

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

REPUBLICAN POLICY COMMITTEE HEARING

MISERICORDIA UNIVERSITY
301 LAKE STREET
DALLAS, PENNSYLVANIA

TUESDAY, APRIL 14, 2009
3:00 P.M.

PUBLIC HEARING
BUSINESS AND TAXPAYER ECONOMIC FORUM

BEFORE:

HONORABLE STANLEY E. SAYLOR, CHAIRMAN
HONORABLE KAREN BOBACK
HONORABLE SETH M. GROVE
HONORABLE SANDRA MAJOR

ALSO PRESENT:

JUDITH ELLIS, Manager of Corporate, Government
and Foundation Relations at Misericordia
University

COLLEEN FILA, Court Reporter

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1 MS. ELLIS: Good afternoon. It is
2 my great pleasure to welcome you here today.

3 Karen Boback, as you all know -- I
4 hope you all know, and I'll brag -- is a
5 Misericordia alumni, and we are very, very
6 happy to have Karen today here represented
7 with her House Republican Policy Committee.

8 Dr. MacDowell is out of town, and he
9 sends his best. He wishes he could be here
10 to greet you. But we are so thrilled that
11 you are here today.

12 If there are any questions, anything
13 you'd like to talk to us about, please see
14 Thea Kahn, who is the woman with all the
15 answers about this wonderful, wonderful
16 building.

17 This building is called the Sandy
18 and Marlene Insalaco Hall. As you all may
19 know, Sandy Insalaco was the Insalaco Family
20 Grocery Store, plus a lot of other
21 businesses. This beautiful building is not
22 exactly ready yet. We have a little
23 landscaping to do, but we will, later in the
24 year, dedicate this building to the

1 Insalacos.

2 Let me read to you a little bit
3 about what's in here. I have to read it,
4 because it's so new. We just opened like a
5 week or two ago, and Karen's one of the very
6 first groups to come in with us.

7 But in this beautiful 28,000 square
8 foot academic complex, it features seven
9 classrooms, many of which are just like
10 this, which are energy efficient and
11 state-of-the-art technology. It has an art
12 gallery, music and practice ensembles and
13 rooms and our new Lemmond Theater. The
14 Charles Lemmond Theater is right outside
15 this door on the left. If you walk through
16 the lobby, you'll go right to the new
17 theater.

18 Everything here is -- it is just an
19 indication of the wonderful partnerships
20 we've had with Karen and Senator Lemmond.
21 And over the years, Misericordia has been
22 very, very grateful.

23 Thank you very much for coming
24 today. And Dr. MacDowell also asked me to

1 mention that this summer the Under the Stars
2 Summer Arts Festival will be in July, and
3 Joan Baez is coming this year. So if you
4 would like any information on that, please
5 see any of us here at Misericordia.

6 And before you leave, do look at the
7 four charisms in this lobby. When you walk
8 out these doors, there are murals. There
9 are four murals, the charisms of the Sisters
10 of Mercy who found this organization and
11 this beautiful institution in 1924.

12 Mercy, service, justice, and
13 hospitality. This is what this institution,
14 this Misericordia University, is founded on.
15 And hospitality is one of our biggest.

16 So if there's anything you need,
17 please call us, see us, see anybody here,
18 and we'll be more than happy to help you
19 with anything you need.

20 So Karen, thank you, and good luck.

21 REPRESENTATIVE BOBACK: Thank you.

22 CHAIRMAN SAYLOR: Good morning. And
23 welcome to everybody as well.

24 First of all, I'm State

1 Representative Stan Saylor. I'm the
2 Republican Policy Chairman of the House.
3 And I wanted to also thank Misericordia
4 University for having the House Republican
5 Policy Committee here today.

6 After Governor Rendell presented his
7 budget in February that spent about \$1.2
8 billion more than the current fiscal year
9 was in its appropriation; and at the same
10 time, the Commonwealth is, basically,
11 looking at a three-billion dollar deficit.

12 The House Democrats have held a
13 series of budget hearings to gather input
14 from the public, and Representative Boback
15 had contacted me and asked me if I would
16 consider holding a hearing here in her
17 district to hear testimony from mainstream
18 Pennsylvania and from stakeholders on the
19 current economic crisis in Pennsylvania.

20 Too often, the conversations that we
21 talk about recently have focused more on the
22 bailouts of Detroit and Wall Street, rather
23 than that of mainstream Pennsylvania.

24 And to better learn how Pennsylvania

1 could enhance the business climate here in
2 the Commonwealth, I'm glad that we're going
3 to hear from all of you today, giving us
4 some ideas on where we, as the Pennsylvania
5 House Republicans, should be moving to move
6 Pennsylvania forward in job creation and
7 making the economic climate for our future
8 and for our children better. Thank you.

9 At this time, I'd like to turn it
10 over to Representative Boback for any
11 comments and start the hearing.

12 REPRESENTATIVE BOBACK: Thank you.

13 I'd like to appreciate
14 Misericordia University. I'm a proud
15 two-time graduate of this fine institution,
16 and I'm thrilled and elated and very
17 grateful that they allow me to host
18 functions such as this here on this
19 beautiful campus.

20 So thank you, Misericordia, and
21 thank you, everyone, for coming.

22 As Mr. Saylor had said in the
23 beginning, after the budget was announced --
24 for the preliminary part of the budget,

1 anyway -- I did ask if we could please hold
2 a forum, a taxpayer forum, more or less, and
3 a business forum here in my district.

4 I'm a proud representative of rural
5 PA, and I know Representative Major will say
6 the same thing. We live in rural
7 Pennsylvania and we are rural legislatures,
8 so it's a pleasure to be able to bring
9 Harrisburg here. And for those who can not
10 come today, it's being televised, and it's
11 -- we are even having stenography. Thank
12 you very much. So the testimonies that we
13 give today will be taken to Harrisburg. The
14 reason for that is so that my colleagues can
15 hear what goes on in my district, House
16 District 117, and what your needs and
17 concerns are.

18 I think you'll be interested in
19 today's hearing, because we have a past
20 president of a corporation, a local
21 gentleman. We have the president, CEO, of
22 our Chamber of Commerce, Wyoming County. We
23 have a Wyoming County Commissioner, who also
24 owns a small business. We have two other

1 small business owners and a member of the
2 taxpayer group from the lower part of my
3 legislative district.

4 So I thank you for consenting to
5 testify. I've chosen you and thank you for
6 consenting, because you represent each and
7 every part of my district.

8 I will introduce my dear friend,
9 Representative Major.

10 REPRESENTATIVE MAJOR: Thank you,
11 Representative Boback, and thank you for the
12 opportunity to join you in your legislative
13 district to participate in this hearing this
14 afternoon.

15 I'm Representative Sandra Major, and
16 I represent the 111th Legislative District,
17 which includes part of Susquehanna, Wyoming,
18 and Wayne Counties; and I'm very proud to
19 share Wyoming County with Representative
20 Boback.

21 Again, thank you, Misericordia
22 University, for hosting the event today.

23 REPRESENTATIVE GROVE: I am
24 Representative Seth Grove from York County,

1 not to be confused with a student here at
2 Misericordia University.

3 It's wonderful to be here. Thank
4 you for hosting this, and it's a good
5 opportunity -- I'm from South Central
6 Pennsylvania -- to come up and hear what the
7 economic situation is up in the Northeast.
8 So I'm glad to be here.

9 REPRESENTATIVE BOBACK: With that,
10 Dan Meuser, if you would please come to the
11 table.

12 Dan Meuser is a former president of
13 Pride Mobility Products Corporation in
14 Exeter, Pennsylvania.

15
16 MR. MEUSER: Good afternoon. I do want to
17 thank the House Republican Policy Committee, a special
18 thanks to Representative Karen Boback for inviting me
19 to today's forum.

20 My name is Dan Meuser. I am the former
21 president of Pride USA. Pride Mobility Products is the
22 worldwide leading designer and manufacturer of mobility
23 products and rehab devices and employs over 1,000 in
24 Northeast Pennsylvania and 1,400 worldwide.

1 I'm currently a board member of Pride
2 Mobility, a business person investing in the economic
3 advancement of Northeast Pennsylvania and actively
4 involved in local Chamber of Commerce and many
5 community organizations.

6 I'm also a board member of Misericordia
7 University and want to also thank Misericordia, as
8 well, for hosting this forum.

9 My testimony today is on the economic
10 climate here in Northeast Pennsylvania, as well as the
11 impact President Obama's stimulus plan has on Northeast
12 Pennsylvania businesses and our economy as a whole.

13 We are at a new dawn of NEPA's economic
14 future. NEPA's short for Northeast Pennsylvania, just
15 in case.

16 We are truly at a new dawn of Northeast
17 Pennsylvania's economic future. We have the essential
18 resources available for maximizing business
19 opportunities for the long-term, which include
20 geographical proximity to 70 percent of the nation's
21 marketplace, well-educated employment pool, strong
22 system of higher education, considerably lower
23 operating costs than neighboring regions, favorable
24 real estate opportunities, productive farmland, and

1 quality of life.

2 There are new businesses entering our region
3 regularly, as well as many existing companies that are
4 built to last and will weather the current economic
5 challenges we're experiencing.

6 Nevertheless, in spite of NEPA's natural
7 manifested resources, our region's young people,
8 students, families, small businesses, farmers, and
9 communities are suffering the effects of the current
10 economic recession.

11 President Obama's plan, portrayed as a plan
12 to stimulate the economy by creating jobs, providing
13 relief to working families, and getting the economy
14 moving forward loses focus, unfortunately, of its
15 objective as an economic stimulus. It is more of a mix
16 of minor tax cuts with significant funding to state and
17 federal agencies, earmarks, and long-term expansions of
18 discretionary spending. The positives and negatives of
19 these programs we will leave to be debated in other
20 forums.

21 My testimony is focused on the plan's effect
22 on job creation and economic advancement for Northeast
23 Pennsylvania. Of the 787 billion in spending, only 26
24 billion will be spent this year, with 110 billion to be

1 spent next year.

2 The minimal funding trickling down to
3 Northeast PA will take a very long while to work its
4 way into our economy. There is only 3 percent of the
5 787 billion to be invested in transportation, highways,
6 and roads. Less than 2 percent of the package is
7 dedicated to energy programs, half to be invested this
8 year. These figures are provided by Congressional
9 Budget Office, CBO; and regardless of any economist's
10 opinion, the CBO's numbers are the only numbers that do
11 count.

12 The CBO also asserts the majority of the
13 spending, about 400 billion, is being directed to 150
14 different federal agencies for their discretionary
15 spending, including agency augmentation and the
16 enhancing of existing social programs. Such spending
17 has little effect on long-term job creation or economic
18 stimulus in Northeast PA.

19 The package does actually contain some job
20 creation economic inhibitors for NEPA. These include
21 the Cap and Trade Provision, a tax increase on carbon
22 fuels, which will increase costs on all businesses and
23 consumers, as well as a removing of the tax exemption
24 for domestic investment in gas and oil exploration.

