wells, pipelines, and other infrastructure.
- **Reform PA Act 129:** Act 129 is Pennsylvania’s primary energy efficiency policy, which has had great benefits since it became law in 2008. About 330,000 electric customers in PA have saved a collective $6.4 billion since 2009. For every investment of $1 in energy efficiency, there is a $1.70 return in benefits. However, there is currently an arbitrary investment cap on energy efficiency projects that limits utility investment to just 2% of each utility’s total revenues. The state’s electricity usage can be reduced by eliminating this cap.
- **Restart and expand the state’s renewable energy incentives and low-cost financing programs that enable consumers to switch to more sustainable sources of heating and cooling:** An inclusive approach to the transition to clean energy is important, especially given the environmental injustice faced by communities of color and low-income communities.
- **Eliminate fossil fuel subsidies:** They are worth billions of dollars and encourage investment in dirty energy rather than clean energy.
- **Protect net metering:** In Pennsylvania, those using solar power have the ability to use net-metering, the ability to store extra solar energy produced, and to sell unused energy back to the electric companies to expand the use of clean power. However, the Pennsylvania Utility Commission is restricting net metering and allows fees to be charged to solar users.
- **Permit community shared solar power generation:** In some states like Colorado groups of people can buy shares in solar energy projects. They then get credits applied to their electric bill for the power the project produces. But in Pennsylvania,
virtual net-metering regulations prevent individuals from participating in these community solar power projects. Pennsylvania should permit community shared solar energy projects and create incentives for low- and moderate-income households to participate.

- **Workforce training in clean energy:** State investment should include funding and efforts to develop the workforce in Pennsylvania’s clean energy sector. There are currently around 6,000 clean energy businesses across the state. This can be used to attract complementary businesses in manufacturing and other industries that can support a growing clean energy sector. The Pennsylvania Office of Apprenticeship should focus on expanding pre-apprenticeship and apprenticeship programs in clean energy.

- **Appoint a senior advisor to the governor and an advisory board on clean energy:** An energy advisor would work across agencies to expand the growth of the clean energy sector. He or she could create an advisory board with representatives from solar, wind, electric vehicle, and energy efficiency industries to guide this work.4

**BACKGROUND**

The negative impact of fossil fuels on our health is well known. A series of reports from NextGen Climate America and PSE Healthy Energy found that in 2015, particle pollution from power plants in Pennsylvania and Ohio accounted for more than 4,400 deaths and $38 billion in health impacts.5

What is not as well known is that harms of fossil fuels fall more heavily on people of color and those with low incomes. Food and Water Watch’s study of Pennsylvania’s 136 new and proposed fossil-fuel powered power plants showed that many of them are located near communities of color, high-poverty neighborhoods, rural lower-income areas under economic stress, and regions with fewer individuals with a college education.6 Power plants and toxic disposal sites are often located near communities of color and low-income communities. Levels of nitrogen dioxide, a toxin which is a major cause of heart disease, have been found to be 38% higher in non-white communities than white communities.7

The state has Alternative Energy Portfolio Standards, which encourage the use of alternatives to fossil fuels, but they are weak compared to surrounding states. In Pennsylvania, by 2021 just 8% of electricity sales must come from “Tier 1” resources, which includes renewable energy. New York and New Jersey have both set a far more ambitious goal of generating 50% of their energy from renewable resources by 2030. Maryland’s goal includes 25% renewables by 2020.8 While Pennsylvania was once a leader in clean energy promotion, we have fallen behind other states that have required more investment in renewable energy. Pennsylvania still subsidizes fossil fuels. Continuing to do so will slow our transition towards clean energy.9

While health10 and environmental damage related to fossil fuel extraction and operations has been well documented, there are other impacts as well. As we have shown in reports from the Multi-State Shale Project, natural gas extraction also has negative economic, human, and social service impacts as well. Contrary to industry claims, employment gains have been modest. In six high-drilling counties the natural gas industry contributed to employment growth of only .22% between 2005 and 2012. The boom and bust cycle in the energy industry also makes reliance on natural gas jobs problematic, especially when it a region’s sole economic development strategy. And, on the other side of the ledger, gas drilling leads to increases in crime, traffic fatalities, STDs, and housing costs.11

On the other hand, the number of clean energy jobs have been growing fast in Pennsylvania. A new report found that there are over 86,000 clean energy jobs in Pennsylvania, including 65,000 in energy efficiency, 8,500 in solar and wind energy, and 7,000 in manufacturing cleaner cars. Pennsylvania ranks eleventh in terms of the number of clean energy jobs in the nation, and there is room for continued growth.12

For more information on how we should address air and water pollution and regulate the oil and gas industry, see our We The People policy paper on protecting our air and water.

**ENDNOTES**

1 https://www.eia.gov/environment/emissions/state/analysis/pdf/table1.pdf
3 https://pennenvironment.org/programs/pae/go-solar-pennsylvania
5 https://nextgenpolicy.org/blog/our-air/
9 https://www.pennenvironment.org/programs/pae/go-solar-pennsylvania
11 http://www.multistatesshale.org/shale-tipping-point
ENSURE ENERGY AND UTILITY AFFORDABILITY FOR ALL

IN BRIEF
- The high cost of energy and utilities contributes to the hardship faced by millions of Pennsylvanians struggling to make ends meet.
- Pennsylvania has a commitment to universal energy and utility service, yet low-income customers are required to pay up to 17% of their household income on gas and electric service—much higher than the 1%-5% of household income paid by non-low-income households.
- Pennsylvania must:
  - reduce the cost-of-energy burden for low-income households;
  - implement statewide administration of universal service to align the rules, eligibility, and implementation of different programs; and
  - require that commercial and industrial consumers contribute to the cost of universal programs.

THE PROBLEM
A significant number of Pennsylvanians—urban, suburban, and rural—live in poverty. In fact, 2.6 million people in our state, 21% of our population, have an income that is below 150% of the federal poverty line. Considering a broader understanding of poverty—including those who are unable to afford the basic necessities of life—the numbers are even greater. And this growing problem does not only impact those who are unemployed. Many working people have joined the ranks of the poor. At $7.25/hour, the minimum wage in our state is just 44% of what a single adult needs to make ends meet and less than a quarter of what a single adult with two children needs.1 As a result, many working families struggle to pay for housing, health care, food, transportation, child care, clothes, electricity, and heating their homes.

Energy and utility affordability is a critical issue for many low-income Pennsylvanians. Low-income households pay a disproportionate share of their income on energy costs, often foregoing other necessities like food and medical care in order to keep their lights on. Some face high energy costs because they live in older housing. Others face frequent terminations and disruptions in service because of an inability to pay. Difficulty paying utility bills can push families into homelessness or towards dangerous solutions to heating their home like using a kerosene heater which can lead to fires.

The Public Utility Commission (PUC) is the body overseeing water, energy, and transportation utility and services operations in the state. One of the core aims of the PUC is universal service, that is, ensuring that all Pennsylvanians, including those with low incomes, have access to needed utilities. Customer Assistance Programs (CAPs) are one of several universal service programs in the state. Despite these programs, utility shutoffs occur too often. In 2015, the PUC reported that electric service was shut off for 16% and gas service was shut off for 12% of confirmed low-income households. The rate of electric service terminations has more than doubled since 2001.2 Part of the problem is that CAPs eligibility and rules vary with each utility, and low-income participants are required to pay as much as 17% of their gross household income on gas and electric utilities, which is much higher than the 1%-5% average energy burden that non-low-income households pay.3

THE SOLUTION
There are several things that can be done to ensure energy and utility affordability for all:

- Reduce the energy burden for low-income households. Under current Customer Assistance Programs, low-income customers are required to pay up to 17% of their gross household income for gas and electric service. This is too high for families struggling to make ends meet. One recent study of energy costs in 48 US cities found that the average utility burden was just 3.5%. New York and New Jersey set their energy burden at 6% for low-income customers.4
- Implement statewide administration of universal service. Because CAPs eligibility and rules vary from utility to utility (which means, from one kind of utility to another) and change often, it is sometimes difficult for Pennsylvanians who deserve support from the programs to benefit from them. Some customer assistance programs do not provide assistance until after a family has fallen into debt. Pennsylvania should implement a statewide administration of all universal service programs. This would ensure eligibility requirements are standardized and that all low-income households could join the program for all utilities as soon as they apply for service. Statewide administration would also centralize the delivery and implementation of all Universal Service Programs.
- Commercial and industrial consumers, as well as residential consumers, should contribute to
the cost of universal programs in Pennsylvania. Pennsylvania is one of the only states with universal programs that divide costs among residential customers only.

BACKGROUND
Universal service is a core principle of public utilities in Pennsylvania. The electric restructuring legislation in 1996 states: “the commission shall ensure that universal service and energy conservation policies, activities, and services are appropriately funded and available in each electric distribution territory.” The portfolio of programs aimed at providing universal service include Customer Assistance Programs (CAPs), Low-Income Usage Reduction Program (LIURP), Customer Assistance and Referral Evaluation Services (CARES), and Hardship Funds. Together, these programs provide an important safety net for low-income residents of the state. However, rates of utility shutoffs have increased and a significant number of people—21% of low-income electric customers and 23% of low-income gas customers—are not taking part in the programs. By making the changes suggested above, this social safety net can be strengthened, and universal service achieved.

ENDNOTES
3 Affordable Utility Services and Energy Efficiency in Pennsylvania et al.
4 PA DOA et al.
5 PA DOA et al.
EMBRACE GREEN PRINCIPLES TO UPGRADE WATER AND SEWER SYSTEMS

IN BRIEF

• Many of Pennsylvania’s water and sewer systems were built in the early 1900s and are in a state of serious disrepair.
• Pennsylvania received a D- for wastewater management, in part, because many of its sewer systems dump untreated sewage into streams and rivers when stormwater volumes exceed the capacity of treatment plants.
• Traditional regulatory and engineering approaches often generate unaffordable plans for new underground pipes and treatment plants that then don’t get funded.
• Old, dilapidated systems, however, can fall prey to private companies that offer enticing up-front payments but cost consumers more in the long run by raising utility rates.
• Private companies also provide a new obstacle to innovative green infrastructure approaches.
• Philadelphia and Lancaster are already national leaders in green infrastructure. Building on their efforts, Pennsylvania should implement a statewide bond-financed smart and green infrastructure plan that could lower utility rates, create more Pennsylvania jobs, and seed new and dynamic smart and green infrastructure industries.

THE PROBLEM

Many of Pennsylvania’s water and sewer systems, including larger systems in Philadelphia, Pittsburgh, and smaller “third-class” cities were built over a century ago and have been inadequately maintained. Often, their sewer systems lack capacity to handle peak flows of water during storms. The American Society of Civil Engineers (ASCE) gave Pennsylvania a D- for its wastewater management, in part, because billions of gallons of wastewater are discharged into our rivers and streams each year. Many of these systems are “combined-sewer overflow” (CSO) systems, in which stormwater flows into the same pipes that treat waste water. When it rains heavily, and the water volume is too great for treatment plants, a mix of stormwater and raw sewage flow untreated into our rivers. Old and poorly maintained water systems may also jeopardize public health by continuing to use lead pipes, leading to problems like those found in Flint, Michigan. (For more information, see the WTP policy paper on Protect Our Air and Water.)

Some of our sewer systems operate with court-supervised “consent decrees” imposed following suits by the Environmental Protection Agency (EPA) for violation of federal clean water standards. Facing legal deadlines, cities contract with big national engineering firms who draw up traditional engineering-intensive plans for new treatment plants and fixing aging piping systems—these firms, after all, have no inclination or economic incentive to creatively explore more cost-effective solutions. But with few federal funds, inadequate state investment, and little political will to raise utility rates, expensive traditional infrastructure solutions are never funded.

Cities and systems muddle through, missing deadlines for bringing systems into compliance. Big private companies circle like vultures, pointing (gleefully) to government dysfunction and lobbying for privatization. When privatizations go through, they amount to backdoor tax increases as privatized systems increase rates insulated from the political and public pressure faced by public water and wastewater utilities. Privatization also creates new and powerful vested interests that oppose creative efforts to pursue innovative, cost-effective solutions, while also allowing private companies to capitalize on one of Pennsylvania’s prized national assets, an ample supply of clean water in a country and globe facing massive water shortages.

THE SOLUTION

In an aging city, green infrastructure deploys natural systems to absorb (e.g., in green roofs or rain gardens) or evaporate water (e.g., from rain barrels or holding ponds) before it flows into the pipes in periods of heavy rain. More complex solutions—sometimes called “infrastructure that’s green”—may modify stormwater flows so that they go into nearby streams not into the wastewater system. The result can be improved stormwater management and cleaner water at lower cost.

Green infrastructure also allows neighborhoods to benefit from green spaces, which decrease stress, enable recreation, and reduce crime. Green infrastructure can also reduce the impact of greenhouse gas emissions. Green infrastructure can also create good jobs—direct jobs in the design, installation, and maintenance of green spaces and indirect jobs along the supply chain including nursery and greenhouse workers, truck
drivers, and stock clerks.

Studies in Philadelphia and Lancaster document both the potential benefits (lower costs for taxpayers, environmental benefits, good local jobs) and the actual benefits in the early years of implementation. It’s now time to take green infrastructure approaches statewide—Pennsylvania needs a statewide plan for scaling up green infrastructure.

• Such a plan should include a statewide learning network that capitalizes on and diffuses the knowledge in Philadelphia and Lancaster. And seed funds—possibly from the Pennsylvania Infrastructure Investment Authority (PENNVEST)—would encourage implementation in other sewer systems. The statewide learning network also needs to include training and certification in green infrastructure for experienced and new engineers, including those in state and local government and firms that contract with water and sewer systems. A broad shift to “lower tech” green infrastructure will be a major culture change, and the state that gets there first could reap large benefits.

• Pennsylvania should also capitalize on the world class talent of Carnegie-Mellon University in sensors, robotics, materials, and modelling. These technologies allow detailed mapping of the “I and I”—infiltration and inflow—cracks in aging pipes and targeting of maintenance such as the insertion of new sleeves inside pipes with the most cracks—again at much lower cost.

• A Pennsylvania “smart and green infrastructure plan” could be scaled up through a state bond initiative and use “Buy Pennsylvania” provisions to invest more water and sewer funds within Pennsylvania, including at smaller engineering firms and construction firms that don’t charge an arm and a leg and at Pennsylvania technology companies. Pennsylvania can seed new industries that support green and smart infrastructure with significant export potential to other states as this industry grows nationally.

Pennsylvania should also incorporate within a smart and green infrastructure plan effective practices implemented in states around the country.2

• The state can model good behavior and build on the existing work of the Pennsylvania Department of Conservation and Natural Resources by deploying green infrastructure on public lands and at public facilities. Rhode Island recently passed legislation to expand green infrastructure on public lands using the “SITES” rating system. Ohio has introduced legislation that would create a green infrastructure fund that provides financial, technical, and administrative help for large-scale green infrastructure projects on public land. Ohio’s Department of Transportation could also prioritize green stormwater infrastructure including permeable surfaces on public highways. Permeable surfaces provide cooling as well as flood control and stormwater management.

