

# 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



\*ALL EMPLOYEE DATA WAS REPORTED IN FTE EQUIVALENTS

# STAND FOR PENNSYLVANIANS

## PENNSYLVANIA STATE BUDGET IMPASSE 2015-16

*Classes for 16-18 year olds reading below the 6<sup>th</sup> 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 reduced/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.