1 The Marcellus Shale has enormous job
2 creation and economic stimulus opportunities for
3 Northeast PA. Realistic estimates are that over 5,000
4 jobs can be created over the next five years as well as
5 an infusion of over \$1 billion -- \$1 billion -- in
6 NEPA's economy alone with the potential of over 12,000
7 jobs and \$7 billion of revenue created statewide.

8 The provisions of Cap and Trade, the
9 rescinding of the domestic drilling investment tax
10 credit, as well as our state governor's call for a 4.7
11 percent severance tax on top of a proposed 5 percent
12 tax on the value of the gas, will either mitigate,
13 delay by years, or destroy indefinitely the economic
14 gains the Marcellus will create.

15 As mentioned, NEPA is the ideal distribution
16 point for industry, having access to 70 percent of the
17 nation's buying power within an 8-hour drive.
18 Nevertheless, there is little in the 787 billion dollar
19 package that will improve NEPA's distribution or
20 transportation strength.

21 Not one dime is allocated for investigating
22 in the expansion of Interstate 81 or the development of
23 the Susquehanna Valley Thruway in Central Pennsylvania.
24 Such an investment would deliver huge returns and truly

1 be a game changer for a multi-county region stretching
2 from Northumberland County and Snyder County through
3 Union, Montour, Lycoming, Sullivan, Bradford, and
4 Tioga.

5 Yes, there are pavement and shovel-ready
6 projects to be funded but nothing which will advance
7 NEPA or Central PA and truly deliver an economic return
8 on the infrastructure investment for the long term.

9 Small businesses in Northeast Pennsylvania
10 employ about 60 percent of our working population; yet
11 President Obama and the Congress's plan only extend
12 approximately .05 percent of the 787 billion to small
13 business stimulus. Meanwhile, businesses nationwide
14 with less than 50 employees lost 175,000 workers last
15 month, and companies employing 500 or less lost 430,000
16 jobs in March alone.

17 What President Obama and Congress did
18 dedicate to small businesses does include some possible
19 tax savings for those companies who qualify, some
20 enhanced depreciation opportunities, and marginally
21 improved access to business loans. However, the tax
22 benefit can only be realized by companies who have been
23 in business for five years and profitable in the right
24 time frames as defined by the plan. And the

1 depreciation of capital investments will be just for
2 those who made large capital investments in 2008, over
3 \$137,000.00 and less than \$250,000.00.

4 The loan enhancement programs for small
5 business amount to \$615 million. This is \$615 million
6 in loans, not a bailout and that is million with an "m"
7 for the entire nation's small businesses.

8 Small business owners know best what they
9 need in these extremely difficult times. They need tax
10 relief in the form of a payroll tax holiday, capital
11 gains reduction, and immediate access to low interest
12 loans. This would create an immediate catalyst for
13 small businesses, would be less costly than other
14 programs proposed, and would deliver a return on
15 investment, as well as put the responsibility for loan
16 payback on the businesses receiving the loans, not the
17 American taxpayer.

18 A recent survey conducted by the Natural
19 Federation of Independent Businesses of small
20 businesses showed that one in four small businesses
21 feel that they do not expect to survive the current
22 economic recession.

23 Again, with 60 percent of employment
24 existing in local small businesses, this is an obvious

1 economic concern and sector where focus need be
2 significant, not at a .05 percent level.

3 Other crucial issues for Northeast and
4 Central PA include the plight of our dairy farmers who
5 are dangerously challenged by the unpredictability of
6 milk prices. And it must be emphasized that the cost
7 of health care for families and businesses is putting
8 serious strains on both families and businesses and
9 does require immediate attention.

10 Family health care costs are both a cause
11 and a symptom of current economic conditions. Health
12 care can be made more affordable, and it must be a
13 priority of government public policy.

14 In conclusion, government economic policy
15 can only help or hinder economic advancement. It can
16 not and should not try to create it. Economic policy
17 should conceptually be from the ground up, focusing on
18 allowing for a competitive business environment with
19 appropriate quality standards in place. Such advocacy
20 would ameliorate job growth and help working families,
21 small businesses, and community development. Such
22 policy would also create more jobs, more taxpayers, and
23 result in increased tax revenues.

24 Thank you. And I do believe with the

1 continued hard work and leadership of Pennsylvania's
2 House and Senate Republicans, Northeast Pennsylvania
3 will move forward, as will our Commonwealth.

4 I thank you for your time.

5 REPRESENTATIVE BOBACK: Any
6 questions for Mr. Meuser?

7 REPRESENTATIVE GROVE: Part of the
8 Economic Stimulus Plan is unemployment
9 compensation modernization. In
10 Pennsylvania, we have three out of the four
11 that NEPA wants to see.

12 What's the effect on putting
13 additional people under unemployment or
14 being eligible for it?

15 PA Chamber, I think, came out with
16 -- it'll cost Pennsylvania \$314 million or,
17 I think, a quarter of the \$274 million.

18 What's that effect on your business
19 directly?

20 MR. MEUSER: Well, it's a cost.
21 It's absolutely a new, added cost, because
22 it's pretty extensive. It's double the
23 unemployment extensions, twice what they
24 were before. So that just appears a little

1 excessive, particularly to offer at this
2 point in time.

3 It doesn't necessarily create the
4 essential for new jobs to be sought after,
5 nor does it put an emphasis in the companies
6 to hire, since they have a larger job pool
7 seeking employment. So it's a challenge.

8 I can't say that I think it's not
9 something that is important, because it does
10 have the effect of raising some consumer
11 confidence, and it may be necessary, but I
12 think in a more incremental manner.

13 And, again, I would also suggest
14 that they ask the Pennsylvania Commerce and
15 small business organizations before
16 implementing something of that nature.

17 REPRESENTATIVE GROVE: I'm very
18 worried that any lead way we make in
19 building our businesses by increasing those
20 costs for businesses will really be an
21 economic downturn, because it's more money
22 out of, you know, businesses' pockets.
23 Instead of hiring someone, we're now going
24 to put it into something else.

1 Thank you.

2 REPRESENTATIVE BOBACK: Dan, I have
3 a quick question. Maybe from the corporate
4 standpoint, we, on our policy committee, are
5 always looking for ways to help with health
6 care and, of course, to make it more
7 affordable.

8 Do you have any suggestions or
9 anything that you've seen work in your
10 corporation?

11 MR. MEUSER: Well, actually, within
12 our company at Pride Mobility, we actually
13 became self-insured a couple of years ago.
14 And we turned -- in a way, it's somewhat of
15 a laboratory of how to deliver and sustain
16 quality health care to get individuals
17 engaged in the process, to engage in
18 preventative care and, absolutely, in the
19 end, lower costs.

20 And this is truly what managed care,
21 Medicare Advantage programs, and the state
22 should absolutely engage in. We do have 50
23 states out there, and it's hard to get a
24 handle on a cookie-cutter program for health

1 care. But maybe we don't need a
2 cookie-cutter program. Each should be,
3 perhaps, its own laboratory, doing its best
4 to always maintain quality care, yet, at the
5 same time, be determined to lower costs.

6 Affordable health care, you know, I
7 mentioned is both a -- I didn't explain
8 it -- both a symptom and a cause of our
9 economic problems. It's a symptom in that
10 people, since they're not working and wages
11 are on the decrease, they can't afford
12 increases in health care. And it's a cause
13 because companies trying to sustain that
14 level of cost can't hire. So it's really
15 the worst of two worlds working against each
16 other.

17 The competitive health care
18 programs, in my mind, are the only that will
19 create a long-term increase in quality and a
20 lowering of cost.

21 I do not believe universal health
22 care -- I believe in universal access, as
23 anybody, I think, should. But I don't
24 believe universal care -- I think it'll go

1 in the opposite direction of everything we
2 want. I think it will increase costs and
3 quality of care will decrease. But we need
4 to make the competitive model, the Medicare
5 Advantage programs, we need to make them
6 work.

7 And organizations in our area, such
8 as Geisinger and Wyoming Valley Health Care
9 Systems, not necessarily legislatively, but
10 I do think the State House can do everything
11 to encourage them and talk with them and
12 highlight when and if they do actually bring
13 down families' costs of health care
14 coverage, because we have many people out
15 there who can't afford health care. But we
16 also have many, many more families who are
17 just affording it; and therefore, they're
18 doing without a lot of other things, because
19 they don't want to give up their family's
20 health care at sometimes 12, \$1,300.00 a
21 month.

22 And just one point I'll bring up and
23 that's health care savings accounts. The
24 more that that can be pursued -- and we do

1 that I couldn't agree with you more that our
2 small business owners, indeed, know what
3 they need in these extremely difficult
4 times. And you've identified here the tax
5 relief and a possible payroll tax holiday
6 and capital gains reduction and immediate
7 access to lower interest loans. I mean,
8 that is what is going to infuse our small
9 businesses and help them.

10 And that brings to mind -- of
11 course, you did discuss a little bit of the
12 Marcellus Shale plight that is going on here
13 so prominently here in our Northeast region.
14 And, indeed, while they're certainly not
15 small businesses, indeed, a lot of our small
16 businesses in this region will ultimately
17 become participants in that entire play.
18 They will play a role at some point in time,
19 I'm sure.

20 And for our administration here in
21 Pennsylvania to immediately attempt to enact
22 or propose a severance tax, that is not
23 really a good way to welcome business to
24 Pennsylvania.

1 So I would make that point, that
2 that is one issue that I do have a problem
3 with, with the current administration here
4 in Pennsylvania attempting to enact a
5 severance tax, because I didn't think that
6 -- that's just a wrong message to send our
7 industry and our small businesses.

8 So, again, I thank you so very much
9 for being here and for the testimony. It's
10 very good information for us.

11 MR. MEUSER: Thank you,
12 Representative Major. I know you've been
13 working quite a bit with your constituents
14 on the Marcellus Shale. And, absolutely,
15 the many businesses that will be affected by
16 the Marcellus Shale won't get the
17 opportunity, in the anywhere near future, if
18 they fold up tents in the short-term because
19 of those excessive costs in that severance
20 package.

21 REPRESENTATIVE BOBACK:
22 Representative Saylor.

23 CHAIRMAN SAYLOR: I want to thank
24 you again for your comments. You hit on so

1 many things. We could spend half the day
2 talking about it, just the things you've
3 touched on and your comments today.

4 First I want to talk to you a little
5 bit about health care. And we are, in the
6 Republican Caucus, the House Republican
7 Caucus, we have a task force assigned to
8 that. They're about -- probably next week,
9 we're going to be announcing what we believe
10 is our alternative to universal health care
11 here in Pennsylvania, where we believe we
12 can offer incentives to businesses to offer
13 health care through tax credits or any
14 number of other ways that we can do it. I'm
15 not going to unveil the whole plan now,
16 because it's still being worked on yet.