• Pennsylvania also needs to encourage deployment of green infrastructure and permeable surfaces (pavements, parking lots, roads, etc.) on private property. Other municipalities should consider following Philadelphia’s lead by establishing “stormwater rates” that charge residential and commercial customers based on the area of impervious surface on their property. Property tax exemptions and/or tax credits (like PA House Bill 1181, introduced in 2017) can also encourage commercial properties and homeowners to install permeable pavements or “cool” and solar roofs. Roofs and pavements cover about 60% of urban surfaces, making significantly more heat and pollution in a time of global warming. Cool roofs have higher solar reflectance which reduces heat transfer to buildings.3

• One challenge with green infrastructure on private property is financing ongoing maintenance. The Sustainable Business Network in Philadelphia has proposed the Sustainable Business Tax Credit which could provide resources for maintenance consistent with best management practices in green infrastructure. Stormwater rates could also include two tiers for impervious surfaces—zero for properties managed privately, consistent with best green infrastructure management practices and a non-zero rate that’s a small fraction of that for pervious surfaces but provides utilities with resources for maintaining green infrastructure on private property.

BACKGROUND
As a result of visionary leadership, good government, and smart investment by PENNVEST and by foundations, the cities of Philadelphia and Lancaster are national leaders in the implementation of “green infrastructure” as a cost-effective solution for aging sewer systems. In cities with old CSO systems, the basic approach is to build on nature’s basic capacity to absorb water so that
it never flows into the underground pipes. Green roofs, rain barrels, pervious pavements (which absorb water rather than have it flow into the sewer), and relatively low-tech construction that guides stormwater to rain gardens or into creeks and other tributaries can all help reduce the flow of rain water into CSO pipes, sharply reducing the need for additional treatment capacity while also delivering big environmental benefits.

The Philadelphia Water Department is implementing a green infrastructure plan approved by the Environmental Protection Agency (EPA) in 2012 that will invest $2 billion in green infrastructure over 25 years. This plan manages stormwater in a cost-effective way, developing green infrastructure across the city which beautifies communities and creates more green space. Lancaster created a 25-year green infrastructure plan to deal with its combined sewer system problem as well. The plan is a combination of local policy actions, incentives for property owners, and funding approaches to support the implementation of local green infrastructure projects aimed at eliminating the problem of combined sewer system overflow in a cost-effective and sustainable way. While Lancaster must improve its grey infrastructure, believes green infrastructure is important because of the environmental, social, and economic benefits of this approach. Efforts are also being made in Pittsburgh to incorporate more green solutions into the city’s CSO overflow problem.

ENDNOTES

2 For more details on these policy ideas, see https://www.usgbc.org/sites/default/files/green-infrastructure-menu-of-state-policy-options.pdf.
4 https://whyy.org/articles/epastormwater/
ESTABLISH AFFORDABLE STATEWIDE BROADBAND ACCESS

IN BRIEF
- High-speed internet is now basic infrastructure; like access to water or electricity it is a necessity for families, businesses, students, and those who wish to have access to government services.
- Despite access to the internet being essential for growing Pennsylvania’s economy and expanding educational opportunities, 800,000 Pennsylvanians are without access to strong, reliable high-speed internet. Of these, more than 525,000 live in rural areas and more than 250,000 live in urban areas.
- The state should fully support the Pennsylvania Office of Broadband Initiative which is establishing a strategy to reach this goal by offering incentives to broadband providers to provide universal access.

THE PROBLEM
High-speed internet is now basic infrastructure; like access to water or electricity it is a necessity for families and businesses. Broadband allows individuals to access the internet at significantly higher speeds than dial-up services.

The internet is playing an increasingly important role in several aspects of our life, and we are growing ever more reliant on it. Citizens across the state, especially in rural areas, rely on the internet for access to health care information and records. Government services are largely transitioning online. Students from elementary school through college benefit from internet-based platforms and the World Wide Web. Students who cannot access the internet at home do not have the same educational opportunities as those who can. The internet is also critical to accessing information about and applying to jobs or training opportunities. Broadband access is critical to businesses and farms especially those that use the internet to make sales or to secure vital information on markets, services, raw materials or components, and employees.

Despite access to the internet being essential for growing Pennsylvania’s economy and expanding educational opportunities, 800,000 Pennsylvanians are without access to strong, reliable high-speed internet. Of these, more than 525,000 live in rural areas and more than 250,000 live in urban areas.¹

THE SOLUTION
Ensure every Pennsylvanian has access to high-speed internet. The state should fully support the Pennsylvania Office of Broadband Initiatives which is establishing a strategy to reach this goal.

BACKGROUND
In March of 2018, Governor Wolf announced the creation of a new office charged with closing the digital divide and expanding broadband services so that every business and household in Pennsylvania has access to high-speed internet by 2022.

The Pennsylvania Office of Broadband Initiatives is responsible for establishing a state strategy to expand internet access. The office has looked to New York state as a model because of their comprehensive and coordinated approach towards broadband expansion. The office is undertaking several things in order to solidify a strategy that will allow them to reach their 2022 goal. First, the office has done extensive research, mapping and cost modelling for every county in the state to get a sense of the level of service in each county and what is needed for full coverage.² In this first year, the office introduced a program to offer incentives of up to $35 million to private providers willing and able to invest in unserved and underserved communities—the Pennsylvania Broadband Investment Incentive Program.³ Continued investment is needed to reach full coverage and the office is planning out its next steps, including how to leverage existing state assets and federal dollars.

ENDNOTES
1 https://www.governor.pa.gov/governor-wolf-announces-new-initiative-expand-broadband-access/
2 Interview with Mark Smith, executive director of Pennsylvania’s Broadband Initiatives office.
3 https://www.governor.pa.gov/governor-wolf-announces-new-initiative-expand-broadband-access/
IN BRIEF

- As a large state, and as one near East Coast ports and between the manufacturing heartland and Northeast population centers, Pennsylvania depends even more heavily than other states on roads and bridges to move people and goods, and to drive its economy forward.
- The federal government built the interstate highway system but has since abandoned responsibility for maintaining it, leaving states to find the necessary funds.
- Despite improvements thanks to the bipartisan Act 89 of 2013, our roads and bridges still received a D+ in a 2018 infrastructure report card and we have the fourth highest share of state bridges over 20 feet high in poor condition.
- Pennsylvania should advocate for more money from the federal Highway Trust Fund and for other infrastructure funding, while also generating state funds to build on Act 89 and offset the phase down of Act 89 funding for mass transit.
- As did Act 89, state funding could come partly from gas taxes and motor license fees while also transitioning to other usage fees as electric vehicles become more common. Low-income Pennsylvanians should be protected from hikes in gas taxes and other usage fees by receiving a partial rebate of what they pay.
- State infrastructure funding for roads, bridges, and mass transit should also tap corporate taxes and taxes paid primarily by higher-income Pennsylvanians because corporations and the affluent disproportionately benefit (directly and indirectly) from infrastructure investment.
- Each dollar invested in roads and bridges generates an estimated $5.20 in benefits, and the $2.3 billion in road and bridge funding from Act 89 generates an estimated 50,000 new jobs.

THE PROBLEM

Pennsylvania is home to roughly 41,000 miles of state highways, 78,000 miles of local roads, and more than 30,000 highway bridges, including the nation’s third highest number of state-maintained highway bridges over 20 feet. Drivers in our state travel about 100 billion miles on Pennsylvania roads each year. Our interstate roads have significant truck traffic—34% of travel along interstate roads, more than double the national average. Our roads and bridges are key pathways that connect and move people and goods across the Northeast.¹

Maintaining our vast network of roads and bridges statewide is an ongoing challenge and one that requires significant and ongoing funding, especially in a state that faces severe winter weather that leads to cracking and expanding of roads, deterioration due to chemicals used in icy conditions, and heavy truck traffic traversing the state.

While the federal government built the federal highway system starting in 1956, it has since largely walked away from its role in funding and maintaining it. This has put a tremendous strain on state governments to make up for the funding gap. In 2013, Pennsylvania stepped up to this challenge in a bipartisan way when Act 89 was signed into law. It generates $2.3 billion per year by 2017/18 for the state’s highways, bridges, public transit systems, and other infrastructure systems through increases in the wholesale fuel tax and vehicle and driver licensing fees.² Pennsylvania’s gas tax is now the highest in the nation while our vehicle fees remain lower than those in many other states.

Funds from Act 89 have led to significant improvements of our transportation infrastructure. They have paid for 2,600 projects, including the repair or updating of 819 bridges. The share of our state-maintained highway bridges over 20 feet in poor condition is now 13.3%, a dramatic improvement. Even so, Pennsylvania still ranks second nationally for the number of bridges in poor condition and fourth in terms of percentage.³ Pennsylvania’s roads earned a grade of D+ in 2018 from the American Society of Civil Engineers Infrastructure report card, an improvement on its D- grade in 2014 because of Act 89. Our bridges got a grade of D+ as well. Despite unmet infrastructure investment needs of $7.2 billion by 2020, Act 89 has reached its maximum funding level.⁴ In addition, $450 million in transportation funding that currently goes to mass transit and multi-modal projects drops to $50 million in 2023 (and zero in 2027). This will exacerbate Pennsylvania’s overall infrastructure investment deficit and put more pressure on the legislature to find more revenues.

THE SOLUTION

To maintain our state roads and bridges, we should think of infrastructure, not as a one-time funding need, but as an essential and ongoing investment that supports the people of Pennsylvania and our economy more broadly.
The Wolf administration has signaled it wants to come up with an infrastructure plan/road map, which is much needed, especially as Act 89 plateaus next year.5

To improve roads and bridges, Pennsylvania should6

- establish stable sources of transportation funding at the federal and state levels. On the federal side, Pennsylvania should advocate for more investment in the Highway Trust Fund and an increase in the federal gas tax which hasn’t been updated since 1993. As Act 89 plateaus, Pennsylvania must come up with a funding plan internal to PA.
  - The Pennsylvania State Police should not get a disproportionate amount of appropriations from the Motor License Fee, which they currently do.7 The 2016 state fiscal code addressed this issue by capping the portion given to State Police, and then decreasing it over a 10-year period.
  - The motor fuels tax and, in the long term, a usage-based revenue system should remain a significant part of state funding for roads and bridges. As the number of electric cars increases, the gas tax will bring in less and less revenue. A usage-based funding system (based on mileage travelled) is undergoing a pilot test in Pennsylvania and other states. Greater reliance on usage fees needs to be coupled with protection for low-income, rural Pennsylvanians who drive long distances to work.8
  - Corporate taxes (e.g., closing corporate tax loopholes) and individual taxes that fall more heavily on upper-income taxpayers—such as the PBPC “fair share tax” described elsewhere and some carbon taxes—should also be explored as a source for road and bridge repair as well as mass transit funding, in part, because corporations and the affluent benefit disproportionately from the wealth and income generated by robust investment in infrastructure.
- use life-cycle cost analysis to evaluate total costs of projects over their full life cycle.
- use cost-benefit analysis principles to evaluate and prioritize projects.
- stretch existing dollars by using innovative project delivery strategies.
  - For example, Pennsylvania should apply bridge preservation best practices, including the use of high-performance concrete and other materials.
  - Other innovative methods include 3D modeling and Accelerated Bridge Construction to gain efficiencies in bridge design/construction and to stretch infrastructure dollars.
- encourage additional counties to impose an additional $5 fee to vehicle registration fees to raise money for local road and bridge projects as one third of PA counties currently do.

BACKGROUND

Pennsylvania has some of the oldest roads and bridges in the country. Most of our vast network of roads was built over a century ago, except for the Pennsylvania Turnpike which partially opened in 1940 and is the first long-distance, limited access highway in the United States. In 1956, under President Dwight Eisenhower, the National Interstate and Defense Highway Act, the largest public works project in American history, financed the construction of thousands of miles of highways across the country. Since then, the federal government has sharply reduced its role in funding the interstate system. The federal gas tax hasn’t increased since 1993 and the Highway Trust Fund is nearly bankrupt. Reconstruction and upgrades of the interstate highways that Pennsylvania’s residents and businesses rely on to transport goods has become largely the responsibility of state government.9

Investment in highways, bridges, and roads strengthens the state economy and creates jobs. A study done by the Federal Highway Administration found that every dollar in road or bridge investment results in an average benefit of $5.20 in improved safety, reduced road and maintenance costs, reduced emissions, reduced vehicle maintenance costs, and less fuel consumption.10 An investment in infrastructure is also good for our economy as it creates jobs and keeps goods and services flowing across our state without delay. The estimated $2.3 billion invested in highway, bridge, and other infrastructure projects will result in an estimated 50,000 new jobs and the preservation of 12,000 existing jobs.11
ENDNOTES

1 This policy brief draws in part from the Pennsylvania State Council of the American Society of Civil Engineers Infrastructure Report Card for Pennsylvania, 2018 (and also the 2014 report); https://www.infrastructurereportcard.org/wp-content/uploads/2016/10/ASCE-PA-report_2018.pdf; and from personal communication with the Pennsylvania Department of Transportation (PennDOT).


3 Sources for the latest figures on Pennsylvania’s state-maintained highway bridges over 20 feet; personal communication with PennDOT and https://www.infrastructurereportcard.org/wp-content/uploads/2016/10/ASCE-PA-report_2018.pdf. Bridges rated as being in “poor condition” are not unsafe but need repair, maintenance or, in some instances, replacement. PennDOT safety protocols for such bridges include frequent inspections.


5 Many of these recommendations below come from the PA State Council of ASCE, “Infrastructure Report Card for Pennsylvania, 2018.”


7 On the state side, Pennsylvania’s roadways are funded by the PA Motor License Fund (MLF) which generates revenue through the state liquid fuels tax. This Motor License Fund also pays for 73% of the PA State Police budget. The State Police provides services for roads and bridges such as enforcing driving laws and safety measures.

8 For example, all or part of such fees could be rebated to low-income Pennsylvanians with incomes below a certain threshold, potentially including independent contractors and owner-operators in the trucking industry.


PRINCIPLE FIVE

Fix Our Rigged Tax System
INTRODUCTION:
FIX OUR RIGGED TAX SYSTEM

THE PROBLEM
Pennsylvania has a serious tax problem. But the issue is not that our taxes are too high or increasing too fast. It is that they are too high for some people and too low for others. And that has two serious consequences. The first is that our taxes are horribly unfair. And the second and related consequence is that the state does not bring in enough revenue to support the investments that We The People need—in education at all levels, human services, environmental protection, and infrastructure—in order to create an economy that works for all of us.

Pennsylvania is one of the “terrible ten” states identified by the Institute on Tax and Economic Policy with the most unfair tax systems. The chart below shows that state and local taxes in Pennsylvanian are upside-down. They fall more heavily on those at the bottom and middle of the income distribution than those at the very top.

The top 1%, with incomes that average $1.7 million per year, pay at a rate that is a third of what those in the bottom 20% pay, with incomes that are less than $20,000 per year. And they pay at less than half of what those in the middle 20%, with incomes that average $50,000 per year.

