



Changing lives, changing minds

TESTIMONY OF STEPHEN BECKER, EdD
PRESIDENT AND CEO, HARC, INC.
TO THE APPROPRIATIONS COMMITTEE
DECEMBER 9, 2009

REGARDING GOVERNOR RELL'S DEFICIT MITIGATION PLAN

HARC, Inc.
Serving People with Intellectual
and Related Challenges

Members of the Appropriations Committee, I am Stephen Becker, President and CEO of HARC, Inc., an organization that serves people with intellectual and related disabilities. Founded in 1951, HARC is a grassroots family organization that provides life span services including: birth-to-three/early intervention, family support, respite, supported employment, adult day program, recreation, residential, behavioral health, elderly and advocacy services. I am here today to implore you to stop the devastating cuts proposed by Governor Rell's Deficit Mitigation plan. Over the past five years, cuts to DDS and DSS budgets have so severely impacted HARC and private sector agencies such as ours that we can say without reservation or hyperbole, that any further cuts will put at serious risk our ability to provide quality services to our participants and threatens our long-term viability.

The Governor's plan proposes a 2% cut in funds to DDS for this fiscal year, which is in essence a 4% annualized cut. This is essentially a death knell to almost every service that HARC and other private sector agencies provide to the community. HARC's losses in state-funded programs are already astronomical. From fiscal year 05 through fiscal year 09, we have experienced a deficit of \$803,738 in our day program alone! In fiscal year 10, reeling from the past five years of losses, the day program already faces a \$253,700 deficit. A 2% rescission means an additional loss of \$122,900.00 for a total loss of \$376,600. Combined with the losses in other HARC-run state programs, which total \$94,600 and the uncertain impact of extended unemployment benefits which we now estimate to be at least \$57,500, our total losses for fiscal

year 10 are \$528,700. This number, when combined with the historical losses of \$803,738 over the past five years, brings the total losses in state funded programs to a **whopping \$1,714,038!** No private sector agency can sustain that level of loss over time and remain viable.

To further demonstrate the devastating effect of a 2% cut, in March of this year, a two percent cap was placed on all room and board rate increases for group home facilities. We operate nine group homes and the financial effect of such a cap is enormous. In fiscal year 09 alone, we lost \$28,000. Reimbursement rates for capital improvement projects were also affected by the 2 percent cap, making it virtually impossible for HARC and private care providers to complete the renovations of group homes that would allow clients to live more independently.

We have also been burdened by unfunded mandates, such as the imposition of an attendance-based system for our day programs which require a **90%** daily attendance rate before any payment can be expected from the State, a number that is unrealistic for our sector to achieve given the physical and emotional fragility of our clients. Private care providers have also been asked to move to a 15-minute billing interval system for independent living, which has proven to be unduly burdensome and incredibly costly to administer, especially at a time when we can no longer pay our direct care staff the wages they deserve or offer them the level of health care benefits commensurate with their value to our agency.

In addition to being asked to absorb enormous costs associated with group home care rate caps and day program rate cuts, we face the skyrocketing costs of health insurance premiums, workers' compensation, business insurance premiums, fuel, telephone bills and utilities, costs over which we have no control. These goods and services are not luxuries. They are essential to our ability to conduct business and keep our doors open to the over 300 families

we serve every day. Yet time and again, the private sector is being asked to provide a wider array of services to a more diverse population, while taking on deeper cuts in state funding, and managing more unfunded mandates and burdensome oversight procedures.

I am here to say that we can do no more. The State's multi-billion dollar deficit cannot be resolved on the backs of the private sector. Banks are refusing to extend lines of credit to agencies with whom they have done business for decades. Sources of private funding are disappearing at an alarming rate, but the demand and the need for services for our most vulnerable continue to grow. Certainly the committee is aware of the skyrocketing rate at which autism is being diagnosed. The number of children and families who will need services will grow as well.

We have proudly served our participants and families for over fifty years. We are a small agency doing a big job that grows bigger every day. We implore you to consider all that we do and all that we have done with resources that grow more scarce each day. A 2 percent cut may not sound extraordinary, but for every family we must turn away, for every critical position we cannot fill, for every single parent whose child is born with a special need and comes to us for help, 2 percent might as well be 100%. Please consider what we do and the families that depend on us. We can do so much for them, but no more without your help.