



PA House of Representatives
Republican Policy Committee

414, Main Capitol Building
Harrisburg, PA 17120
(717) 260-6144

Rep. Joshua D. Kail
Chairman

PA House Republican Policy Committee Hearing
“Relief is Possible: Combatting the Crisis of Cost”

October 3, 2024, at 1 p.m.

South Park Township Community Center
2675 Brownsville Rd.
South Park, PA 15129

1:00 p.m.	Welcome and Pledge of Allegiance
1:10 p.m.	Douglas Pascoe <i>Chief, Southeast Regional EMS</i>
1:15 p.m.	Norm Candelore <i>Vice President of Vendor Relations, Sarris Candies</i>
1:20 p.m.	Patrick Haver <i>Constituent of the 39th Legislative District</i>
1:25 p.m.	Kurt Couchman <i>Senior Policy Fellow, Fiscal Policy, Americans For Prosperity</i>
1:30 p.m.	Questions for the Testifiers
2:00 p.m.	Closing Comments



Testifier Biographies

PA House of Representatives Policy Committee Hearing *"Relief is Possible: Combatting the Crisis of Cost"*



Douglas Pascoe **Chief, Southeast Regional EMS**

With over 30 years of experience in the EMS industry, Douglas Pascoe currently serves as the Chief for the Southeast Regional EMS (SEREMS) and holds a certification as a Pre-hospital Registered Nurse.

SEREMS is a full-service medical care and transportation provider covering the city of Clairton; Elizabeth, Jefferson Hills, Liberty, Lincoln, and West Elizabeth Boroughs; and Elizabeth, Forward, and Union Townships. Additionally, SEREMS offers community

educational programs in cardiopulmonary resuscitation (CPR), automatic external defibrillator (AED), first aid training, and stop the bleed training.

Norm Candelore **Vice President of Vendor Relations, Sarris Candies**

Norm Candelore graduated from Elizabeth Forward High School in 1975. Norman continued his education at West Liberty University where he earned his 4-year Bachelor of Science Degree in Business Administration. Norman graduated from West Liberty University in 1979.

Norm joined Sarris Candies, Inc. in 1982 as sub-contractor working in their IT Department along with his Dad. While working in the IT areas he established key relationships with Sarris Vendors to grow the Sarris Candies, Inc. Vendor/ Retail business. In 2005, Norm became a full-time employee as Retail Operations Manager at Sarris Candies, Inc. In 2022, Norm was promoted to Vice President of Vendor Relations.

As the Vice President Vendor Relations Norman has developed a team of 55 hardworking dedicated individuals. With Norman's continued positive assistance and direction these individuals handle over 1,300 Sarris Candies locations.

In addition to Norm's management responsibilities, he works to promote and support the Sarris Candies fundraising operations along with supporting and managing the IT Department.

Norm is known as the area's Favorite Candy Man!



Patrick Haver
Constituent of the 39th Legislative District

After retiring from his professional career, along with retiring from running a soup kitchen for over 20 years, Patrick remains an active volunteer within his community in the 39th Legislative District.



Kurt Couchman
Senior Policy Fellow, Fiscal Policy, Americans For Prosperity

Kurt Couchman is senior fellow in fiscal policy for Americans for Prosperity. He develops and supports innovative solutions to federal and state budget challenges while promoting fiscal outcomes that expand freedom, prosperity, and opportunity.

He has previously held positions with the Committee for a Responsible Federal Budget, Defense Priorities, several members of the U.S. House of Representatives, and the Cato Institute. He is the author of numerous legislative proposals—including two bipartisan balanced budget amendments—and opinion articles, as well as chapters in several edited volumes.

Couchman holds a master's degree in economics from George Mason University and a bachelor's degree in political science from Indiana University of Pennsylvania/Cook Honors College. He and his family reside in northern Virginia.



Good afternoon. My name is Douglas Pascoe and I have been involved in the EMS industry for over 30 years. I am currently certified as a Pre-hospital Registered Nurse and serve as the Chief of Southeast Regional EMS. I would like to thank you for the opportunity to address the financial status and effects of inflation on EMS in PA. Our EMS agency is the result of mergers and acquisitions directly resulting from financial crisis. EMS has long been viewed as self-sustaining since we have an avenue to third party bill insurance carriers for services. However, the reimbursement amounts are often less than the cost of providing the care and transport.