Taxes in Pennsylvania are becoming more unfair even as the rich capture a larger share of income. Since 1973, the income of the top 1% of families in Pennsylvania has increased by 120%. The income for the bottom 99% has increased by only 12% and most of that increase goes to those close to the top.

THE SOLUTION
The We The People campaign proposes three solutions to our unfair and inadequate tax system. Taken together, these proposals will raise $3.2 billion in fiscal year 2018-19 and $3.6 billion in fiscal year 2021-22 while reducing taxes for close to 60% of Pennsylvanians, for small businesses, and for Pennsylvania based corporations.

- Our Fair Share Tax increases the tax rate on income from wealth (e.g. dividends, capital gains, business profits, estates, royalties, and gambling...
winnings) from 3.07% to 6.5% while lowering the tax on wages and interest from 3.07% to 2.8%. The Fair Share Tax would raise an additional $2.32 billion in the next fiscal year (2019-20) while reducing income taxes for 59% of individuals and small business owners in Pennsylvania. By fiscal year 2021-22, the Fair Share Tax would bring in an additional $2.63 billion.

- **A severance or shale tax on natural gas drilling** at the same 5% rate imposed by West Virginia would raise $567 million in the next fiscal year and $833 million by fiscal year 2021-22.
- **Combined reporting** should be instituted for the corporate net income tax to close the Delaware Loophole while reducing the corporate tax rate from 9.99% to 9.49% starting in 2020-21. This would bring in an additional $332 million in revenue in the next fiscal year and $254 billion in 2021-22.

Not only do these taxes shift the burden from bottom and middle to the top, they put less of the tax burden on those whose income comes from labor and less of the burden on those whose income comes from their accumulated (and in many cases, inherited) wealth. And because Black Pennsylvanians tend to have less wealth than white Pennsylvanians, these tax reforms will relieve the racial as well as economic inequality in our tax system.

**BACKGROUND**

There are three critical pieces of information everyone needs to understand about Pennsylvania’s taxes.

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Expenditures / GSP</th>
<th>Revenues / GSP</th>
<th>Reduction in Spending Compared to 1997-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average 1997 to 2011</td>
<td>4.66%</td>
<td>4.85%</td>
<td></td>
</tr>
<tr>
<td>Average 2012 to 2015</td>
<td>4.25%</td>
<td>4.37%</td>
<td>-9%</td>
</tr>
<tr>
<td>Average 2016 to 2018</td>
<td>4.23%</td>
<td>4.37%</td>
<td>-9%</td>
</tr>
<tr>
<td>Governor’s Budget 2018-19</td>
<td>4.17%</td>
<td>4.53%</td>
<td>-10%</td>
</tr>
<tr>
<td>Projections 2020 to 2023</td>
<td>4.09%</td>
<td>4.25%</td>
<td>-12%</td>
</tr>
</tbody>
</table>

Ultimately, we need to repeal the uniformity clause so that we can ask the richest individuals and corporations to pay their fair share of taxes. In the meantime, the three reforms we propose will make our tax system far more fair while bringing in the revenues we so badly need.
IN BRIEF

- The “uniformity clause” of the Pennsylvania Constitution, which requires that any class be taxed at only one rate, prohibits a graduated income tax which leaves our tax system upside down as a whole. Those at the bottom and middle of the income distribution pay at far higher rates than those at the top.
- The Fair Share Tax plan replaces our personal income tax (PIT) with two separate taxes. The first would be a tax on wages and interest set at 2.8%, set below the current personal income tax (PIT) rate of 3.07%. The second would be a tax on income from wealth—dividends, capital gains, business profits, estates, royalties, and gambling winnings—which would be set at 6.5%.
- The Fair Share Tax plan replaces our personal income tax (PIT) with two separate taxes. The first would be a tax on wages and interest set at 2.8%, set below the current personal income tax (PIT) rate of 3.07%. The second would be a tax on income from wealth—dividends, capital gains, business profits, estates, royalties, and gambling winnings—which would be set at 6.5%.
- The Fair Share Tax would raise $2.22 billion in new revenue in the 2019-20 fiscal year and $2.63 billion in 2021-22. Most of the new tax revenues will come from those at or close to the top of the income distribution with nearly 60% of the new revenue coming from the top 1%.
- The Fair Share Tax would reduce taxes for 60% of Pennsylvanians, including small businesses, while not raising taxes on seniors whose retirement income will continue to be exempt from personal income tax.

THE PROBLEM

As we point out in the introduction to our proposals for fair taxes, Pennsylvania’s tax system is upside down—those at the bottom and middle of the income distribution pay at far higher rates than those at the top. This is both unfair and a major barrier to raising the revenues the state needs to close the public investment deficit.

The primary reason that our tax system is so unfair is the “uniformity clause” of the Pennsylvania Constitution which requires that any class be taxed at only one rate which, among other things, prohibits a graduated income tax.

THE SOLUTION

The Fair Share Tax would provide a way to bring more fairness to Pennsylvania’s tax system by replacing our personal income tax (PIT) with two separate taxes. The first would be a tax on wages and interest set at 2.8%, set below the current personal income tax (PIT) rate of 3.07%. The second would be a tax on what we call income from wealth—dividends, capital gains, business profits, estates, royalties, and gambling winnings—which would be set at 6.5%.

The Fair Share Tax plan meets the requirements of the uniformity clause of Pennsylvania Constitution because each of the classes of income—classes that are well-defined in both federal and state law—would be taxed at a single rate. Wages and interest—that is income from labor and from the bank accounts in which people save their wage income—are received by almost everyone. Income from wealth is received mainly by a much smaller group with higher incomes. Thus the Fair Share Tax would begin to turn the Pennsylvania tax system right-side up, generating substantial new revenues mainly from those with the highest incomes in the state while reducing taxes for Pennsylvanians with low and moderate incomes.

- The Fair Share Tax would raise $2.22 billion in new revenue in the 2019-20 fiscal year and $2.63 billion in 2021-22.
- Most of the new tax revenues would come from those at or close to the top of the income distribution with nearly 60% of the new revenue coming from the top 1%.
- Fifty-nine percent would come from Pennsylvania households in the top 1% of incomes who have an income above $569,000 and average income of $1.5 million. Their taxes would increase by an average of $24,119, only 1.6% of their average income.
- Another 25% would come from Pennsylvania households with income in the 95th through 99th percentile with incomes between $242,000 and $669,000 and an average income of $351,000. Their taxes would increase by an average of $2,571 or 0.7% of their average income.
- Another 12% would come from Pennsylvania households with incomes in the 80th through 94th percentile with incomes in the range of $109,000 to $242,000 and an average income of $152,000. Their taxes would increase by an average of only $330 or 0.2% of their average income.
- Overall, 95% of the increased revenue paid under the Fair Share Tax would come from families in the top 20% of all incomes.
Almost 60% of taxpayers would see their taxes go down (59.3% to be exact); 25.7% will see no change in their taxes and 14.9% would see their taxes go up.

Out-of-state taxpayers would pay 16.1% of the $2.22 billion increase in revenues.

There is little variation in the impact of the Fair Tax from one county to another or one legislative district to another. The percentage of taxpayers in a county would see a decrease or no change in their taxes ranges from 71% to 93%, with all but six counties in the 80% to 89% range. Rural and urban counties would benefit similarly. Much the same is true in state legislative districts.

Because most small businesses can pay their owners in the form of wage income, the Fair Share Tax would reduce their taxes.

**BACKGROUND**

Three criticisms of the Fair Share Tax are often put forward. Here, we explain why they are mistaken.

- **Criticism:** Increasing taxes on the 1% will lead the wealthiest Pennsylvanians to leave the state.

  - **Response:** There is nowhere for them to go. Based on an analysis we did using tax data from last year, even after implementation of the Fair Share Tax, the effective rate on the top 1% of Pennsylvania taxpayers would be only 3.6%, less than that of any neighboring state and far below that of New York and New Jersey where the tax rate on the top 1% is 6.3%.

- **Criticism:** The Fair Share Tax plan places an undue burden on retired seniors who only have income from wealth.

  - **Response:** Pennsylvania is already one of the most attractive places for seniors to retire because the state does not tax social security, pensions, or 401(k) withdrawals. This will not change under the Fair Share Tax plan. The only seniors who are likely to pay more are those who have substantial wealth far beyond the pensions and 401(k) plans held by most Pennsylvania seniors. They can afford to pay at a higher rate on their wealth.

- **Criticism:** The Fair Share Tax plan will increase taxes on small business profits.

  - **Response:** The Fair Share Plan will actually reduce the taxes for most small businesses. The owners of small family businesses can receive income from them in two ways: as wages or as profits. Once the Fair Share Plan is instituted, small business owners will likely choose to receive most of their income in wages, which will lower their taxes from 3.07% to 2.8%. Larger businesses, which must secure profits to distribute to shareholders and drive up stock prices or to borrow from banks, will not have this option.
REFORM CORPORATE TAXES

IN BRIEF

- Corporate tax cuts over the last 15 years have reduced Pennsylvania tax revenues by $3.9 billion a year. The share of general fund tax revenues coming from corporations has fallen from 30% in 1972 to 15% in 2018-2019. There is no solid evidence that these corporate taxes have improved the state’s economy.
- Seventy-four percent of corporations that do business in Pennsylvania pay no corporate income taxes. They take advantage of the “Delaware Loophole” to show no profits in the state.
- Only multi-state and multi-national corporations can take advantage of this loophole. Pennsylvania citizens and corporations that only operate in the state have to make up for the lost revenue.
- We can reform the corporate income tax by instituting combined reporting which has been done by 23 other states. Under combined reporting corporation pays taxes on the share of their global profits that is equal to the share of sales made in the state.

THE PROBLEM

One source of Pennsylvania’s budget problems has been the declining share of tax revenue that is raised by our corporate taxes. We have eliminated one tax on corporations, the Capital Stock and Franchise Tax, and have created new loopholes in our Corporate Net Income Tax. We have not, however, closed a major loophole that allows seventy-four percent of corporations that do business in Pennsylvania to pay no corporate income tax.

That loophole is known colloquially as the “Delaware Loophole.” Our corporate tax system uses what is called separate reporting which requires corporations to pay taxes on only the profit they make in Pennsylvania. But many large, multi-state and multi-national corporations do not show much, if any, profit in Pennsylvania and thus pay no corporate income taxes.

It might seem odd that so many major corporations like Target, Walmart, Exxon Mobil, CVS, and Rite Aid seem to be so eager to operate in Pennsylvania even though many of them make no profits here. Of course, the truth is that they do quite well, but separate accounting enables their Pennsylvania subsidiaries to show few profits on their books. Instead, their Pennsylvania subsidiaries contribute to large profits recorded in states without a high corporate income tax like Delaware.

Corporations use the magic of internal accounting to take advantage of separate reporting. If, for example, the wholesale price for goods sold in Pennsylvania but produced in other states or abroad are marked up high enough, the profits of the Pennsylvania subsidiary will be reduced. If the parent company based in another state charges the Pennsylvania subsidiary high prices for a share of its national advertising or for administrative overhead costs, the profits earned in Pennsylvania will be reduced. And if the parent company charges the Pennsylvania subsidiary a high amount for the right to use its trademark, the Pennsylvania subsidiary will show little or no profits and report this to the Pennsylvania Department of Revenue.

Not only does the Delaware Loophole cost the state substantial tax revenues but it is unfair to the generally smaller corporations that are based in Pennsylvania as they have to pay our relatively high corporate net income tax. No doubt some businesses choose not to operate in Pennsylvania to avoid that tax.

THE SOLUTION

We have long called for Pennsylvania to institute “combined reporting” for corporate profits.

Under such a system, all corporations that operate in Pennsylvania must report their profits to the state no matter where those profits are earned. The corporation then pays taxes on the share of profits that is equal to the share of sales made in the state. If a national company sells 25% of its goods or services in our state, it would pay Pennsylvania taxes on 25% of its combined profits.

Combined reporting makes it harder for multi-state companies to avoid taxes by manipulating their reported income in states like Pennsylvania with a relatively high Corporate Net Income Tax rate. Combined reporting would thus enable our Corporate Net Income Tax to generate much higher revenues. And that would also make it possible to lower taxes for all corporations while still bringing in more revenue. Much of the benefit of a lower corporate tax rate would flow to smaller, in-state corporations.

It is difficult to estimate how much additional revenue would be raised by combined reporting because corporations do not report their combined profits to
the state. However, we can use projections from the Department of Revenue and Independent Fiscal Office to estimate the impact of combined reporting. We expect that instituting combined reporting for the corporate net income tax would bring in an additional $332 million in revenue in the next fiscal year and $254 billion in 2021-22 by closing the Delaware Loophole and reducing the corporate tax rate from 9.99% to 9.49% starting in 2020-21.

BACKGROUND
Over the past two decades, Pennsylvania has enacted numerous corporate tax cuts, the costs of which have skyrocketed. These tax cuts compete with state funding for schools, the state’s colleges and universities, early childhood education, human services, and other needs. Laws to expand tax credit programs change the way corporate taxes are assessed, reduce tax liabilities for merging mega banks, and eliminate the Capital Stock and Franchise Tax have drained a growing amount from the state treasury.

The cost of recent corporate tax cuts has increased significantly since 2003-04 from $850 million to $3.9 billion per year. It has also shifted a growing share of state taxes to middle-class Pennsylvanians, exacerbating an unfair system in which ordinary Pennsylvanians pay up to three times as much of their income in taxes as the richest one percent. Moreover, there is no evidence—from Pennsylvania’s experience or the research literature—that corporate tax cuts increase job growth.

All told, the reductions in corporate taxes have drastically reduced the share of all revenue received by the state's General Fund. In 1972, corporate taxes brought in 30% of general fund revenues. As late as 2004-2005 it brought in 20% of general fund revenues. In the current fiscal year, however, corporate taxes bring in only 15% of general fund revenue. Sales and income taxes bring in most of the rest.
Corporate Taxes are Providing a Smaller Share of General Fund Revenue Over Time

Corporate taxes as a share of General Fund revenue account for half (15%) today of what it did in 1972 (30%).

Source: Pennsylvania Budget and Policy Center based on Pennsylvania Department of Revenue, Bureau of Research, The Statistical Supplement to the Tax Compendium, various years.

ENDNOTE
PASS A SHALE TAX ON NATURAL GAS DRILLING

IN BRIEF
- Pennsylvania is the second largest producer of natural gas, but it's the only state that does not have a severance tax. Pennsylvania currently imposes a small impact fee which is not tied to production or the value of the gas extracted.
- We need a severance tax that would equal West Virginia's 5% tax rate. We estimate that this would bring in $567 million in the 2018-19 fiscal year and $833 million in 2021-22.¹
- There is no evidence that indicates a tax would leave natural gas drillers to leave the state as other states have similar taxes.
- Because 80% of natural gas produced in Pennsylvania is consumed in other states, very few Pennsylvania gas consumers will pay more for their natural gas.

