



# House of Representatives

General Assembly

**File No. 867**

January Session, 2009

Substitute House Bill No. 6609

*House of Representatives, April 30, 2009*

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT ESTABLISHING A COMMUNITY-BASED SERVICES COMMISSION AND A GRANT PROGRAM FOR NONPROFIT ORGANIZATIONS.***

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

1 Section 1. (*Effective from passage*) (a) There is established a  
2 commission on community-based services. The commission shall  
3 consist of (1) the Secretary of the Office of Policy and Management, or  
4 the secretary's designee, the Commissioners of Developmental  
5 Services, Mental Health and Addiction Services, Children and  
6 Families, Social Services, Higher Education and Economic and  
7 Community Development and the Labor Commissioner or the  
8 commissioners' designees; (2) the cochairpersons of each of the joint  
9 standing committees of the General Assembly having cognizance of  
10 matters relating to appropriations, finance, human services, public  
11 health, government administration and elections and labor, or the  
12 cochairpersons' designees; (3) two members appointed by the  
13 Governor, one of whom is a provider of social services for children or

14 adults with disabilities, and one of whom is a parent of a child or adult  
15 with disabilities; (4) one member appointed by the speaker of the  
16 House of Representatives who has knowledge in the area of social  
17 services for individuals with disabilities; (5) one member appointed by  
18 the president pro tempore of the Senate who has knowledge of the  
19 labor market; (6) one member appointed by the majority leader of the  
20 House of Representatives who has knowledge of economics; (7) one  
21 member appointed by the majority leader of the Senate who has  
22 knowledge of Medicaid policy; (8) one member appointed by the  
23 minority leader of the House of Representatives who has knowledge of  
24 bonding; (9) one member appointed by the minority leader of the  
25 Senate who has knowledge of purchase of service agreements or  
26 education; (10) two members appointed by the chief executive officer  
27 of the Connecticut Community Providers Association; (11) two  
28 members appointed by the executive director of the Connecticut  
29 Association of Nonprofits; and (12) two members appointed by the  
30 executive director of The Arc of Connecticut.

31 (b) All appointments to the commission shall be made no later than  
32 June 1, 2009. Any vacancy shall be filled by the appointing authority.  
33 The speaker of the House of Representatives and the president pro  
34 tempore of the Senate shall select the chairpersons of the commission  
35 from among the members of the commission. Such chairpersons shall  
36 schedule the first meeting of the commission, which shall be held no  
37 later than July 1, 2009. The commission may, within available  
38 appropriations, contract consultants with expertise in the areas of  
39 economics, the labor market, higher education or accounting to assist  
40 in carrying out its duties. The commission may receive funds from any  
41 public or private sources to carry out its activities.

42 (c) (1) The purpose of the commission shall be to study and make  
43 recommendations pursuant to subsection (d) of this section concerning  
44 a long-term funding solution for community providers under purchase  
45 of service contracts. The commission shall make recommendations  
46 concerning: (A) The development of a state-wide strategic plan for the  
47 funding of services under purchase of service contracts that includes (i)

48 consistent funding for the provision of such services; and (ii) cost-of-  
49 living and other fiscal adjustments in payments to community  
50 providers of such services using an indexing option such as the  
51 consumer price index, the medical consumer price index, the home  
52 health market basket administered by the federal Centers for Medicare  
53 and Medicaid Services, or any other indexing option used in this state  
54 or other states; (B) a budget to implement the indexing option  
55 pursuant to subparagraph (A) of this subdivision; and (C) a budget  
56 and plan for stabilizing the service delivery system until indexed  
57 payments are allocated.

58 (2) The commission shall conduct studies, research and analyses and  
59 make reports and recommendations pursuant to subsection (d) of this  
60 section to address the problem of the funding of services provided by  
61 community providers under purchase of service contracts. Such  
62 research shall include (A) an analysis of the comparative cost of  
63 providing such services in the private and public sectors, including an  
64 analysis of the wages and benefits of private sector unionized and  
65 nonunionized employees and public sector employees in the human  
66 services field; (B) the impact of standard wage legislation in the state;  
67 (C) a comparison of the compounded Medical Consumer Price Index  
68 to the cost-of-living allocations made to providers of services over a  
69 twenty-year period; (D) an analysis of the percentage increase in the  
70 cost of health insurance, workers' compensation insurance, property  
71 casualty insurance and energy costs since 2000, and a projection of the  
72 percentage increase of such costs to 2013; (E) projected labor market  
73 trends to 2013; (F) a calculation of the projected savings that could be  
74 generated by serving individuals in communities rather than in  
75 institutions; (G) a review of financial mechanisms for establishing an  
76 ongoing source of revenue such as a dedicated fund; and (H) any other  
77 study, research and analysis the commission deems necessary to  
78 accomplish the purpose of the commission. As used in this subsection,  
79 "purchase of service contract" means a contract between a state agency  
80 and a private provider organization for the purchase of ongoing direct  
81 health and human services for agency clients.