EMS has combatted financial inadequacies through merging, cutting, or ceasing service. The majority of services in Allegheny County receive no direct municipal support or are significantly underfunded. The lessons of 9/11, the Boston Bombings, School shootings, and the COVID 19 pandemic have taught us that EMS needs to staff for a state of readiness. When residents call 911, they expect rapid and professional services. EMS can no longer staff for the “what ifs” due to a gap in financial support. EMS should be staffing a level of readiness as opposed to a level of minimal staffing.

The business model for EMS is bleak. Rising costs of personnel, fuel, insurances, and equipment are met head on with a fixed fee schedule that does not cover the costs. EMS agencies are cash poor and loans are an essential financial tool to acquire and replace equipment. Rapidly rising interest rates over the past four years has resulted in dramatic effects on purchasing power and the ability of services to acquire loans. The PA Dept of Health sets the equipment standards for all licensed vehicles within the Commonwealth. All additions to the mandatory equipment list are unfunded state mandates. A heart monitor is one example. Several years ago, the State required heart monitors to have the ability to transmit heart rhythms to local emergency rooms

for doctor interpretation. This is an excellent idea and dramatically improves patient outcomes when they are experiencing a heart attack. The issue is that it forced all EMS agencies to replace monitors, and the new technology was nearly triple the amount. A traditional monitor cost \$15,000 and now they have propelled over \$40,000 per unit. Our EMS service has 16 monitors that are near end of life as newer technology is on the horizon and the day will come when its software and soft supplies will be unobtainable. We must obtain all the units at once to standardize care and eliminate operational confusion. This will cost our organization nearly \$650,000 in the coming years. Inflation will merely drive this number as we do not have the liquidity to purchase outright, and financing will be essential.

When equipment needs replaced at rapidly increasing pricing, EMS must consider staffing cuts to balance budgets. The cuts to EMS staffing occur while our demands for services are at an all-time high. EMS is an essential public service that requires a combination of Federal assistance with Medicare reimbursement rates, State assistance with subsidization and grants, and local tax support order to survive.

Your local EMS agencies are on life support. EMS can no longer self-sustain as our rising costs overshadow fixed reimbursements. Medicare and Medicaid payments only represent a fraction of the cost of providing service. It is inevitable that EMS agencies will continue to struggle financially given our current business models. Many agencies will be forced to reduce or cut services to remain budget neutral. An article called EMS in Crisis published September 2018 states that PA alone lost over 50% of their EMS services, spanning 25 years, due to financial demise. Cuts in EMS services are occurring as our demand is increasing. This places the public health in jeopardy by limiting access to EMS during medical emergencies. We all know that in dire emergency situations, seconds count.

We have done our part. Our wages are considerably lower than those of our public safety partners. Many of our vehicles on the road are beyond their useful lives. We will continue to serve and protect. EMS requires a consistent financial revenue stream that is not a result of patient transports. There is currently no established model for EMS funding in PA. Agencies need the void in revenues met at the local or state level. EMS will continue to third party bill but it is evident that the reimbursement is simply not enough. We are asking for a permanent financial commitment to the EMS system to ensure our ability to be at the ready. Until the model is fixed, any assistance in low cost lending solutions would be extremely helpful.

References:

Bobb, A. (2018, September). EMS in Crisis. *PA Township News*, 1(1).

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National EMS Advisory Council (2020, February 14). *EMS funding and reimbursement*. P 2.

Retrieved from: https://www.ems.gov/pdf/nemsac/NEMSAC_Advisory_EMS_System_Funding_Reimbursement.pdf

Hello, my name is Patrick Haver. I'm 73 years young and have been a long time resident of Pleasant Hills located in the 39th district, represented by Andrew Kuzma. I'm retired after working for General Electric – GE Supply for 25 years. I retired almost 10 years ago January 1st, 2015. I also worked as the executive director of a weekend soup kitchen, First Charities- First Food & Friends, located in the East End of Pittsburgh. I ran the soup kitchen for 22 years, and retired on September 1st, 2021.

I still have my hand in cooking by running my church's Lenten Fish Fry for the past two years.

The soup kitchen and fish fry truly opened my eyes to food costs and how the rising prices of food overall makes it difficult for everyone to stay on budget.

