

TESTIMONY REGARDING S.B.413

AN ACT ESTABLISHING A COMMUNITY PROVIDER RESCUE FUND

ACCOUNT AND COMMUNITY-BASED SERVICES

COMMISSION

Senator Harris, Representative Villano and members of the Human Services Committee, thank you for the opportunity to provide testimony regarding this legislative initiative.

My name is Frank Mc Carthy and I am the executive director of Marrakech Inc.

Marrakech is a Connecticut organization providing residential and employment services to children and adults with a disability. We are a state wide organization serving people with acquired and developmental disabilities.

I am testifying in **support** of Raised S.B. 413: An Act Establishing a Community Provider Rescue Fund Account and Community-Based Services Commission.

As you know, Governor Rell's midterm budget includes a 0% cost-of-living-adjustment (COLA) for the private sector for FY09. This follows the 3% COLA received in SFY08. The nonprofit provider community has joined together to request a 9% COLA in SFY09 for all state-funded Purchase of Service contracts.

Many representatives of nonprofit organizations have given testimony or spoken to you directly over the years about the historic under funding in the private sector. This has led to small incremental increases that have not kept pace with the cost of doing business or

with the rising cost of living in Connecticut. Although we appreciate that help, the discretionary nature of the increases is part of the problem. We need something that is not discretionary and that addresses the rising cost of living and working in Connecticut.

Private providers are at risk. We are not declaring bankruptcy, at least not yet, because we are managing the problem by reducing staff and redistributing the work load; a work load that has more responsibility with less funding.

Between July 1999 and June 2007 the price per gallon of heating oil rose 72.5%, the price per gallon of gasoline rose 92.4% and the price of electricity per kilowatt hour rose 84%. These are numbers that were derived from an analysis of what Marrakech paid for these necessary items during that time frame. During the same time frame the private providers received an average COLA of approximately 2% from the State.

In addition to the above information's effect on our employees and their families in terms of both increased expense and low or no COLAs I offer the following comparative data between generally accepted measures and Marrakech direct care salaries.

**2005 Per Capita Income:**

United States	\$34,586
Connecticut	\$47,819
Marrakech Direct Care (FY2008)	\$26,208 (entry level salary)
Difference in Connecticut	<b>(\$21,611)</b>

### **HUD Fair Market Rents 2006**

Stamford/Norwalk	\$1502 (2 Bedroom)
Danbury	\$1148
New Haven	\$1003
Hartford	\$ 979

### **Hourly Housing Wage Needed for a 2 Bedroom Apartment**

Connecticut (average)	\$19.30*
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\*standard of affordability – 30% of income

### **Marrakech Direct Care Staff spend 50% of income**

Commissioners for the State Departments of Developmental Services and Mental Health and Addiction Services have made the following comments in their budget option requests to Secretary Genuario this past fall:

- Low wages in the private sector lead to turnover in staff
- Private provider difficulty in filling vacancies with qualified staff leads to concerns about quality of care
- Nonprofit COLA rates of increase have not kept pace with private sector increases in benefit costs
- The reality is that on so many dimensions the private nonprofit infrastructure is crumbling
- With (nonprofit) COLAs equal to or less than inflation there is a defacto cut to the service system.

Two major State departments supporting people with disabilities recognize the importance of the private sector to service delivery in Connecticut. They also recognize the risk faced by chronic under funding of that sector.

In closing, once again, I urge you to support passage of S.B. 413.

Thank you for your time and consideration of this important issue. If you have any questions I have attached my contact information on the written testimony.

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