17 Not only that, but Marcellus Shale
18 and the Republican Caucus has come up with
19 -- and Representative Major and others have
20 had great involvement in how we feel we can
21 create jobs in Pennsylvania with that.

22 I think that's one of the things
23 that people misunderstand many times. It's
24 just like when you file a lawsuit against

1 somebody and personal injury attorneys, you
2 know, and everything else. Everybody looks
3 at the insurance company and says: "Well, I
4 can collect. They're a big corporation."
5 Who pays that? Well, you and I do, through
6 our liability insurance.

7 The same thing is true with
8 Marcellus Shale or any other business that's
9 starting up. You might say the gas and oil
10 companies are large companies, but the jobs
11 they create are through what they deal with
12 in the small businesses and services.

13 And I think so many times, those
14 kind of things are overlooked as to: Well,
15 they're big. They can afford to pay this.
16 What they forget is, particularly with
17 Marcellus Shale, they have other choices of
18 other states to go and drill.

19 So I want to thank you for bringing
20 up some of those kind of things. And this
21 task force that we're going to, hopefully,
22 look at also in the future is to look at
23 other things that we can do for small
24 businesses.

1 But I suggest everybody here to look
2 for our House Republican website -- it's
3 pagoppolicy.com -- as we go through this
4 year and unveil a lot of our different plans
5 from health care to Marcellus Shale, energy
6 and so on and so forth. So those are here.
7 And make a note to check that website every
8 so often, because there will be a lot of new
9 places where our caucus is moving on a lot
10 of issues.

11 And I welcome your testimony. It's
12 very helpful today to know that -- you're
13 quite a bright man. I can understand why
14 you're president of the company.

15 MR. MEUSER: Thanks.

16 CHAIRMAN SAYLOR: It's doing well? I
17 assume. I mean, while you're here, what --
18 the economy's effect -- and I'm not sure,
19 Dan, if you explained to me exactly what you
20 guys do or make at your company. But how
21 and what would your company benefit from
22 certain things that you think we in
23 Pennsylvania should be looking at as far as
24 tax cuts or whatever else is concerned?

1 Anything specific that you can offer?

2 MR. MEUSER: Well, corporate tax
3 rate is one of the highest in the country at
4 9.9 percent, so that's not attractive to --
5 I don't know if it's enough to push a
6 company out of Pennsylvania, but it's
7 certainly not something that people look
8 forward to when they're obsessing where
9 they're going to move or expand their
10 companies.

11 Pride Mobility is hanging in there,
12 if you will. We are more of a design and
13 engineering company. We are global, so we
14 sell throughout the world. We're more than
15 a health care business. We make
16 FDA-certified products. So we face a series
17 of other challenges, from reimbursement
18 reductions and new policy changes. We don't
19 face them directly on a customer base.
20 We're home medical equipment suppliers.
21 They face that.

22 Much of our products are retail in
23 mind, retail in nature, and our clientele
24 for those tend to be elderly folks. And

1 there's seniors. So there's no question
2 that our retail business has fallen off due
3 to people's retirement accounts being
4 affected and people just being concerned
5 about saving.

6 So, yeah, we haven't avoided the
7 effects of it. But competitiveness of
8 Northeast Pennsylvania. You know, avoid
9 things such as the tolling of Interstate 80.
10 That would not be helpful. Taxes, I mean,
11 and a supply network that is friendly, that
12 truly is only created through an
13 official-run government.

14 And I hope that's not asking for too
15 much, but from a permit standpoint, from a
16 regulation standpoint, I don't think anyone
17 at this point in 2009 is against quality
18 standards.

19 Quality standards need to exist. We
20 have them, FDA quality standards and many
21 others, Workers' Compensation. You name it.
22 But the level of bureaucracy that small
23 businesses deal with in gaining permits for
24 any sort of development is very -- it's

1 very, very difficult to navigate through.

2 I don't think I mind saying here,
3 Misericordia University last year, in the
4 development of one of the new dorms --
5 because the permits took so long to get
6 through -- new students needed to stay at
7 off-campus housing for, really, no apparent
8 reason. Knew the permits would eventually
9 get seen through.

10 Those sort of delays are very
11 difficult to deal with when you're a small
12 business and trying to keep your hiring up.

13 CHAIRMAN SAYLOR: I just encourage
14 everybody to pay attention to the web page
15 that I announced earlier, because we are
16 going to be going to Erie County to have a
17 hearing and talking to Canadians. And for
18 seniors, I suggest they watch it very
19 closely as to what universal health care has
20 done for Canadians, and they might be
21 surprised that it's not done so well.

22 So that's why I said there will be a
23 lot of things that I think you'll see the
24 House Republican Policy look at today and

1 that's why I really compliment you because
2 you have hit so many issues in your short
3 comments and I appreciate it.

4 Thank you.

5 MR. MEUSER: I'm glad to be here.

6 REPRESENTATIVE BOBACK: Thank you
7 very much, Dan.

8 Next we have Judy Mead. And Judy is
9 a Wyoming County Commissioner, but she is
10 also a small business owner, Fitze's
11 Department Store in downtown Tunkhannock.

12 And thank you, Judy, for your
13 willingness to testify for us today.

14

15 MS. MEAD: Thank you. Can you hear me all
16 right? Thank you for having me. And, of course, those
17 of you who know me know that I'm going to be a bit
18 different from Mr. Meuser. And I had to follow him,
19 who is so professional and detailed, and I'm more of a
20 chatterer.

21 I just want to say that I do agree with so
22 many things he did mention about the health care and
23 the corporate taxes, the permitting. All of those. I
24 do not have that down here, because I was trying to

1 keep it short, but I'm so glad he hit on them.

2 In fact, our county right now is looking at
3 self-insuring with some other counties in order to save
4 money for the counties. I think we'll probably be
5 doing that in the next month or so.

6 Okay. My husband and I do own a small
7 business in the downtown, historic Tunkhannock. We
8 have a clothing and gift and home accent business.
9 Unfortunately, that's one of the first to go and one of
10 the longest hit with an economy like this.

11 We have had bad times off and on, but this
12 is the worst we've had in 30 years. And to try and --
13 for small businesses to keep going through these
14 times -- well, especially when you're our age. If
15 you're younger, you can see it might play out in the
16 end; but when you're older, it's tough to see where
17 this is going to go.

18 Many of the businesses in our area are small
19 businesses. They're under 20 or under 10 people. I've
20 talked to some people at the small restaurants. Their
21 lunch business has fallen off. People are brown
22 bagging it, because they're saving money. They are
23 ordering less when they go out. And according to a
24 couple of waitresses, the tips have really been cut

1 down. So it affects everybody's budgets.

2 Even our normal garbage man was not there
3 the other day. And they're taking voluntary days off
4 without pay in order to have everyone to keep their
5 jobs without laying off anyone.

6 There are also a few things that may be
7 affecting our Northern Tier area that don't affect so
8 many of the other ones. The dairy farming. I believe
9 Dan mentioned that too. Of course, that's devastated.
10 I think they're making less than they made in 1983 for
11 milk prices. And we know that everything else has gone
12 up. We won't have any dairy farmers soon. We'll be
13 drinking reconstituted milk from Australia with
14 peroxide in it.

15 Lumber has gone down the tubes. The loggers
16 and mills are closing down. The price and demand for
17 lumber has gone down. I even know some foresters who
18 had a business helping people to do land plannings of
19 forests, and they've closed their business because
20 there's just no business for them.

21 Stone business has also been affected up
22 there. Quarries are closing down or laying off, and a
23 lot of people are affected by these businesses up in
24 our Northern Tier counties.

1 Some small businesses are holding their own,
2 ones that have staples like groceries, paint, plumbing
3 supplies. People still have to fix things, still have
4 to buy groceries. They're not doing stellar, but
5 they're hanging on.

6 And a realtor just did tell me two days ago
7 that things seemed to be picking up in the housing
8 market, so I hope that's a good sign. But then I also
9 heard something about this morning that retail is down
10 further than they expected it to be down, so I don't --
11 it's hard to keep putting money into a business when
12 there isn't a light at the end of the tunnel.

13 And I think when everyone keeps talking --
14 it's going to be out there months, you just wonder how
15 long you can keep sustaining the business.

16 I was just discussing with one of my
17 national retail publications that not only are
18 retailers dealing with the economy but with the
19 hysteria the mass media is causing. Depressing news
20 every day makes people depressed, and depressed people
21 don't shop. And ultimately, to make an economy work,
22 you need people to shop.

23 I'd like to jump a little bit -- and I will
24 try to speak fast so I don't take up too much of your

1 time -- but jump over to the county side of it and hit
2 a few of the things that affect us there.

3 We've had to raise the taxes. We didn't
4 want to do this, obviously. It was not a good time.
5 We were getting beaten up by the public. We now have a
6 tax group forum to try and help us, which is good.
7 They're getting more involved. We just didn't want to
8 go down the slippery slope and not be able to come back
9 up, not funding some of the things we needed to.

10 We went up one and a half mills, which one
11 mill in our county is approximately \$378,000.00. So
12 one and a half is about \$567,000.00.

13 As you know, many of the programs have been
14 cut: 7 percent here, 10 percent there. So we have to
15 cover some of those expenses.

16 Plus, we needed approximately \$240,000.00 to
17 cover the state's share of the DA's salary from 2007
18 through 2009. We believe -- and our county, I don't
19 believe, needed a full-time DA. But we are now having
20 to cover these costs. And, of course, you're all aware
21 of this.

22 We also had to provide a few thousand
23 dollars to partially fund our retirement plan. I think
24 the state needs to look at different types of plans.

1 The Defined Benefit Plans are being frozen and changed
2 in many businesses and corporations because they feel
3 they're going to bankrupt them in the future; so they
4 are freezing them for the employees there and starting
5 into a different type of a retirement plan. So as you
6 can see, our tax increase was gobbled up very quickly.

7 And state funding, as you know -- I
8 understand that you don't have money either, but state
9 funding is very slow in coming in. Things such as
10 Growing Greener grants aren't coming through that
11 people were awarded, but the money's not coming
12 through.

13 CEBG is still waiting to even send in our
14 final paperwork, because there's some more money coming
15 from the stimulus package, but they don't know how
16 that's going to be handled, and they don't know how
17 it's going to be sent in. So she's sitting there
18 waiting with remarks such as, "We think it's going to
19 be this way, but don't do it this way yet."

20 Our Children and Youth. We just received
21 July, August, and September's allocation from last
22 year. So, like, two weeks ago, I think the state owed
23 us probably over \$500,000.00 for the allocation for
24 Children and Youth.

1 And I was just at a commissioner's
2 convention, and I stood on the Community Economic
3 Development Committee. We sat there for an hour and
4 discussed a stimulus plan and energy, etc. And we all
5 looked at each other and said: If anyone were sitting
6 in here listening to us, they'd think we were nuts,
7 because none of us understands it. You don't know what
8 it is, where it is, how to get it, when you have to
9 apply, what time frame you have to use it in, and if
10 you have enough people to track it if you do get
11 anything. So it did make me feel better that I wasn't
12 the only one.