I have lived in two millennia, two centuries and eight decades. I have seen the best of times and the worse of times. These days are truly challenging times because of inflation. Being a senior citizen on a fixed income, inflation has played havoc with all areas of my life.

I want to focus how inflation has affected me more and more over the past few years. Food costs, home utilities, property and school taxes, car and home owners insurance, medicine and medical procedures, pet food, pet insurance and veterinary costs, church, non-profits and others with their hands out – all taking a bite out of my limited income.

I'm fortunate that I have a pension and am able to receive social security. So many others my age have to survive on much less.

Food is the first place I feel how inflation hurts me daily. Price increases in eggs, milk, bread, salad, fruits and vegetables. The items I buy sparingly are meats and seafood because their prices have skyrocketed. I used to eat three meals a day, now it is two meals a day or more often just one main meal and a snack. With all the other costs to live these days, I have cut back mostly on food purchases. I rarely go out to eat anymore which was something I used to enjoy regularly. With breakfast running \$15 or more, lunch \$20 or more, and dinner \$40 and up for myself.. it's just something I had to cut back on going out to eat. All the cost increases businesses incur are passed on to the consumer, so we have to cut back going out to dine.

Utilities are another huge area of inflation for the home owner. Here are my utilities and their increases in 2024:

Duquesne Light – in addition to planned rate increases, have gone up 6%

Pennsylvania American Water has increased over 10%

People's Gas has increased 13.8%

My borough and school taxes have increased 4%

My car insurance and home owners insurance went up 24% and 30%

My dog's veterinary monthly insurance rose over the past three years from \$45 a month to over \$90 a month.

My church is appealing for people to increase their weekly giving to 15% of their income.

The majority of my daily mail consists of non-profits all asking for monetary assistance.

I believe in supporting our political candidates in their running for office.

I am better off than many people my age, but I too have worries about being able to afford everything year after year, unless inflation is reigned in.

The economy is the number one concern for me this election season!

Thank you for allowing this time to speak with you and share my concerns.

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Pennsylvania House of Representatives, Republican Policy Committee
Testimony of Kurt Couchman, Senior Fellow in Fiscal Policy, Americans for Prosperity

Chairman Kail, Representative Kuzma, and members of the House Republican Policy committee:

Thank you for the opportunity to share views on the causes and consequences of inflation and America’s affordability crisis. I look forward to discussing federal and state strategies to unleash prosperity and to refocus governments on their proper roles.

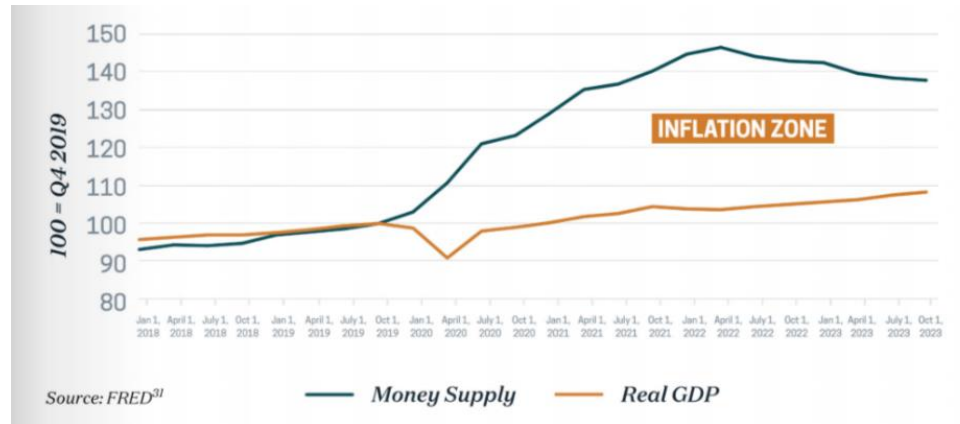
Reckless spending in Washington, DC, caused the inflation surge. Inflation reached 41-year highs in 2022, and prices today are 20 percent higher than in January 2021. The average Pennsylvania household spends \$984 per month for the same goods and services, and their cumulative cost of inflation is about \$24,445.¹

Inflation faded when one-party progressive control in DC ended because the federal borrowing binge slowed. Unfortunately, prices are permanently higher.

Let’s consider how federal politicians caused inflation. The 2008 financial crisis and the COVID-19 pandemic gave cover for Democratic members of Congress led by House Speaker Nancy Pelosi to push expansive, debt-financed legislation to advance an ambitious progressive agenda. Nearly all Democrats went along with it, as have some Republicans at times.

