

Pennsylvania state workers go without pay

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30 July 2009

More than half of Pennsylvania's state employees—some 44,000 workers—received only two days pay last Friday for a pay period that normally covers two weeks. Many workers did not receive any pay at all, because deductions for healthcare, dental and other benefits were taken out in full.

This Friday the other 33,000 state workers will receive no money in their paycheck. State employees have been working without pay since July 1 as a result of the inability of Pennsylvania State Legislature and Governor Ed Rendell to reach a budget agreement.

The US Labor Department has launched an investigation to determine if the state is in violation of the Fair Labor Standards Act after receiving calls from more than 1,500 angry state employees. The US Labor Department has stopped taking any more calls and added a message on their hotline that they are investigating the issue. The Fair Labor Standards Act requires that employees be paid in a timely manner for all hours worked.

Last week Governor Rendell stated that under state law he is prevented from paying workers when there is no budget, and that his only other option would be to implement mass furloughs until a budget agreement is reached. On Monday, Rendell backed away from this threat, saying he would seek an interim budget that would allow state employees to be paid this Friday. Rendell has not made any proposal yet on what that would be or how it would work.

Rendell has arrogantly said that state workers should take out personal loans to hold them over during the payless paydays, and that if workers credit rating prevented them from securing a loan it was their own fault. Some credit unions have offered interest free loans. However, these are only for a few months, and if workers are unable to repay them once they start being paid again, the interest rate can jump to as much as 9

percent and more.

In addition to state employees, vendors also have not been paid. Many vendors provide social services such as foster care, care for the elderly and disabled, as well as health care and other services. Many of these facilities have been forced to ask their workers to work without pay, lay off workers and cut back on services.

Pennsylvania finished the 2008-09 fiscal year June 30 with a \$1.7 billion deficit. This was made up with service cuts, the elimination of 800 jobs, the use of reserve funds and loans. This year the state is facing a multi-billion dollar deficit with the governor and state lawmakers putting forward different versions of how to pay for it.

Rendell, a Democrat, has proposed a \$28.8 billion dollar budget that cuts funds for state supported universities, libraries, museums, public broadcasting and other services, while providing a paltry \$481 million increase for kindergarten through 12th grade education. The increase in education spending would mainly be used by local school districts to offset property tax increases. In addition, Rendell is calling for an increase in the state income tax rate from 3.07 to 3.57 percent. Democrats in the state house have proposed a slightly higher \$29.1 billion budget.

Republicans control the State Senate and are opposed to any increase in the state income tax and instead are calling for a \$27.1 billion budget, without the additional funding for public education and with even deeper cuts in social services. The Republican budget would cut spending by 3.6 percent and force the layoff of 3,000 state workers. The Democratic plan would lead to a layoff of at least 800 state workers.

While state workers are working without pay, state lawmakers and their aides are still getting paid. Lawmakers, while technically not receiving a salary, are receiving \$158-a-day stipends and are able to claim expenses, while their aides are being paid from a fund

set up for this purpose.

Both the Democrats and the Republicans blame each other for the budget impasse. Rendell claims his budget is necessary to fund public education, while the Republicans claim that the state government must cut unnecessary spending. The truth is both plans seek to make the working class pay for the budget deficit if in only slightly different manners. Neither party is proposing any increase in taxation on the wealthy or corporate profits. These taxes have steadily been cut during the past two decades. Both parties focus their cuts on social services that millions of Pennsylvanians rely on.

Both budgets are based on much larger projections of revenue than what is likely under the current economic crisis. It is all but assured that within months of a budget being passed, state officials will declare that the crisis was worse than anticipated and even deeper cuts are required.

Neither, the American Federation of State, County and Municipal Employees (AFSCME) or the Service Employees International Union (SEIU), which represent most state workers, have taken a stand against the payless paydays. Both unions are large backers of Rendell and the Democratic Party. In response to the payless paydays they have told their members to wear purple shirts on Fridays and have organized a few lunchtime rallies outside of work places and in the state capital of Harrisburg. But even these have been aimed at supporting Rendell's version of the budget and to pressure state lawmakers into passing it.



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