



STAND FOR PENNSYLVANIANS

PENNSYLVANIA STATE BUDGET IMPASSE 2015-2016 IMPACT ON NONPROFIT ORGANIZATIONS AND THE PEOPLE WE SERVE

 **176**
SURVEY
RESPONDENTS

 **68%** OF NONPROFIT
ORGANIZATIONS BUDGETS
WERE IMPACTED

 "WE ARE GIVING SERIOUS CONSIDERATION TO SHUTTING DOWN OPERATIONS, GIVEN THE EXTENT OF OPERATIONAL LOSSES AND THE GOVERNMENTAL EXPECTATION THAT WE ESSENTIALLY WORK WITHOUT PAY FOR MORE THAN HALF THE YEAR." - SURVEY PARTICIPANT

 **\$80,030,793** IN
GOVERNMENT PAYMENTS WERE
DELAYED OR NEVER RECEIVED
(RESULTS FROM **90** ORGANIZATIONS)

 **-\$171,921,108** WAS
COLLECTIVELY BORROWED
FROM **135** ORGANIZATIONS

 **\$531,626** IN INTEREST
PAYMENTS WILL NEED TO BE
PAID BACK (RESULTS FROM
45 ORGANIZATIONS)

 **17,100** CLIENTS
SERVED BY **22**
ORGANIZATIONS RECEIVED
NO OR REDUCED SERVICES

 **88** PROGRAMS CLOSED OR
REDUCED HOURS OF SERVICE
(RESULTS FROM **21** ORGANIZATIONS)

 **5** ORGANIZATIONS CLOSED
THEIR DOORS FOR A
COLLECTIVE **73** DAYS

 "WE HELD OFF RELOCATING VICTIMS OF DOMESTIC VIOLENCE THAT WE WOULD HAVE OTHERWISE FUNDED TO RELOCATE, LITERALLY PUTTING LIVES AT RISK" - SURVEY PARTICIPANT

 **382.25** FULL TIME EMPLOYEES FROM **86** ORGANIZATIONS WERE NEGATIVELY IMPACTED BY THE BUDGET IMPASSE

 **57.25**
STAFF
LAID OFF

 **32**
STAFF
FURLOUGHED

 **5**
STAFF
WORKED
WITHOUT PAY

 **196**
STAFF HAD
REDUCED
HOURS/PAY

 **28**
STAFF HAD
ELIMINATED/
REDUCED BENEFITS

 **64**
POSITIONS WERE
NOT FILLED

STAND FOR PENNSYLVANIANS

PENNSYLVANIA STATE BUDGET IMPASSE 2015-16

Classes for 16-18 year olds reading below the 6th grade level were cancelled for 60 days, ending services for 150 out of school youth trying to increase their reading levels to prepare for the GED and job training.

- Survey Participant

Impact on Nonprofit Organizations and the People We Serve

EXECUTIVE SUMMARY

The FY 2016-17 Pennsylvania State Budget Impasse officially ended on Easter Sunday, March 27, 2016 after Governor Wolf decided to allow the \$7 Billion budget closure package to take effect without his signature. This report provides a brief snapshot how this nine-month budget delay affected **176** nonprofit organizations and the Pennsylvania communities that they serve, including the clients served, financial stability, daily operations and nonprofit staffing.

PANO partnered with the United Way of Pennsylvania and the Greater Pittsburgh Nonprofit Partnership (GPNP) for data collection purposes. The report includes data collected by GPNP on three critical data points. All data reported was for the period of July 1, 2015 through February 29, 2016. PANO analyzed the data and generated the report.

Key findings include:

- **17,100** clients served by **22** organizations received no or reduced services.
- **90** organizations reported that they had to compensate for a collective **\$80,030,793** in delayed/never received payments due to do the budget impasse.
- **135** organizations collectively borrowed **\$171,921,108** to continue operations during the state budget impasse.

Of this, 171.9 Million dollars:

- **50% (\$85,669,390)** was borrowed from organizational cash reserves
 - **39% (\$67,385,187)** was borrowed from lines of credit/bank loans
 - **8% (\$15,058,531)** was “borrowed” from vendors—through delayed payments
- **45** participants reported that they would need to pay back a collective total of **\$531,626** in interest.
 - **18%** of participants reported that their credit rating was negatively affected by the state budget impasse.
 - **88** programs closed or reduced hours of service
 - **5** organizations closed their doors for a collective total of **73** days.
 - **382.25 FTEs** = Total staff laid off, furloughed, experienced reduced hours/pay, worked for no pay or not hired; of these, **188.25 (FTE)** positions have not yet been rehired/restored.

Notable themes in the qualitative data included the tension and stress experienced by organizational leadership and their staff. Leadership had to make decisions between staff cuts, going into debt or closing doors. Frontline staff continued to serve client needs while watching colleagues being laid off—leading to decreased morale and frustration. Four organizations reported that supervisory/long-time staff voluntarily moved on to other jobs; their positions have been difficult to replace.

INTRODUCTION

Students were concerned about whether or not their classes would be canceled.

--Survey Participant

The FY 2016-17 Pennsylvania State Budget Impasse officially ended on Easter Sunday, March 27, 2016 after Governor Wolf decided to allow the \$7 Billion budget closure package to take effect without his signature. This report reflects how this nine-month budget delay affected nonprofit organizations and the Pennsylvania communities that they serve.

REPORT PURPOSE

To tell the story of how the budget impasse affected the **176** survey participants and the clients they serve.