13 Other issues. Jury commissioners. They're
14 not needed anymore. It's the state that has to abolish
15 them. Two people in our county make approximately
16 \$7,500.00 each, work six to ten days a year now and
17 really do not serve the purpose that it was years ago.

18 Tax collectors also need to be addressed.
19 We could probably hire a couple of people at the
20 courthouse and save 8 to \$9,000.00. Plus, the tax
21 money would go directly into our general fund. It
22 would be safer and efficient, I believe, if run this
23 way.

24 DEP. They're now looking at taking over the

1 E&S plans for the gas wells. I'm sure you've heard
2 this, too, since I think every commissioner in our area
3 has been e-mailing back and forth and sending out
4 faxes and whatever.

5 They were holding up gas wells originally,
6 because we had no DEP people who could get out to do
7 the permitting. The permitting was way behind, and
8 they didn't have enough experienced personnel to do it.

9 Now they want to take over the E&S plans
10 from our conservation districts. Well, our
11 conservation districts have a lot more knowledge of the
12 local area, the environment, and the economy. And that
13 also takes money away from our conservation districts,
14 who have already been cut a little bit. It takes money
15 away from them for doing the E&S plans. I don't quite
16 understand that one, but maybe there's an explanation
17 to it.

18 I'm going to skip over some of this. You
19 already know about the Marcellus Shale clay. Our
20 county hasn't been hit quite so hard by it yet. It's
21 right around us. Bradford and Susquehanna are being
22 hit much harder, but I do hear now they're starting to
23 permit some wells right over the border into Wyoming
24 County.

1 And I do agree we need to get a balance. We
2 can't tax them to death; and yet, I think we need to
3 have some type of taxing that can also help the
4 counties and the municipalities, because we are going
5 to have to deal with the infrastructure. We're going
6 to have to deal with the social ramifications to come.

7 Windmills are another thing that are going
8 to have to be addressed in some of the same manner.

9 Our heritage programs -- I sit on the
10 Heritage Tree Trim Board. I also sit on the Route 6
11 Heritage Quarter (Sic) Board. The Heritage program has
12 been cut a hundred percent. I don't know how we're
13 going to follow through on projects that are already in
14 the works and how we're going to preserve our historic
15 building and build on our history as a tool of tourism
16 without PHMC and heritage regions. We were just
17 building up Route 6 and using that money to build the
18 tourism and, therefore, hopefully the economy when it
19 starts breaking.

20 And tourism is our fastest growing industry.
21 And we calculate that next year's budget for -- I also
22 sit on the Tourist Board -- for our area will be about
23 25 percent of the 2007 budget.

24 And I know that we have had room tax, but

1 our county has very few hotel rooms. And many of these
2 are now being taken over by the gas industry. So we
3 are losing the rooms for the tourism.

4 And, also, I think we need to look at the
5 30-day rule in the Tourism Bill, because 30 days
6 doesn't make a hotel a boarding room. And we're going
7 to need to live on that. We're going to need that room
8 tax money in order to promote day trips, since we won't
9 probably have rooms to spend the night. We're going to
10 have to change our tourism advertising, change it more
11 into day trips. But we need to make sure we have a
12 little money coming from somewhere to help do that.

13 Ultimately, all these issues are affecting
14 our county and our taxpayers. The state, all of you,
15 make the rules that become the county code, and then we
16 have to live by them, and we have to pay for them. And
17 you always hear: It's not that simple in state
18 government. I understand that. And maybe that's the
19 biggest problem. I think we need to simplify.

20 From the CCAP newsletter that just came out
21 this week -- and I realize that many of the county
22 issues I mentioned are now being addressed by various
23 potential bills. And I really want to thank all of
24 those in our legislature who are stepping up, picking

1 out these items and putting them into bills to address,
2 because these issues need to be faced one by one and
3 immediately, not without due diligence, but they need
4 to be faced one thing at a time. Ask your questions.
5 Get your answers. Vote on it and get it done. We
6 can't wait two years for a lot of these things to go
7 through committees. And I know -- I put down here, "I
8 would not like to walk in your shoes, but you also
9 don't have to walk in mine."

10 Thank you.

11 REPRESENTATIVE BOBACK: Thank you,
12 Commissioner Mead.

13 Any questions?

14 CHAIRMAN SAYLOR: Just a comment,
15 Commissioner. Just on your payment for your
16 Children and Youth, you're not the only
17 county to experience that. And I will tell
18 you that the governor on grants and stuff
19 that have been awarded to different groups
20 throughout the state are sometimes anywhere
21 a year to 18 months behind getting their
22 check, you know.

23 At the same time, you're supposed to
24 have the work and construction done within a

1 certain period of time. You haven't even
2 got the check by the time it expired and
3 you're supposed to have something built or
4 whatever. So I appreciate it.

5 And I just want to let you know it's
6 not the general assembly who does that. The
7 governor decides when those checks go out.

8 MS. MEAD: Oh, I realize that some
9 of these problems are his, not yours.

10 CHAIRMAN SAYLOR: And I will tell
11 you that under Governor Casey -- Governor
12 Casey, Governor Schweiker, and Governor
13 Ridge, the checks were always mailed in
14 three months max.

15 Under this governor and this
16 administration, there seems to be a problem
17 with getting things done, and they don't
18 have any less employees to do it, so I'm not
19 sure what the problem is.

20 MS. MEAD: We do have one small
21 community who is having a problem with
22 water, so they've been doing test wells.
23 And they were granted a Growing Greener
24 grant to do the test wells, etc. They

1 spent, I think, \$30,000.00 doing the test
2 wells with a local well driller, and they
3 haven't gotten their money. So it's been
4 months. They have no money to pay them.
5 It's been months. And, fortunately, he said
6 he can hold for a couple more months. But
7 if he had another catastrophe like this,
8 he'd be out of business. You know, they
9 feel badly holding a local person like that
10 up for money.

11 REPRESENTATIVE BOBACK: Thank you,
12 Judy.

13 A question from Representative
14 Major.

15 REPRESENTATIVE MAJOR: Thank you,
16 Representative Boback.

17 Again, a comment for you, because I
18 did bring up the issue when Mr. Meuser was
19 speaking about the severance tax that's been
20 proposed here in Pennsylvania.

21 I wanted to let you know that our
22 Republican Policy Task Force on Energy has
23 come up with an alternative proposal and
24 that would be to lease the additional

1 390,000 acres of State Forest lands. Now,
2 don't confuse that with game or any of the
3 others. It's forest lands.

4 And the governor's proposed
5 severance tax does not give any money back
6 to the counties or the local municipalities.
7 It generates all the dollars for the general
8 fund budget. And our proposal, the
9 Republican Task Force on Energy's proposal,
10 would advocate for dollars to come back to
11 the counties and municipalities.

12 So I wanted you to be aware that we
13 are trying to move something, because we
14 recognize the impact that the gas drilling
15 was going to have on the local
16 municipalities and the counties. And we
17 feel that some of those dollars need to come
18 back to cover your problems and your costs
19 to you and your infrastructure.

20 MS. MEAD: I appreciate that,
21 because I did read about the State Forest
22 lands and waiting to see. Because Wyoming
23 County, as I said, we don't really have
24 wells, but we have two back highways now

1 where all the water trucks are just
2 continually, day and night, coming in and
3 out buying water from two of the local water
4 companies. So it's already impacting us
5 greatly on the roads, and we don't have any
6 gas wells there.

7 But I do appreciate that, and I wish
8 the governor were here to hear some of these
9 comments.

10 REPRESENTATIVE BOBACK: He will hear
11 different comments through this committee.

12 MS. MEAD: Thank you again.

13 REPRESENTATIVE BOBACK: Thank you.

14 Next we have Michael Alexander. And
15 Michael is the owner of A1 Remodeling and
16 Excavating.

17
18 MR. ALEXANDER: First of all, I want to
19 thank you for having me here today. My name is Michael
20 Alexander. I didn't come here to testify today about
21 big business or stimulus packages or anything like
22 that. I came here today to discuss what's happened to
23 small businesses such as myself, our families, and our
24 life savings.

1 Our life savings is gone. There is no
2 tomorrow for us, okay. The men that were employed by
3 me are done, finished, on welfare. There is no hope
4 for them. There is no tomorrow.

5 Many companies from my area are in the same
6 position. No one seems to care. No one seems that
7 they're doing anything, except for the big businesses.
8 This is not where I'm from. This is not what we're
9 interested in. We are interested in getting help
10 today. We're not asking for handouts. All we are
11 looking for is hope.

12 Many of my customers are elderly people, and
13 they are calling me to ask me if I can patch and hold
14 off and do this and do that, because they can't afford
15 it. They are starving. There are people out there
16 literally starving.

17 The big businessman runs into a little bit
18 of trouble. He'll sell a condo or something to get
19 through it. We can't do that. We have nothing. We
20 have no place to go.

21 This testimony is going to be a lot shorter
22 than the other two, but this is what I have to say, and
23 this is what people that I deal with every day
24 feel.

1 Thank you. That's all I have to say.

2 REPRESENTATIVE BOBACK: Thank you,
3 Michael, for your willingness to come today
4 to testify from your heart.

5 What do you feel a solution would
6 be? Because the government does offer, from
7 what I understand, particularly through the
8 stimulus, the low interest loans.

9 But what could help you through the
10 state and through the stimulus? What would
11 be an answer for you?

12 MR. ALEXANDER: How do we cut
13 through the red tape? I mean, we've made
14 phone calls. We've called people and, you
15 know, nobody seems to have any answers for
16 us.

17 REPRESENTATIVE BOBACK: And was that
18 for the low interest loans for small
19 business owners?

20 MR. ALEXANDER. Yes. We've been in
21 touch with Kanjorski's office. Actually, I
22 called you and got a little somewhere here,
23 to come and testify through your office.

24 I mean, everybody that we talk to

1 doesn't know what's going on.

2 CHAIRMAN SAYLOR: Michael, you had
3 put in here -- you were talking about your
4 grandchildren coming to visit recently, for
5 the Easter holiday, I assume. And you said
6 about the concerns you had -- one of the
7 things I wanted to check with you on was
8 whether you were aware, through
9 Representative Boback's office, that you can
10 get the CHIP program, the Children's Health
11 Program for them or if they have health
12 insurance at all.

13 MR. ALEXANDER: Yes, I am aware of
14 that. A family of five making \$30,000.00 a
15 year are \$100.00 over the limit and can't
16 get help.

17 CHAIRMAN SAYLOR: I thought it was
18 closer to 60,000, which means you may have
19 an old form. You may want to check again.
20 That level, I believe, was raised to
21 \$60,000.00 now just to qualify. There may
22 be a small co-pay -- I'm not sure -- but you
23 want to recheck for those benefits now.

