



CONNECTICUT  
ASSOCIATION  
of NONPROFITS

*...to serve, strengthen  
and support Connecticut's  
nonprofit community.*

**Testimony before the Appropriations Committee  
2.16.12**

**Regarding:  
HB 5014, AA Making Adjustments to State Expenditures and Revenues  
for the Fiscal Year Ending June 20, 2013  
General Government B – OPM**

Senator Harp, Representative Walker, Senator Hartley, Representative Genga and members of the committee, thank you for the opportunity to testify today. My name is Peter DeBiasi and I am the President & CEO of the Access Community Action Agency. I am also here tonight as the Vice President of Connecticut Association of Nonprofits (CT Nonprofits) Board of Directors.

CT Nonprofits is the largest membership organization in Connecticut dedicated exclusively to working with 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.

We support and appreciate the Governor's proposed 1% cost-of-living adjustment (COLA) for nonprofits, but ask that the Committee consider making the COLA effective July 1<sup>st</sup> instead of January 1<sup>st</sup>.

As you know, nonprofits provide efficient, cost-effective health and human services on the state's behalf at a great savings to taxpayers. We are critical partners with the state in ensuring a safety net that meets the needs of all CT residents. Because of the dedicated work of nonprofits, fewer uninsured have found themselves in the emergency room having instead received less costly preventative care; the elderly and individuals with disabilities have been able to remain independent; more individuals have been able to receive treatment for behavioral health issues, thereby regaining their independence and contributing to their communities; and more individuals have received assistance with employment and basic needs.

Unfortunately, years of underfunding with an average COLA of 1% over the past twenty years coupled with increased service demand and inflation have left nonprofit providers in a tenuous position. Lines of credit have become more difficult to access and individual and philanthropic giving is flat at best. Nonprofit executives have had to make difficult decisions to deal with underfunding, often having to reduce employee benefits, delay hiring and take other steps that negatively impact the state's economy.

Governor Malloy proposes a 1% COLA to private providers of health and human services effective January 1, 2013. His proposal extends a COLA to human services providers funded through POS contracts with state funds as well as under the federal Social Services and Substance Abuse Block Grants; to rate-based providers and families paid by the Department of Children and Families; and to providers of boarding homes for the Aged, Blind and Disabled.

We request that the Appropriations Committee consider making the COLA effective July 1, 2012 instead of January 1, 2013 so that nonprofits can benefit from the full 1% in FY13. The COLA will help nonprofit providers contribute more money to their employees rising health insurance costs as well as provide a small, but much needed wage increase – something many have been unable to do in recent years.

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This proposed COLA is the first step in what we hope will be a concerted effort by the state to correct years of underfunding of nonprofit providers. We understand that challenging economic times have necessitated difficult decisions by the Governor and Legislature, and appreciate efforts to limit damage to the State's safety net, but we are at a tipping point that makes it critical for the state to increase POS contract amounts and fee-for-service rates to reflect the true cost of service. Failure to do so will hurt CT residents and lead to unavoidable higher costs to the State in the future.

The Appropriations Committee has fought hard during recent years to avoid balancing the budget on the backs of the poor. We thank you for those efforts and remain supportive in any manner possible. We also thank Governor Malloy for his recognition of the important services provided by the state's nonprofit partners and urge him and the Committee to preserve and strengthen the state's safety net. A 1% COLA beginning July 1, 2012 is a critical next step in that process.

Thank again for this opportunity to present testimony today. Please do not hesitate to contact me with any questions or concerns.

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