



# pennsylvania

## 2009 Potential Budget Impasse Employee FAQ

### 1. What will happen if there's a budget impasse this year?

All commonwealth employees would continue working even if a budget is not enacted by July 1. There will be no temporary budget impasse furloughs. But, because the commonwealth lacks authority to pay for time worked after the current budget expires at midnight on June 30, there may be delays in pay earned from that point until a new budget is enacted. After a new budget is enacted, employees would receive back pay as quickly as possible and regular pay will resume.

### 2. Why are we doing things differently this year?

In previous years, the commonwealth believed it only had the legal authority to work and pay employees who provided critical health, safety and welfare services to citizens. Last year, however, the Commonwealth Court held that there is no authority to pay any employee without an authorized budget. The court also reasoned that the federal law which requires timely payment of wages does not pre-empt the Pennsylvania constitution. As a result all employees would continue working should there be a budget impasse.

### 3. Are any employees eligible to get paid?

Yes, employees paid from funds not appropriated by the General Assembly—including, for example, those paid by Lottery Fund, Vocation Rehabilitation Fund or Clean Air Fund—would continue to be paid on time. Organizations with the greatest number of these employees include the Liquor Control Board, the Department of Labor and Industry, the State Lottery and the Fish and Boat and Game Commissions.

### 4. By what date must a budget be enacted to avoid the possibility of delayed pay?

If a budget is enacted by July 6, there will be no disruption in employees' pay.

### 5. What will be the specific impact to my pay?

Employees would receive individual notifications regarding the impact on their pay from their agencies. In general, however, if a budget is not enacted by July 6, employees paid with funds appropriated by the executive budget may not receive full paychecks starting with the July 17 pay date.

There is also the potential that some appropriations may be enacted prior to the overall executive budget. If this occurs, corresponding employees can be paid without disruption. Without being presumptuous, it is important to note that agencies such as the Public Utility Commission, Public School and State Employee Retirement Systems and several licensing boards and commissions have had their appropriations approved prior to the executive budget in the past.

## **6. What about health benefits?**

Health and supplemental benefits, including SEAP, will continue for all employees.

## **7. Are there tax implications?**

It is possible that the deductions for the budget impasse period could be higher than an employee ordinarily pays. But, because payroll will be processed normally and held for disbursement until the budget is enacted, the impact should be minimized.

## **8. Can I collect unemployment if I'm not being paid?**

No. Unemployment compensation is only available when there is no existing work—during an impasse, employees would continue to work. And employees would be made whole for all hours worked and paid as quickly as possible after a budget is passed.

## **9. How are payroll deductions impacted if my pay is delayed?**

*Health insurance and retirement* contributions would be deducted during an impasse. If the pay is less than the deduction, the remaining balance would be deducted from future pays.

*Deferred compensation* would be deducted during impasse. If the pay is less than the deduction, the deduction would not be taken and will not be made up. Employees may increase, decrease or stop deferrals by completing a salary deferral agreement, available at [www.sers457.com](http://www.sers457.com).

*Voluntary life, long term care, and long term disability* premiums would be deducted during an impasse. If the pay is less than the deduction, the deduction would not be taken and Prudential would send a bill for any amount not paid. Prudential would resume payroll deductions when the impasse is over.

*Voluntary home and auto policy* premiums will be deducted during an impasse. If the pay is less than the deduction, the deduction would not be taken and Travelers would send a bill. If two full deductions are missed, Travelers would switch employees to monthly billing. Employees must contact Travelers to reinstate payroll deduction.

*Voluntary commuter benefits* would be deducted during impasse. If the pay is less than the deduction, the deduction would not be taken and would not be made up. Employees are strongly cautioned that some commuter products are time sensitive. Thus, it is possible that once the budget is enacted, deductions may have been earmarked to purchase transit products that have expired. Employees have until the 2<sup>nd</sup> of the month to make changes effective with the first pay of the following month.

*SECA* deductions would be deducted during an impasse. If the pay is less than the deduction, the deduction would not be taken and will not be made up.

*AFLAC, American General, Hartford, Trustmark, USABLE* deductions would also be impacted. Participating employees are urged to contact these vendors directly.

## **10.Does this impact retirement?**

Pension payments for already-retired employees would continue without disruption. However, it is possible that employees who retire on or after July 1 may not receive leave payouts or compensation for hours worked after July 1 until a budget is enacted. In addition, there may be a delay in retirees receiving their first annuity payments from SERS.

Employees would continue to receive credited service for time worked during the impasse.

## **11.Can I take paid leave during an impasse?**

Yes. However, pay for leave would be delayed on the same basis as regular pay.

## **12.Can I “bump” into special fund position in order to be paid on time?**

No. The budget impasse would involve delays in pay, not furloughs, thus collective bargaining furlough provisions are not applicable.

## **13.What can I do if I can’t make ends meet?**

The most important thing you can do is communicate with your creditors and financial institutions. Call them early to personally explain your situation—see if there are options such as deferring payments, making exceptions to minimum balance requirements, waiving late fees or providing short-term loans. In this age of automation, it’s especially important to communicate with those who debit your accounts directly or expect automatic payments.

You can link to the Department of Health’s directory of human services programs across Pennsylvania as well as to utility and mortgage assistance programs from the “Here to Help” section of [www.PA.gov](http://www.PA.gov).

The Pennsylvania Treasurer has a program called “Better Choice,” through which a number of Pennsylvania’s credit unions make low-dollar, short-term loans. Learn more about the program at [www.patreasury.org/betterchoice.htm](http://www.patreasury.org/betterchoice.htm).

The Pennsylvania Association of Regional Food Banks provides a county-by-county listing of organizations that provide nutritious foods. Learn more at [www.pafoodbanks.org/PARF\\_Site/Get\\_Help.html](http://www.pafoodbanks.org/PARF_Site/Get_Help.html).

## **14.Who do I contact if I have more questions?**

Your agency’s human resource office. Additional information will be posted at [www.oa.state.pa.us/BudgetImpasse](http://www.oa.state.pa.us/BudgetImpasse).