82 (d) Not later than October 1, 2009, the commission shall submit a  
83 report on proposed budget recommendations and policy and statutory  
84 changes to the Governor and to the General Assembly, in accordance  
85 with the provisions of section 11-4a of the general statutes.

86 Sec. 2. (NEW) (*Effective July 1, 2009*) (a) The Office of Policy and  
87 Management shall, within available appropriations, establish a grant  
88 program to assist nonprofit organizations that receive state funding in  
89 consolidating the organizations' programs and services. Grants  
90 awarded pursuant to this subsection to such nonprofit organizations  
91 may be used for: (1) Facility purchases and improvements; (2)  
92 refinancing facility loans; (3) equipment purchases; (4) program  
93 administration; (5) energy conservation projects; (6) transportation;  
94 and (7) technology.

95 (b) Not later than October 1, 2009, the Secretary of the Office of  
96 Policy and Management, in collaboration with the joint standing  
97 committee of the General Assembly having cognizance of matters  
98 relating to appropriations and representatives of nonprofit  
99 organizations that receive state funding, shall develop guidelines for  
100 the administration and distribution of grants pursuant to this section.

101 (c) The secretary shall publish a notice of grant availability and  
102 solicit competitive proposals under the program for the fiscal year  
103 ending June 30, 2010, and each fiscal year thereafter. Eligible nonprofit  
104 agencies may file a grant application with the Office of Policy and  
105 Management on such forms and at such times as the secretary  
106 prescribes.

107 (d) The secretary shall review all grant applications received under  
108 the program and determine which grant applications shall be funded  
109 and at what funding levels. Criteria for such determinations  
110 established by the secretary, in collaboration with the joint standing  
111 committee of the General Assembly having cognizance of matters  
112 relating to appropriations and representatives of nonprofit  
113 organizations that receive state funding pursuant to subsection (b) of  
114 this section, shall be included in the notice of grant availability.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>July 1, 2009</i>	New section

**FIN**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Policy & Mgmt., Off.	GF - See Below	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill establishes a Commission on Community Based Services and appoints a variety of agency heads, which results in no fiscal impact. The bill permits the commission to receive funds from any public or private source to carry out its duties. sHB 6365 (the Budget Bill as favorably reported by the Appropriations Committee on 4/2/09) contains no funds for this purpose. The commission may, within available appropriations, contract with consultants to assist in performing duties. Since there are no such public funds available for this purpose it is anticipated the commission will only utilize consultants to the extent there are sufficient private funds available.

Finally, the bill establishes a grant program, within available appropriations, to assist non-profit organizations that receive state funding in consolidating the organizations' programs and services. sHB 6365 contains no funds for this purpose. Due to the bill's requirement that OPM provide these grants within available appropriations, they will either: 1) shift resources from other existing agency priorities; 2) incur a deficiency; 3) not be able to fully meet the grant requirements; or 4) delay implementation until resources are made available.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sHB 6609*****AN ACT ESTABLISHING A COMMUNITY-BASED SERVICES COMMISSION AND A GRANT PROGRAM FOR NONPROFIT ORGANIZATIONS.*****SUMMARY:**

This bill creates a 34-member Community-Based Services Commission to study and make recommendations concerning a long-term funding solution for these providers. The commission must submit a report with any proposed budget recommendations and policy and legislative changes to the governor and General Assembly by October 1, 2009.

The bill also requires the Office of Policy and Management (OPM), within available appropriations, to establish a grant program to help state-funded nonprofit organizations consolidate their programs and services.

EFFECTIVE DATE: July 1, 2009, except the provision establishing the commission is effective upon passage.