24 MR. ALEXANDER: I will.

1 REPRESENTATIVE BOBACK: Do you mind
2 if I check for you, Michael?

3 MR. ALEXANDER: Sure. Absolutely.
4 I would appreciate that.

5 REPRESENTATIVE BOBACK:
6 Representative Grove.

7 REPRESENTATIVE GROVE: I just have a
8 comment. I think that's the general problem
9 with the stimulus money.

10 Congress passed a 1,200-page bill,
11 which, with regulations, turns out to be God
12 knows how many pages long. And getting
13 through that, through the red tape of just
14 bureaucracy down to the people like yourself
15 who desperately need this to restart your
16 business and put people back to work. I
17 think that's the general problem we're
18 running into is. And that's our fight with
19 the governor and bringing us into it and
20 letting us know where that money is going in
21 the federal government -- or in the state
22 government, where he's planning on spending
23 that and just allowing us to get that down
24 to you at the local level, because the

1 governor's office isn't up here. You're not
2 going to go to the governor's office and
3 say, "Where's my low interest loans?"
4 You're going to go to Karen's office,
5 because she's your local contact here.
6 She's the person represented here.

7 And that's one of the general
8 problems and that's why we need to do a
9 better job; and the government needs to do a
10 better job; and, basically, Congress needs
11 to do a better job of getting that
12 information out and letting our small
13 businesses know where they can go for help,
14 so thank you.

15 MR. ALEXANDER: I agree with you 100
16 percent. But again, I have to say: We
17 don't have no time. We can't wait. We
18 don't need help next year. We need help
19 today.

20 REPRESENTATIVE BOBACK: Michael, are
21 you still functioning with your business?

22 MR. ALEXANDER: Very little. Very
23 little. As far as I'm concerned, I'm out of
24 business. Very little.

1 REPRESENTATIVE BOBACK: Because of
2 the type? Because people --

3 MR. ALEXANDER: The economy. No
4 one's spending any money. I deal with a lot
5 of residential people, and they won't --
6 they're afraid to spend any money.

7 REPRESENTATIVE BOBACK: Any other
8 questions, comments?

9 REPRESENTATIVE MAJOR: No, but --
10 excuse me. I do have a comment.

11 I see in your testimony -- I was
12 reading what you provided to us, and I
13 wanted to expand upon what Representative
14 Grove is saying here. A problem that you're
15 having is because you're current in paying
16 your mortgage and your debts, you can't get
17 help.

18 MR. ALEXANDER: Exactly.

19 REPRESENTATIVE GROVE: And that is
20 so wrong. I mean, you're what -- an
21 individual who's been driving the economy
22 for years and years and years. And now
23 because, you know, you'd like to redo your
24 interest rate and you don't qualify. So I

1 think that's a concern that we should have
2 as legislatures and certainly share that
3 information with our congressional
4 delegation, too, because it needs to be
5 addressed.

6 MR. ALEXANDER: Yes. We've spoke to
7 refinancing and they said: No, as long as
8 you're current. So we're being prosecuted
9 for paying our bills on time is actually
10 what's happening.

11 And, you know, there are people that
12 aren't paying their bills on time. They're
13 not doing that because they wanted that to
14 happen; they're doing that because of the
15 economy. They don't have the money to pay
16 their bills, and nobody seems to understand
17 that.

18 REPRESENTATIVE BOBACK: Thank you,
19 Mike. We'll look, at least, into the CHIP
20 program. But all your comments we will take
21 with us. And I thank you for coming and
22 spending time with us today.

23 Thank you, Michael.

24 MR. ALEXANDER: Thank you for having

1 me.

2 REPRESENTATIVE BOBACK: Next we have
3 Maureen Dispenza.

4 And Maureen, I think I gave you a
5 promotion: president and CEO.

6 MS. DISPENZA: Does it come with a
7 raise?

8 REPRESENTATIVE BOBACK: I beg your
9 pardon, Maureen. May I have your title?

10 MS. DISPENZA: I'm the Director of
11 the Wyoming County Chamber.

12 REPRESENTATIVE BOBACK: It's
13 Director of the Wyoming County Chamber of
14 Commerce. Thank you. And I apologize,
15 Maureen. And whenever you're ready, you can
16 start.

17 MS. DISPENZA: Thank you.

18

19 MS. DISPENZA: I am Maureen Dispenza,
20 representing the Wyoming County Chamber of Commerce.

21 In the past ten years, local business owners
22 have organized to obtain grant money for the
23 revitalization of downtown Tunkhannock, including
24 sidewalks and street lamps, which would significantly

1 improve the visual impact of the town.

2 Officials in neighboring towns, as well as
3 other business owners, have followed Tunkhannock's lead
4 and have since secured funding to revitalize their
5 municipalities. Some owners have renovated their
6 stores. And in one case, an owner built a million
7 dollar showroom to house their wares.

8 A small contingency of women in our
9 community raised enough money to not only open a movie
10 theater, which had been closed for years, but also
11 secured additional funding for the addition of two
12 theaters, which is currently under construction.

13 Finally, many new stores, restaurants, and
14 even artists have opened in our county, resulting in a
15 significant increase in buying locally, as well as
16 tourist traffic.

17 Wyoming County's economy has not been as
18 greatly impacted by the current economic downturn as
19 much as other geographic areas. Thankfully, our
20 largest employer has not laid off any workers, although
21 we've had a few businesses close. They explained the
22 cause was a shift in consumer buying, primarily the
23 wood industry. We've had loggers close and, of course,
24 Deer Park Lumber is in trouble.

1 Wyoming County has welcomed two new
2 businesses this year, the first, a bakery. It provides
3 a significant need as well as fills a historical space
4 in town -- a space that hasn't sold retail baked goods
5 in four years -- and also created ten new jobs.

6 The second, a chain store, will assume a
7 space in a plaza that has been vacant for at least five
8 years. This chain just held a job fair and hired 25
9 people in our area. Interestingly, many that were
10 hired were retired workers. My guess is a significant
11 loss in their retirement plans.

12 In our area, 35 new jobs this year is good
13 growth, yet not without concerns.

14 I've received numerous calls from struggling
15 retailers. Retailers are fearful to buy more
16 merchandise and recognize if they don't, the result
17 will be less foot traffic. Some have said this is the
18 worst winter selling season in years.

19 In addition, several companies have opted
20 for no wage increases or unpaid days to save jobs.
21 What this means is they don't have any money to spend
22 in these stores.

23 I've had others call me and complain that
24 they aren't able to get financing to grow their

1 business. I spoke to the president of one of our local
2 businesses who explained cash flow is now necessary to
3 receive a loan. It's a Catch-22. If they had the
4 necessary cash flow, they wouldn't be going for
5 assistance. This has created great frustration on all
6 my retailers, including restaurants.

7 I've tried to look in and find out exactly
8 what the government is supplying small businesses, 1 to
9 500, through the current Stimulus Plan and Recovery Act
10 Plans and have found little.

11 More disappointing is the fact that many of
12 these businesses have called me asking them to help
13 them understand the new government plans, as they
14 couldn't locate information on the Internet.

15 The reality is: No one, not even government
16 officials, have the time to read over a thousand plus
17 pages of documentation to find assistance. Business
18 owners average 12-hour workdays, and many work these
19 hours 7 days per week. I did find some information on
20 the Internet, which was outlined in what you folks
21 received from me before this hearing today.

22 The reality is, if you're a small retailer,
23 none of these programs are going to help you. To
24 qualify for any one of these lending programs, you have

1 to meet the bank's lending standards.

2 The government received the most benefit
3 from these plans that are newly implemented, as they
4 were to able to grow their business on other's money
5 without regard to debt to income ratios, cash flow, or
6 how well they're performing.

7 In other words, the government isn't being
8 held to the same lending standards that all other
9 businesses are.

10 Some businesses need more employees. They
11 can't afford additional payroll because their margins
12 don't permit the additional expenses.

13 It appears as though the government created
14 thousands of new jobs for themselves and wrote nothing
15 in the plan for the small guy or made it too complex up
16 to this point and overwhelming small businesses in need
17 to understand how they can apply for and receive help.

18 I've also talked with countless business
19 owners who can no longer afford health insurance. In
20 1999, I worked for an insurance company which sold
21 top-of-the-line group policy for approximately \$500.00
22 per employee per month. This same plan today costs
23 approximately \$2,000.00 per month, a 300 percent
24 increase.

1 Many owners have no health insurance.
2 Although socialized medicine is not an answer,
3 affordable, minimal coverage should be available
4 without medical underwriting. The days of insurance
5 companies cherry-picking needs to end. Imagine having
6 to choose between health insurance and heating your
7 business.

8 Speaking of heating costs, Penelec, our
9 area's major electric suppliers, announced the
10 regulation effective January 2011. Representatives
11 from their office explained that this is going to mean
12 a 30 percent increase in cost for electric usage. Of
13 course, this increase will have to be passed on to the
14 consumer, as business owners will not able to absorb
15 this increase.

16 Interestingly, in the past year, our area
17 has been seduced by gas companies offering money to
18 landowners in exchange for gas and mineral rights to
19 their land. Many landowners in our areas signed these
20 contracts, resulting in a cash windfall in our area.
21 These recipients have used this money to either pay off
22 debts or stash in savings accounts.

23 Minimal drilling has yet to occur in our
24 area, as gas companies have chosen to drill in

1 neighboring counties first.

2 Having said that, pipeline will be laid
3 throughout our county so the gas can be extracted from
4 our area and transported to other states. As they
5 begin drilling in our county, why couldn't we keep the
6 gas here, save the transportation costs, and provide
7 tax savings? I understand the cost of this gas is
8 cheaper than those currently available on the market.

9 In addition, offering tax savings to those
10 willing to convert to this type of energy will allow
11 the ability to control utility costs and will help
12 businesses remain competitive.

13 Taxes have impacted our area's disposable
14 income, as well as our businesses' bottom lines. Most,
15 if not all, municipalities depend on tax revenue for
16 business. Tunkhannock borough, for example, receives
17 approximately 40 percent of its tax revenue from
18 commercial properties.

19 School, property, county taxes --
20 collectively, in the Tunkhannock area -- have increased
21 40 percent in the last five years.

22 Of course, personal income tax has gone up
23 based on your individual income. And even sin taxes,
24 158 percent, have dramatically increased. Our incomes

1 have not kept pace with the ever-rising taxes to
2 support our new, as well as our existing, government
3 programs.

4 The government decided they will determine
5 who can afford to pay even more taxes to support the
6 underserved, as well as the new government programs.
7 So as a result, we have people who work 70 to 80 hours
8 a week -- and in many cases, two jobs -- to counteract
9 increasing taxes to maintain their standard of living.

10 Why can't the government change the tax
11 system to a flat tax or something less punishing and
12 discouraging to those who make the necessary sacrifices
13 to earn more income? With this system, everyone pays
14 their fair share.