SURVEY OVERVIEW

The Pennsylvania Association of Nonprofit Organizations (PANO) partnered with the United Way of Pennsylvania and the Greater Pittsburgh Nonprofit Partnership (GPNP) to generate survey participation using a disruptive coalition-building approach. Survey questions were drafted by PANO with the assistance of Penn State's Institute of State and Regional Affairs. All data reported was for the period of July 1, 2015 through February 29, 2016. The report includes data collected by GPNP on three survey questions; each item including this additional data is footnoted in the report.

DATA CONFIDENTIALITY

Because participants depend on state contracts and/or line items in the state budget for their funding, this report maintains the confidentiality of participants, providing results in aggregate and thematic data. Names of participating organizations are not included in this report

DATA COLLECTION AND ANALYSIS METHODS

Using SurveyMonkey® as the online platform, the survey was launched on March 18, 2016, officially closing on March 31, 2016 with 129 participants. All data reported was for the period of July 1, 2015 through February 29, 2016.

PANO analyzed both the qualitative and the quantitative data in-house. Quantitative data was analyzed using simple frequency and aggregate calculations. Finally, data collected from 44 participants in a survey conducted by GPNP was included aggregate answers to the following survey items:

- Amount used from cash reserves
- Amount borrowed from bank loans/lines of credit
- Amount borrowed by credit card

Qualitative information was analyzed thematically when appropriate. The answers to the final survey item (i.e. *Give us examples of something negative that occurred as a result of the budget impasse*) were grouped according to broad themes, and reported in participants' own words.

REPORT LIMITATIONS

This survey cannot be generalized to all nonprofit organizations because each organization experienced the budget impasse in unique ways. The survey merely provides a snapshot into the daily life and operations of participating organizations.

“There needs to be a way for money to flow until the Governor signs a budget.”
- Survey Participant

PARTICIPATING ORGANIZATIONS AND THE CLIENTS THEY SERVE*

132 organizations reported information regarding how the FY 2015-16 PA State Budget Impasse impacted their clients and their organization’s finances, staffing and program operations.

The collective total of clients served by these 132 organizations = **146,346**.

For the purposes of this report, Table 1 includes organizations by county and by region. (Please note that this regional breakdown is also used by Pennsylvania’s Department of Environmental Protection.) Because some organizations serve individuals in more than one county and in more than one region, some organizations are counted more than once.

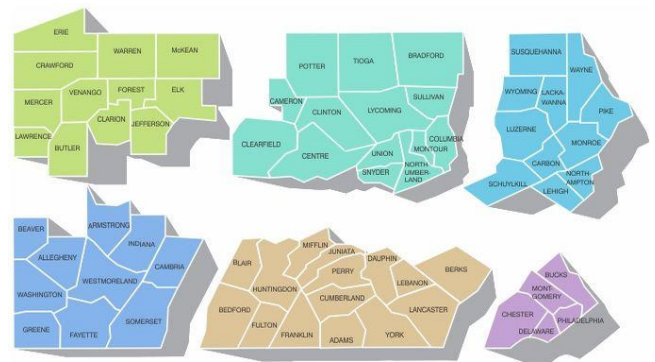


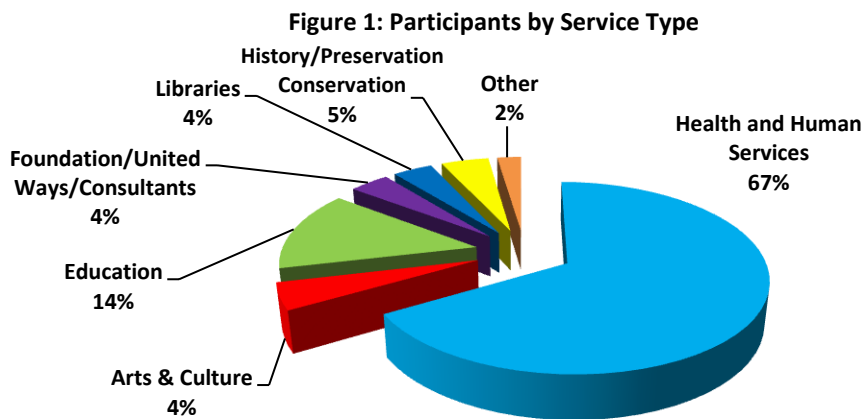
Table 1: Number of Organizations Serving Clients in Each of Pennsylvania’s Counties

Northwest Counties Served	# Orgs	North Central Counties Served	# Orgs	Northeast Counties Served	# Orgs	Southwest Counties Served	# Orgs	South Central Counties Served	# Orgs	Southeast Counties Served	# Orgs
Butler	6	Potter	4	Lehigh	14	Allegheny	25	Lancaster	16	Philadelphia	23
Erie	3	Bradford	3	Northampton	9	Washington	14	Cumberland	15	Chester	16
Jefferson	3	Centre	3	Schuylkill	6	Westmoreland	11	Berks	14	Montgomery	15
Lawrence	3	Clearfield	3	Carbon	4	Fayette	8	Adams	12	Bucks	15
McKean	3	Northumberland	3	Monroe	4	Greene	8	Dauphin	12	Delaware	9
Crawford	2	Snyder	3	Pike	4	Beaver	6	York	11		
Mercer	2	Union	3	Wayne	4	Armstrong	5	Perry	7		
Warren	2	Tioga	3	Lackawanna	3	Somerset	4	Franklin	4		
Clarion	1	Clinton	2	Susquehanna	3	Cambria	3	Fulton	3		
Elk	1	Columbia	2	Luzerne	2	Indiana	2	Lebanon	3		
Forest	1	Lycoming	2	Wyoming	2	Unknown	5	Mifflin	3		
Venango	1	Montour	2	Unknown	2			Bedford	2		
		Sullivan	2					Blair	2		
		Cameron	1					Juniata	2		
								Huntingdon	1		
								Unknown	4		

*In addition to those listed in the table 12 organizations serve all 67 counties in Pennsylvania.