During COVID, the Federal Reserve bought most of the new debt, more than doubled its assets, and monetized the debt. Federal Reserve assets are the monetary base, which bank lending amplifies into the overall money supply. The gap between money supply growth and real economic growth (see Figure 1) drives inflation.

Figure 1: Inflation is too much money chasing too few goods



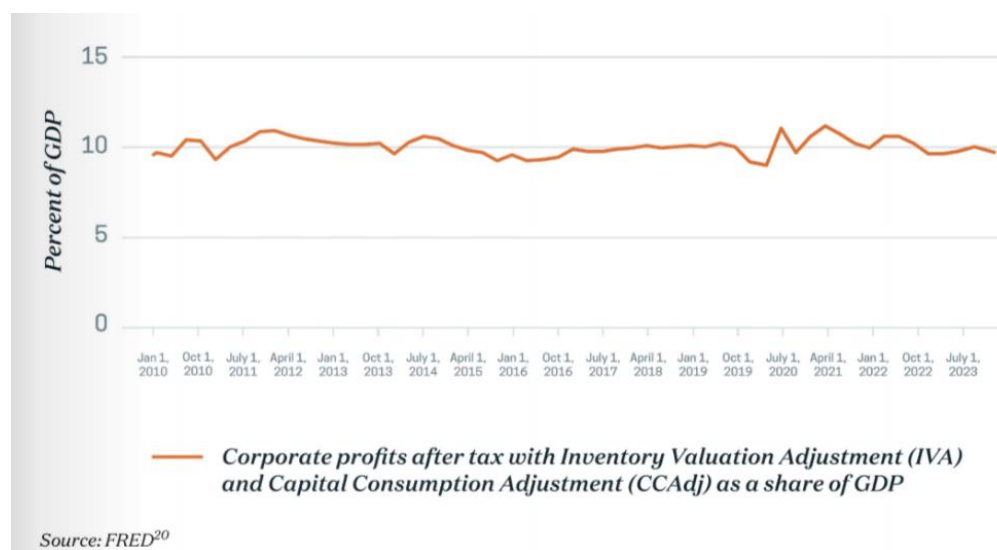
¹ Joint Economic Committee Republicans, “State Inflation Tracker,” <https://www.jec.senate.gov/public/index.cfm/republicans/state-inflation-tracker>, accessed 9/30/24.

Regulatory burdens amplified fiscal and monetary mistakes. Pandemic lockdowns and an aggressive Biden-Harris Administration undermined economic growth and kept new supplies of goods and services from absorbing excessive money.

Disgracefully, some of the profligate politicians responsible for inflation want to mislead Americans into believing that corporate profits, “price gouging,” and “greedflation” are to blame. Pennsylvania’s own Senator Bob Casey is the high priest of deceit in this regard.

Corporate profits, properly measured, have been about 10 percent of the economy (see Figure 2). The federal flood of cash pushed them up a little during the pandemic, but they certainly did not cause inflation. I and a colleague explained Sen. Casey’s errors and the causes of inflation in a paper this summer.²

Figure 2: Corporate profits have been stable as a share of GDP



Bidenomics is on the ballot this fall. Even so, prices for many of life’s necessities were too high before this administration and before the pandemic.

Governments at all levels have enacted policies to subsidize demand and to restrict supply, which push up prices without necessarily increasing the supply of housing, health care, education, transportation, and more. These goods and services are often too expensive and often don’t match our individual needs as well as they could.

² Kurt Couchman and Ilana Blumsack, “Bidenflation Blame Game: How Big-Spending Politicians Scapegoat Business,” Americans for Prosperity, <https://americansforprosperity.org/featured/afp-report-shows-that-bidenomics-not-business-creates-inflation/>, June 27, 2024.

State legislators can do little to address inflation, but they can reduce subsidies and unnecessary red tape to bring down prices across the board. To do so, legislators must scrutinize government activities regularly.

Legislative budgets should include and be able to manage all spending and revenue, including tax expenditures. Yet the Pennsylvania General Assembly and Congress consider separate appropriations bills that collectively cover a minority of spending and no revenue.

In Congress, new bipartisan legislation would build a complete budget around the appropriations bills and engage all committees.³ Pennsylvania's General Assembly could do likewise, perhaps without a change in statute, simply by changing practices.