**COMMISSION ON COMMUNITY-BASED SERVICES*****Composition***

The 34-member commission includes the OPM secretary and the commissioners of the departments of Developmental Services, Mental Health and Addiction Services, Children and Families, Social Services, Higher Education, Labor, and Economic and Community Development, or their designees. It also includes the chairpersons of the Appropriations, Finance, Human Services, Public Health, Government Administration and Elections, and Labor committees, or their designees.

Table 1 lists the remaining, appointed members and the appointing authorities.

**Table 1: Appointed Members of Commission on Community-Based Services**

<i>Members</i>	<i>Appointing Authority</i>
A social services provider for children or adults with disabilities and a parent of a child or adult with disabilities (two members)	Governor
Person knowledgeable about social services for individuals with disabilities	House speaker
Person with labor market knowledge	Senate president pro tempore
Person with economics knowledge	House majority leader
Person with Medicaid policy knowledge	Senate majority leader
Person with bonding knowledge	House minority leader
Person with knowledge of personal service agreements or education	Senate minority leader
Two members	Chief Executive Officer (CEO) of the Connecticut Community Providers Association
Two members	Connecticut Association of Nonprofits executive director
Two members	The ARC (Association for Retarded Citizens) of Connecticut executive director

The appointments must be made by June 1, 2009. Vacancies are filled by the appointing authority. The House speaker and Senate president pro tempore select the commission's chairs from its membership. The chairs must schedule the first meeting by July 1, 2009.

The bill permits the commission, within available appropriations (the bill does not appropriate money for the commission), to contract for consultants with expertise in economics, the labor market, higher education, or accounting to assist it. The commission can receive funds from any source to carry out its activities.

***Commission's Charge***

Under the bill, the commission must make recommendations concerning:

1. developing a statewide strategic plan for funding services under purchase-of-service contracts, which must include (a) consistent funding for providing the services and (b) cost-of-living and other fiscal adjustments for payments that use an indexing option, such as the Consumer Price Index (CPI);
2. a budget to implement indexing; and
3. a budget and plan for stabilizing the service delivery system until indexed payments are allocated.

The bill requires the commission to conduct studies, research, and analyses and recommend ways to address "the problem" of funding community providers' services. The research must include:

1. comparing the employee costs, including wages and benefits, of providing these services in the private and public sectors, including unionized and nonunionized private sector employees;
2. studying the impact of standard wage legislation in the state;
3. comparing the compounded Medical CPI to the cost-of-living allocations made to service providers over 20 years;
4. analyzing the percentage increase in the health insurance, worker's compensation, property casualty insurance, and energy costs since 2000 and projecting increases up to 2013;

5. projecting labor market trends through 2012;
6. calculating savings attributable to serving individuals in the community instead of in institutions;
7. reviewing financial mechanisms for establishing an ongoing revenue source, such as a dedicated fund; and
8. any other studies, research, and analysis it deems necessary to accomplish its mission.

**GRANT PROGRAM FOR NONPROFIT CONSOLIDATION**

The bill requires OPM, within available appropriations, to establish a grant program to help state-funded nonprofit organizations consolidate their programs and services.

***Use of Grants and Guidelines***

The bill permits nonprofits to use the OPM grants for the following:

1. facility purchases and improvements,
2. refinancing facility loans,
3. equipment purchases,
4. program administration,
5. energy conservation projects,
6. transportation, and
7. technology.

By October 1, 2009, the bill requires the OPM secretary, in collaboration with the Appropriations Committee and representatives of the nonprofits that receive state funds, to develop guidelines for administering and distributing the grants.

***Applying for Grants***

The bill requires the OPM secretary to publish notice of grant

availability and solicit competitive proposals for FY 10 and subsequent years. Eligible nonprofits can file grant applications with OPM on forms and at times that the secretary prescribes.

***OPM Review of Applications***

The bill requires the secretary to review all grant applications he receives and determine which ones to fund and the funding levels for each. The secretary, in collaboration with the Appropriations Committee and the nonprofits, must determine the criteria for deciding which organizations get grants and include the criteria in the notice.

**BACKGROUND**

***Legislative History***

The House referred the bill (File 203) to the Finance, Revenue and Bonding Committee, which eliminated (1) a community provider rescue fund and (2) bond authorizations for grants for capital improvements.

**COMMITTEE ACTION**

Human Services Committee

Joint Favorable Substitute  
Yea 12 Nay 6 (03/10/2009)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute  
Yea 54 Nay 0 (04/16/2009)