THE PROBLEM
Pennsylvania could be raising millions of dollars a year from gas companies extracting natural gas from within our state’s borders. However, instead of a severance tax, Pennsylvania currently imposes a small impact fee which is not tied to production or the value of the gas extracted, and which mainly benefits local communities where natural gas drilling takes place. Passing a severance tax similar to West Virginia’s, while leaving the impact fee in place, would bring millions of dollars more into Pennsylvania’s state coffers which can be used to increase funding for public education, critical human service programs, infrastructure, and more.

THE SOLUTION
We call for a severance tax that would equal West Virginia’s 5% tax rate. We estimate that this would bring in $567 million in the 2018-19 fiscal year and $833 million in 2021-22.²

The natural gas found in Pennsylvania’s Marcellus shale is part of the common inheritance of the people of the state. As long as gas drilling exists in the state, gas corporations should pay for the right to exploit that resource.

Contrary to arguments from opponents of the severance tax, a reasonable shale tax will not deter companies from producing natural gas in our state. Tax policies make little difference in the extraction of natural resources in one state over another. Montana, where the first successful horizontal well was drilled, offered tax rates of about half that of neighboring North Dakota. Yet from 2009 to 2016, production of dry natural gas increased by more than eight times in North Dakota and fell in Montana by 52%.

- Tax incentives cannot overcome geology in determining the best location for production.³ What is important to development are gas prices, access to markets, and the relative costs of producing the gas. Pennsylvania’s Marcellus/Utica shale play is the largest, lowest-cost gas producing region in the country so it is very attractive to drillers. It will become more important as new pipelines already under construction make investment in Pennsylvania even more attractive.

A reasonable shale tax will not be paid by Pennsylvania’s consumers of natural gas. Most of the gas produced in Pennsylvania is exported. As a result, according to the Independent Fiscal Office, residents of other states and countries would pay 80% of Pennsylvania’s severance tax. Pennsylvania consumers—who already pay severance taxes to other states that ship gas here—will bear less than 20% of the tax burden and will see their gas prices go up by a very small amount.⁴

A reasonable shale tax will not create additional environmental hazards; instead, it will speed the transition to renewable resources. At this time in the history of the state, there is no political will to put a moratorium on natural gas fracking. Should the political will to do so arise, we would be able to find alternatives to the revenues raised by a severance tax. In the meantime, a severance tax will create some disincentive to use natural gas as opposed to renewable sources of energy.

BACKGROUND
Pennsylvania is the second largest natural gas producer in the United States after Texas and has been since 2014. Despite producing over 5.3 trillion cubic feet in 2017, an amount that continues to rise (see Figure 1), Pennsylvania remains the only major gas-producing state that does not tax gas companies on the value of the gas extracted.

Pennsylvania’s existing impact fee is a per well fee based on the years since a well was drilled and the price of natural gas—not the value of gas extracted. As Figure 2 shows, revenues raised from the impact fee have hovered around $200 million a year (fluctuating between $173 and $227 million over the last seven years).
Pennsylvania Gas Production from Unconventional Wells (billion cubic feet)

Source: Pennsylvania Budget and Policy Center based on data from Pennsylvania Department of Environmental Protection, online at https://www.paoilandgasreporting.state.pa.us/publicreports/Modules/Welcome/ProdWasteReports.aspx. Click on “Production Report” and then select a combination of reporting periods (e.g., 12 individual months or two six-month periods) for unconventional wells that add up to each of the years from 2011 to 2016. Click “View Report” on the right and production data come up for each well, along with a “Gas Total” figure at the top for the year in question. For 2007 to 2010, we used data on unconventional wells in Michael Wood, “Gas Production Booms, Drillers’ Corporate Taxes Plummet,” June 9, 2014, http://www.pennbpc.org/gas-production-booms-drillers-corporate-taxes-plummet.

The Lifetime Effect of Pennsylvania’s Impact Fee Compared to the Severance Taxes of Other Major Natural Gas Producing States

ENDNOTES


IN BRIEF
- Some communities have a serious problem that our Pennsylvania politicians have too long ignored: their property taxes are too high. The main reason for the problem is that the state underfunds K-12 schools, leaving local communities to pick up the slack by relying too heavily on local property taxes.
- Since property taxes are too high for some Pennsylvanians who struggle to make ends meet, the solution is tax relief targeted to those families. Targeted property tax relief should be combined with more adequate and equitable state funding for schools, one of the root causes of school property taxes that are too high, an issue addressed in a separate WTP–PA issue brief. It would cost about $750 million to provide up to $1,000 in tax relief for all moderate-income taxpayers with incomes up to $110,000 whose property taxes, including school, municipal, and county property taxes, are at or above 3% of their income, which is roughly the average amount paid throughout the state.
- Targeted property tax relief makes more sense than proposals to replace all school property taxes with state income and sales taxes. These proposals would cost many low- and moderate-income families more in sales and income taxes than they save in property taxes. They would lock in current, highly inadequate, and unfair spending levels leaving the majority of school districts underfunded. School property tax elimination proposals would strip decisions about schools from local communities and turn them over to lawmakers in Harrisburg. And because income and sales tax receipts vary with economic conditions—more so than property taxes—relying on them wholly for school funding would increase instability in school funding.

THE PROBLEM
Some communities have a serious problem that our Pennsylvania politicians have too long ignored: their property taxes are too high. The main reason for the problem is that the state underfunds K-12 schools, leaving local communities to pick up the slack by relying too heavily on local property taxes. This problem is frequently found in communities that have poor services as well as high property tax rates because there is too little property wealth to raise enough funds for high-quality schools and services even with high property tax rates. Pennsylvanians in these communities are rightly upset by local property tax increases because of the broader problem the We The People campaign aims to address—the wages and incomes of many working families have not increased in decades.

THE SOLUTION
Since property taxes are too high for some Pennsylvanians that struggle to make ends meet, the solution is tax relief targeted to those families. Targeted property tax relief should be combined with more adequate and equitable state funding for schools, one of the root causes of school property taxes that are too high, an issue addressed in a separate WTP–PA issue brief. It would cost about $750 million to provide up to $1,000 in tax relief for all moderate-income taxpayers with incomes up to $110,000 whose property taxes, including school, municipal, and county property taxes, are at or above 3% of their income, which is roughly the average amount paid throughout the state.

To ensure that property taxes are collected fairly, the state should also reform county property tax assessment practices by requiring counties to use uniform methods of assessment and reassess property values regularly.¹

BACKGROUND
Statewide, property taxes in Pennsylvania are about 20% lower on average than neighboring states.² But, as the map below shows, property taxes in Pennsylvania vary widely. In parts of the state, shaded in dark blue, property taxes are as little as 1.6% of income. In certain parts of Pennsylvania shown in red on the map—the Southeast, South Central, and Poconos regions—property taxes are 4.7% to 7.1% of income. Within some of these areas, well-off taxpayers can afford high property taxes. But for moderate-income families living in these areas, it is difficult to pay 5 to 7 cents of every dollar of income in property taxes. Moreover, high or rising property taxes can force longstanding residents out of their homes, including seniors living on fixed incomes. (For seniors, there is an existing property tax and rent rebate program that provides up to $650 in relief to homeowners and renters.³)

Fortunately, there are good ways to deliver targeted property tax relief. One way to target property tax relief is by restricting it to homeowners, including working families and seniors, whose property taxes exceed a
certain fraction of their income. This is often called a “circuit breaker” because it protects taxpayers from a property tax “overload” just like an electric circuit breaker protects against electrical overload. When a property tax bill exceeds the percentage of a taxpayer’s income, the circuit breaker reduces property taxes above this “overload” level. Many states have circuit breakers. They vary based on: (a) the maximum income eligible for relief; (b) the share of income that property taxes must reach before rebates begin (e.g., 3%, 4%, or 5%); and (c) the cap on the amount of relief available to any taxpayer (e.g., uncapped, $2000 cap, $1,500 cap, or $1,000 cap).4

It would cost about $750 million to provide up to $1,000 in tax relief for all moderate-income taxpayers (with incomes up to $110,000) who pay property taxes (school, municipal, plus county) above 3% of their income.5

Given that Pennsylvania has a localized problem of high property taxes, targeted property tax relief is a smarter approach than proposals to eliminate all school property taxes and far superior to proposals to replace all school taxes with $15 billion in higher income and sales taxes. Proposals to eliminate school property taxes have many flaws. First, they are Robin Hood-in-reverse schemes. They would cost many low- and moderate-income families more in sales and income taxes than they save in property taxes because our income and sales taxes fall more heavily on the middle class than on wealthier families. They would also redistribute money from low- and moderate-income communities that are struggling to fund their schools and local governments to wealthy areas that are already able to generously fund their schools and local governments. And they would shift the tax burden from businesses to individuals and families. In all of these ways, property tax elimination proposals would make our upside-down tax system, which takes far more from families at the bottom and middle than those at the top, even worse than it is today.

Second, proposals to eliminate all school property taxes would lock in current highly inadequate and unfair spending levels leaving the majority of school districts underfunded. Not only would individuals and families in many communities pay more in taxes, they would get no more money for their own schools.

Third, with the power to raise revenue for schools comes the power to control schools. School property tax elimination proposals would strip decisions about schools from local communities and turn them over to lawmakers in Harrisburg.

Fourth, because income and sales tax receipts vary with economic conditions—more so than property taxes—relying on them wholly for school funding would increase instability in school funding. While we should increase the state share of school funding, our schools should not rely entirely on state taxes that vary with the economy.

And fifth, the replacement of school property taxes with income and sales taxes does nothing to help those who are burdened by local and county property taxes. It also does nothing to help reduce school property taxes that are used to pay off school building programs.
ENDNOTES


2 The median property tax bill in Pennsylvania as a share of median income is 3.8% of income; in our neighbors, the weighted average of the median property tax bill as a share of median income is 4.8% of income. Keystone Research Center estimates based on American Community Survey data.

3 https://www.revenue.pa.gov/GeneralTaxInformation/PropertyTaxRentRebateProgram/Pages/default.aspx


5 The Pennsylvania Department of Revenue (PA DOR) estimated the cost of this option two different ways in 2017 with the estimated cost ranging from $732 million to $756 million. PA DOR also estimated the cost of several other circuit breaker variations with an income eligibility limit of $110,000. These additional alternatives ranged from a cost of about $556 million with relief restricted to property taxes above 4% of income and a cap of $1,000 on relief to a cost of $1.7 billion if relief goes to any taxpayer with property taxes above 3% of income and there is no cap on the dollar amount of relief for eligible families. All these variations delivered 42% to 48% of their benefit to families with incomes below $50,000, about a third (32% to 34%) to families with incomes from $50,000 to $80,000, and 20% to 25% of relief to families with incomes from $80,000 to $110,000. Families above $110,000 are excluded from benefits.
PRINCIPLE SIX

SECURE OUR DEMOCRACY
INTRODUCTION: SECURE OUR DEMOCRACY

THE PROBLEM
Perhaps the most fundamental threat to a future in which all Pennsylvanians thrive is the erosion of our democracy—the main instrument through which “we the people” fight for public policies that benefit all Pennsylvanians and the common good.¹ Our democracy is under siege because of the insidious interaction between our growing inequality of wealth and the political influence that results from the importance of money in politics. Donors and corporations with deep pockets aim to amass and hold onto a level of political power that far exceeds voter and popular support for the narrowly self-interested policies these champions for the 1% favor. Their fundamentally undemocratic goals have been pursued nationally through court decisions such as Citizens United, which eliminated restrictions on independent political spending, sometimes called “dark money,” and in Pennsylvania through gerrymandering, the redrawing of congressional district lines, to give the legislative majority nearly three quarters of the seats with only about half the voter support. The effort to replace responsive democracy by powerful, moneyed interests that would prefer “oligarchy”—a political system with them permanently at the controls—has also been advanced methodically by making it harder for people to vote, especially if they belong to groups that reject as general policy prescriptions tax cuts for corporations and the rich, and spending cuts in education, health care, and other programs that benefit the rest of us.

Central to a healthy democracy is ensuring that all people have civil and political rights, the right to equal protection under the law, freedom from discrimination, freedom of speech and assembly, the right to a fair trial and due process, and the right to vote. Access to these rights ensure that people can participate in civil and political life without fear of discrimination or repression and creates the foundation for a healthy democracy. However, these rights are precarious (at best) or non-existent (at worst) if you are an immigrant, a person of color, poor, part of the LGBT community or incarcerated. For example, Pennsylvania still has no law on the books protecting LGBT individuals from discrimination in employment, housing or public accommodations, and African Americans are imprisoned at nine times the rate of white Pennsylvanians. Immigrant communities face intensifying deportations, detentions, family separations, and worker exploitation—they’re also unable to get driver’s licenses or financial aid for school. These barriers make the realization of a just democracy and the common good impossible.

THE SOLUTION
Pennsylvanians need to fight for and win a more responsive democracy. Nothing is more important. To do this, we need to

- make it easier, not harder, for people to vote;
- enact comprehensive campaign finance reform legislation to reduce the influence of money on electoral outcomes;
- end the gerrymandering of state and congressional legislative districts;
- eliminate barriers to participation in political and economic life based on race, gender, and/or sexual orientation;
- end the over incarceration of Pennsylvanians, which wastes money and lives;
- protect immigrants and welcome them into our communities; and
- ensure that our state and local police forces are well-equipped to protect Pennsylvanians and hold accountable the few who abuse their power.

BACKGROUND
“Wealth”—people’s net worth or the value of what they own (e.g., a house and stocks) minus what they owe (e.g., a mortgage or college debt)—is the best measure of the discretionary resources from which people could choose to contribute politically. Wealth is distributed even more unequally than income. In fact, the top 0.1%—loosely, the donor class—now has as much wealth as the bottom 90%. The top 1% has about 40% of our nation’s wealth and the top 10% nearly 80%.

The fact that income inequality fuels the wealth inequality that now threatens to undermine our democracy is another reason for supporting the We The People – Pennsylvania agenda policies aimed at raising the wages and incomes of working families.

In the context of a return to Gilded Age levels of income and wealth inequality, the vital signs of Pennsylvania’s democracy are not good:

- While voter turnout was 70% in the 1960 Kennedy-Nixon election in Pennsylvania, it equals only 60% in recent presidential election years and just 35%
of registered voters in the last off-year (i.e., non-presidential election year) election in 2014.

- The partisan redrawing of district lines after 2010 allowed Republicans to win 13 out of 18 congressional seats while winning only just over 50% of the votes across all districts. Redrawing of state Senate and state House districts in 2010 has also enabled the legislative majority to win about 60% of the seats with no more than 52% of the aggregate vote.
- While from the 1940s to the 1970s, Pennsylvania enjoyed competitive state legislative races, since the 1990s, 40% of state Senate incumbents and 45% of state House incumbents have faced no general election candidate. Less than 5% of incumbents lost reelection over the past four decades, down from a third in state Senate seats in the 1930s.
- Pennsylvania has some of the weakest campaign finance laws in the country. It imposes no limitations on the amount of money that individuals and corporations can contribute to candidates. (Corporations must do so through political action committees.) The average amounts contributed to state Senate and House candidates continues to rise steadily.