PARTICIPANTS BY SERVICE TYPE

Figure 1 shows the participating organizations by type of services.



*This participant information does not include data on the participants in GPNP’s survey.

IMPACT OF THE PA 2015-16 STATE BUDGET IMPASSE ON CLIENTS

We held off relocating victims of domestic violence that we would have otherwise funded to relocate.

-Survey Participant

THE NUMBER OF CLIENTS WHO DID NOT RECEIVE SERVICES OR RECEIVED REDUCED SERVICES AS A RESULT OF THE BUDGET IMPASSE

17,100 clients received no or reduced services offered by **22 (26% of 86)** organizations

IN THEIR OWN WORDS

- It created uncertainty among our clients as to whether or not they would receive services
- We held off relocating victims of domestic violence that we would have otherwise funded to relocate.
- Students were concerned about whether or not their classes would be canceled. We had students from programs that closed calling to us to enter our program
- We were able to witness the pain that it created for nonprofits as my husband and I are applying to adopt an older child from the foster care system and we have been able to witness the difficulty that the organization has had as a result of the impasse.
- We impacted families by not accepting new Individuals into two programs
- No expansion of needed services.
- Insufficient funds to do the work of supporting individuals with disabilities.
- We have not been able to provide services to additional individuals.
- Students (with disabilities) received the minimum requirements for academic education. Nothing extra.
- Could not accept new referrals
- A negative effect on the children themselves due to the extended time away from a high quality preschool program
- We were not able to refer any clients for full funding of their meals. As a result, all of those clients had to pay something toward their meals according to our sliding fee scale...many were low income and declined the service because they couldn't afford anything or they only took one meal instead of two because that was all they could afford.
- Thousands of students didn't receive access to community resources to address basic needs.
- We give out less nutritious food.
- No consulting work to support agencies with continuous improvement in year 2 of statewide implementation of standard aligned curriculum
- Classes for 16-18 year olds reading below the 6th grade level were cancelled for 60 days ending services for 150 out of school youth trying to increase their reading levels to prepare for the GED and job training. Over 200 low literacy adults reading below the 6th grade level saw their math and reading classes ended reducing their chances for obtaining work. Several adults faced parole violations for not being able to prepare for the GED. Over 200 new immigrants were forced out of English and citizenship classes. Center for Literacy's partners had to scramble to try to provide service to those on probation or parole or out of school youth
- Our children we serve in the system were not provided necessary services, resulting in more negative behaviors and loss of time spent attempting to find them permanent homes
- People seeking shelter from domestic violence and sexual assault were turned away
- Cut on Services to some Consumers

We give out less nutritious food.

- Survey Participant

IMPACT OF THE PA 2015-16 STATE BUDGET IMPASSE ON ORGANIZATIONS' FINANCES

Our agency is weaker financially. Our bank is more cautious in loan decisions and is doing more review of our requests and business.

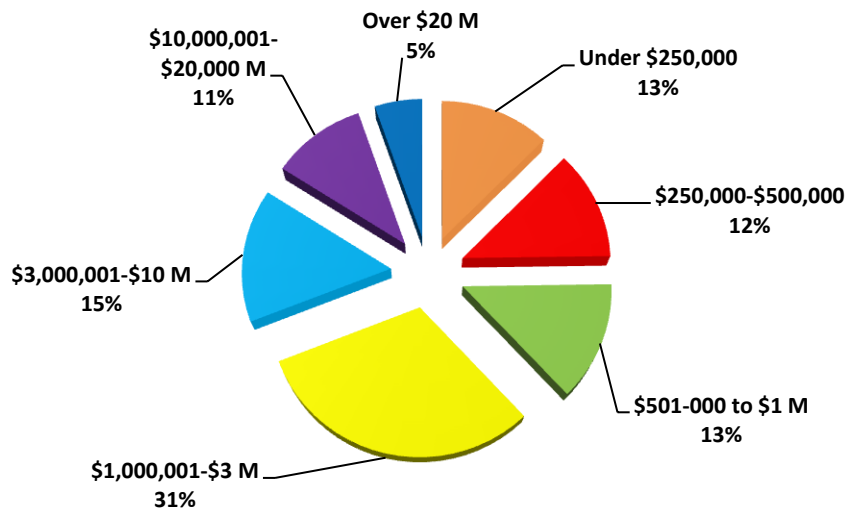
-Survey Participant

THE ESTIMATED AMOUNT OF PARTICIPATING ORGANIZATION'S ANNUAL BUDGET WITHOUT THE 2015-16 STATE BUDGET IMPASSE

Collectively, 113 organizations reported annual operating budgets totaling **\$628,896,748**—ranging from **\$35,000** to **\$72 Million**.

- The average budget size = **\$5,516,638**
- The median budget size = **\$1,400,000**

Figure 2: Survey Participants by Annual Operating Budget



% OF ORGANIZATION'S BUDGETS NEGATIVELY IMPACTED* BY THE 2015-16 STATE BUDGET IMPASSE N = 132

Collectively, **90** organizations reported that they had to compensate for a reported **\$80,030,793** in delayed/never received payments due to do the budget impasse.

