



**Testimony before the Finance, Revenue & Bonding Committee
3.7.11**

**Regarding:
SB 1007, An Act Concerning the Governor's Recommendations on Revenue**

Senator Daily, Representative Widlitz and members of the committee, my name is Ron Cretaro and I am the Executive Director of Connecticut Association of Nonprofits (CT Nonprofits). We represent over 500 nonprofits, 300 of which hold purchase of service (POS) contracts with the state to provide health and human services on its behalf.

Senate Bill 1007 contains the Governor's recommendations for revenue as part of the FY12 and FY13 biennial budget. CT Nonprofits fully supports increased revenues as part of a balanced approach to solving the state's budget deficit. We are glad that Governor Malloy recognizes that the state cannot cut its way out of this deficit.

There is no avoiding the facts, in the past two years the State has reduced funding for many nonprofits, be it through deficit mitigation plans or gubernatorial rescissions. Almost every program has been affected, from children's programs, to programs for individuals with disabilities, to arts programs. Furthermore, nonprofits that contract with the state to provide health and human services on its behalf have not received a cost-of-living adjustment (COLA) on their contracts since July 2007 and no COLA was recommended in this year's budget. That will mean five years of no COLA for nonprofit providers by the end of this biennium, with a 20 year average COLA of less than 1%.

Governor Malloy's revenue proposals are a good start, but they could be strengthened by focusing income tax increases on wealthy households that are most able to pay, closing corporate tax loopholes through combined reporting reform, eliminating more sales tax exemptions that don't have strong benefits for the economy or tax fairness, reversing reductions in the estate tax rates, and reviewing the hundreds of millions of dollars in corporate tax subsidies and eliminating those that aren't producing good jobs.

CT Nonprofits supports the Governor's recommendation of creating a State Earned Income Tax Credit (EITC) for Connecticut's working families. An EITC will reward hard work, strengthen families, and build communities. Low-wage earners – many who work two and three jobs – struggle to make ends meet. Like everyone else, they must provide safe housing, utilities, health care, and food for their families. The funds they receive from a Connecticut EITC will stimulate the state economy, as tax filers pump the refund back into their community.

It is clear that nonprofits and those we serve have already shared significantly in the pain of this recession. To maintain the essential services we provide and avoid damage to Connecticut families and the economy, we need a balanced approach to closing the budget deficit that pays as much attention to revenue reforms as to spending smarter. We urge the Committee to fully consider revenue increases from those who can most afford them.

Thank you for your attention to this matter. Please do not hesitate to contact me with any questions.

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