15 Several business owners in our area have
16 recently established a tax watch group to oversee
17 spending in the county government and school district.
18 This group has identified several areas where both
19 agencies can potentially reduce expenses, which would
20 result in lower taxes. They've done a remarkable job.

21 On a final note, our area is comprised of
22 self-made and a determined group of business owners who
23 will succeed with or without government assistance.

24 The Wyoming County Chamber is hosting a free

1 legislative breakfast tomorrow at Shadowbrook Inn and
2 Resort geared toward businesses. We have reservations
3 for 160 attendees, approximately 52 business owners.
4 And we're concerned by the attendance, because there's
5 over 800 businesses in our county.

6 I called several owners to ask why they
7 weren't attending and when asked, they explained their
8 time would be better spent working and "Nothing will
9 change." They've lost confidence in our state, as well
10 as federal, representatives.

11 Business owners are the hardest working
12 group of Americans. They risk their own assets to
13 support their business and support not only their
14 family but other families through employment, too, and
15 they deserve more.

16 If you're looking for guidelines to
17 straighten out our current financial mess, the
18 government may wish to consider asking business owners
19 in our county. They are shining examples of how to
20 successfully run a business, manage money, and grow
21 their business.

22 Thank you for your time and interest in our
23 county.

24 REPRESENTATIVE BOBACK: Thank you so

1 much, Maureen, and I look forward to your
2 breakfast tomorrow.

3 My comment is Tunkhannock. I had
4 worked there for 33 years in my first
5 professional life, and I got to see it grow.
6 And you're absolutely right. It seems to
7 have started with that movie theater, then
8 with the lighting, then with the
9 restaurants, then with more retail shops.
10 And it was just a win/win.

11 And even, I think, Judy mentioned it
12 best when she talked about tourism on Route
13 6. That's so vitally important. And
14 tourism is the second largest industry in
15 Pennsylvania, if you weren't aware of that.
16 So I commend Tunkhannock and Wyoming County,
17 and I'm so proud to be a part of it.

18 But you have very legitimate
19 concerns, and I thank you for sharing them
20 with us from your vantage point as a --
21 chamber director?

22 MS. DISPENZA: Yes.

23 REPRESENTATIVE BOBACK: Thank you.

24 Sandra, did you have a question?

1 I'm sorry.

2 REPRESENTATIVE MAJOR: No. Thank
3 you.

4 REPRESENTATIVE BOBACK: Does anyone
5 have a question?

6 Very thorough. Thank you, Maureen.

7 Next we have Sabatini Monatesti.

8 He's the owner and president of ES
9 Enterprises, Incorporated; and he's also a
10 member of the Taxpayers' Association.

11 Sab, is that from Salem Township?

12 MR. MONATESTI: That's right.

13 MR. MONATESTI: Can you hear me out there?

14 I'm small, so if you want me to stand on a chair, I'll
15 get on the chair so you can see me. I've been small
16 since birth and bald as well, so I apologize for that.

17 I appreciate the opportunity that you're
18 giving me. I am from the lower part of Luzerne County
19 in Salem Township. I do have my own business. It's a
20 consulting business, and like every other consulting
21 business, I starve to death most of the time. So in
22 order to supplement my income, I'm the Director of
23 Religious Education for a local church in the area.
24 And I'm happy to say that I have 118 children enrolled

1 in the program, and they're going to be confirmed this
2 week, so that's good. Not all of them, but...

3 So, I've listened to everyone here this
4 afternoon and my heart goes out. I'm going to bring
5 you some of the same story and some of the same
6 message.

7 My background, so that you all know a little
8 bit about me. I graduated from Penn State University
9 in 1970, from Polytechnic University in 1990. I have a
10 background in Information Technology.

11 I've spent the last five years transforming
12 myself so that I could understand a little bit about
13 health care. And I got to this position because I
14 became a parent to my parents that died of congestive
15 heart failure. And mom had Alzheimer's, so she was in
16 a retirement village for eight years.

17 You learn very quickly in that kind of an
18 environment that the push for electronic medical
19 records is a real one and that there are major gaps
20 that need to be closed. So I'm going to speak to a
21 little bit of that, and I'm going to speak to it from
22 my business perspective of what the problems are as I
23 see them.

24 And I have some ideas to share with you. I

1 hope you'll take them to heart. And God willing, I'll
2 get through my presentation and you'll be impressed.
3 How's that? Everybody can see?

4 So, I want to begin with the last two years.
5 The last two years, myself, along with representatives
6 from Geisinger, representatives from Blue Cross --
7 other members of the community includes legal counsel,
8 academia -- we got together, and we began to assess
9 where we were and what problems we were being
10 confronted with and what our perceptions were and what
11 the perceptions of the community were, and we came up
12 with these.

13 We see everything that's on that page there
14 focuses to chaos or focuses to inefficiency or
15 proficiency, fragmentation, lack of values. And when
16 we got down to the end of the day and we put forth our
17 documentation, which has just gone to the President of
18 the United States as well as to the governor and to
19 representatives who are responsible for reform, we
20 found, as many of the folks who talked before me found,
21 that there's a lack of confidence in what government
22 can do. Everybody feels quite alone.

23 I personally have experienced the regulation
24 problem, but I've tried to go after business -- as a

1 small business, I'll give you a perfect example of
2 that. I formed a consortium of companies -- and,
3 Karen, you've seen me do that before. And it was when
4 the office was formed by the past president under Human
5 Services in order to begin to develop ideas -- I went
6 away from the mic again. I do that all the time. I'm
7 sorry.

8 So, I don't know if you remember Dr. David
9 Brailer at the federal level, but he was heading up the
10 Office of Reform for the President of the United
11 States, then President Bush, and requested that small
12 businesses get engaged. There were going to be 12
13 packets of money; 9 were going to be for large
14 business; and there was a set-aside for small business.
15 So we worked very hard.

16 There were 16 companies in the consortium.
17 We spent all our own money, our own money. We didn't
18 go out and get it. We had to build the proposals and
19 submit them. It took a year for us to do that. You
20 can imagine the number of people that were involved,
21 everybody digging into their own pockets to pull out
22 their own green to put this stuff together.

23 We then got a letter from the federal
24 government -- after our proposals had gone in and the

1 information, our intellectual capital had been
2 distributed -- that small business was going to get set
3 aside. That is an example of what we can't deal with,
4 all right?

5 Lack of confidence. So there's disparity.
6 There's not only disparity; there's lack of confidence.
7 There are problems just down at the street level.

8 Karen's very aware of what we did in Salem
9 Township with the folks through the Community Action
10 Group that we had formed. We have another one that
11 we're working on right now. But this gives you a
12 little idea of what we're talking about.

13 Joe, in Pennsylvania, has a median income of
14 around 30 grand. His health insurance costs around 10
15 grand. Now, in many cases, he's in a business that's
16 either going out of business or is seeing health care
17 costs escalate, as has been talked here. So he's
18 putting out somewhere around 10 grand. Now, this is
19 going to become a very important number, because his
20 effective tax rate is 30 percent. And I'll show you
21 that in a little bit.

22 Now contrast that with PP&L, a great
23 company, do great things, well-managed. Their CEO is
24 doing a great job. Their profits have gone up 98

1 percent in the last few years, but their effective tax
2 rate's only 20 percent.

3 Teachers are averaging, in our area, around
4 50 grand. They don't pay for any of their benefits.
5 I'm not saying that's not good or bad. I'm just saying
6 in contrast what we have is a system that's upside
7 down, okay?

8 We're building a country on family,
9 community, nation. And family is the critical
10 component; yet what we're doing is punishing the
11 family, because Joe can't make the kinds of money that
12 he needs in order to survive.

13 An interesting anecdote. If Joe is earning
14 \$30,000.00 for a family of four -- and the State of
15 Pennsylvania is kind enough to the inmates who are
16 incarcerated, the 50,000 of them, to take care of their
17 housing. They feed them. They keep them clothed.
18 They take care of their health care, and not only that,
19 but they educate them. And we spend \$36,000.00 per
20 person, something's not right.

21 Confidence, discouragement, disparity,
22 undermining the bedrock of the country. And as a
23 Republican, I just can't stand that. That just tears
24 me apart.

1 The other things that you see here, you can
2 read. Of course, the fixed income is around 24K.
3 That's another great example of people who aren't able
4 to make it work, like the folks down in our area who
5 couldn't afford the sewer because they were paying for
6 their medical bills.

7 We have a situation in our country where if
8 you have a catastrophic illness, you're going to go
9 bankrupt. You can't afford it. You're either
10 underinsured or you've lost your insurance.

11 We have companies that used to employ 120,
12 130 people who no longer exist because their products
13 have been undermined by foreign goods. We're a country
14 in crisis.

15 Notice all the arrows are going up but
16 Joe's. That's unconscionable. It's not moral and it
17 means we're missing the boat.

18 Look at the community profile I'd have to
19 deal with to get a further understanding of the pain
20 that's going on in our communities.

21 You can see that our population -- this goes
22 from Shamokin through Scranton, Scranton being the
23 largest, Wilkes-Barre next to largest and on down to
24 the smaller ones.

1 Notice that the median resident age for Joe
2 is somewhere around 40 years. So if Joe loses his job
3 and his benefits and he tries to get COBRA and he
4 collects unemployment, he's lucky if he's going to last
5 26 weeks, up to 52 weeks if he gets the extension. And
6 he's going to be lucky if he can afford to maintain his
7 family situation, because COBRA doesn't come cheap,
8 even if you do reduce it by a third.

9 The median household incomes aren't anything
10 to write home about. Notice they're all in that
11 30,000- or 29,000-dollar range. And when you do the
12 math and you figure out what it costs to live in the
13 Susquehanna Valley for an average family of four, it's
14 \$36,000.00. He's already behind the eight ball here,
15 so is the retired person who's living on a fixed
16 income.

17 The only person that's making out is the
18 person who is dirt poor, because if they get sick and
19 they go to Geisinger with a catastrophic illness,
20 they're going to take care of them. And in the State
21 of Pennsylvania, we did that for a lot of people, and
22 it cost us \$12 billion last year, because they weren't
23 insured or they were illegal.

24 And keep in mind that one third of the state

1 is elderly. According to the Behavioral Health Center
2 at Berwick Hospital, Dr. Muneshwar, one out of every
3 two of us is going to require 24 by 7 care. That care
4 would cost you \$72,000.00 a year in today's dollar.
5 You normally live about eight years with dementia,
6 where it's Alzheimer's. I know that for a fact. So
7 that's half a million dollars.

8 If our average Joe is retired, he owns a
9 \$75,000.00 home, and he's getting 20,000 or \$24,000.00
10 in retirement through whatever programs we offer to
11 provide that, our social security. Notice there is no
12 way that the state can ever get the funds back. Take
13 the home. Take his social security. Take care of him
14 for eight years. It is not going to be there. You
15 just can't make up the difference. The state will get
16 maybe \$200,000.00, and they would have spent 480,000.