- **32% (42)** stated that 0% of their budgets were impacted
- **68% (90)** that their budgets were impacted (ranging from 1-100%)

**Impacted = Organizations had to borrow from reserves, lay off staff, etc. to compensate for reduced/delayed/never received payments from the state.*

Table 1 details various levels of impact on organizations' annual budgets.

**Table 2: Impact of the FY 2015-16 PA Budget Impasse on Annual Operating Budgets
N = 85**

# Organizations	% of Annual Budget Impacted
15 (18%)	1-5% of Annual Budget
16 (19%)	6-10% of Annual Budget
25 (29%)	11-30% of Annual Budget
16 (19%)	31-50% of Annual Budget
10 (12%)	51-90% of Annual Budget
3 (4%)	Over 90% of Annual Budget

Other comments:

- Our agency is weaker financially. Our bank is more cautious in loan decisions and is doing more review of our requests and business
- Impasse did not change budget (12 Responses)
- Experienced cash flow issues
- My state budget would have been \$14,117 higher
- Had to move \$167,000 from the 2015 budget to the 2016 budget. These were all renovation expenses that were to occur in 2015.
- Same operating budget, just very delayed payments for accounts receivable
- Our budget would have been the same but we would have had a break even for surplus instead of a projected deficit
- Have been able to avoid borrowing from reserves
- 50% reduction in registrations for our spring conference, ultimately impacting our income
- We liquidated assets at a bad time for the market to sell
- We don't get government funding, but budget delayed affected tax credit gifts from private donors. We were lucky on timing because most of our expenses are in April and it was resolved
- We closed the year with higher than anticipated losses.
- A [state] grant that is usually about \$17,700 is in limbo due to the budget impasse. We usually receive it in the spring but if the grants are released, we will probably not receive it until August.
- Total operational loss was about \$.5M

It created uncertainty among our clients as to whether or not they would receive services.
-Survey Participant

We are now super-crunched to meet our deliverables by June 30! We weren't sure what our contracts would look like, so we did provide services but not exactly at full steam, especially in the first 3 months of the FY. Now we have to hustle to finish the projects and the staff is working lots of overtime.

-Survey Participant

AMOUNTS USED BY PARTICIPATING NONPROFITS FROM EACH OF THE FOLLOWING FINANCING OPTIONS BETWEEN JULY 1, 2016 AND FEBRUARY 29, 2016—AS A RESULT OF THE 2015-16 STATE BUDGET IMPASSE

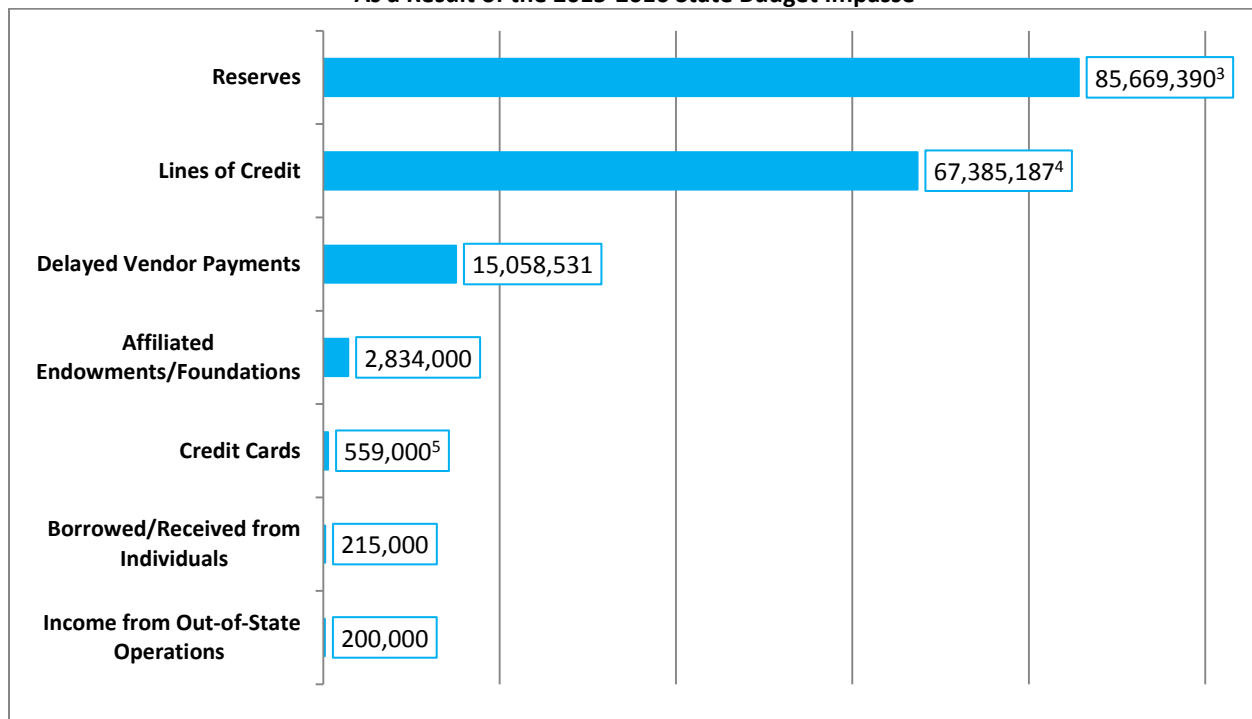
Due to lack of payments, we had to incur debt that otherwise would not have occurred.

--Survey Participant

Overall, **135¹** organizations collectively borrowed **\$171,921,108** to continue operations during the state budget impasse.

