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Testimony before the Appropriations Committee
3.5.10
By Ron Cretaro, Executive Director

SB 355, AAC Capital Improvements Required by the Department of Developmental Services
SB 357, AAC Reductions to State Contracts
SB 359, AAC Reporting by State Agencies
HB 5390, AAC Fiscal Reforms
HB 5395, AAC Benchmarks for State-Funded Programs and Services

Good afternoon Senator Harp, Representative Geragosian and members of the committee. My name is Ron Cretaro and I am the Executive Director at Connecticut Association of Nonprofits (CT Nonprofits). We are the largest membership organization in Connecticut dedicated exclusively to working with nonprofits in Connecticut. We represent over 500 nonprofits, 300 of which hold purchase of service contracts with the state to provide health and human services on its behalf.

SB 355 –

CT Nonprofits strongly urges support of the concepts raised in SB 355, with additional recommendations to enhance the outcome as a long-term solution by utilizing the rate freeze exemption on an ongoing basis beyond the recommended two year period or completely removing the Rate Cap from the process.

Presently, there is a freeze on room and board rates, scheduled to remain in place through the fiscal years ending June 30, 2010 and June 30, 2011. Prior to this damaging rate freeze, there has been a 2% rate cap in place for several years (beginning with June 30th rates for 2007) to prevent Community Living Arrangements (CLAs) for individuals with mental retardation, from receiving a Room & Board rate that is more than two per cent greater than the rate in effect for the facility (in accordance with section 17b-244(a.) The practice of under-funding the true cost of services has had a detrimental impact upon the provider network, as they continue to struggle with ever-increasing demands and unfunded mandates imposed upon this vitally important system of care.

The proposed legislation would exempt desperately needed capital improvements – required by the Department of Developmental Services (DDS) – from the current rate freeze. Funding which will provide for urgently necessary repairs is not only an extremely sound investment in these facilities from a fiscal standpoint, but a significant investment in the future safety and well-being of the individuals with developmental disabilities served by the nonprofit provider network.

With regard to additional challenges faced by DDS funded providers, it is important to note that included within the DDS budget, are the following anticipated savings: 'Reduce the Employment and Day Services account by $5,946,000 to reflect the annualization of the new attendance-based reimbursement system begun in Spring 2010 pursuant to FY 10 rescissions.'

CT Nonprofits has previously testified before the Appropriations Committee in opposition to both the timing and process with which DDS would implement a complete overhaul of the reimbursement system which supports the very network of providers who 'partner' with the State on a daily basis to fulfill the mission of the Department. Few changes have impacted the provider network as dramatically as the overarching systems changes at hand, during the most fiscally challenging times that the State has experienced. Therefore, the additional burden of a rate freeze at this time is particularly damaging and counter-productive.

SB 357 - Support

We support SB 357 and the flexibility that it allows for nonprofits to run their businesses in the most effective and efficient way possible. Ideally, we would not like to see contracts reduced mid-year, but this is the reality that we have all come to face over the past two years. As the fiscal landscape continues to change, so must the way we do business. This means nonprofit providers must continue to create efficiencies in our services, as we have been doing for years while faced with steadily declining funding. We have streamlined our administrative functions, we have started group purchasing initiatives, we have joined collaborative efforts for services and in some cases we have merged. We have met each challenge presented to us with continued leadership and focus to ensure that the residents of Connecticut receive the essential health and human services to which they are entitled.

This bill provides the state with a chance to do business differently while maintaining a positive partnership with private providers. It puts trust in the nonprofits with which the state has contracted to transfer funds among line items in a contract that has been reduced mid-year without prior authorization. If a provider knows that one line item in a contract can stand to lose money while another line item cannot because it would negatively impact the service, then the state should trust its contractor to make that call immediately for the good of the client. This flexibility allows the nonprofit to ensure that each taxpayer dollar is being spent in the most efficient and effective way.

SB 359 – Support

We support SB 359 and creating a mechanism for the Executive Branch to report on the availability and pursuit of federal funds. CT Nonprofits has identified maximizing federal revenues as one of our top priorities. There are numerous, untapped pots of federal money that will allow the state to shift some of the cost for essential health and human services off of Connecticut's General Fund. We are seeing several possibilities now with ARRA and the TANF Emergency Contingency Fund, but still others exist. For years the legislature has requested an AIDS waiver and a family planning waiver, among other federal match programs that would bring in much needed revenue to the state. We have also seen the adeptness with which the Department of Mental Health and Addiction Services is able to secure federal grants for behavioral health services, a possible example for other state agencies.

There exist opportunities to bring in federal revenue to our state to support vital health and human services and alleviate the need to chop away at these services during the immediate fiscal crisis, not to mention the long-term stability that federal match programs can provide. The state must make every effort to pursue and maximize federal revenue.

HB 5390 & HB 5395

We support the overall concepts of both HB 5390, which would require the Office of Fiscal Analysis to evaluate the cost-effectiveness of state-funded programs and services, and HB 5395, which would require the Office of Policy and Management to set benchmarks to determine the effectiveness of state-funded programs and services. Nonprofits are partners with the state in providing services on its behalf and we must be held accountable to the taxpayers who fund our services. These programs and services must be effective and improve the quality of life in the surrounding community. Despite initial concerns, many providers have begun to utilize Results-Based Accountability to ensure programmatic success, a measurement tool of which this committee has urged utilization.

Nonprofit providers that contract with the state wish to be held accountable for successful and cost-effective programs that are properly funded by the state. However, the state must be mindful of placing any additional reporting and administrative requirements on providers. The state already requests an overwhelming amount of reporting from state contractors. The level of detail is often daunting and duplicative. We encourage the state to review the current reporting requirements before it initiates any new forms of reporting and monitoring. The best way for the state to evaluate and benchmark success is to streamline reporting that already exists and ensure that it is providing relevant, useful data for the state. Many nonprofits have had to reduce their administrative staff in response to rescissions and budget cuts and simply would not be able to handle any further reporting requirements.

Thank you for the opportunity to testify today.