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## News

Tuesday May 12, 2009

### W.Va. should avoid cuts, advocates say

by [Michelle Saxton](#)  
Daily Mail Capitol Reporter

Protecting children and families and helping low-income and unemployed residents should be guiding principles for lawmakers as they consider state budget cuts, several advocacy groups say.

"State spending is extremely important to helping vulnerable populations who have been particularly adversely affected by the economic downturn," said Jim McKay, task force convener for the Legislative Action Team for Children and Families. "Spending cuts are a further challenge."

McKay and other groups met Monday at the state Capitol to present recommendations for the upcoming budget session that starts May 26. State lawmakers were expected to identify cuts of about \$200 million from the proposed \$4.4 billion budget.

State spending can boost economic activity, whereas cuts could worsen the recession, trigger more job losses and jeopardize needed public health and safety services for children, senior citizens and disabled residents, advocates say.

They shared Gov. Joe Manchin's support for using federal stimulus money from the American Recovery & Reinvestment Act to help backfill budget cuts.

"They should use all the stimulus money they can to backfill the full \$200 million because we don't want to see cuts in vital services," Ted Boettner, executive director of the West Virginia Center on Budget & Policy, said. "We also don't want to see canceled contracts with businesses, nonprofits, private companies - this reduces demand in the economy."

West Virginia should look for other ways to enhance revenue, including raising personal income taxes for the highest earners, reinstating the state's estate tax and increasing the state's tobacco tax, according to a March report from the Center on Budget & Policy.

Raising the state's tobacco tax 65 cents to \$1.20 would help bring in about \$100 million a year, said Chuck Hamsher, director of advocacy for the American Heart Association in West Virginia.

"We're in a financial crisis," Hamsher said. "We've got to deal with the revenue side of things or we're going to have cuts."

The tobacco tax was not expected to be an issue for the coming special session, said Jim Pitrolo, Manchin's legislative director.

"Gov. Manchin says that right now we're going to use the stimulus money to backfill Medicaid and those critical areas," Pitrolo said. "We don't know what kind of holes that's going to leave in our budget when the stimulus spending expires, and we may look at things such as the tobacco tax to plug those holes when that time comes."

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Investments in education, infrastructure and early childhood should be protected from budget cuts, said McKay, who also is state coordinator of Prevent Child Abuse West Virginia.

"Unemployment compensation needs to be sustained and strengthened," McKay added. "We need to maintain programs that provide health care, economic security, public safety and so forth."

Company closures and job losses lead to an increased burden on those types of services, he said.



The governor's office is concerned about services to children and the unemployed, Pitrolo said.

"The cuts we're going to make are in areas where we don't think will affect services," Pitrolo said. The governor's office will continue working with lawmakers between now and the upcoming session on where those cuts would be, he said.

"We've announced that we're not going to do any layoffs," Pitrolo said. "We're not going to do any salary cuts or

furloughs, so by keeping all state employees employed at their salary levels, too, we hope that that helps stimulate the economy."

Working on complicated state budget and economic policy issues is like putting together pieces of a jigsaw puzzle, said McKay, who was wearing a colorful tie illustrating stages of childhood development all the way up to a post-college potential to be president of the United States.

"It's got thousands of interlocking pieces," McKay said, adding that with the recession that puzzle has gone from 1,000 to 5,000 pieces. "Start with the outside and work your way in."

Besides planning for the next fiscal year, West Virginia also must pay attention to long-term structural budget problems, Boettner said.

That includes a forecasted deficit of close to \$370 million around fiscal year 2013, he said, and the state must deal with unfunded liabilities in the Public Employees Insurance Agency and with retirement and other post-employment benefits.

"We don't want them to creep up on us," Boettner said.

Stress from unemployment can have ripple effects on people's lives, said Sam Hickman, CEO of the National Association of Social Workers' West Virginia chapter.

"If you do not have a job in this country, your stress level goes sky high," Hickman said. "Unfortunately that can lead to depression, divorce, abuse and neglect of children, domestic violence in the family."

Hickman recommended the state become eligible for \$33 million in federal stimulus funding for unemployment to help expand unemployment benefits to part-time workers and to extend benefits to people who have suffered severe economic downturns because of domestic violence.

West Virginia has already discussed drawing down \$11 million from that stimulus money to help more unemployed workers get benefits, but there are concerns that making changes to become eligible for and accepting the other \$22 million could lead to greater costs in the future.

"I think that that is a common response that we don't want to start programs that we're going to have to pay for with state money down the road," Hickman said. "This unemployment perspective, it gives us as many as seven years to allow the recovery of the economy to make up for whatever investment we have had to make or whatever investment the federal government has had to make."

Many recovery act funds have been limited to 13 economic quarters, and in some of those cases if you start programs you have to continue them, Hickman said.

"The unemployment one is very generous, and it allows a number of years for the economy to recover for people to retrain to go into other areas of employment," Hickman said.

Meanwhile, Legislative Action Team members say the state's budget priorities are rational, and that financial problems in West Virginia are due to the global economic recession. Of the general revenue appropriations for Fiscal Year 2009, about 80 percent were for public education, higher education and human services, according to the group's statement of principles.

"West Virginia doesn't have a spending problem, it has a revenue problem," Hickman said.  
"We need to apply the resources we do have wisely so that we can help families recover."

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