

United Way of Pennsylvania

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October Budget Impasse Survey Results

This survey represents 282 organizations who serve more than 200,000 Pennsylvanians normally funded by state or federal dollars on September 16, 2015. Organizations responded to the survey between September 28 and October 11.

IMPASSE STIFLES NONPROFIT SECTOR JOBS

47 organizations report they have laid off or furloughed staff, or reduced hours and/or staff benefits:

- 45 individuals have been laid off or furloughed from full-time employment
- 50 individuals have been laid off or furloughed from part-time employment
- 522 employees had hours reduced
- 73 people are working without pay
- 510 people lost access to employee benefits

Another 48 organizations report they will have to make similar decisions through the end of this calendar year.

Others who did not report staff cutbacks in their current complement indicated that there is no hiring in their organization during the budget impasse.

NONPROFIT BOARDS, STAFF AND EMPLOYEES ARE DOING EVERYTHING IN THEIR POWER TO AVOID SERVICE IMPACTS TO VULNERABLE PENNSYLVANIANS, BUT 30% HAVE REDUCED SERVICES OR IMPLEMENTED WAITING LISTS AS A RESULT OF THE IMPASSE.

17% of respondents to this survey have curtailed service in some manner through September. Another 13% have established a waiting list for some services.

73% of respondents are now utilizing their reserves. This is up from 53% in our first survey.

As staff reductions occur, remaining employees are taking on extra workload without additional pay to assure that services are not interrupted.

There were a few mentions of personal credit being used to help continue services, through home equity loans and credit card advances.

MORE ORGANIZATIONS ARE BORROWING, INTEREST COSTS ARE MOUNTING

Among 282 total respondents, nearly 60 percent are accessing lines of credit at this time. This is an increase from survey responses in August, when 55 percent were borrowing.

Sixty-seven organizations estimate that they are carrying about \$3.5 million in interest costs for borrowing that occurred as a result of the budget impasse.

A high number of respondents, at 42%, report that they are not able to access additional lines of credit at this time. Lack of credit will increase the likelihood of service curtailment and/or agency shut-downs.

If interest costs were to be reimbursed for organizations with less than 100 employees which receive more than 50% of their funding from the state, less than 25% of respondents indicated they would qualify for this relief.

STRESS ON THE SERVICE DELIVERY SYSTEM WILL INCREASE THROUGH THE END OF THE CALENDAR YEAR, LIKELY RESULTING IN MORE LAYOFFS AND SERVICE CUTBACKS FOR PENNSYLVANIANS

The federal budget, which is currently only authorized through December 11, is casting another dark cloud of uncertainty over many organizations, even those who have fared better in the impasse because they provide federally-funded services for which the state continues to authorize payment, including Medicaid.

Respondents were asked to outline key decision-making timelines through the end of this calendar year. It is clear that as lines of credit are maxed out, an increasing number will be making decisions to lay-off staff or cut back services in some way. Here are a few reports, unedited:

We are meeting with our investment company to discuss the sell-off of approximately \$500,000 of our investment account. This has been approved by our Board as an extraordinary situation.
In one week, I am anticipating letting staff know who will be getting laid off and/or a reduction in hours. Our staff is at its bare minimum without staff reductions/layoffs. By mid-November, staff layoffs will begin.
If we do not have a budget by Nov 1 we will have to curtail services; County funded drug, alcohol and mental health clients will not be served; Mental Health diversion housing will be closed as well as the PA Workwear program
We will be closing our PreK Counts classrooms December or sooner.
We will not be able to provide any foster care services. This will mean staff lay-offs and children returned to the county.
We will have to determine if we can accept any new clients and families for services.
We would have to aggressively seek donations to replace the state funding that we haven't received.
Particularly if there is also a federal budget impasse, we will almost certainly have to shut the organization's doors. A state budget impasse only will require us to seek millions more in credit lines, and if unsuccessful, end services.
If impasse continues beyond December, the organization would have to lay off all employees. Line of credit and loan from Community Foundation would be exhausted.
We think our operations are sustainable through that period. What we have to question is: if there are unmet, vital needs in the community, with the relatively small reserves and financing facilities, could we be of any aid to others? Realistically, we could only help with the most dire of needs.
By October 10th, 7 of our 17 staff members will go on a voluntary pay deferment for 6 weeks. After that we will need to close our doors.
As the owner, I have already taken a part time job to bring in a cash flow so as not to have to use as much of my home equity loan
We are curtailing the purchase of capital expenditures and delaying all non- essential travel and expenses. As December approaches, we will be reviewing what services are mandated, which agencies can sustain without payments, internal staff reassignments/layoffs, reduced or delayed payments to providers, deferred staff wage increases, and administrative cutbacks.

In the process of evaluating essential and non-essential staff to plan for layoffs that will occur if the budget is not passed before the end of December; most likely sooner. We will most likely have to reduce operating hours/service delivery in our rural community centers and possibly some of our rent assistance programs funded with state dollars.

We asked for an increase in our LOC in June and again in Sept. We will run out of our current LOC at the end of November. It is not clear if they will increase our line of credit again. If the budget is not approved by 11/1, we will start planning for layoffs and service closures (unless the bank gives us a 3rd line of credit increase).

End of October - close senior centers; begin staff reduction of care management and non-essential agency support staff; November will mean increases care management lay-offs; December may involve Meals on Wheels/Home Delivered Meals reduction of service; End of December will be agency shut down.

We have been looking at a substantial expansion project to accommodate our growing waiting list. We don't know if we should move forward with it.

We are being funded by Montgomery County. Should the county stop payments, we will need to live off of our reserves and line of credit. A budget impasse beyond the end of the year will cause us to make decisions about services and staff.

It is day to day.

We have already extended half of our line of credit. By October 15th we will have to decide the number of lay-offs and program shut-downs that will occur. By November 1st we will no longer have anything left in our line of credit. At that time we will only be able to pay key people to continue services.

If the school districts are unable to front us the monies to continue to operate the Pre-K classrooms, then we will be forced to close. This will impact 115 children and their families. We will have to lay off staff of 14 and reduce office staff work hours and pay.

Decisions to limit food allotments are being monitored weekly and adjustments made month-to-month