



General Assembly

January Session, 2003

Raised Bill No. 6656

LCO No. 4282

Referred to Committee on Government Administration and Elections

Introduced by:
(GAE)

AN ACT CONCERNING CONTRACTS BETWEEN STATE AGENCIES AND NONPROFIT HUMAN SERVICE PROVIDERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2003*) As used in sections 1 to 7,
2 inclusive, of this act:

3 (1) "Human services contract" means an agreement between a state
4 agency and a nonprofit organization under which the nonprofit
5 organization agrees to provide or arrange for the provision of human
6 services;

7 (2) "Human services" has the same meaning as "human services", as
8 defined in section 4b-31 of the general statutes;

9 (3) "Nonprofit organization" means an organization that is
10 incorporated under the laws of the state of Connecticut and is exempt
11 from federal income taxation pursuant to Section 501 (c)(3) of the
12 Internal Revenue Code of 1986, or any corresponding internal revenue
13 code of the United States, as from time to time amended;

14 (4) "Provider" means a nonprofit organization that has an existing
15 human services contract with a state agency;

16 (5) "State agency" means any department or agency of the state of
17 Connecticut and includes, but is not limited to, the Judicial Branch and
18 the Judicial Branch Court Support Services Division.

19 Sec. 2. (NEW) (*Effective July 1, 2003*) Not later than ____, the
20 department head of each state agency shall designate a purchase of
21 service officer with respect to human services contracts. The purchase
22 of service officer shall represent the state agency on the Purchase of
23 Service Advisory Group established in section 3 of this act.

24 Sec. 3. (NEW) (*Effective July 1, 2003*) (a) There is established a
25 Purchase of Service Advisory Group which shall consist of the
26 representatives designated pursuant to section 2 of this act and
27 representatives of various nonprofit organizations that have a human
28 services contract. The representatives of nonprofit organizations shall
29 be designated by ____. The Purchase of Service Advisory Group shall
30 select two cochairpersons from among its members, one of whom shall
31 be a purchase of service officer and the other who shall be a
32 representative of a nonprofit organization.

33 (b) The responsibilities of the Purchase of Service Advisory Group
34 shall include, but not be limited to:

35 (1) Conducting informational forums;

36 (2) Reviewing laws and policies that affect human services
37 contracts;

38 (3) Reviewing contracting processes, procedures and timelines;

39 (4) Reviewing compliance with, and the language of, human
40 services contracts;

41 (5) Reviewing performance outcome standards and measures

42 related to human services contracts;

43 (6) Reviewing financial and cost accounting principles related to
44 human services contracts;

45 (7) Reviewing reporting and data collection requirements related to
46 human services contracts;

47 (8) Developing recommendations for the modification of purchase
48 of services processes and practices for each state agency; and

49 (9) Submitting the recommendations developed pursuant to
50 subdivision (8) of this section to the Secretary of the Office of Policy
51 and Management not later than November 30, 2003, and annually
52 thereafter.

53 (c) At least once every twelve months, the chairpersons shall
54 schedule a meeting and invite the department head from each state
55 agency that has a human services contract in order to review the
56 accomplishments and progress from the preceding year and develop
57 goals and set an agenda for the next year.

58 Sec. 4. (NEW) (*Effective July 1, 2003*) (a) There is established a
59 Human Services Contract Compliance Unit within the Office of Policy
60 and Management. The Secretary of the Office of Policy and
61 Management shall provide necessary staff and resources to the unit to
62 allow it to carry out its functions.

63 (b) The unit shall oversee and implement requirements regarding
64 human services contracts with respect to state agencies and shall
65 coordinate the activities of the state agency representatives designated
66 pursuant to section 2 of this act. The unit shall work to resolve issues
67 related to human services contracts and payments due under such
68 contracts.

69 (c) The unit shall meet at least once every six months with
70 representatives of the Connecticut Nonprofit Human Services Cabinet

71 and with representatives of nonprofit organizations with human
72 services contracts with the state in order to develop workgroups, when
73 appropriate, to address issues related to human services contracts.

74 (d) The unit shall meet periodically with the cabinet to:

75 (1) Establish efficient, fair and equitable terms and conditions for
76 human services contracts;

77 (2) Establish efficient, fair and equitable financial measures and
78 financial reporting systems applicable to human services contracts;

79 (3) Establish efficient, fair and equitable performance guidelines for
80 the state and providers to measure performance outcomes under
81 human services contracts;

82 (4) Complete the requirements of subdivisions (1) to (3), inclusive, of
83 this subsection with as much uniformity as possible given the sources
84 of funding, the applicable law and the variations in program models;
85 and

86 (5) Establish an efficient, fair and equitable system for revising such
87 contracts from time to time.