17 They have about a high school education, 75
18 to 80 percent; and, so, you're dealing with a
19 population in the Susquehanna Valley that doesn't
20 necessarily have the capacity to go and take that
21 education somewhere else and deliver it for another
22 job, if they've been doing a particular job most of
23 their lives.

24 So Joe's income distribution, as you can see

1 here -- and it's pretty hard for you to see that. But
2 what it's really saying, it's \$36,000.00, and one of
3 the biggest bites is health care.

4 The next biggest bite in those three little
5 things in there are school taxes and other taxes that
6 he has to pay. And then he has to cover the costs that
7 are required to maintain his family. He probably puts
8 out somewhere around 6 to \$8,000.00 a year for food and
9 housing costs.

10 And then when you go to look at this, you
11 find that there's Joe's taxes. There's a lot you don't
12 see and a lot you do see, but notice the big chunks:
13 federal payroll tax, federal social security tax,
14 school tax, state income tax, Medicare. And then you
15 add up all these little guys, including taxes on
16 utilities, taxes at the supermarket, gasoline taxes,
17 county taxes, emergency taxes on services, even local
18 income taxes. You even pay taxes on your water. So
19 one third of this person, Joe, in Pennsylvania, in our
20 counties, one third, 10 grand out of his 30,000 is
21 going back into the state.

22 Now, we'll give you an example. Joe got a
23 high school education. That's what we just said,
24 right? It cost \$10,000.00 per student year in our

1 area. That means to educate Joe, it costs 120 grand.
2 He marries his high school sweetheart, 240 grand. He
3 has two children, and he's going to educate them at the
4 same location, because that's where he's lived all his
5 life. You're up to \$480,000.00.

6 Joe is only going to be able to buy that
7 median income house at around 50 to 60 grand. And he
8 may live there for 50 years. That means he's going to
9 pay \$500.00, approximately, a month in school tax.
10 That means that he's going to pay the system back
11 \$250,000.00 over 50 years for education that he
12 received as a benefit for \$480,000.00. Who picked up
13 the rest? Guess who? We did, through a state benefit
14 called tax of 50 percent.

15 So now I've got two disparity problems. I'm
16 not making any money back from a state perspective or
17 from a community perspective or from the elderly's
18 perspective, who are eating the cost for the education
19 that Joe received and he is now out of work.

20 So what is the assault on Joe's self-esteem?
21 This is Maslow's law, for those of you who are familiar
22 with a little bit of this. What we've really done is
23 we've taken away the first three layers of Maslow's
24 law. That means we've taken away his -- he doesn't

1 have safety. We've upset the whole applecart for him.

2 So he can't afford to live in his community,

3 let alone stay in his house. He's lost confidence.

4 And it's a good possibility that he's not going to have

5 an inheritance. And he's not going to be able to take

6 care of his father, his mother, or his wife's father or

7 mother, because one out of every two of those four,

8 right, are going to have some sort of dementia

9 requiring 24 by 7 care. And if we try to keep them in

10 their home and help them, we don't have the technology

11 to do that, not safely, anyway.

12 My personal example is a truism. My aunt

13 had dementia. The family was with her most of the

14 time, but it just so happens you have to sleep every

15 once in awhile. So at 4 a.m. in the morning, she got

16 up and walked away in the winter time, and she was

17 found at the bottom of a bridge.

18 So we talked about insurance. The employers

19 in Pennsylvania and across the country are dropping

20 insurance at the rate of 4.5 percent per year. You now

21 have 48 million uninsured. It's going to 51 million

22 uninsured as of this morning's analysis, based on a 10

23 percent rate of unemployment. You have another 48,000

24 underinsured. That means when they have a catastrophic

1 illness, they're going bankrupt, because they aren't
2 going to be able to afford the health care.

3 What's driving it? What's driving it is we
4 have a sick care system that's based on pay for service
5 or fee for service, not a system that's based on value
6 or pay for performance. And there's no end in sight to
7 the cost, because technology is changing daily, adding
8 more pressure to the fire here. So we know that the
9 health care costs are rising as a relationship to the
10 other things that are going on in terms of business
11 revenue, workers' earnings or products and services,
12 and it's outstripping all of us by a wide margin.

13 If we're going to do something as
14 intelligent people, as governments, in governments,
15 then we have to attack the two issues that are going to
16 undermine the basic fabric of our country and that's
17 health care and education, because the proficiencies in
18 education are low.

19 And I've just given you an example that it
20 doesn't pay for itself. In fact, the proficiencies are
21 around 60 percentile in our Susquehanna Valley area,
22 and the quality assessment done for the four major
23 hospitals in the valley came out to 58 percent. That
24 means when the patients are asked to evaluate access to

1 care and the level of care that was presented, they
2 only felt that it was worth 58 percent. Why?
3 Primarily because there are so many areas of our health
4 care system, even though we have great hospitals, where
5 you aren't able to get the kind of care that you need
6 which allows you for continuity of care, allows you for
7 access.

8 Now, we've done some good things in the
9 State of Pennsylvania, like changing the way in which
10 nurses can work so that they can be more effective with
11 their patients by providing clinics where you couldn't
12 get access on weekends, other than an ER. Those are
13 good things. We need more of those things. But we've
14 got some major problems that we have to deal with here
15 in the whole area.

16 So, what does Joe need? He needs health
17 care and educational reform, tax relief for himself and
18 the elderly, a statewide inclusive health plan that
19 focuses on how business can better provide that care.
20 And Blue Cross has been working with us, and we know
21 that it's possible to do. We know that we can create
22 these plans that will work. And we need pay for
23 performance and an expectation of value.

24 What I'd like to draw your attention to,

1 then, is to my testimony, because in there, I have 14
2 key points I want to share.

3 These are the 14 suggestions I would share
4 with you, and God willing, you'll be able to translate
5 them through governments into action.

6 Stop giving away tax dollars to sustain
7 retirement programs. Now, what does that mean? What
8 that means is that there are folks in the State of
9 Pennsylvania who when there's a financial decline have
10 the taxpayer make up the difference in their 401ks,
11 whose benefits have gone up 25 to 50 percent. Joe
12 can't do that. Small business can't do that. If the
13 person doesn't come in the door to buy the good or the
14 service, you don't have the funds to put it back into
15 your account.

16 Someone mentioned HSAs. If Joe is only
17 making \$30,000.00 a year and if we, the government, are
18 losing from the government's bodies, 30 percent of our
19 income, our hard-earned money, and the rest is going
20 for food, housing and the other needs that we have,
21 there isn't much left to invest in health savings
22 accounts.

23 Get health care reform. Absolutely. If we
24 don't have it, the underpinnings of our country will be

1 severely weakened. You cannot sustain a hundred
2 million people going to emergency rooms. That's one
3 third of our current population.

4 Consolidate local school systems. It
5 doesn't make sense for us to have 501 school systems
6 all independently funded, all requiring administrative
7 burden and overhead work -- running between 20 and 30
8 percent. Eliminate them. It's time for drastic
9 action. Not tomorrow. It should have happened
10 yesterday.

11 Introduce a statewide health plan for civil
12 servants, teachers and others and make the same
13 benefits available to the average Joe. We should not
14 have disparity when it comes to health care. It's a
15 moral obligation we have.

16 Construct a nonprofit regional health
17 organization. Why? Because we've got to do something
18 to be able to get access and care down to the home for
19 the elderly, that one out of every two that we've got
20 to take care of. And we need somebody to monitor them
21 24 by 7 so they don't walk out of the house at four
22 o'clock in the morning and wind up under a bridge.

23 Provide health care for the uninsured,
24 remove preexisting conditions, establish a shared risk

1 pool, and don't allow anyone to go into bankruptcy due
2 to an illness.

3 What is a shared risk pool? That says every
4 insurance company, all 14 in the State of Pennsylvania,
5 all have the same level of risk. It's like automobile
6 insurance. You must have insurance. You get all of
7 them to sell a basic Chevy policy. Everyone's insured:
8 the government, the state, and the federal level. Put
9 up a reserve pool so that we don't have 400 percent
10 over reserves in Blue Cross so that there's an
11 opportunity to drawdown in case of catastrophic illness
12 so that we limit the risk to the big company who's
13 underwriting the insurance, and we still provide the
14 necessary care.

15 There's a statement in my testimony here
16 where Joe tells his wife that, "If I get cancer, don't
17 do anything about it, because we can't afford it."

18 Develop a statewide consumption tax to pay
19 for our schools. If the elderly do not get relief, as
20 I say in here, more and more of them are going to lose
21 their homes. You look at our local papers and you'll
22 see these people's homes going up for sheriff's sale.
23 They've got to make a decision as to what they're going
24 to pay for. And you heard a little bit about that

1 today. There isn't enough money to go around.

2 And make it advantageous for employers to
3 offer wellness programs. It makes more sense for us to
4 attack the chronic diseases with well care than it does
5 to fix them when it breaks, which is sick care. An
6 employer should get a break from his insurance on
7 premiums if he has a working well care program. It
8 doesn't always happen. There's a good example of one
9 in Dallas -- it worked very well -- at the book
10 publishers group.

11 Have mandatory quality guidelines that
12 include measuring and reporting errors and infection
13 rates in the local newspapers.

14 There's ads everywhere about buying
15 fast-food. We have ads for medication. We pay three
16 to five times more for it than most countries do in our
17 northern hemisphere. So we've got ads for everything.
18 Make it mandatory that for every ad for medication or
19 for every ad that talks about something that is
20 currently covered under our sin taxes, that there's one
21 ad about well care instructing people as to how better
22 to live so that they don't get diabetes, so that they
23 can do something about their weight, and so that they
24 can better manage their health now rather than being

1 brought into an emergency room later.

2 And the quality guidelines are absolutely
3 critical. They have to be published. MRSA, we
4 believe, contributes to around 90-some-thousand deaths,
5 according to the reports and the research that we've
6 done, plus complications and other errors of omissions.

7 Infection rates are critical for people to
8 know. The only way things are going to clean
9 themselves up is if we have transparency. So get the
10 laws passed that force quality measures, and force
11 those quality measures to be published. And make
12 absolutely certain that we advertise, in a positive
13 way, those health care providers that are doing a good
14 job.

15 If we've got proficiency problems in school,
16 education, where we need it to be improved, make sure
17 that we make a difference. Let's not pay them anything
18 if they can't perform better than 63 percent on math
19 and science. Shut it down. It's bankrupt. Not
20 financially, but it's bankrupt.

21 Reducing the cost of medication. I shared
22 with you that we pay three to five times more.

23 Set up the regulations such that the State
24 of Pennsylvania can negotiate for better rates and make

1 it available to folks throughout the State of
2 Pennsylvania. And as I said, make pay for performance
3 in education and health care mandatory.

