



## **Data Shows Time is Up for the Governor and the Legislature to Pass a Final State Budget**

PITTSBURGH, PA, October 5, 2015 - The Forbes Funds and Greater Pittsburgh Nonprofit Partnership have collected data from southwestern Pennsylvania nonprofits that demonstrates the immediate and urgent need for a final budget that provides essential funding for services to vulnerable Pennsylvanians.

Our region's human service nonprofits are suffering cash flow problems and are taking on unnecessary debt to cover the costs of implementing existing state contracts. The financial situation that Harrisburg has created by denying a structural budget deficit and failing to fix it with long-term cost-saving and revenue plans is now impacting hundreds of thousands of vulnerable Pennsylvanians.

56% of human service and community development nonprofits surveyed are encountering severe cash flow problems as of October and escalating going forward. Even if organizations have contingency or reserve funds, they simply do not have the funds to endure an extended impasse to the end of the calendar year. The situation is forcing nonprofits to make decisions that will reduce staff hours, postpone payroll, and reduce services to Pennsylvanians.

"This situation has enormous consequences to everyone in our state", according to Kate Dewey, President of the Forbes Funds. "The people in real need that our nonprofits serve are losing services that help meet their basic needs and security. Not only are these people losing today, but this political chess game will result in higher service costs down the road that will affect everyone. If this situation continues, Pennsylvania is sure to feel an economic and reputational impact on top of the great human impact we're already seeing today."

Only a final budget that fixes our state financial situation for the long-term can provide certainty to the nonprofits that serve Pennsylvanians and create financial sustainability in our Commonwealth. It's time for the Governor and the Legislature to meet in the middle and accept the solutions that are needed.

"Look where we are today. Years of balancing the budget through a "cuts only" approach was short-sighted and ineffective. The Governor and the Legislature must tackle the budget complexities in front of them. They must think long-term, make hard decisions, and invest in programs that reduce long-term costs", states Samantha Balbier, Executive Director of the Greater Pittsburgh Nonprofit Partnership. "Long-term financial and human harm is being inflicted on this Commonwealth and its residents. Time is up for this debate".

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### **CONTACT:**

Kate Dewey  
(412) 394-4271

[dewey@forbesfunds.org](mailto:dewey@forbesfunds.org)

Samantha Balbier  
412-394-4275

[balbier@forbesfunds.org](mailto:balbier@forbesfunds.org)

### ***About The Forbes Funds and Greater Pittsburgh Nonprofit Partnership (GPNP)***

Established in 1982, The Forbes Funds is a supporting organization of The Pittsburgh Foundation. The focus of The Forbes Funds is building the management capacity of community-based nonprofits individually and collectively through management assistance, scalable solutions, applied research and sector leadership. The Greater Pittsburgh Nonprofit Partnership is coalition of over 420 nonprofits and community partners from a 12 county region in SWPA; joining together to improve the viability, impact and effectiveness of the nonprofit sector. GPNP connects nonprofits across missions to build partnership to sustain services provided to the community. GPNP members advocate as a collective voice on important issues that impact Southwestern Pennsylvania. GPNP advances the capacity and focus of the nonprofit sector to meet current and future community needs. Learn more at <http://www.forbesfunds.org>

### **Forbes Funds / Greater Pittsburgh Nonprofit Partnership Survey Data:**

Of 200 regional nonprofits surveyed, the following represents the information shared by the 43 respondents.

When will your organization encounter serious cash flow problems as a result of the impasse?

- We have already encountered serious cash flow problems: 16.28%
- During September: 16.28%
- During October: 23.26%
- During November: 6.98%
- After November: 18.6%
- We will not encounter serious cash flow problems: 18.6%

What is the status of your organization's contingency or reserve funds?

- We do not have significant contingency or reserve funds: 25.58%
- The funds will run out during September: 11.63%
- The funds will run out during October: 6.98%
- The funds will run out during November: 6.98%
- The funds will run out after November: 27.91%
- We will not need to utilize our contingency or reserve funds: 20.93%

Do you have a credit line?

- Yes: 81.4%
- No: 18.6%

If yes, how long until your credit line is fully used?

- Our credit line is already nearing full use: 14.71%
- During September: 5.88%
- During October: 14.71%
- During November: 11.76%
- After November: 52.94%

Which of these steps has your organization taken to date (as of September 1-8):

- Cutting administrative costs: 44.19%
- Reducing staff hours or postponing payroll: 13.95%
- Reducing services: 13.95%
- Temporarily stopping services: 2.33%
- None of these steps have been taken: 44.19%

Which of these steps will your agency take if the impasse is not resolved in the next 60-90 days?

- Cutting administrative costs: 53.49%
- Reducing staff hours or postponing payroll: 48.84%
- Reducing services: 39.53%
- Temporarily stopping services: 20.93%
- Temporarily shutting down: 4.65%
- None of these steps will be taken: 16.28%

Is there an approximate data that marks a “crisis point” for your organization, at which time you will be forced to begin ceasing services?

- Yes: 60.47% (within the 4<sup>th</sup> Quarter)
- No: 39.53%