In the face of similar trends in other states, national polling data show a collapse of voter confidence in democracy. Two thirds of Americans thought government was run for the benefit of all the people in 1964; one in five do today. A 2016 national poll found that an overwhelming 93% of respondents said that elected officials listen more to deep-pocketed donors than to regular voters. Only 5% of Republican voters believe regular voters are heard more by their elected leaders.

Civil and political rights also need to be secured for all residents of Pennsylvania. While the LGBT community has won marriage equality in recent years, discrimination against this population is still legal. African Americans face more intense over-policing, harassment, and abuse by police and, as a result, are imprisoned at much higher rates than white Pennsylvanians. Pennsylvania has the highest incarceration rate in the Northeast and our incarcerated and supervision populations have increased six-fold since the 1970s. However, these increases in incarceration are not due to increases in crime—between 2004 and 2014, for example, violent crime decreased by 21%. Incarceration has become our alternative to properly educating our youth and creating strong job opportunities for our people. Immigrant communities also live in a climate of fear of violence and discrimination, making it more difficult to work, go to school or participate in community life. The realization of civil and political rights for all Pennsylvania’s residents must be achieved to create a just democracy.

To paraphrase Joe Hill, “don’t bemoan these trends, organize” for more democracy. The success of democratic reforms in Pennsylvania and other states, and the new activism evident in Pennsylvania’s 2018 politics, make clear that we need not resign ourselves to a politics and an economy for the 1%.

- Pennsylvania’s courts recently rejected both our gerrymandered congressional districts and an earlier voter ID bill that sought to suppress the vote, including among lower-income voters and people of color.
- There has been a 10-percentage uptick in voter turnout from around 50% in Pennsylvania presidential election years since 1996, in part,

In The Last 20 Years, There has Been a Massive Wealth Transfer From the Bottom 90% to the Top 0.1%

![Graph showing wealth transfer](http://gabriel-zucman.eu/uswealth/)

because of the implementation of the National “Motor Voter” law, which requires states to enable people to register to vote when they apply for driver’s licenses. Under Governor Wolf, Pennsylvania took another step to making voting easier with the 2015 implementation of online voter registration. A growing number of states have enacted other effective policies that make it easier to vote. (See the brief on “Make Voting Easier for Pennsylvanias” for details.)

- Across Pennsylvania, grass roots citizens groups have sprouted up, seeking to hold federal and state lawmakers and candidates accountable, and giving rise to the “We The People – Pennsylvania” campaign. In primary elections for Pennsylvania state House and Senate seats in 2018, 25% more people ran for office than in the 2016 presidential election year, a symptom of the urgency at the grass roots level about the need to reinvigorate our democracy.

- There has been a large increase in the number of women running for the Pennsylvania House and Senate, which have historically been dominated by men. In the 2018 primary, 30% of House candidates and 40% of Senate candidates were female. This is a large increase from prior years. Fewer than one in five lawmakers (18%) in the House are women.2

ENDNOTES
IN BRIEF
- From our inability to pass a shale tax to the rush to privatize our schools, in important and unfortunate ways, Pennsylvania’s politics are shaped by campaign contributions. It’s time to reform campaign finance by taking a number of steps.
- We should limit contribution to candidates and political action committees, explore public financing with broad participation by small donors, and improve Pennsylvania’s public disclosure of campaign contributions and independent expenditures.

THE PROBLEM
In important and unfortunate ways, Pennsylvania’s politics are shaped by campaign contributions. Our inability to enact a shale tax (or severance tax) on natural gas drilling is partly a result of the shale gas industry contributing millions of dollars to Pennsylvania politicians. And while corporations that are wholly based in Pennsylvania pay one of the highest tax rates in the country, multi-state and multi-national corporations mostly avoid such taxation. That they make large contributions to Pennsylvania politicians is, no doubt, part of the explanation. When campaign contributions from large corporations become more important than the views of the constituents—who overwhelmingly support both a shale tax and corporate tax reform—democracy itself is compromised.

Pennsylvania’s campaign finance laws are some of the weakest in the nation. This is true in two major ways. First, Pennsylvania is one of only ten states in the nation to place no limitations on the ability of individuals or political action committees (PACs) to contribute directly to candidates. Second, Pennsylvania’s independent disclosure laws fail to ensure that all independent expenditures are adequately disclosed to regulators and the public, thus creating a problem of “dark money” influencing our elections.

THE SOLUTION
Limit contribution to candidates and political action committees: Alaska, for example, caps contributions at $500 per calendar year to candidates and PACs. Colorado caps contributions at $575 per election to statewide candidates and PACs and at $200 in legislative races; it doubles the limits for candidates who voluntarily agree to spending limits and who face high-spending opponents. While contribution caps must be low enough to mitigate the influence of donors, they must be high enough, and coupled with other reforms, to ensure that candidates and parties have sufficient means by which to contact and mobilize voters.

Explore public financing with broad participation by small donors: Several red and blue states, including Arizona, Connecticut, North Dakota, and Maine, support public financing of election campaigns. To work, public financing must give candidates who participate in public financing sufficient funds to be competitive in the primaries and general elections. Policies that use public funds to match small donations, such as tax credits or Seattle’s voucher program, can help ensure broad participation beyond the most ideological and highest income voters.

Improve Pennsylvania’s public disclosure of campaign contributions and independent expenditures: Pennsylvania’s laws regulating independent expenditures received an “F” from the National Institute on Money in Politics because the definition of “electioneering communications” is inadequate. The Center for American Progress Action Fund gives Pennsylvania a 25 out of 120 possible points for its campaign disclosure laws. One of Pennsylvania’s challenges is the non-electronic filing of disclosure information which creates lags and inaccuracies in the uploading of reported information. Pennsylvania should seek to implement electronic filing of campaign donations and independent expenditures.

BACKGROUND
In the absence of strong campaign finance laws, elections in Pennsylvania have become dominated by powerful special interest groups and are extremely expensive. Consider campaign contributions to PA House and state Senate candidates in between 1998 and 2016.

- PA Senate:
  - In 1998, total campaign contributions per candidate averaged $232,604 (all figures here in 2017 dollars) (Figure 3). Furthermore, the proportion of contributions coming from “non-individuals” (essentially PACs in Pennsylvania) equaled about 44% (Figure 4).¹
  - By 2016, in Pennsylvania state Senate races:
    - Total campaign contributions per candidate more than tripled to $720,204.
PA House:
- In 1998, total campaign contributions per candidate averaged $67,533 (in 2017 dollars), with 42% coming from PACs.
- By 2016, total campaign contributions per candidate rose 40% to $107,823 with 71% coming from PACs.

Direct contributions are not the only way the wealthy and groups with financial resources can influence our elections. In the 2010 Citizens United case, in a 5-4 decision the US Supreme Court declared to be unconstitutional government restrictions on independent political spending for the election or defeat of a specific candidate as long as that spending is not coordinated with, or at the suggestion of, candidates, their committee, or their political party. Such “independent expenditures” are sometimes referred to as “dark money.” “Independent-expenditure-only PACs,” also known as “super PACs,” can accept unlimited contributions from the wealthy, corporations, ideological groups, etc. These PACs most commonly utilize their money and resources to mobilize voters in support of their preferred candidates and policies by funding canvassing campaigns; TV, radio, or internet ads; and sending political flyers in the mail.

Direct Contributions to PA Senate Candidate by Type of Contributor, 1998-2016

Average Campaign Contributions Per PA Senate Candidate, 1998-2016

Direct Contributions to PA House Candidate by Type of Contributor, 1998-2016

As percent of total contribution

Note: Follow the Money describes an "individual contributor" as "an actual human being" and a "non-individual" as "corporation and/or its political action committee(s), political party, union, association, or ideological group." "Other" includes uncategorized, unidentified, or anonymous contributions and public funding.


Average Campaign Contributions Per PA House Candidate, 1998-2016


ENDNOTE

1 Since unions and corporations can’t give directly to candidates in Pennsylvania, the “non-organizational” category would consist primarily of PAC contributions. Personal communication with Peter Quist, National Institute on Money and Politics, June 29, 2018.
MAKE VOTING EASIER FOR PENNSYLVANIANS

IN BRIEF

• Voting rates are as low as they are in Pennsylvania because it is too hard to register to vote and to vote itself. That is why voting is heavily skewed by economic class. People who are highly educated and well paid are more likely to vote than those who are less educated and less well paid. And when the overall rate of voting declines, the class bias in who votes becomes greater.

• Pennsylvania should make it easier to register by offering voter registration through more state and local government agencies; automatically registering voters using information on file with the state; allowing same-day registration of unregistered voters on Election Day; and pre-registering eligible 16-year-olds and 17-year-olds, automatically adding them to voter rolls when they turn 18.

• Pennsylvania should make it easier to vote by enacting no-fault absentee voting and voting by mail, requiring public utilities to remind people to register and vote, directly encouraging citizens to vote, and moving primaries to weekends.

THE PROBLEM

Voting is the life-blood of a healthy democracy. And that’s not just a Pollyannaish statement about good government. There is more and more evidence that our political officials and the public policies they enact are much more likely to reflect the views of the richest Americans and our corporate elite than working class Americans. That’s partly because of the influence of campaign contributions and other factors. But it is also because voting is heavily skewed by economic class. People who are highly educated and well paid are more likely to vote than those who are less educated and less well paid. And when the overall rate of voting declines, the class bias in who votes becomes greater.

So, it is worrisome that voting rates in Pennsylvania’s recent elections have declined—particularly in the “off-year” elections between presidential elections. For example, only 34.6% of registered voters in Pennsylvania turned out to the polls in the 2014 gubernatorial election—roughly half of the participation levels seen in the 1902 and 1938 gubernatorial elections. Furthermore, participation in presidential elections has increased since the 1996 election, but not to the levels seen in the 1950s and 1960s—or even higher levels in the early 1900s.

THE SOLUTION

Make voting registration easier.

One of the largest barriers to voting is our onerous voting registration system. Many states have been experimenting with new registration and other procedures that increase voter turnout and improve political participation. The following ideas have been shown to make it easier for everyday citizens to exercise...
their constitutionally guaranteed right to vote and should be adopted in our state.

**Offer voter registration through more state and local government agencies.** These reforms generalize the approach in the national “Motor Voter” bill passed in 1993. They give eligible citizens opportunities to register to vote through secure means in interactions with multiple state agencies.

**Institute automatic voter registration.** Automatic voter registration would use information already on file with the state to identify individuals who are eligible to vote and add them to voter rolls or update voter information automatically when they are already registered. Voters who are automatically registered would have the option of removing themselves from the rolls if they choose.

**Allow registration of unregistered voters on Election Day.** Election Day and “same-day” registration (SDR) allows voters to register on the day of the election. As of early 2018, 16 states and Washington, D.C. had adopted SDR. To avoid manipulation of primary elections, SDR could be limited to unregistered voters with already registered voters being permitted to switch their party registration only until 30 days before a primary election. Research shows that same-day registration increases turnout by 5% to 7%. Over half of Americans support automatic voter registration (54%) and same-day registration (55%).

**Pre-register eligible 16- and 17-year-olds and automatically add them to voter rolls when they turn 18.** Pre-registering voters before they turn 18 is a good first step towards educating them on their civic responsibilities. Twelve states and Washington, D.C. pre-register 16-year-olds and another four pre-register 17-year-olds.

**Encourage voting with no-fault absentee voting and voting by mail.** A recent study found that Utah’s experimentation with all-mail voting increased turnout by nearly 5%-7%. Earlier research in Washington state found all-mail voting was associated with 2%-4% increases in turnout. Both studies found that the positive effects of all-mail voting were most pronounced among young voters and those who never or rarely voted.

Not only can the state make it easier for people to register to vote, it can encourage people directly and indirectly to vote.

**Require public utilities to remind people to register and vote.** Public utilities mail or email bills to voters every month. Those bills are printed individually. Modern computers would allow these utilities to print reminders on those bills about registering to vote and about when and where to vote or include that information in billing emails. Water, gas, cable, and telephone bills could all provide this nonpartisan information to voters.

**Direct state encouragement to vote.** The state itself could send nonpartisan reminders to every household encouraging people to register and to vote. This is a common practice in other democratic countries. It should be adopted in Pennsylvania as well.

**Hold primaries on weekends.** More people would vote if elections were held on weekends, and ideally, on both Saturdays and Sundays. National election days are set by the federal government. But Pennsylvania could start a movement to hold elections on weekends by moving our primary elections to a weekend.

**BACKGROUND**

**The Voting Registration Problem**

America is notorious for having some of the lowest rates of voter participation in the world. Yet the percentage of registered voters who come to the polls, while too low, is not as bad as the percentage of the voting age population that comes to the polls. Between 1960 and 2004, almost 70% of those registered did vote in presidential elections. However, because so many people did not register, only 55% of the voting age population went to the polls in these presidential elections.

Our system of voting registration is a barrier to voting. The voter registration deadline passes long before most citizens are thinking about the election. Registration can also be time consuming, especially if one does not own a car.

We take this system for granted, but it did not exist until the early twentieth century. Our system of registration was invented by “reformers” who wanted to depress voting on the part of members of the working class, immigrants and Blacks. The system worked. Between 1856 and 1896 the average turnout in presidential elections was 77% of the voting age population. After registration rules went into effect, things changed. Between 1912 and 1952 the average turnout was only 57% of the voting age population. The uptick in participation in presidential election years since the mid-1990s may reflect the National Voter Registration Act (also known as the “Motor Voter” law) signed by President Bill Clinton in 1993 and implemented in
Pennsylvania in 1996. Pennsylvania’s Department of State under Governor Wolf took another step to making voting easier with the 2015 implementation of online voter registration.

However, despite these improvements, Pennsylvania’s track record on improving voter turnout remains far from perfect. Not only does Pennsylvania retain archaic deadlines that require voters to register a full month ahead of any election, but in 2012, members of Pennsylvania’s legislative majority took a step in the other direction—they created a new barrier to voting. The legislature passed a law that would have required voters to present a valid photo ID before being allowed to vote. State courts halted implementation of this law and eventually struck it down as a violation of Pennsylvania’s state constitution. Had this law remained in place it would have been one of the most restrictive voter ID laws in the nation and have had negative effects on the ability of vulnerable and marginalized communities to exercise their constitutionally guaranteed right to vote.

Other Barriers to Voting
Middle-class and upper middle-class Pennsylvanians often don’t recognize how difficult it can be for working-class people and those with low incomes to vote. Middle-class people often have jobs that allow them to leave during the day and return. They can afford child care and elder care. They typically only work one job. They own cars that they can use to get to the polls. But if one works in a fast-food restaurant, struggles to care for one’s children or elderly parents, and has to rely on inconvenient and costly public transportation to get to the polls and back, voting can be difficult. That’s why, if we want voters to better reflect our whole population, it is important to take these steps to make voting easier.