- As seen in Figures 2 and 3, the second to the highest amount borrowed was borrowed from organization’s own reserve funding. **71% (96²)** of respondents to this category pulled from reserves to offset the financial impact of the 2015-16 State Budget Impasse.
- The third highest “borrowing” came by nonprofits not paying outside vendors—which put pressure on for-profit and nonprofit businesses serving nonprofit organizations

Figure 3: Breakdown of the Financing Options Used by Survey Participants As a Result of the 2015-2016 State Budget Impasse



¹Includes data from 44 GPNP participants

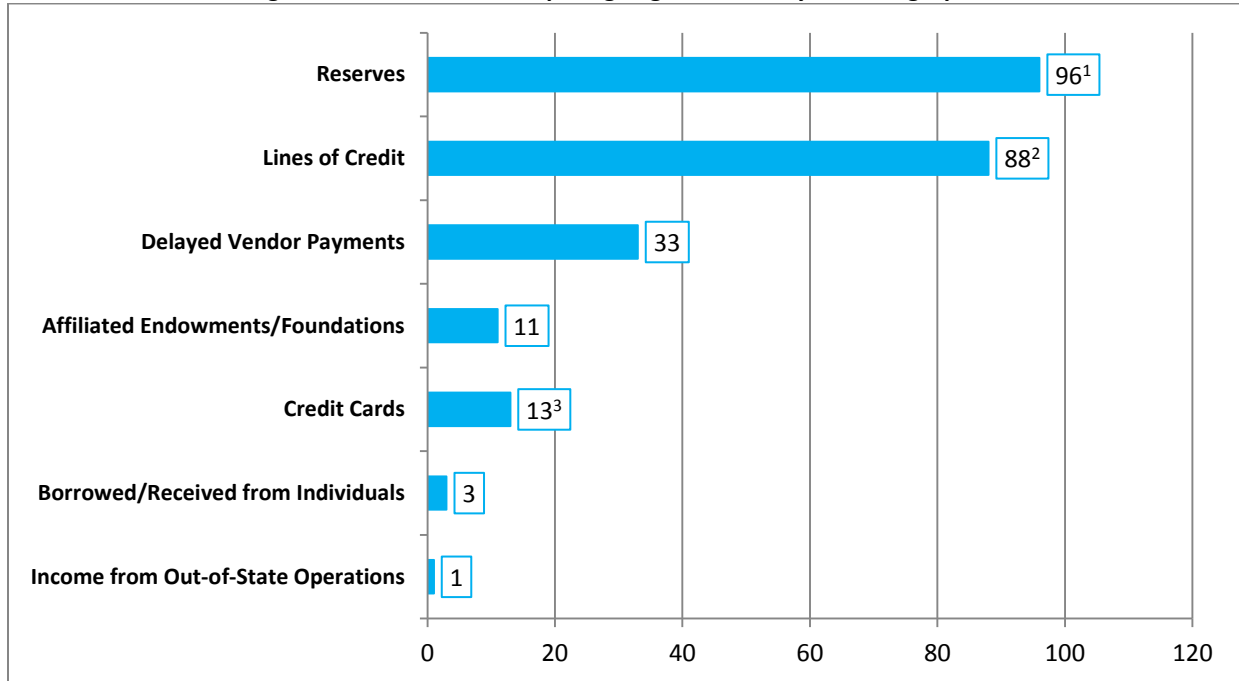
²Includes data from 46 GPNP participants

³Includes data from 46 GPNP participants

⁴Includes data from 39 GPNP participants

⁵Includes data from two (2) GPNP participants

Figure 4: Number of Participating Organizations By Financing Option



¹Includes data from 39 GPNP participants

²Includes data from 46 GPNP participants

³Includes data from two (2) GPNP participants

Borrowed From More than One Source

Of 87 organizations* borrowing dollars, **56% (49)** borrowed money from more than one source (e.g. line of credit, credit cards, delayed vendor payments). **6% (5)** drew from over four sources to continue operations.

Of the 50 participants borrowing from *more than one* source:

- The average amount of borrowed dollars = **\$1,240,485**
- The median amount of borrowed dollars = **\$347,000**
- The range = **\$30,000 to \$21.8 Million** per organization

Of the 40 participants borrowing from *only one* source:

- The average amount of borrowed dollars = **\$397,496**
- The median amount of borrowed dollars = **\$175,000**
- The range = **\$5,000 to \$4 Million** per organization

Having to carry the unpaid debt reduced our ability to provide additional charity care.

- Survey Participant

*This participant information does not include data on the participants in GPNP's survey.

Table 3: Financing Options Used by Participating Organizations as a Result of the 2015-16 State Budget Impasse

