



STATE REPRESENTATIVE

Nick Kotik

45TH LEGISLATIVE DISTRICT

LEGISLATIVE REPORT

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Fall 2014

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STATE REP. NICK KOTIK'S IN-DEPTH LOOK INTO PA.'S STATE BUDGET

Dear Neighbor,

Throughout this newsletter – which comes to you after I voted against the 2014-15 state budget – you'll find articles about painful education cuts, what other revenue options we left untapped and the impact of Gov. Tom Corbett's all-around bad decisions.

Undoubtedly, this year's budget process was particularly difficult as we faced a \$1.5 billion deficit. However, after three state budgets with irresponsible fiscal policies, it comes as no surprise to me that Corbett's fourth budget benefited big corporations, continued to cripple public education and passed the buck to struggling homeowners in the form of higher property taxes.

I pledge to continue to do all I can to reverse this troubling trend by pushing for fiscally responsible plans that strategically aim to strengthen our communities and invest in our economy.

As always, please contact my Coraopolis office at 412-264-4260 for help with any state-related matter. You also can email me through my website, www.pahouse.com/kotik.

Sincerely,

Nick Kotik



As a member of the House Insurance Committee, Rep. Kotik attends hearings that are directly related to the UPMC/Highmark dispute and its impact on local patients and consumers.

UPMC/HIGHMARK TRANSITION PLAN Q&A

The UPMC/Highmark contract dispute has been at the forefront of issues impacting local communities for several years. As a member of the House of Representatives, I advocated for a fair and reasonable agreement that puts the people of western Pennsylvania first.

Following the announcement of the UPMC/Highmark transition plan, the chairman of the House Insurance Committee, on behalf of the committee, penned a letter to the governor, the attorney general and the state's insurance commissioner seeking answers to some questions relating to care for cancer patients and those who need to use an emergency room.

Q If a Highmark subscriber ends up in a UPMC emergency room and is stabilized, but does need inpatient care, who will decide if that person can stay in a UPMC facility with a UPMC physician or must be transported to an Allegheny Health Network facility?

A If a patient needs medical care and is not medically stable, the patient will receive inpatient care at the hospital where the patient was admitted to the emergency room. A patient insured under the UPMC

Health Plan who goes to an AHN emergency room will also be transferred to a UPMC hospital once stabilized.

Q If a Highmark subscriber is being treated for oncology services and wants to continue those oncology services at a UPMC facility with a UPMC physician, who will decide if the person can continue to be treated at UPMC?

A The patient's treating physician decides whether the patient should be treated by a UPMC physician for oncology. Treatment may occur at a UPMC facility or some other facility because UPMC physicians staff a number of cancer centers at local hospitals.

Q If a Highmark subscriber is diagnosed with cancer at an AHN facility in the future, but wants to be treated at a UPMC facility by a UPMC physician for cancer, will that preference be honored and how will that decision be made?

A A Highmark subscriber diagnosed with cancer at an AHN facility can be treated by a UPMC physician if the patient's treating physician determines that is where the patient should be treated.

REPUBLICAN GIMMICKS TO 'BALANCE' THE BUDGET

To give the impression that the 2014-2015 state budget is balanced, the Republican majority relied heavily on unsustainable, one-time revenue sources. Here's a sampling of some of the gimmicks used that

totaled nearly \$1.5 billion:

- \$225 million – tobacco settlement board transfer to teachers' pension system
- \$125 million – questionable Medicaid savings from Healthy

PA proposal that needs approval from federal government

- \$151 million – tobacco settlement funds redirected to help fund nursing homes
- \$95 million – leasing

state forest land for additional drilling

- \$75 million – Philadelphia casino license that has yet to be issued and will not be used for property tax relief



REVENUE OPTIONS LEFT ON THE TABLE

Gov. Tom Corbett has spent the last four years handing out \$2.1 billion in corporate welfare. He takes care of his corporate friends while ignoring viable revenue options that could benefit all Pennsylvanians. Here are some examples:

1. Expand Medicaid = \$340 million to \$400 million per year.
2. Roll back the Capital Stock & Franchise Tax rate to 2.89 mills = \$866 million per year.
3. Close the "Delaware Loophole" by enacting combined reporting = \$165 million in the first year.
4. Cap the Sales Tax Vendor Discount at \$250 per month = \$44 million per year.
5. Improve the liquor system and consumer convenience = \$125 million per year.

It is time for Gov. Corbett to take care of all Pennsylvanians, not just his corporate friends.

HOW DID IT GET THIS BAD?

Gov. Tom Corbett took Pennsylvania in the wrong direction during his first three years in office. The \$1 billion cut to public education funding in his first year has grown to \$2.7 billion. He refused federal dollars to insure some 500,000 more Pennsylvanians through Medicaid.

Despite his \$2.1 billion in corporate tax cuts, Pennsylvania still falls below most states in outlook for employment, ranking 48th of 50 states in job growth.

WHERE DO WE GO FROM HERE?

