

Connecticut Nonprofit Human Services Cabinet

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Testimony before the Appropriations Committee March 11, 2010

Re: Governor's March 1st Deficit Mitigation Plan

Senator Harp, Representative Geragosian and members of the committee, my name is Pat Johnson and I am President of Oak Hill and co-chair of the Connecticut 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 2,000 Purchase of Services (POS) Contracts valued at approximately \$1.4 billion annually. Private providers have saved the state hundreds of millions of dollars over the past two decades due to chronic underfunding and when Medicaid reimbursement was increased by 12% as part of the stimulus package we did not get a dime. We do and have done our share!

The Cabinet opposes the Governor's March 1st proposed Deficit Mitigation Plan. While we appreciate the difficult fiscal climate that the state finds itself in and the monumental task that both the Governor and Legislature face in balancing the budget, the Cabinet cannot support over \$50 million in cuts to health and human services. There has been a great deal of discussion about shared sacrifice; everyone has to give up a little bit to make this work. Committee members can rest assured that nonprofit human services providers have been doing more with less for years.

Here are a few examples of the stress *already* placed on the nonprofit provider network:

- No COLA for nonprofit human service providers for 3 years - FY09-FY11 – with the 20 year average standing at approximately 1%, which is far below the pace of inflation.
- Reduced monthly allotments during the first 3 months of FY10
- FY10 rescissions to many health and human services between 2-5%
- Cuts to SSBG funding of 4% in FFY10, plus retroactive cuts in FFY09 of 10% to emergency shelters
- Double-digit percentage increases in health insurance premiums
- Increased service demand due to weak economy and high unemployment rate, including the introduction of the middle-class into the service population
- Presentation of clients with more complex needs – i.e.: they present for sexual assault, but they also need assistance with employment, food and housing
- Increased difficulty for nonprofit providers to obtain lines of credit due to tenuous state contract payments

You will hear from several Cabinet members today regarding specific proposed cuts in the deficit mitigation plan. I would like to address the 2% cut to ICF-MR facilities in the DSS budget. My agency, Oak Hill, alone will take a \$314,000 annualized loss with this cut. This is on top of a \$920,000 deficit in our ICF houses this fiscal year and an additional \$368,000 of APPROVED adjustments that DSS has not released despite months of meetings and letters. THIS IS NOT SUSTAINABLE!

While there may be a general sense that nonprofit human services providers have been getting the job done with inadequate funding for so long that we'll be able to sustain through the current budget crisis, this could not be further from the truth. With no COLA and consistent budget cuts over the past eighteen months, it is growing increasingly difficult for providers to make ends meet.

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

End Hunger Connecticut!

Mental Health Association of Connecticut

Oak Hill

Planned Parenthood of Southern New England

The Connection, Inc.

Wheeler Clinic

Many have already begun to close programs and reduce employee benefits. Administrative staff has been reduced to the bare minimum. Unfortunately, there are few options left that do not result in both significant job loss and significant reduction of services.

There are of course alternatives to cuts, such as increased revenues. This includes eliminating the recent cut to the estate tax, enacting a progressive income tax that asks more of those most able to pay, requiring mandatory combined reporting and fixing costly corporate tax loopholes. The Cabinet is pleased to see the state pursuing increased federal revenue through the TANF Emergency Contingency Fund; however, there is a great deal more we can do to bring additional federal match dollars to Connecticut.

Nonprofit human services providers represent the solution and the safety net in your community that anyone – you, a family member, a neighbor – can find themselves in need of when least expected. Imagine for a minute what condition the state would be in if state revenue increases averaged 1% per year for the past 20 years. Private providers ARE ANOREXIC ORGANIZATIONS that can not sustain further fiscal assaults.