88 (e) Not later than January 1, 2004, and every two years thereafter,
89 the director of the unit shall submit a report on its activities to the
90 Secretary of the Office of Policy and Management and to the
91 chairpersons of the joint standing committee of the General Assembly
92 having cognizance of matters relating to government administration in
93 accordance with section 11-4a of the general statutes.

94 Sec. 5. (NEW) (*Effective July 1, 2003*) (a) After determining to renew a
95 human services contract with a provider, a state agency shall: (1)
96 Notify the provider of its intent to renew not later than ninety days
97 before the expiration of the contract; (2) prepare detailed specifications
98 for the renewal contract, including a description of the services to be
99 purchased, the outcomes to be achieved and the methods used to

100 measure such outcomes; and (3) request from the provider a price
101 quotation for each year of the renewal contract.

102 (b) If, after completion of the process set forth in subsection (a) of
103 this section, a state agency decides to pursue a contract renewal with a
104 provider, such state agency, not later than sixty days before the
105 expiration of the existing contract, shall (1) meet with representatives
106 of such provider and negotiate in good faith the price and all other
107 terms and conditions of the renewal contract, including, but not
108 limited to, any financial penalties for noncompliance, and (2) cause
109 such renewal contract to be promptly authorized and executed. If, after
110 thirty days after the beginning of this process, the parties cannot agree
111 on the price or the other terms and conditions of such renewal
112 contract, the state agency shall notify the provider, in writing, of its
113 intent to solicit proposals from other providers.

114 (c) Each state agency shall determine the length of the term of any
115 such renewal contract, provided such term shall be not less than two
116 years nor more than six years in duration.

117 Sec. 6. (NEW) (*Effective July 1, 2003*) (a) (1) Not later than fifteen
118 days prior to the beginning of any applicable fiscal year, each state
119 agency shall develop, update and implement procedures and timelines
120 to ensure that its human services contracts are executed in a timely
121 manner and that initial payment for services shall be received by the
122 provider not later than thirty days after the beginning of the fiscal year
123 of the contract.

124 (2) In any year when the General Assembly fails to complete
125 passage of a budget in a timely fashion, or the state agency is unable to
126 execute a contract or resolve the financial terms of the contract by the
127 beginning of the fiscal year, an automatic reauthorization of the human
128 services contract shall occur to permit the state agency to continue
129 contract activity and payments beyond the prior contract term for a
130 length of time not to exceed sixty days at the same level of monthly
131 funding as the prior term to ensure the uninterrupted continuation of

132 services by nonprofit organizations and payment to nonprofit
133 organizations.

134 (b) The provisions of subsection (a) of this section shall apply to any
135 contract based on the federal fiscal year, except that the applicable
136 dates shall be calculated based on the federal fiscal year.

137 (c) During the term of any human services contract renewed by a
138 state agency, the state agency shall monitor the delivery of services
139 pursuant to the terms and conditions of such contract and notify the
140 provider, in writing on a timely basis, of any deficiencies or other
141 contract compliance issues. The state agency shall give the provider a
142 reasonable period of time to correct any deficiencies or otherwise
143 address any contract compliance issues.

144 (d) Whether or not a state agency intends to renew a human services
145 contract, the state agency shall, not later than forty-five days before the
146 expiration of such contract, (1) provide the provider with written
147 notice of (A) any outstanding contract deficiencies or other compliance
148 issues, and (B) a detailed course of action and timetable to address
149 such deficiencies or compliance issues, (2) provide a detailed statement
150 of the financial consequences, if any, of failing to address such
151 deficiencies or compliance issues, provided such financial
152 consequences are detailed in the written contract between the parties,
153 and (3) complete the prompt payment of the outstanding balance of
154 the negotiated cost of such contract less the amount of any financial
155 penalties imposed pursuant to subdivision (2) of this subsection.

156 Sec. 7. (NEW) (*Effective July 1, 2003*) Nothing in sections 1 to 6,
157 inclusive, of this act shall be construed to supercede or conflict with
158 any specific federal law, policy or procedure for those human services
159 contracts or portions of such contracts utilizing federal funds. Except
160 where preempted by federal law, the provisions of sections 1 to 6,
161 inclusive, of this act shall apply.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003</i>
Sec. 2	<i>July 1, 2003</i>
Sec. 3	<i>July 1, 2003</i>
Sec. 4	<i>July 1, 2003</i>
Sec. 5	<i>July 1, 2003</i>
Sec. 6	<i>July 1, 2003</i>
Sec. 7	<i>July 1, 2003</i>

Statement of Purpose:

To regulate contracts between nonprofit service providers and the state.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]