To move Pennsylvania forward, we must make a fresh start. The state should:

- Reverse Corbett's education cuts.

- Ensure all Pennsylvanians have access to affordable health care.

- Protect our environment and defend the commonwealth

against threats to our water, air and land.

- Make some of the country's biggest corporations pay their fair share.

EDUCATION CUTS CAUSE RIPPLE EFFECT

In every one of his state budgets, Gov. Tom Corbett slashed funding to public education. His budget cuts caused more than 20,000 Pennsylvania public school employees to lose their jobs and forced property tax hikes in hundreds of school districts across the state.

Instead of relying on phony fixes and unfair cuts, Corbett should have taken a different approach to his

fourth state budget – an approach focused on Pennsylvania taxpayers and families, rather than big corporations, which have benefitted from more than \$1.2 billion in tax breaks and favors under Corbett's administration.

The pain of the Corbett administration's cuts has been felt in communities, large and small, across Pennsylvania. Rural communities

and urban communities alike have seen their property taxes rise and funding for their public schools slashed.

His severe cuts that were inequitably implemented found some wealthy school districts losing less than \$50 per student, while in one case a neighboring district lost over \$1,000 per student.

PASSING THE BUCK HURTS TAXPAYERS

Gov. Tom Corbett is currently pushing for a so-called "pension reform" plan.

The governor claims out-of-control pension costs are draining school district budgets and forcing districts to raise property taxes. The pension reform legislation he supports, he claims, would lower pension costs for school districts and lower property tax bills for homeowners.

This appears to be nothing more than a desperate attempt to distract the public's attention from his budget crisis and severe cuts to public education. The governor is misleading Pennsylvanians when he claims passing pension "reform"

would reduce local property taxes.

Local property taxes are increasing because Corbett failed to provide adequate state funding for public schools. Period.

The state's share of school funding is declining. The state provides more than 35 percent of school funding, as compared to 40 percent 20 years ago. School districts rely on federal funding and other sources, such as local property taxes, for the rest of their funding.

The dependence on local taxes to fund Pennsylvania's public schools has reached a tipping point because of the continued education cuts and it is my fear



that we will be looking at continued property tax increases and a higher Personal Income Tax rate in 2015.

Harrisburg Patriot News

July 10, 2014

Rep. Nick Kotik, on tackling the governor's pension reform plan:

"Attempting to bully the legislature into passing a misguided pension reform plan, which we already know doesn't have the votes to pass and despite his rhetoric, doesn't help school districts and won't lower property taxes, is a continuation of what we've seen over the past four years.

"Instead of working with the legislature, which is controlled by his own party, the governor is attempting to intimidate the General Assembly into doing what he wants, regardless of the outcome on Pennsylvanians."

LEGISLATOR OF THE YEAR



It is a distinguished honor to be named Legislator of the Year by the Pennsylvania Fraternal Alliance. The alliance is more than 700,000 strong and provides valuable contributions to our society such as social and cultural opportunities, scholarships, help with disaster relief, and assistance for the disabled.



State Representative

Nick Kotik

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lpo.ts.0814

SENIOR HEALTH EXPO REMINDER!

Friday, Oct. 10 | 10 a.m. to 1 p.m.

**Kennedy Township Fire Hall
Forest Grove Road (Kennedy Township)
McKees Rocks, PA 15136**

This is a free event and will feature exhibitors providing information on programs and services available to senior citizens. Stop by for light refreshments AND more!



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Please visit my website, www.pahouse.com/Kotik, to sign up for e-alerts on important bills, state-related issues, community events and more.



PENNSYLVANIA'S PENSION PROBLEM: "ACT 120 IS WORKING"

Pennsylvania has a very real pension problem. Pennsylvania also has a real pension reform plan – Act 120 of 2010. At the core of the problem is Gov. Corbett, who is continuing his campaign to underfund public education and blame public employees for the commonwealth's failure to make its employer contribution to the retirement system. This is despite the fact that hardworking employees have never missed any of their contributions.

A sector of public employees are under the State Employee's Retirement System, or SERS. Their fund has an excellent record spanning 30 years, including close to \$6.5 billion of investment returns in the last two years.

Act 120 of 2010 crafted a bipartisan pension reform roadmap to establish a responsible solution to a difficult situation. The law cut the cost of new employee benefits by 60 percent – in effect, new members of the pension systems are paying for their own retirement benefits.

It also:

- Reduced the benefit multiplier from 2.5 to 2 percent of salary for each year of service for new employees.
- Eliminated lump-sum withdrawal of contributions and interest at retirement.
- Increased the normal retirement age by five years to 65 for most people.
- Doubled the vesting period to 10 years.

Act 120 is a long-term blueprint for Pennsylvania to pay its pension bills. More than half of today's pension payment goes toward paying old debt, not to current pension costs. Those unpaid bills are a prime reason for the \$50 billion combined shortfalls in the public school employees' and state employees' pension plans.

Pennsylvania must remain focused on paying down the pension debt through Act 120.