ENDNOTE
IN BRIEF

- Partisan control of the redrawing of Pennsylvania's congressional district lines after 2010 led to unfair districts in which Republican candidates won 13 out of 18 districts when their support among voters was only just above 50%.1
- Partisan control of redrawing of state legislative districts was less extreme, but in state Senate seats it still led to the legislative majority winning a share of seats 17-18 percentage points greater than its share of voters.
- Partisan gerrymandering is deeply undemocratic. It insulates legislative leaders and other powerful incumbents in safe seats from popular accountability. It allows the party controlling gerrymandering to secure a share of political power that exceeds its popular support. And it contributes to a trend in which the policies coming out of Harrisburg are out of step with those of the people of Pennsylvania and instead reflect the priorities of the big corporations and rich donors that make large campaign contributions.2
- Truly independent, nonpartisan redistricting is a vital step in restoring democracy of, by, and for the people in Pennsylvania. Compromises in which the legislative majority retain subtle but insidious control of the redistricting process after 2020 must be rejected.
- A strong majority of Pennsylvanians favors a truly independent commission to redraw district lines.
- Citizen activism and voting are also critical responses to gerrymandering and other attempts to rig our political process. An increase in the number of Pennsylvania primary election candidates in state legislative races by 97 (25%) in 2018 compared to 2016 and an increase in the number of contested general election races for state legislative seats show that Pennsylvanians want to restore vibrant democracy.

THE PROBLEM

Legislative district boundaries—the 435 seats in the US House of Representatives, 203 state House seats, and 50 state Senate districts—must be redrawn after every decennial national census to take account of varying rates of population growth and ensure that each district contains the same number of people. Districts should ideally be redrawn in a “nonpartisan” way that doesn't favor one party or another. Districts should also be compact and contiguous and not divide county and municipal boundaries. This will make it possible for voters to easily determine who represents them. And it will enable communities of interest among voters, as well as municipal and county governments, to form stronger relationships with their representatives.

Pennsylvania’s congressional districts, however, were redrawn after the 2010 Census in a highly partisan way that gave Republicans a far greater share of seats than the share of their statewide vote. It also led to few competitive districts. This was possibly because Pennsylvania currently redraws congressional districts via “legislative action—a bill which proceeds through both chambers of the General Assembly and is signed into law by the Governor.”3 In the past, guided by statute, court decisions, and past practice, the legislature created districts that respected county and municipal boundaries. In 2011, “…the legislature carved up counties and municipalities like never before”4 (Map 1). It divided 28 counties and 68 municipalities using two basic strategies—“packing” and “cracking.”5 Aided by sophisticated statistical and computer tools, Democratic voters were “packed” into overwhelmingly Democratic districts where their party’s candidates could win easily. The remaining Democratic voters were divided (“cracked”) so that Republicans would win by safe, but not enormous, margins. Reflecting this partisan gerrymander, in congressional elections of 2012, 2014, and 2016, Republicans won 13 out of 18 Pennsylvania congressional seats with an aggregate vote across all 18 districts of only just above 50%6 Pennsylvania’s state Supreme Court determined that Pennsylvania’s redistricting map had “clearly, plainly, and palpably violate[d] the Constitution of the Commonwealth of Pennsylvania.”

Map 1 – 2011 PA Congressional Map7
To redraw state legislative districts, the state constitution requires the General Assembly to establish a five-member “Legislative Reapportionment Commission” consisting of the four caucus floor leaders, or deputies appointed by each of them, and a chairman to be selected by those members or, if they cannot reach agreement, by the Pennsylvania Supreme Court. Since 2010, Republicans have won 61% of state Senate seats with an aggregate of 52% of the vote and 58% of state House seats with an aggregate of 51% of the vote—figures that suggest an element of gerrymandering. Because the Supreme Court appointee typically supports his or her party’s position, the Legislative Reapportionment Commission allows the leaders of the majority party to have an outsized influence on drawing districts. This leads to gerrymandering that favors both the majority party and incumbents. Legislative control of the redistricting process likely contributed to the reduction in electoral competition in Pennsylvania state House districts over the past several decades. From the 1940s to the 1970s, Pennsylvania enjoyed significant choice in state legislative races. Fewer than 5% of state legislative incumbents had uncontested general elections. By contrast, from 2010 to 2016, 40% of state Senate incumbents and 45% of state House incumbents faced no general election opponent. In 2016, 92% of state legislative races had an incumbent and 86% of those incumbents ran unopposed in their party’s primary. Both figures are about 10 percentage points higher than national averages for state legislatures.

THE SOLUTION

The best way to protect against gerrymandering in the future is through the establishment of a truly independent redistricting commission. This commission should not allow the state legislature to control either the selection of commission members or the selection or approval of new maps. Only a truly nonpartisan redistricting committee can be trusted with ending anti-democratic gerrymandering that allows politicians to protect incumbents or bias the distribution of legislative seats towards one party or another.

To be truly independent a nonpartisan redistricting commission should have five features. First, legislative leaders should have a minimal influence on its membership. Second, the commission should consist of an equal number of members of both major political parties as well as independent. Third, the plan adopted by the commission should only be adopted if a majority of independent and partisan members from both parties accept it. Fourth, the plan must meet basic rules that limit the number of county and municipal governments split and that prohibit the commission from using partisan data in drawing lines. And, fifth, it is critically important that district lines respect the goals of the Voting Rights Act and US Supreme Court interpretations of it and ensure an adequate chance for racial and ethnic minorities to be elected members of the General Assembly.

Creating an independent nonpartisan redistricting commission requires an amendment to the Pennsylvania Constitution. Because a constitutional amendment must be passed by two successive legislatures and approved by the voters. It is now too late to create such a commission in time for the 2022 election. But while redistricting generally takes place once every ten years, Pennsylvania does not have to wait another decade to create an independent nonpartisan redistricting commission. Mid-decade redistricting has happened in other states and twice before in Pennsylvania. A constitutional amendment creating a nonpartisan redistricting commission can go into effect at any time and call for a one-time only mid-decade redistricting process.

There are also legislative steps that can be taken to improve the redistricting process while we are waiting for an amendment to the Pennsylvania Constitution. The General Assembly can enact rules for itself and the Legislative Redistricting Commission to follow prohibiting the use of partisan data in redistricting and limiting the extent to which both congressional and legislative districts split counties and municipalities. It is also conceivable that the General Assembly could delegate the congressional redistricting process to an independent nonpartisan commission.

There are many ways for legislative leaders to create a redistricting commission that looks like it comes close to meeting these criteria while not really doing so. This, unfortunately, is what Republicans led by Senator Mike Folmer did in 2018 as they put forward a redistricting plan that would have allowed continued Republican control of redistricting even though some advocates for redistricting initially thought it was satisfactory.

Citizen activism is another way to push against the effects of gerrymandering that increases electoral competition. In 2018 in Pennsylvania, many of the candidates supporting the We The People agenda emerged from renewed activism against both gerrymandering and
against a rigged politics and economy. The number of primary candidates in the 228 state legislative races (25 Senate and 203 House) jumped by 97, 25% more than the 2016 number.\(^{13}\)

**BACKGROUND**

The post-2010 partisan gerrymander of Pennsylvania’s congressional districts completed a gradual drift away from legislative deference, based on past practice, to compact districts that respected county and municipal boundaries as much as possible. In the 1966 congressional map, for example, only four counties (Allegheny, Delaware, Montgomery, and Philadelphia), and two cities (Philadelphia and Pittsburgh) were divided. All three elections in which this map was used—1968, 1970, and 1972—saw the election of 14 Democrats and 13 Republicans.\(^{14}\)

In 2011, one of the most extreme cases of gerrymandering map was Pennsylvania’s 7th District, infamously known as “Goofy kicking Donald Duck” (Map 2). The 7th District was split across five counties (Berks, Lancaster, Chester, Delaware, and Montgomery) and accounted for 38.2% of all the municipality splits in Pennsylvania. In some municipalities, PA7 divided municipalities on a street by street basis.

The extent of congressional district gerrymandering compared to earlier decades can be seen in the jump in the Republican share of congressional seats in the last three elections without any similar jump in the Republican share of votes across all districts (Table 1 and Figure 1). In those elections, Republicans won 72% of the seats even though they won only 52% of the votes.

### Table 1. PA Congressional District Vote and Seat Shares by Party, 1970s to 2010s

<table>
<thead>
<tr>
<th>Decade</th>
<th>Average Vote Share (%)</th>
<th>Average Share of PA Congressional Seats</th>
<th>Average number of Congressional Seats per Party</th>
<th>Republican Share of Seats as % of Republican Share of Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970s</td>
<td>52.7%</td>
<td>47.3%</td>
<td>56.8%</td>
<td>43.2%</td>
</tr>
<tr>
<td>1980s</td>
<td>52.3%</td>
<td>47.7%</td>
<td>53.0%</td>
<td>47.0%</td>
</tr>
<tr>
<td>1990s</td>
<td>51.0%</td>
<td>49.0%</td>
<td>51.4%</td>
<td>48.6%</td>
</tr>
<tr>
<td>2000s</td>
<td>50.9%</td>
<td>49.1%</td>
<td>46.3%</td>
<td>53.7%</td>
</tr>
<tr>
<td>2010s</td>
<td>48.4%</td>
<td>51.6%</td>
<td>27.8%</td>
<td>72.2%</td>
</tr>
</tbody>
</table>

*Note:* Estimates impute vote shares for challengers in districts without a challenger.

*Source:* Data including vote shares with estimates for districts without challengers provided by Nick Stephanopoulos, Simon Jackman, and Eric McGhee.
Pennsylvania Republican Congressional District Seat Shares as a % of Republican Congressional District Vote Shares, 1970s to 2010s


Based on the “Efficiency Gap,” PA Congressional District Gerrymandering Began in the 2000s but Became Extreme After 2010

Average efficiency gap by decade.

Note: Efficiency gap equals the difference between the two parties’ “wasted votes” as a share of total votes in the election. Wasted votes are votes in winning districts above 50% and all votes in losing districts. Estimates impute votes to the losing party in races without a challenger.

Source: Efficiency gap estimates provided by Chris Warshaw, George Washington University.
Another way to measure the extent of gerrymandering is the efficiency gap. Law professor Nicholas Stephanopoulos and researcher Eric McGhee define the efficiency gap as "the difference between the parties’ respective wasted votes, divided by the total number of votes cast in the election."\textsuperscript{16} Wasted votes are defined as the number of votes cast for the winner above 50% and all votes cast for the losing party. Intuitively, the party that controls gerrymandering drives up the number of wasted votes of the other party both by packing, which leads to votes well above 50% in the districts the other party wins, and by cracking, which means that, in most districts, the other party loses and all its votes in those districts are wasted. Figure 2 shows the average efficiency gaps in Pennsylvania congressional districts since the 1970s. The efficiency gap gives us the same results as the simpler ratio of the Republican seat share divided by the Republican vote share: there is a hint of gerrymandering in the congressional district efficiency gap estimate in the 2000s, but evidence of dramatic gerrymandering in the much bigger efficiency gap after 2010.

Table 2 and Figure 3 show the ratios of Republican seat shares to Republican vote shares in recent decades for Pennsylvania state Senate and state House districts. As with congressional districts, the state House figures suggest little gerrymandering in the 1990s where there are small differences between party seat shares and party vote shares. State House and state Senate figures show a small gap between Republican seat and vote shares in the 2000s, especially in the state Senate, and a further increase in that gap after 2010, again especially in the state Senate. Efficiency gap estimates again corroborate the simpler analysis based on district and vote shares. For the Pennsylvania state Senate, the average efficiency gap in the 2000s was -7.5% (Republicans wasted 7.5% fewer votes as a share of all votes) and the average efficiency gap in the current cycle was -10.0%.\textsuperscript{17} In the Pennsylvania state House, the average efficiency in the current cycle is still only 3%.

Based on the empirical evidence of gerrymandering, earlier this year the Pennsylvania Supreme Court threw out the 2011 Pennsylvania congressional map. When the legislature and governor failed to come to a consensus
on a new map within the prescribed time limits, the
Supreme Court issued its own “remedial map,” the one
used for the May 2018 congressional primary and this
year’s congressional general election. The remedial map
(Map 3) splits only 13 counties, down from 28 in the
2011 map.

See Map 3 – PA Congressional Map 2018 (also
known as the “Remedial Map”).

In drawing the new map, the court reaffirmed the
“traditional redistricting criteria of compactness,
contiguity, equality of population, and respect for
the integrity of political subdivisions.” The court
also established more precise mathematical tests for
evaluating whether these criteria have been respected.
Together with public outrage, the state Supreme Court
decision may rein in the legislature when it comes to
redrawing district lines in 2021. To stop gerrymandering
in the future, Pennsylvania needs a truly independent
commission to redraw district lines, a reform a strong
majority of Pennsylvanians favor.

Figure 3.

Pennsylvania State House and State Senate Republican Seat Shares as a % of Republican Vote Shares, 1970s to 2010s

ENDNOTES

1 This brief draws primarily from the report “Democracy in Pennsylvania” by Stephen Herzenberg and Jonathon White. Keystone Research Center, July 2018.; additional details and references can be found in that report.


5 This paragraph is adapted from the definition on the website of the Public Interest Law Center of Philadelphia online at https://www.pubintlaw.org/cases-and-projects/pennsylvania-redistricting-lawsuit-faqs/.

6 The data and estimates in this section were provided by academic gerrymandering experts Chris Warshaw and Nick Stephanopoulos. Full citations will be provided in the forthcoming “Democracy in Pennsylvania” report.


8 Pennsylvania Department of State. “Legislative Redistricting”; http://www.redistricting.state.pa.us/Legislative-Redistricting.cfm.


10 http://www.redistricting.state.pa.us/commission/commission.cfm

11 See https://www.thirdandstate.org/2018/june/how-fix-legislative-districting-pennsylvania-without-making-things-worse for some other suggestions along these lines.


13 https://ballotpedia.org/2018_primary_election_competitiveness_in_state_and_federal_government#Pennsylvania


15 Source: Doron Taussig, Philly.com.


ENSURE FAIR POLICING

IN BRIEF

• While the vast majority of police officers in Pennsylvania treat citizens with respect, police abuses do occur here. And while all Pennsylvanians are affected, structural racism accounts for abuses suffered by people of color.
• Lack of sufficient police protection is, for many citizens including people of color, also a problem.
• Pennsylvania should institute a series of steps to prevent and punish police abuses of our citizens and, particularly, to diminish the role of structural racism in bringing these abuses about. And it should ensure that equitable police protection is provided to all citizens.

THE PROBLEM

In the aftermath of the controversial deaths of Black men and women at the hands of sworn officers of the law in Ferguson, Missouri; Staten Island, New York; Cleveland, Ohio; Tulsa, Oklahoma; Charleston, South Carolina; Baltimore, Maryland; Waller County, Texas; and elsewhere, a national movement called Black Lives Matter rose in protest against injustice against African Americans. We have seen instances in Pennsylvania in recent months—in Philadelphia, in Pittsburgh, and in York—as well as a long history of police abuses in the Commonwealth in those cities and others, that point to the existence of similar problems in our own state. Five separate, lengthy reports about abuses by members of the Philadelphia Police Department have been written in the last forty years.

