



May 13, 2009

Dear Commonwealth Employee:

As the end of the fiscal year approaches, the General Assembly and I are working hard to enact budget before July 1. Experience has taught us, however, that we must prepare for the possibility of an impasse even as we strive to avoid one.

Due to a recent state court decision, the plan for this year is that all employees would continue working as scheduled even if a budget were not enacted by July 1. However, the commonwealth would not be able to pay most employees for work performed in the new fiscal year until a budget is enacted. Health coverage would continue for all employees. Employees paid by special funds that fall outside the executive budget process would continue to receive their pay in a timely manner.

If an impasse were lengthy, employees' paychecks beginning with the July 17 pay day would not include compensation for hours worked after midnight on June 30. Employees would receive back pay as quickly as possible after a new budget is signed. We estimate that employees' back pay would be paid no later than 2-4 weeks after the execution of a signed budget.

You will receive specific information from your agency as to how a potential budget impasse could affect your pay.

As most of you realize, this approach is different from prior years. After last year's budget was enacted, Commonwealth Court ruled that during a budget impasse, the Pennsylvania Constitution **prohibits** the payment of wages to any employee whose funding is subject to the enactment of a signed budget, regardless of the employee's position. The court held that the federal law governing timely payment of wages does not pre-empt the Pennsylvania constitutional requirement that public funds be expended only from appropriations passed by the legislature and approved by the governor. As a result, all employees may continue to work until a budget is passed. However, until the budget is enacted, the commonwealth is authorized to pay only those employees whose funding falls outside of the budget process.

I know that delayed pay would present a significant financial challenge for many of you. I wanted to provide you with as much advance notice as possible so that you might begin planning for this potential disruption.

Please know that I will work diligently with the General Assembly to enact a budget before the June 30, 2009 deadline.

Sincerely,

Edward G. Rendell
Governor