

Connecticut Nonprofit Human Services Cabinet

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Children's League of Connecticut

Connecticut AIDS Resource
Coalition

Connecticut Association for
Community Action

Connecticut Association for
Human Services

Connecticut Association of Area
Agencies on Aging

Connecticut Association of
Nonprofits

Connecticut Coalition Against
Domestic Violence

Connecticut Coalition to End
Homelessness

Connecticut Community Providers
Association

Connecticut Consortium of Legal
Services

Connecticut Council of Family
Service Agencies

Connecticut Sexual Assault Crisis
Services

Connecticut Women's Consortium

Easter Seals Connecticut

End Hunger Connecticut!

Human Services Council

Oak Hill

Planned Parenthood of Connecticut

The Connection, Inc.

Wheeler Clinic

Testimony before the Public Health Committee March 16, 2009

In support of:

SB 1120: AA Imposing a Moratorium on the Rebidding or Purchase of Service Contracts Pertaining to the Delivery of Health and Human Services by or on Behalf of State Agencies

Good afternoon Senator Harris, Representative Ritter and members of the committee, my name is Daniel O'Connell. I am the President & CEO of the CT Council of Family Service Agencies, as well as Co-Chair of the CT Nonprofit Human Services Cabinet (Cabinet). The Cabinet is a statewide coalition comprised of 20 nonprofit human service associations and organizations representing approximately 800 providers. Its mission is to advance a strong and unified nonprofit human services system to effectively meet community needs. The Cabinet has worked with state agencies on critical contracting issues and business practices that impact over 1,900 Purchase of Services (POS) Contracts valued at approximately \$2 billion annually. Members play a vital role in addressing the critical health and human services needs that face so many Connecticut residents – they provide the safety net that *anyone* can find themselves in need of in the blink of an eye.

The Cabinet **supports** SB 1120. This bill proposes to temporarily waive the competitive procurement requirements applicable to POS contracts beginning July 1, 2008 and ending July 1, 2010. The competitive procurement of POS contracts (also known as "rebidding") stems from Public Act 07-195, An Act Concerning the State Purchase of Service Contracts for Health and Human Services. Because the Cabinet is the leading authority on nonprofit POS contracts, we were explicitly included in PA 07-195 for consultation by the Office of Policy and Management (OPM) in developing a plan for the competitive procurement of health and human services. And while the Cabinet agrees that human service contracts should be awarded based on a standardized and transparent process that allows for the selection of the best qualified providers to provide the highest quality services in a cost efficient and highly accountable manner, now is simply not the time for a system-wide rebid of all health and human service contracts.

The rebidding process is incredibly arduous, especially for smaller nonprofits who do not have dedicated development staff. Request for Proposals (RFP) have become increasingly longer and more complex. A great deal of resources must go into responding to just a single RFP. This is only exacerbated when an agency faces multiple RFPs for multiple services funded by multiple state agencies all at one time. Unfortunately, private providers are presumably facing at least 3 consecutive years of no cost-of-living adjustments (FY09-11) and are attempting to stretch out already thin resources for the delivery of actual services, not for administrative functions such as responding to multiple RFPs. Nonprofit providers do not face this problem alone; state agencies are also feeling the pinch of the financial crisis. Many state agencies had expressed the need for increased resources and personnel to meet the objectives of the competitive procurement process when it began last July and we now know that the requested resources will not be available to them.

Another problem with the rebidding process to date is inconsistencies with its implementation. OPM released revised standards for rebidding last month that provide a conceptual framework for the direction a successful procurement process needs to take. However, this framework alone is not sufficient to move the rebidding process forward in a quality, uniform and timely

manner. State agencies that administer human service contracts need to adhere to and proactively support consistent implementation of these guidelines. Unfortunately, to date many providers have not only experienced widely differing criteria among various state agencies, but in some cases within a single agency.

For example, both the Department of Corrections (DOC) and the Court Support Services Division of the Judicial Branch have released RFPs that disregard the required 7 week minimum time period between the release and due date as required in OPM's original guidelines released in February 2008 (*Principles and Procedures for the Competitive Procurement of Human Services*, 2.1.08). DOC has further violated the guidelines by not only releasing an RFP prior to having its rebidding plan approved by OPM, but also by rebidding nearly its entire system in one RFP (the "Big Bang"), which was clearly cautioned against in OPM's guidelines.

The Cabinet agrees with the provisions of SB 1120 that allow state agencies to rebid a service if a provider has chosen to cease providing the service or if the state must, for good cause shown, terminate a relationship with a private provider. However, it is clear that not all state agencies are equipped to properly administer a system-wide competitive procurement of all health and human service contracts at this time. Should the process continue in the manner that it has begun, it threatens to destabilize the entire private nonprofit provider system.

Furthermore, as we saw last week from the Appropriations Committee, there is the potential for some very devastating cuts to be made to both private providers and state agencies in the coming months. To require either of us to divert scarce resources to implement the competitive procurement process during a time of significant financial uncertainty and upheaval is an invitation for disaster.

Let me be clear, the Cabinet fully respects the goals of the state's clean contracting efforts; however, it is clear that we are experiencing some unintended consequences of those efforts. Based upon the disparity among state agencies in the implementation of competitive procurement thus far, and the demands of the fiscal crisis faced by the state, **the Cabinet strongly urges the passage of SB 1120 and recommends that the competitive procurement of human services contracts be postponed.**

Thank you for your time and consideration.

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