4 I want to share something here at the bottom
5 of the page. I didn't have the published documentation
6 for the State of Pennsylvania, but I was able to get
7 California's. California's high school dropouts cost
8 state taxpayers approximately \$46.4 billion annually,
9 according to a study by the California Dropout Research
10 Project at the UC Linguistic Minority Research
11 Institute located at UC Santa Barbara.

12 In addition, it is estimated that the
13 economic benefit from effective dropout intervention
14 programs would be \$392,000.00 per high school graduate.

15 What do you think it might be if we raised
16 the proficiencies from 63 percent, on average, for math
17 and science to 85 and then freeze taxes for the elderly
18 retired?

19 If I'm on a fixed income and I'm elderly and
20 retired and I've been in my home for 30 years, don't go
21 increasing my taxes. Fix them. Don't go increasing my
22 utility rates where they want 30 percent more from me.
23 If I'm on a fixed income, fix my costs; and if
24 possible, go to a consumption tax. And don't keep

1 raising my property tax.

2 So in conclusion, there's 14 suggestions.

3 There's some ought-to-be done's, some must be's.

4 Whatever we do, we've got to do it right, because it's
5 a very complex issue.

6 And since it's impossible to build a perfect
7 system, we should focus on transforming the current
8 system into one that provides flexible social support
9 and safety nets that are capable of aiding individuals,
10 families, and communities, because it's families that
11 build communities and communities that build nations.

12 People like Joe are adversely affected by
13 health and financial problems that, in many cases, are
14 beyond their control. It is important that reasonable
15 members of society account for the system failures
16 without punishing Joe.

17 Society has a moral obligation to find ways
18 to sustain strong family values, to bind our
19 communities in a covenant of inclusion rather than
20 separation, and ensure that the policies put forth
21 empower and grow Joe's capacity to provide for his
22 family.

23 It appears that the current situation is
24 contributing to the creation of a cast society,

1 thank you, Sab, for the hard work that
2 you've put into your testimony, as well as
3 everybody else who put the time and effort
4 into theirs. Thank you so much. It's so
5 thorough.

6 Do we have any questions for
7 Sabatini?

8 Thank you very much. And I know
9 where to reach you once this is digested.

10 Do you have a question, Seth?

11 REPRESENTATIVE GROVE: I just have
12 one comment on the school consolidation.
13 I'll just direct you to my website,
14 repgrove.com. We actually did a study on
15 school consolidation a few years ago, and it
16 came back that the most efficient size of
17 the school district is about 3,000 students,
18 which not necessarily needs to be down to a
19 hundred. But I want you to take a look at
20 that --

21 MR. MONATESTI: I will.

22 REPRESENTATIVE GROVE: -- and get
23 your thoughts back on that.

24 MR. MONATESTI: I'll be happy to do

1 so. Let me write it down.

2 REPRESENTATIVE GROVE: It's
3 r-e-pgrove --

4 MR. MONATESTI: R-e-p --

5 REPRESENTATIVE GROVE: Yep. Grove,
6 g-r-o-v-e.com.

7 And I'm trying to think, Stan.
8 Locally, York -- did we do that in York
9 County, a comparison between -- because we
10 border right along Maryland, because
11 Maryland has countywide school districts.

12 MR. MONATESTI: Yes. And it works
13 very well. I lived there for three years.

14 REPRESENTATIVE GROVE: And I think
15 we did a comparison -- was it just York
16 County?

17 CHAIRMAN SAYLOR: York County versus
18 --

19 REPRESENTATIVE GROVE: -- Maryland,
20 Hartford County.

21 MR. MONATESTI: Yeah, I was in
22 Frederick.

23 REPRESENTATIVE GROVE: That study,
24 do we have that or --

1 CHAIRMAN SAYLOR: I don't know if we
2 have it, but I know that the study showed
3 that, actually, they spend more with the
4 consolidated school districts than they
5 spend with the school districts that they
6 have in --

7 REPRESENTATIVE GROVE: Yeah.

8 CHAIRMAN SAYLOR: The key is -- and
9 I don't want to interrupt.

10 REPRESENTATIVE GROVE: Go ahead.
11 That's all right.

12 CHAIRMAN SAYLOR: The key problem
13 has been, in government, sometimes, is the
14 government tends to keep growing. You know,
15 it's more employees, more employees. And
16 that's what's happened in Maryland. Once
17 they consolidated, it was a good idea; but
18 then they kept adding employees, just like
19 our welfare department and the state has
20 done.

21 MR. MONATESTI: I know with my
22 property taxes, that my property taxes in
23 Frederick were much less than my property
24 taxes are currently in Salem Township.

1 CHAIRMAN SAYLOR: It really comes
2 down to the people you elect to office to
3 make sure they hold those lines on employees
4 and management of that system, because if
5 you don't, departments tend to grow, because
6 everybody wants to have more people working
7 underneath them. So government tends to
8 grow, rather than saying: Hey, you know, we
9 don't have any more work that we're doing.

10 In fact, in today's world, you know,
11 we have computer technology, like you just
12 were showing us and your use of it. We
13 should be needing less employees, sometimes,
14 in government.

15 MR. MONATESTI: Yes, that's right.

16 CHAIRMAN SAYLOR: But it doesn't
17 seem to work that way sometimes, because we
18 have this tendency to hire more people,
19 spend more money. So I appreciate --

20 Seth, did you want --

21 REPRESENTATIVE GROVE: Hop on a boat
22 and head down to Susquehanna, to York
23 County. We're right along the river there,
24 and we have the same issues, you know.

1 Consumption tax. Property taxes are so high
2 in York. So we definitely feel your pain.

3 MR. MONATESTI: Right. Well, this
4 is a document you all want to read. This is
5 by Representative Eddie Day Pashinski and
6 the members of the group that put it
7 together, and it's on pahouse.com. So this
8 is published.

9 REPRESENTATIVE GROVE: Okay.

10 MR. MONATESTI: And it truly does
11 give a pretty good handle -- or provides a
12 pretty good handle on what we need to do.
13 So I highly recommend this be reviewed and
14 possibly adopted. It doesn't do us any good
15 to talk about this stuff. Those 14 points
16 need to be acted on. You guys got the ball.

17 CHAIRMAN SAYLOR: Well, what I would
18 add to that is if you take notice in your
19 recommendations, eight and ten, for
20 instance, are already a part of the House of
21 Republican Caucus Health Care Plan that
22 we'll be unveiling here in the next week.
23 So I just wanted to let you know that.

24 The difference is we don't -- in our

1 advertising of the reports on errors and
2 mistakes made by hospitals or in the health
3 institutions, we require it not to be
4 advertised but online so that you can go
5 online and look for the particular
6 institution that you're going to go to --
7 whether you're having a heart operation, a
8 knee replacement, a hip replacement -- and
9 see what the errors are and whether, you
10 know, that's the hospital you want to
11 consider, a health institution, for whatever
12 medical condition --

13 MR. MONATESTI: Keep in mind now,
14 because of networking, even if I have to
15 make a decision not to go to that particular
16 hospital, I may not be able to go to another
17 because the insurance program that I'm into
18 wouldn't allow it, okay.

19 So in the State of Pennsylvania,
20 because of the insurance programs that we
21 have, okay, it's not transparent. You can't
22 make a quality decision.

23 What you said is excellent, and I
24 appreciate it, but it can't be acted on by

1 me. I can't make a value decision. I'm
2 locked in.

3 CHAIRMAN SAYLOR: I think the key,
4 though, is for there to be discussions
5 between health insurers and the patient many
6 times to say: Look, you know, you're paying
7 my health insurance. If I go to this
8 hospital and it has this risk -- and, again,
9 that's going to vary from health carrier to
10 health carrier, whether they give it.

11 I know individuals who were able to
12 go outside of their region, because they
13 said to their patient -- they said to their
14 health care: Well, look at this, you know,
15 if I go here where you'd like me to go, you
16 may end up spending more. And I think
17 that's the real key.

18 A lot of times we don't have those
19 discussions beforehand with our insurers to
20 make sure they have an understanding of why.
21 I think that's a real key for us --

22 MR. MONATESTI: According to a Blue
23 Cross representative who helped put this
24 together, 18 percent of the insured are

1 leaving the Northeast for care outside of
2 the Northeast, okay, because they're making
3 a quality decision, because they've been
4 able to do so, and the insurer has enabled
5 them to act. But in most cases, that
6 doesn't happen, okay.

7 Joe is not one of those people who
8 can make that decision.

9 CHAIRMAN SAYLOR: And I guess this
10 is a comment I make from the South Central
11 Area for Representative Boback and
12 Representative Major and others in this
13 region is that I think -- because we look
14 at, sometimes, in our area of the state is
15 that it seems like many times the dollars
16 being spent to grants from the state and
17 others to hospitals for improvement of care
18 tend not to go to some of our hospitals.
19 And I would assume some of that may be true
20 here. It tends to go to Philadelphia and
21 Pittsburgh Hospital.

22 MR. MONATESTI: That's exactly
23 right. But you see, the money going to the
24 hospitals is not where the problem is.

1 Joe's not getting care because he doesn't
2 have great hospitals. He possibly does.
3 Joe has a problem because he can't get
4 access. He doesn't have the insurance
5 policy or is underinsured to get the care.
6 Or in the elderlies' case, 67 to 80 percent
7 of the money being allocated for value
8 driven life-ending procedures is going into
9 waste.

10 REPRESENTATIVE GROVE: Well, the one
11 thing I would say to counter that is that
12 one good thing about Pennsylvania is you
13 cannot be denied care in any hospital.

14 MR. MONATESTI: Right. That's why
15 --

16 REPRESENTATIVE SAYLOR: I'm not sure
17 that's true in every state is that no matter
18 whether you have no money, you have very
19 little money -- and I'm one of those who my
20 father experienced that when he was fairly
21 young, and he was making very minimum pay
22 because he was a farmer. He went to the
23 hospital, had five different operations,
24 including -- he eventually ended up in

1 Philadelphia Hospital.

2 I think the key for us is how much
3 it costs and whether somebody is bankrupt,
4 as you talked about earlier sometimes. But
5 I think the focus for us is to make sure
6 that this doesn't -- the catastrophic care
7 that you talked about is what a lot of us
8 really need. It's not the denial of care.
9 It's the affordability of some of the
10 procedures, whether you can afford it and
11 will have access to it.

12 MR. MONATESTI: That's exactly where
13 you've got to be, because 3 million --
14 according to the numbers I've seen, upwards
15 of 3 million people last year went into
16 bankruptcy because of catastrophic illness.

17 And the only people that can make
18 that happen, make the change, is you guys.
19 Thank you very much.

20 CHAIRMAN SAYLOR: Thank you.

21 REPRESENTATIVE BOBACK: Thank you,
22 Sabatini. Thank you, everyone, for coming.
23 Very, very informational. Thank you. It's
24 a big help to us.

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C E R T I F I C A T E

I, Colleen J. Fila, Court Reporter, do hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the hearing of the above cause, and that this is a correct transcript of the same, to the best of my ability.

Colleen J. Fila
Court Reporter