More legislators could participate in the process to drive better results across all activities. For instance, scaling back low-value activities to focus on doing core functions better could also make room for tax upgrades that improve Pennsylvania's competitiveness and grow prosperity.⁴

More and better jobs can help Pennsylvanians overcome the burden of inflation. Better budgeting can fix problems, boost compensation and working conditions, and unleash more flourishing. Growing the economy by removing unneeded barriers can soak up excess money and reduce inflation, although any single state's impact would be small.

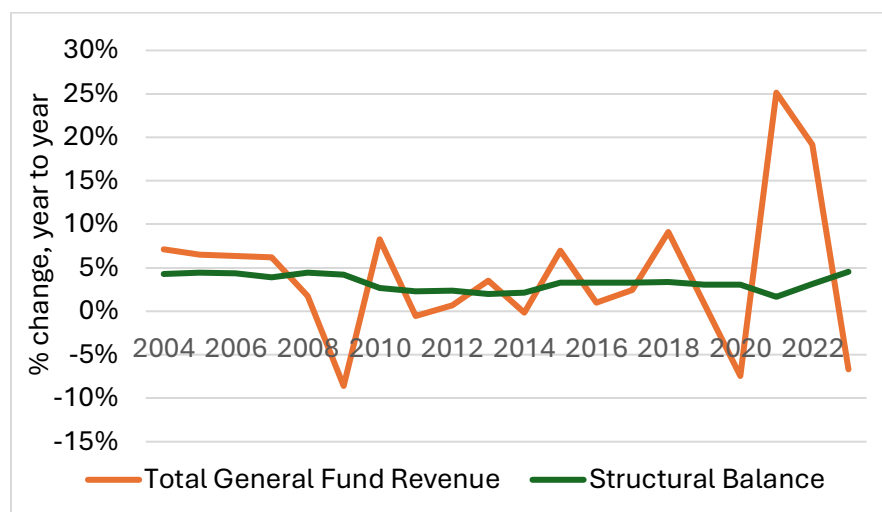
Pennsylvania should also adopt rules to balance the budget over the medium term instead of every year (see Figure 3). Surpluses in good years would become reserves to fill gaps in bad years. Policies would be more stable and predictable, which would unleash more private sector investment and opportunity. Legislators could seek permanent improvements instead of cobbling together temporary patches for revenue swings.⁵

³ Kurt Couchman, "What is the Comprehensive Congressional Budget Act?" Americans for Prosperity, <https://americansforprosperity.org/blog/what-is-the-comprehensive-congressional-budget-act/>, September 5, 2024.

⁴ Tax Foundation, "2023 State Business Tax Climate Index," <https://statetaxindex.org/>, accessed 9/30/24.

⁵ Kurt Couchman, "States Can Unleash Freedom and Reclaim Sovereignty With Structural Balance," Americans for Prosperity, <https://americansforprosperity.org/wp-content/uploads/2022/11/AFP-States-can-unleash-freedom-and-reclaim-sovereignty-with-structural-balance.pdf>, November 2022.

Figure 3: Structural balance provides near-term stability



Fiscally strong and independent states would deter congressional bailouts, which often carry federalism-eroding strings that last much longer than the money does. Legislation like the American Rescue Plan Act that triggered inflation might never have passed.

Several other states already do something similar, and it should have bipartisan support. Pennsylvania's Constitution appears to allow statutory structural balance rules.

Budgeting is central, but it isn't everything. Legislators should also divide up the regular review of laws in their committees' jurisdictions so they can seek out and reduce unmerited barriers.

Excessive federal spending caused inflation. Ending the borrowing binge stabilized prices, but they are 20 percent higher than they were in January 2021. Some politicians have resorted to scapegoating others for the problems they caused.

State governments may be able to reduce inflation by growing their economies. They have greater scope to reduce high costs in housing, health care, education, and beyond by carefully reviewing and adjusting subsidies and regulations that drive up costs.

Legislators should embrace a comprehensive legislative budget and smart budget targets to empower them to drive better outcomes for those they represent. Greater fiscal independence by states would limit intrusions on their responsibilities and federal budget blowouts that may contribute to inflation.

Thank you for the opportunity to share these thoughts. I look forward to your questions and to working with you toward a brighter future for all Pennsylvanians and all Americans.