Financing Option	# Orgs	Collective Total	Average	Median	Range Per Org	In Their Own Words
Cash Reserves N = 133	96 (71%)	\$85,669,390¹	\$892,389 ¹	\$250,000 ¹	\$5,000 – \$33 Million ¹	One org reported borrowing \$185,000 from restricted funds. 2 orgs reported having no cash reserves One org stated: <i>We were just fine with our cash reserves</i>
Line of Credit/ Bank Loans N = 129	89 (69%)	\$67,385,187²	\$757,137 ²	\$350,000 ²	\$5,000 – \$9 Million ²	One org noted that they used their line of credit between 11/15/15 and 12/31/2015, but were able to pay it completely off by 12/13/2015. <i>We had to utilize our line of credit monthly beginning on November 15 to cover payroll; which we had not had to do previously</i> <i>We could not secure a line of credit</i> Agency obtained a line of credit. Application fee was \$595.00. <i>Interest on our loan means we have not been able to do many things for our children in our [early childhood education center].</i> <i>We are very thankful for the support of local banks, as well, who handle our credit lines and didn't request any interest be paid until the budget is settled.</i> <i>The agency had to borrow from a credit line which we had not touched in 6 years. Also had to up it, 3 times. Was getting really bad at end of battle.</i>
Delayed Vendor Payments N = 66	33 (50%)	\$15,058,531	\$456,319	\$50,000	\$1,000 – \$11 Million	<i>We paid everything on last possible due date.</i> Vendors waited for payments. <i>Local businesses such as our telecommunications company and facility management group agreed to go without payment until the budget is settled.</i>
Borrowed \$ from Affiliated Endowments/ Foundations (Orgs will pay back) N = 63	11 (17%)	\$2,834,000	\$257,636	\$112,000	\$32,000 – \$1 Million	
Credit Cards N = 58	13 (22%)	\$559,000³	\$43,000 ³	\$25,000 ³	\$1,000 – \$150,000 ³	We do not have a credit card
Borrowed/Received from Individuals (From Narrative)	3	\$215,000	\$71,667	\$50,000	\$15,000 - \$150,000	One org stated \$800,000 needed from donor partners
Earnings from Out of State to Cover PA Expenses (For Multi-State Orgs) N = 55	1 (2%)	\$200,000	N/A	N/A	N/A	
TOTAL BORROWED		\$171,921,108				

¹Includes data from 46 GPNP participants

²Includes data from 39 GPNP participants

³Includes data from two (2) GPNP participants

OTHER WAYS OF MANAGING THE FINANCIAL IMPACT OF THE 2015-16 BUDGET IMPASSE

Turned to Other Revenue Sources (6 Responses)

- Lease income
- Our legal entity (a church) has been assisting
- We started looking at how to diversify our incomes some years ago because we have been so heavily reliant upon government funding, and have endured long gaps in receiving payments for any number of reasons over the years. The diversification was to not only keep us from being so cash poor that we didn't know how we'd be able to continue services of any kind, but...to stay steady. A negative, however, is that with the release of those funds in a timely manner, we could have leaned less on those other resources.
- We needed to use unrestricted match money to pay for services that state funding was to pay for.
- Drastic restructuring of annual fundraising campaign.
- Our agency had to scramble, more funds around etc. to cover expenses until the money came through.

Nonprofits Reduced Services/Pass-Through Funding (5 Responses)

- Delayed payments to subcontractor foster care agencies
- For us, the impact has been 1) schools not able to pay their committed fees for arts-in-education work and 2) EITC funding, which covers much of the arts-in-education cost after the schools.
- We were close to not awarding 2,000 new scholarships for next school year in spring 2016.
- The state money is used as money we re-grant to other organizations. We delayed these grants and would not have had a grant round in 2016 if the budget impasse continued. This amounts to about \$200,000 annually that we distribute to the region.
- Long delays in paying foster parents.

Delayed Supply Purchases, Facility and Equipment Maintenance (5 Responses)

- We delayed purchases of new e-books and materials for the public until the check actually arrived.
- No facade money, design money tentatively approved but held up which delays streetscape construction a year. Lost time not money and they still had to pay me
- Our Industries program that manufactures items for the State saw a significant reduction in orders due to the impasse. As of February we were 400,000 behind budget in our Industries program.
- Receivables slowed, putting a strain on cash flow
- For our non-profit public service organization, this is not just a year of late or reduced state funding, it's another year of *no* state funding. In addition, many educational and other non-profit organizations normally support public media as part of their marketing outreach. When their appropriations are delayed or reduced, they are forced to reduce or eliminate their marketing outreach, further reducing the revenue available to operate public media. So Pennsylvania's budget impasse has had a doubly negative impact on non-profit, educational public media.

Received Early Payments/Training Credits from Other Funders (5 Responses)

- Early payments came from counties, United Way and foundations. Those payments will not come in spring 2016.
- Extended \$15,000 "credit" to organization [members] so they could attend our annual conference.

Addressed Challenges Arising from Reduced Tax Credit Funding (4 Responses)

- Significant frustration from donors participating in tax credit program
- We were impacted by the reduction in contributions through the EITC program which help support our programs
- Some donors backed out of donating through tax credit program
- We believe we lost \$5,000 to \$8,000 in EITC funds. Thankfully most of our donors stayed with us. Had the last minute EITC provisions not been signed we would have lost 60% of our funds. We are very grateful for our corporate partners who did stay with us and waited until the last minute.

Reduced Expenses (4 Responses)

- Reduced Capital expenditures by \$500,000
- Reduced administrative spending
- Agency cut spending and did not replace certain staff positions.
- We cut expenses, purchases, and mileage to reduce costs.

**TOTAL INTEREST 44 ORGANIZATIONS WILL HAVE TO PAY BACK FOR ACCESSING VARIOUS FINANCING OPTIONS
(DIRECTLY RESULTING FROM THE 2015-16 BUDGET IMPASSE)**

Of the 83 respondents to this question, **54% (45)** participants reported that they would need to pay back a collective total of **\$531,626** of interest.