Three other things are also clear:

• It is not just people of color but white Pennsylvanians who are sometimes abused by police officers. While we point here to the systemic racism that leads to Black Pennsylvanians suffering from such abuse at disproportionate rates, we must have remedies for all police misbehavior.
• The vast majority of police officers do treat citizens with respect and concern.
• For many citizens, lack of sufficient police protection is a problem almost as serious as abusive policing. And that problem, too, afflicts Black people more than white people. So, while this paper focuses on problems of problematic and abusive policing, we also point to the need for an investigation into the distribution of police resources throughout the state.

The prime focus of this paper, however, is systemic and structural racism in policing.

THE SOLUTION

We propose nine steps forward to reducing the impact of systemic and structural racism on policing.

First, efforts must be made to ensure that police forces more closely represent the racial make-up of the community, where they do not do so now. Given that Black police officers often come to share the latent biases of white politics officers, this is no panacea. But it would help.

Second, the state should provide police forces with the funds for more training in the best police practices to ensure that police address and recognize the latent biases that affect their behavior. And it is critical that police officers are trained in techniques to reduce rather than escalate tension between themselves and members of the community.

Third, among the practices encouraged by the state should be strategies that emphasize forming closer bonds between the police and the community. In particular, community policing should become the norm, not the exception.

Fourth, legislative committees should investigate whether local governments in Pennsylvania rely on police departments to generate revenues and if so, prohibit it, as this creates incentives for excessive and unjust policing.

Fifth, funds must be provided to expand video monitoring of police-community interactions. All police officers and police vehicles should be equipped with video equipment. All interchanges between the members of the community and the police should be video-recorded.

Sixth, if local communities are unwilling to create citizen police review boards that have subpoena power to investigate and report on police misbehavior, the state should require that they do so and ensure that the members of citizen police review boards reflect the communities of which they are a part.

Seventh, to take the investigation and prosecution of
police shootings out of the hands of those prosecuting attorneys reluctant to pursue these crimes because they must work closely with police, the state should create a process that allows victims and their families to request a special prosecutor in the attorney general's office to investigate police shootings on the part of local police.

Eighth, until the federal government ensures that basic data about police shootings and other forms of violence are collected from all police forces and also by means of population surveys, the state should take on this task. We will not be able to fully address the structural and systemic racism of the criminal justice system in America if we do not know its extent.

Ninth, state legislative committees should begin an investigation of the distribution of police resources not only by local community but by neighborhoods in our medium and large cities. The state should develop and enforce guidelines to ensure that police services are equally distributed in all neighborhoods.

BACKGROUND
There is little question that America has made some progress in decreasing what we might call interpersonal racism. But there remain many ways in which American institutions and policies systematically discriminate against Black men and women.

This is true in many areas of life and especially in the still limited economic opportunities open to Black people. And it appears to be true in the criminal justice system as well. There is no reason to doubt that Black men and women are today subject to being stopped, harmed, and killed by police officers at rates that exceed those of whites.

And that is why, though all lives certainly matter equally, there is good reason for us to focus on the ways in which Black lives do not, but should, matter in our criminal justice system.

To say that there is structural or systemic racism in the criminal justice system is not necessarily to say that a police officer violated the law or public duty in every case where a police officer has killed Black men or women in the line of duty. We have not investigated each of those cases in sufficient depth to reach that conclusion. But the sheer number of prominent cases and the statistics about police shootings—statistics which no doubt underestimate the number by far—give all of us reason for extreme concern.

How does this systemic and structural discrimination in the criminal justice system work? We cannot do justice to the intricacies of the criminal justice system here. But we can briefly point to seven areas of concern.

First, police officers bring to their work the latent stereotypes of Black Americans that have for too long dominated our culture. Black police officers may share the same sentiments of white police officers. Given those stereotypes, Black people's actions are far more likely to be interpreted as aggressive, dangerous, and powerful than those of white people doing the same things. Police officers that believe that they may open fire when their lives or bodily integrity are threatened by a suspect, are far more likely to do so when the suspect is Black rather than white.

Second, the tactics employed by police officers in America often affect the lives of Blacks and whites very differently. And because they are not sensitive to the cultural differences between Black and white communities—including the effects of those very tactics—they are likely to lead to unfortunate results. Police officers are sometimes trained to escalate their reaction to those who disobey or threaten them by a show of physical or verbal force. But, because they fear or expect trouble from Black people, escalation tactics are more likely to be used against them than whites. And Black people, who have witnessed or experienced excessive force used against people like themselves, react out of fear or anger to that escalation in ways that are understandable but contrary to what police officers expect—for example, by running from or challenging the police. In doing so, they may, unwittingly, cause a further, and possibly fatal, escalation on the part of police.

Third, the strategies used by police officers in America are often discriminatory in effect. While police officers may intend to use stop-and-frisk tactics to monitor likely criminals in high crime areas, police officers' judgments about who is a likely criminal and which areas to monitor result in Blacks being stopped at much higher rates than whites. Similarly, "broken windows policing," which aims to reduce the level of perceived "disorder" on the streets, often leads to minor laws being enforced more frequently and more harshly in Black than white neighborhoods. Marijuana laws are enforced far more often in Black communities than white ones, even though there is no racial difference in the rates of marijuana usage. When police departments are used to generate revenues for a local government, the burden of excessive policing usually falls on Black people because they are least likely to have the standing or resources to
object. And recent efforts to strengthen the capacities of local police forces have led to a massive increase in police firepower and the adoption of para-military tactics that lead to more aggressive action in Black communities.

These police strategies create more opportunities for the kind of escalation of violence described above. And they increase the fear of the police in the Black community, resulting in the bad consequences to which we have pointed. At the same time, these patterns of police action also undermine the vital cooperation that police officers need both to better evaluate the people they meet on the street as well as to apprehend suspects of crime.

Fourth, while all laws are formally meant to apply to Blacks and whites equally, they often have disparate racial effects. For example, the penalties for the use of the inexpensive crack cocaine more often found in Black neighborhoods have historically been far higher than those for the more expensive powdered cocaine found in white neighborhoods. Yet, physicians have found no difference in the effect of these drugs on the behavior of users.

Fifth, because the effectiveness of our prosecuting attorneys is heavily dependent on the cooperation of the police, prosecutors regularly accept the word of police against the word of citizens victimized by police officers. This makes investigation of, let alone conviction and punishment for, police violence unlikely. Prosecutors and judges also share some of the same latent biases as police officers, leading them to be far less concerned about Black victims of police violence as they are about white ones.

Sixth, police tactics and strategies are embedded from time to time in larger, politically inspired efforts to “crack down” on crime. But because these efforts are brought about by political pressure that comes from the white majority, they often arise not so much in response to real changes in crime rates but to political tensions between Blacks and whites or to white perceptions that are ungrounded in facts. The civil rights movement and racial disorders resulting from protests against inequality in the 1960s, as well as general fears about the sexual revolution and the growing use of recreational drugs, led to “wars” on crime and drugs. These “wars” led to a larger and more aggressive police presence in Black neighborhoods that, in turn, has led to a massive and racially discriminatory expansion of the prison population in the United States. Of course, some of this response was also directed at a high rate of crime in the Black community. Yet, instead of addressing the economic and social distress, the health issues like lead poisoning and its effect on behavior, and the demographic changes in neighborhoods abandoned by the middle class—just some of the factors that created these high crime rates—the United States responded with a massive expansion of the criminal justice and prison system, again with discriminatory effect if not always with intent.

And, seventh, all of these factors operate against a background of economic and political inequality which in turn is sustained by structural racism. Blacks unjustly harmed by the police, or who are caught up unjustly in the criminal justice system, have far fewer resources with which to protect themselves than whites. They are less likely to be able to afford private attorneys. They are less likely to know reporters who can shine a light on their travail. They have fewer contacts in the political system they can call for support. Economic and political inequality often mean that the usual checks against abusive policing are missing when the victims are Black.
IN BRIEF

- Pennsylvania has the highest incarceration rate in the Northeast and also has a high community supervision rate. Pennsylvania’s incarceration and supervision rates have increased six-fold since the 1970s.
- Pennsylvania should reduce the number of people incarcerated by
  - comprehensively reforming criminal sentences, especially for drug crimes, by reclassifying many offenses as misdemeanors instead of felonies, limiting the use of life without parole sentences, and limiting revocation of parole for minor parole violations;
  - creating a presumptive parole system for those who meet the minimum sentence and are serving for less than five years;
  - allowing prisoners to reduce their sentences through participation in educational, vocational or other rehabilitative opportunities;
  - embracing alternatives to incarceration including drug treatment programs, mental health services, community service programs, and workforce training programs combined with some court supervision and/or a community service requirement;
  - ending cash bail;
  - ending sentencing enhancements based on the location of a crime; and
  - reducing over-policing in communities of color.

THE PROBLEM

Pennsylvania has the highest incarceration rate in the Northeast—in June 2018 there were 47,103 people in state prisons. In 2017 there were a little over 33,000 (monthly average) individuals imprisoned in local or county jails.

While Pennsylvania has a high incarceration rate, we also have a high rate of community supervision. Taking into account both those who are incarcerated and those who are under community supervision gives Pennsylvania the third highest rate in the country. The total population that falls under these two categories exceeds the total 2015 population of 305,928 in our second largest city, Pittsburgh.

Pennsylvania’s incarceration and supervision rates have increased six-fold since the 1970s. Pennsylvania is one of only four states that has seen incarceration increase by over 500% since 1978. These incarceration rates are not due to an increase in crime or arrests. Between 2004 and 2014, reported violent crime decreased by 21% and property crime decreased 18%—yet the combined felony and misdemeanor sentences increased by 15% during this same time period. The main drivers of overincarceration are the share of offenders sent to prison and the length of their stay, both of which are under the control of policymakers. The likelihood of an individual going to prison for a drug offense increased by 350% between 1980 and 2010. The average time served has also increased—from 1990 to 2010, the average time served for property crimes increased by 25% and for violent crimes and 37% for drug crimes.

Racial disparities plague Pennsylvania’s criminal justice system. Black people account for 47% of Pennsylvania’s prison population despite making up only 10% of the adult population in the state. Black Pennsylvanians are imprisoned at nine times the rate of white Pennsylvanians. For example, Black and white people use marijuana at roughly the same rate, yet Blacks are 3.73 times more likely to be arrested for marijuana possession. The prison population in Pennsylvania is also increasingly female and older with the female prison population increasing 28% in the last 10 years (2006-2016) and the population aged 50 and older increasing 70% in that same time period.

Since Pennsylvania’s state mental health hospitals shut down, prisons have increasingly become repositories for those with mental health problems. Twenty-nine percent of the male prison population in 2016 were on the Mental Health Roster—a system that classifies prisoners’ mental health status. In 2016, nine percent were considered seriously mentally ill. These percentages were much larger for female inmates with 70% on the Mental Health Roster and 20% considered seriously mentally ill. In 2016, 65% of imprisoned Pennsylvanians were in need of some type of alcohol or drug treatment.

Incarceration has negative impacts on families. In Pennsylvania, nearly two out of three people in prison are parents and 81,096 children (about 3% of all minors) have a parent imprisoned. Having a parent imprisoned increases the likelihood of homelessness due to decreased family income, especially for Black children. When mothers are imprisoned, kids often end up in foster care.
THE SOLUTION
As Pennsylvania enacts the We The People legislative agenda, our state will see a reduction in crime. When we raise the minimum wage to a livable wage; invest in workforce training; increase funding for mental health services, drug treatment, and other human services; invest in strengthening our public education system and provide free tuition at public colleges the people of Pennsylvania will have the opportunity and support they need to succeed. But, reductions in crime do not necessarily lead to reductions in incarceration, as shown above.

The American Civil Liberties Union of Pennsylvania (ACLU-PA) has proposed policy solutions aimed at three goals: 1) reducing the amount of time people are in prison; 2) reducing the number of people entering prison; and 3) reducing racial disparities in the criminal justice system and criminalization of the poor. The We The People campaign embraces the ACLU-PA’s policy solutions as well as others.

To reduce the amount of time that people spend in prison we should do the following.

- Embrace sentencing reform. The General Assembly should change the criminal code in the state to reduce maximum sentences, especially for drug offenses.
  - Many lower-level offenses should be reclassified from felonies to misdemeanors.
  - The life without parole sentence is overused in Pennsylvania. It leads to many people who have not taken a life or who, after long years in prison, have repented for their crimes, staying in prison when that serves no useful purpose. Use of this sentence should be reformed and opportunities for parole should be made available to selected inmates.
  - Reduce revocations from supervision for minor parole violations. In 2016, 15% of the prison population was in prison because of a parole violation. The likelihood of recidivism is highest in the first year following incarceration, yet many of those leaving prison have long parole terms and probation sentences. Reforms should focus on capping how much jail time one can receive for minor parole offenses and/or diversionary treatment for those with drug usage or mental health issues.
- Reform the release system.
  - The Pennsylvania Board of Probation and Parole should establish a presumptive parole program. This would automatically grant parole to people at their minimum for anyone serving less than five years.
  - The General Assembly should pass legislation that would allow those in prison to earn more time against their minimum sentences through participation in educational, vocational or other rehabilitative opportunities.

To reduce admissions to prison we should:

- Create alternatives to incarceration.
  - There are strategies that work to rehabilitate people—locking them in a jail cell typically is not one of them. Incarceration has become the answer to dealing with those with mental health issues, drug addiction, unemployment, and other social ills that we, as a state, are failing to address. Alternatives to incarceration include expanded drug treatment programs, mental health services, community service programs, and workforce training programs. These alternatives to prison, combined with some court supervision and/or a community service requirement, are generally more effective at encouraging rehabilitation and reducing recidivism than time in prison. Prosecutors and judges should endorse these alternatives when appropriate and the state should make sure these programs are well-funded and that these agents are informed about them.
  - One sentencing alternative that already exists in Pennsylvania, but is underused, is the State Intermediate Punishment (SIP) Program, established in 2004, for those who are convicted due to issues related to drug and alcohol use. This program sentences those convicted to drug or alcohol treatment instead of jail.

Efforts should also be made to reduce racial disparities and the criminalization of the poor. Reducing admissions and time served will decrease the overall prison population in Pennsylvania, but it will not solve the problem of racial disparities within the prison system. Addressing this racial disparity will take comprehensive reform at many levels. We can do several things to reform the criminal justice system and address these racial disparities and the criminalization of the poor.

- End cash bail. The current cash bail system in Pennsylvania keeps primarily poor individuals in jail, sometimes for significant periods of time, despite not yet being convicted of a crime. The
PA Supreme Court’s Rules Committee has the authority to make this change.

- End over-policing in communities of color.
- End sentencing enhancements that are based on location like drug-free school zones.
- Shift funding from law enforcement/corrections to investment in job creation and training, strong public education, mental health and drug treatment, and other social and human services. \(^4\)

The use of private prisons has, in some cases, created corrupt relationships between judges and the owners of prisons that led to horrible abuses, especially of juveniles. Prison privatization should be prohibited in this state.

The state should also reform the guidelines for solitary confinement to ensure that it is used for limited reasons and for a reasonable and humane amount of time.