- The average interest to be paid back = **\$12,658**
- The median amount of borrowed dollars = **\$5,000**
- The range of borrowed dollars = **\$100 - \$204,362** per organization

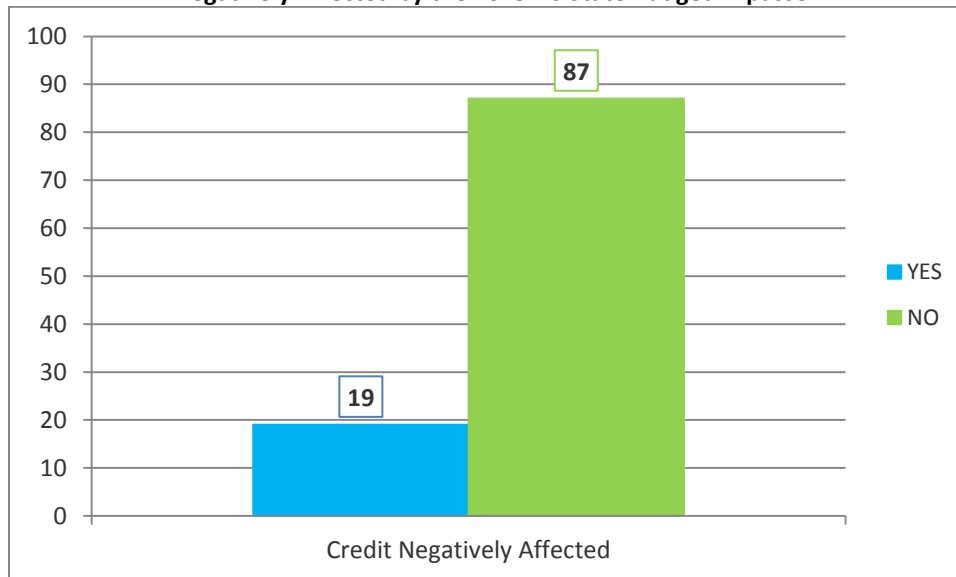
Other Comments:

- We paid what we borrowed prior to interest.

**ORGANIZATIONS WHOSE CREDIT RATING WAS NEGATIVELY
AFFECTED BY THE STATE BUDGET IMPASSE
N = 106**

18% (19 of 102) organizations reported that their credit rating was negatively affected by the state budget impasse.

Figure 4: Participating Organizations Whose Credit Rating Was Negatively Affected by the 2015-16 State Budget Impasse



**POTENTIAL INCOME LOST ON CASH RESERVES
DUE TO USING THOSE RESERVES TO COVER COSTS RELATED TO 2015-16 STATE BUDGET IMPASSE**

96 organizations reported they tapped into their reserves for a collective total of **\$85,669,390**. Current interest ratings on those reserves ranged from **0% to 9.5%** interest. Of these 96, 29 survey participants provided both the dollar amount of cash reserves along with the interest rates on those dollars.

Collectively, these 29 organizations did not earn **\$101,463** in interest income as these dollars were used to cover the impact of the 2015-16 State budget impasse.

IMPACT OF THE PA 2015-16 STATE BUDGET IMPASSE ON STAFFING

Due to staff concerns of stability, we lost two excellent staff that are difficult to replace.

-Survey Participant

REPORTED IMPACT OF THE 2015-16 STATE BUDGET IMPASSE ON ORGANIZATIONS' STAFF BETWEEN JULY 1, 2015 AND FEBRUARY 29, 2016

(Note: Staff reported in FTEs).

382.25 FTEs = Total staff laid off, furloughed, experiencing reduced hours/pay, work for no pay or not hired

Table 1: Impact of the FY 2015-16 PA Budget Impasse on Annual Operating Budgets

Type of Staff Impact	# Organizations	Collective Total	In Their Own Words
Staff Layoffs N = 86	15 (17%)	57.25 (FTE) staff were laid off	One organization noted that all staff were laid off
Staff Furloughed N = 81	4 (5%)	32 (FTE) staff were furloughed	
Staff Experiencing Reduced Hours/Pay N = 86	18 (17%)	196 (FTE) staff have experienced reduced hours/pay	Our executives reduced pay voluntarily We had pay freezes for supervisors and directors All staff had their wages reduced for two months We had to go without mileage for home visits for consumers/trainings/meetings We had to reduce hours for several staff in two of our programs Many [locations] continue to operate with reduced staff
# Staff Working for No Pay N = 83	3 (4%)	5 (FTE) have worked without pay	Working without pay because the services are needed in low-income areas and you don't just forget the people who are in need
#Staff Experiencing Eliminated/Reduced Benefits N = 81	9 (12%)	28 (FTE) have experienced eliminated/reduced benefits	
# Positions Frozen (From Narrative)	9	64 (FTE) not hired/rehired	One staff quit because of reduced hours. Have not rehired. We impacted [employee] lives by not giving raises this year and not filling open positions. Hiring freeze resulted in remaining staff doing multiple jobs to cover service requirements. Management also covered vacancies by doing direct service work, taking management work home Attrition—Did not replace 4 FTEs We delayed filling open positions, which will compromise our delivering on grant obligations
TOTAL STAFF IMPACTED		382.25 (FTEs)	

Other Staff Impacts Reported:

Uncertainty, Emotional Stress, and Resulting Staff Turnover (17 Responses)

- We lost qualified staff to for-profit jobs due to insecurity
- Staff morale—serving the hardest to serve and watching their colleagues get laid off
- Long term staff quit due to reduced hours
- Loss of staff!
- Stress!
- Uncertainty about programs
- Executive Director had to spend more time figuring whether or not to use reserve funds or reduce staff
- Due to staff concerns of stability, we lost 2 excellent staff that are difficult to replace
- Staff not knowing if their jobs were going to be eliminated.
- The overall stress of staff worrying about the possibility of layoffs, even though our financial position is better than most.
- The biggest cost is the stress on staff worrying about the impacts of the budget impasse
- Many colleagues were impacted...emotionally
- Lack of ability to plan for the future
- The inability to plan and think long term, due to the crisis atmosphere surrounding the budget.
- Great frustration on part of the staff for not being able to provide services for children
- We are allowing some grant opportunities to pass us by, because we're unsure of whether we would have staffing to apply to new projects, in light of the current demands
- We were not able to retain quality staff; stress on remaining staff picking up the resulting additional load.

The biggest cost is the stress on staff worrying about the impacts of the budget impasse.

-Survey Participant

Time Spent on Budget Revisions/Unexpected Fundraising (7 Responses)

- Spending much of my time seeking funds to borrow from individuals in the hope that the state would have a budget
- More fundraising events and possible requests to potential funders had to be carried out.
- Lost over 4 weeks of productive work hours due to amount of time spent trying to acquire other funding, loans.
- Numerous hours spent advocating for a budget that reduced time on agency operations as well as time spent planning for ongoing hardship. 5 staff affected but whole organization needed to focus on plans and morale.
- Time was spent drafting a budget with zero state funding, that budget was used until a budget was passed. A revised budget was drawn up after the budget was passed. The (volunteer) Executive Board and Library Director spent many hours compiling balanced budget without state funding. Fortunately libraries receive all funding in January so the timing of the payout turned out not to be affected.
- We have had to repeatedly meet and prepare contingency plans, since we would have had to access our line of credit at this point, had the Governor not signed the partial budget at the end of December. PLAN spent a great deal of time advocating for a much-needed \$900,000 increase and had great success with the Governor and congressional leadership, but that is now all for naught. For 2016-17, we have to assume a stagnant budget, where we badly need funding increases to restore us to funding of 10 years ago.
- Lost time in relationship-building with corporate supporters who give through EITC. Countless hours of staff and board time spent on financial contingency planning and advocacy work to encourage Harrisburg to pass the budget.

Delayed Payments (4 Responses)

- Our IT contract labor and special projects people were not paid for several months we only made payroll
- We delayed grants to other organizations, which is what we use the state money for.
- Project money delayed in design for a year without CFA multimodal.
- Staff wages and benefits were impacted by a delayed startup of 35 days.

More Staff Impact Will Happen if More Delayed Funding (3 Responses)

- We were planning on partial closures and layoffs until the Governor signed the emergency funding authorization in December. We will run out of money in September, 2016 should there be another funding delay
- More will be laid off if funding stops flowing
- We have continued operations, however reserves have been utilized and are dangerously low. The future of this organization for next FY is very uncertain. With no State match money this year and next, HRSA will no longer continue to fund us and we will lose our Federal grant (\$77,662) and will be forced to close operations on 9/1/16.

Rush to Fulfill 2015-16 Obligations (2 Responses)

- Great stress as projects that should be completed are just now beginning and now bump up against other planned initiatives. It creates a weary, over capacity staff, and a team with a work flow disruption of this level.
- We are now super-crunched to meet our deliverables by June 30! We weren't sure what our contracts would look like, so we did provide services but not exactly at full steam, especially in the first 3 months of the FY. Now we have to hustle to finish the projects and the staff is working lots of overtime.
- Once [EITC funds] were approved, there was a flurry of staff activity over the winter holidays (when the agency is typically closed) as we worked with EITC supporters to get them the documentation they needed.

POSITIONS REHIRED

Of the **58** organizations reporting staffing impacts above, 36% (21) have collectively rehired/restored **194 FTEs**.

188.25 (FTE) positions have not yet been rehired/restored.

Great frustration on the part of the staff for not being able to provides services to children.

-Survey Participant

IMPACT OF THE PA 2015-16 STATE BUDGET IMPASSE ON DAILY OPERATIONS

We are giving serious consideration to shutting down operations, given the extent of operational losses and the governmental expectation that we essentially work without pay for more than half the year.

-Survey Participant

DAYS THAT ORGANIZATION CLOSED AS A RESULT OF THE BUDGET IMPASSE

6% (5 of 89) organizations closed their doors for a collective total of **73** days.

IN THEIR OWN WORDS

- We are giving serious consideration to shutting down operations given the extent of operational losses and the governmental expectation that we essentially work without pay for more than half the year.
- While we did not shut down programs or lay off staff. we were about 2 weeks from it.

THE NUMBER OF PROGRAMS THAT OPERATED WITH REDUCED HOURS AS A RESULT OF THE BUDGET IMPASSE

24% (22 of 92) organizations collectively closed/reduced hours for **88** programs

In the following anecdotal information, **11 (73%)** of the stories mention a reduction in client, member or staff training.

IN THEIR OWN WORDS

- Training classes have been cancelled or delayed indefinitely.
- Unable offer incumbent worker training in the energy industry which impacts skills, promotional abilities, advancement, company strategy, etc.
- We delayed support services to member libraries such as training programs for staff.
- We did not expand programming as planned because of the budget impasse
- Trainings in schools and to law enforcement have been eliminated or reduced to needs based services
- Had the impasse continued for two more weeks, it would have completely ruined our program
- Delay in opening Transition Age program
- Less public affairs and educational programming, outreach, and community engagement.
- Our [early childhood education] programs were delayed
- We were unable to open a Preschool that we had leased, renovated, supplied and hired all staff for as part of the Pre-K Counts high quality preschool initiative.
- We eliminated family engagement activities around the holidays, reduced staff training and travel, ordered mission critical only supplies (for example didn't order business cards, print annual reports)
- Cannot move forward on programs to support families due to lack of assurance for upcoming cash flow for contracts we have with the state.
- We are prepared to end our afterschool programs
- Lot of discussions about how/if to close school early for the year and what that would mean for our underserved students.
- >\$140,000 value of training not performed
- Interest costs could have been used for direct service