BACKGROUND

In 2011 and 2012, led by a bipartisan group of lawmakers, Pennsylvania employed a “justice reinvestment” approach to reduce corrections spending, reduce recidivism, and improve public safety in the state. \(^5\)

Since then, the state prison population has decreased from its peak of more than 50,000 in 2011—but this reduction has been slow going. Between 2011 and 2016, the state prison population decreased by 5% compared to Massachusetts (18%), Connecticut (17%), and Maryland (11%).

Between the fiscal years 2004 and 2014, General Fund expenditures for corrections increased 40% (from $1.5 billion to $2.2 billion). \(^6\) Even though there has been a decrease in the prison population since 2012, spending on corrections has continued to go up—from $1.87 in 2012-13 to $2.54 in 2018-19, an increase of 36%. \(^7\)

ENDNOTES

1. This does not include people under DOC jurisdiction who are housed outside of state prisons (county, federal, community contract facilities or community corrections centers). Data from: http://www.cor.pa.gov/About%20Us/Statistics/Documents/Monthly%20Population%20Reports/Mtpop1806.pdf.
2. County prisons, or local jails, confine individuals serving sentences of up to two years. Pennsylvania has more than 60 of these local jails. County prison excel for 2017, accessed at http://www.cor.pa.gov/Facilities/CountyPrisons/Pages/Inspection-Schedule,-Statistics-And-General-Info.aspx.
12. For more details on the policy proposals and analysis by the ACLU-PA, see ACLU-PA. “Blueprint for Smart Justice - Pennsylvania.” Accessed at: https://50stateblueprint.aclu.org/states/pennsylvania/. The framing and much of the policy proposals here comes from the great work of ACLU-PA.
14. For more details around addressing racial disparities within Pennsylvania’s prison system, see: ACLU-PA. “Blueprint for Smart Justice – Pennsylvania.” Accessed at: https://50stateblueprint.aclu.org/states/pennsylvania/.
17. Pennsylvania Budget and Policy Center analysis of multiple budget years.
PROTECT LGBT PENNSYLVANIANS FROM DISCRIMINATION

IN BRIEF
- Lesbian, gay, bisexual, and transgender (LGBT) individuals face discrimination in employment, housing, and public accommodations. A 2013 study found that, nationally, 21% of LGBT respondents had been treated unfairly in their jobs by an employer in hiring, promotion or pay. And this reality has not improved over the past five years.
- Discrimination hurts the economic performance of businesses in the areas of recruitment, retention, and negatively affecting workers’ job performance and productivity.
- Pennsylvania should enact legislation that prohibits discrimination based on sexual orientation, gender expression or identity (like Senate Bill 613 introduced by senators Patrick Browne and Lawrence Farnese).

THE PROBLEM
Lesbian, gay, bisexual, and transgender (LGBT) individuals face discrimination in employment, housing, and public accommodations. A 2013 study found that, nationally, 21% of LGBT respondents had been treated unfairly in their jobs by an employer in hiring, promotion or pay. And this reality has not improved over the past five years—a 2017 study found that 22% of LGBTQ individuals report discrimination in being paid or promoted equally, 20% report discrimination when applying for a job, and 22% report discrimination when trying to rent or buy a home.1

In 2010, one of the largest surveys of transgender persons found that transgender individuals face harassment or mistreatment at work at a rate of 78%. Forty-seven percent report being discriminated against in hiring, promotion or job retention because of their gender identity.2 A more recent survey in 2016 found that in the year prior to the survey, 30% of transgender individuals who had jobs reported they were fired, denied a promotion or faced other mistreatment on the job due to their gender identity or expression.3

Discrimination and harassment against LGBT individuals have a financial impact on LGBT persons as well as businesses. Same-sex couples (men) earn a median income that is nearly 20% less than married men in heterosexual couples. In states that have nondiscrimination laws against LGBT people, this wage gap is smaller.4 Twenty-nine percent of transgender individuals live in poverty compared to 12% of the US population. And transgender individuals face higher rates of unemployment (15% compared to 5% of the US population). Nearly one-third (30%) of transgender respondents reported having been homeless at one point in their lives and 12% in the year prior to the survey.5

Discrimination hurts the economic performance of businesses in the areas of recruitment, retention, and negatively affecting workers’ job performance and productivity.6 Many businesses in Pennsylvania understand the importance of non-discrimination policies within their own business—over 400 businesses and all of the Fortune 500 companies headquartered in Pennsylvania have their own non-discrimination policies.7

Despite widespread discrimination of LGBT individuals, Pennsylvania currently has no statewide law in place to prohibit discrimination on the basis of sexual orientation or gender identity. Federal law does not explicitly protect against these types of discrimination, either.8 As a result, Pennsylvania’s approximately 276,000 residents who identify as LGBTQ can be denied employment, housing, and public accommodations on the basis of their sexual orientation or gender identity.9 The exception is for individuals who live, work or spend time in one of the state’s 51 municipalities that have enacted protections at the local level and for individuals working at companies that have their own anti-discrimination policies.10

THE SOLUTION
Pennsylvania should enact legislation that prohibits discrimination based on sexual orientation, gender expression or identity (like Senate Bill 613 introduced by senators Patrick Browne and Lawrence Farnese).11

BACKGROUND
Pennsylvania’s Human Relations Act prohibits discrimination in housing, accommodations, and employment based on several factors: educational status, color, race, national origin, religion, sex, or disability. Missing from these protections is an individual’s sexual orientation or gender identity or expression.

Pennsylvania senators Patrick M. Browne and Lawrence M. Farnese, Jr. have re-introduced a bill in 2017/18 that would amend the Pennsylvania Human Relations Act to explicitly prohibit discrimination in employment, housing, and public accommodation on
the basis of sexual orientation and gender identity in the Commonwealth. Senate Bill 613 has been introduced under alternative names in previous sessions but has gained little traction despite widespread support for such protections—70% of Pennsylvanians support a state law aimed at protecting LGBT individuals from discrimination.  

ENDNOTES

6 https://www.americanprogress.org/issues/lgbt/reports/2012/03/22/11234/the-costly-business-of-discrimination/
7 http://www.legis.state.pa.us/cfdocs/Legis/CSM/showMemoPublic.cfm?chamber=S&Spick=20170&cosponId=22695
10 http://equalitypa.org/municipalities-with-nondiscrimination-ordinances/
11 http://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2017&sInd=0&body=S&type=B&bn=613
13 http://www.legis.state.pa.us/cfdocs/Legis/CSM/showMemoPublic.cfm?chamber=S&Spick=20170&cosponId=22695
ENHANCE PROTECTIONS FOR IMMIGRANTS AND WELCOME ALL RESIDENTS INTO OUR COMMUNITIES

IN BRIEF

- Immigrants, both documented and undocumented, benefit our state.
- Policies that limit collaboration between local law enforcement and immigration enforcement should be protected and encouraged by the state. These policies encourage good police practices that protect both immigrants and non-immigrants and reduce the costly burden of complying with ICE detainers. They also protect cities and counties from being sued for violating the civil rights of citizens.
- Pennsylvania should be working to create a more welcoming community for immigrants, both documented and undocumented. The state should make it possible for undocumented immigrants to receive a driver’s license, pay in-resident tuition, and get health insurance for their children. The state should make it a priority to offer translation services at all public offices and at institutions that provide critical, private social services, e.g., hospitals.

THE PROBLEM

President Trump’s accession to office is a product of, and has exacerbated, opposition to immigration and fear of immigrants, both documented and undocumented. This fear is based on falsehoods spread by right-wing extremists who forget the history of this country and even more so our Commonwealth’s in welcoming immigrants. These falsehoods ignore the evidence that we all benefit from immigration because immigrants contribute greatly to our communities and economy, even when they are undocumented and pay substantial sums in state and local taxes. A recent study by ITEP shows that 137,000 undocumented immigrants in Pennsylvania pay our state and local governments almost $135 million in taxes each year. (They pay $11.7 billion in state and local taxes nationwide.)

Whatever priority we give to securing our borders against undocumented immigration, both our humanity and our common interest should lead us to make a welcome place for immigrants who already live among us.

There are two major policy issues concerning undocumented immigrants in our state: providing sanctuary against ICE proceedings and enabling them to take advantage of the opportunities afforded to other Pennsylvanians.

We need policies that limit collaboration between local law enforcement and federal Immigration enforcement.

Many cities and nearly half of the counties in Pennsylvania do not allow their local police forces to comply with requests by ICE (Immigration and Customs Enforcement) to detain anyone. The federal government acknowledges that they are prohibited by the US Constitution to compel local police forces to comply with detainer requests.

There are many good reasons for county and municipal governments not to comply with ICE detainer requests. First, acting at the behest of ICE interferes with the efforts of local police forces to establish good relationships with immigrant communities which include both documented and undocumented immigrants. Such relationships are critical to effective policing. Second, complying with ICE detainers can be costly. It takes time away from police forces that have other, more important duties. And it requires local jails to hold people longer—and sometimes far longer—than they would otherwise be held. Complying with ICE detainers is a costly and unfunded mandate. And third, ICE sometimes makes mistakes and seeks to detain US citizens. A county or municipal government that holds a US citizen without a court order can be sued for a substantial amount of money because it is unconstitutional to hold people without a reason. The City of Allentown was sued because of this just a few years ago.

Creating a Welcoming Community for Immigrants

Undocumented immigrants face many barriers to becoming fully integrated into life in the Commonwealth. We all have an interest in reducing them.

All residents of our state were once able to get a driver’s license, regardless of immigration status. But as of 2003, undocumented immigrants have been unable to do so, limiting their ability to work and thus pay taxes, go to school, and get needed medical care. Insurance rates for everyone go up when there are many uninsured drivers.

Many colleges and universities in Pennsylvania treat undocumented students as international students...
and charge them higher tuition despite their current residency and high school attendance within our state. The 14 colleges that make up the State System of Higher Education provide in-state tuition rates to anyone currently residing and domiciled in Pennsylvania. But other state schools are not required to follow the same policy.5

Financing college is difficult for undocumented immigrants as they are unable to get federal or state aid. Immigrant youth in our high schools are an important part of our communities. They should have the same access to state aid as every other Pennsylvania high school student. We all benefit when more Pennsylvanians receive a college degree.

Pennsylvania currently does not cover undocumented immigrant children in the Children’s Health Insurance Program (CHIP), excluding 24,000 children in Pennsylvania, or in Medicaid. As a result, nearly eight in ten immigrant parents said they had to delay or forego care for their child because of lack of insurance. Lack of insurance leads to worse long-term health outcomes. Pennsylvania can cover these kids as many states around the country have done.6

The current political climate and our policies that block the access of immigrants to important public benefits have had the effect of pushing immigrant families into the shadows, limiting their ability to integrate themselves and their families into our communities. We need to reverse these policies.

THE SOLUTION

Protecting Immigrants
- The governor and legislators should block proposed legislation that penalizes cities and counties that provide sanctuary from ICE to undocumented immigrants.
- Prevent Pennsylvania police from enforcing federal immigration orders on behalf of ICE. This type of legislation would allow police, state agencies, state universities, and vendors to cooperate with ICE if a warrant or court order is in place, but not prior to that. This would make these institutions safe places for all immigrants. Representative Chris Rabb (D-Phil) introduced the Police and Community Safe Act in 2017 which embodies this idea.7
- Pennsylvania should also have a policy and training in place for state police officers to follow regarding appropriate circumstances in which police officers should ask about immigration status. With no policy, it is left to the discretion of individual officers.

Creating a Welcome Environment for Immigrants
- Create tuition equity and allow undocumented immigrants access to state financial aid. Make qualifications for in-state tuition and state aid easy—students must have attended high school in Pennsylvania for two or more years and have earned a Pennsylvania high school degree or equivalent.
- Allow immigrants, regardless of immigration status, to obtain driver’s licenses. This will have many benefits to Pennsylvania’s undocumented residents and the state as a whole. In the first year and subsequent years after allowing undocumented immigrants to apply for licenses, the state will raise millions of dollars and insurance rates will decrease across the state. Public safety will be improved as all Pennsylvania residents will be tested and licensed. Having valid state ID will also improve immigrant relationships with law enforcement—currently undocumented immigrants may refrain from notifying authorities when needed because of their lack of valid state identification.8
- Make CHIP accessible for undocumented youth. Other states have done this and so should Pennsylvania.
- Improve language access on the state level. While often policies exist to provide translation and language services for individuals interacting with state agencies, the medical system or the court system, implementation of such policies vary widely. The state should invest in a universal translation system that all state agencies, hospitals, and medical offices can use for free. Businesses that provide services to the public should be required to use the system as well and should be charged a small fee when they do so.
- Shut down the Berks County Family Detention Center.

BACKGROUND
Pennsylvania was built by immigrants and the descendants of immigrants, from the early Pennsylvania Germans (“Dutch”), Irish, and Italians to those arriving over the last 130 years including Eastern Europeans, Latin Americans, Southeast Asians, Africans, and others. Today, immigrants make up about 6.5% of Pennsylvania’s population and make a significant contribution to our commonwealth as they bring with them their talent, customs, and humanity, adding to the diversity that makes our state strong. Immigrant workers have strengthened our STEM fields, grown and served food
for Pennsylvanians, cared for our loved ones, and created thriving businesses that better our communities and employ workers. Undocumented immigrants contribute financially to our state as well; in 2010, undocumented immigrants paid $135 million in state and local taxes.\(^9\)

Recognizing the valuable contribution immigrants make towards our common good is a critical first step to strengthening and protecting immigrant rights.

Sadly, there has been an aggressive uptick in deportations of undocumented immigrants that is no longer limited to those with serious criminal history. The Philadelphia office of ICE, which is responsible for Pennsylvania, West Virginia, and Delaware, has been especially aggressive. It has arrested more undocumented immigrants without criminal convictions than any of the other 23 ICE regional offices across the US. In 2017, 64% of arrests by the Philadelphia regional office were of residents with no criminal convictions, compared to just 38% of the country as a whole. More than 11,600 cases were pending in Pennsylvania’s immigration court as of March 1, 2017, which was a 62% increase from the end of the fiscal year in 2016.\(^10\)

State public policy cannot easily block what ICE does in our state. But the state and its counties and municipalities should not be complicit in it. And Pennsylvania should try to counteract these policies by creating a welcoming environment for all immigrants.

ENDNOTES


2 Immigration policy as a whole is a federal not state concern so we do not address it in detail. We do note, however, that many studies conclude that immigration benefits our economy. And at time when there are serious concerns about the increasing ratio of retired to active workers as baby boomers leave the work force, the best way to ensure that social security contributions balance payments is to allow for more legal immigration.

3 https://www2.law.temple.edu/csj/files/a-changing-landscape.pdf

4 See https://www.thirdandstate.org/2016/october/hib-1885-%E2%80%94-sanctuary-bill for an analysis of these costs in the Pennsylvania context.


7 https://www.chestnuthilllocal.com/2017/05/04/rabb-introduces-bill-to-give-pa-police-immunity-from-ice-orders/

8 https://www2.law.temple.edu/csj/files/fdl.pdf


10 https://www.propublica.org/article/pennsylvania-ice-undocumented-immigrants-immigration-enforcement