



February 22, 2012  
Testimony re: House Bill 5014 (DDS Budget)  
Submitted to the Appropriations Committee/Health & Hospitals Subcommittee  
By Nora Duncan, Executive Director

The Arc Connecticut is a 60-year old advocacy organization committed to protecting the rights of people with intellectual, cognitive, and developmental disabilities and to promoting opportunities for their full inclusion in the life of their communities.

Governor Malloy's has proposed several budget adjustments in the Department of Developmental Services (DDS) that The Arc Connecticut supports fully, such as those that move 40 individuals from Southbury Training School to appropriate private community based homes, new autism funding, consolidating public residential programs, support for high school graduates, increases in employment and day programs, Waiver Management System funding to help maximize federal reimbursements and a 1% COLA (effective 1/1/13) for private nonprofits provider employees. We urge the legislature to make the COLA effective 7/1/12 so that it is a true 1%. The Governor's adjustments support the DDS 5 year plan, align with the mission and goals of The Arc Connecticut and the individuals, families and organizations it represents.

Even with all of these positive adjustments, there are still concerns. There is a waiting list of individuals in need of residential supports. There are unmet needs for respite care, individual supports and so much more. The Arc Connecticut hears regularly from distraught parents and guardians about their unmet needs and concerns over waiting lists. Families who struggle to keep their loved ones at home and encourage full inclusion often find themselves at their breaking point.

Concerns for private nonprofit providers of residential supports to individuals with intellectual and developmental disabilities are that room and board rates (DSS budget) and DDS rates have no built in mechanism for increase as the cost of doing business increases. Room and Board rates in DSS have been frozen for 5 years. The COLA the Governor has recommended is the first in 4 years and does not begin until 2013. There are cuts in other agency budget that impact providers. These factors have combined to create a critically under funded private nonprofit system that is being strangled with increased costs while simultaneously being relied upon more and more to provide vital supports that prevent people from being forced into more restrictive and costly settings.

I have attached a document that lays out an opportunity that law makers can take this year to promote sustainably of the private nonprofit system. The opportunity is found in HB# 5036: AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE CONCERNING THE PROVISION OF SELECTED SERVICES FOR PERSONS WITH INTELLECTUAL DISABILITY. *With some tweaks*, this bill sets in motion policy that moves us toward a stronger private system that more individuals and families can access. The legislature is encouraged to support this bill and begin discussions now about reinvestment of the savings it will produce. Savings reinvested into the DDS budget will help address the waiting list, unmet needs and allow for increased payments to the private nonprofit system of care. Reinvestment in existing services should be both across the board and through a codified automatic rate increase based on inflationary measures.

The Committee's time and consideration is appreciated. Please do not hesitate to call upon The Arc Connecticut for more information or further clarification of our position. (860) 246-6400 x102 or [nduncan@arcofct.org](mailto:nduncan@arcofct.org)

## Promoting Service Delivery Sustainability through Policy Change Opportunities in the 2012 Legislative Session

The Governor's proposed midterm budget adjustments contain several great initiatives regarding increasing supports, both residential and non-residential, for individuals with intellectual and developmental disabilities at the community level. Increased Money Follows the Person slots, maximization of federal revenue to support more individuals and a 1% Cost of Living Adjustment for nonprofit providers to support wages and benefits represent some of the public policy initiatives that The Arc Connecticut fully supports. All of these are steps in the right direction, however, when combined with FY12 and previous year budget rescissions, FY13 proposed budget cuts and five years with no Cost of Living Adjustment or Room & Board rate increases, is simply not enough to sustain the private system of service and supports in the coming years.

*There are opportunities in the 2012 Legislative Session to take the first big step in decades toward protecting and enhancing the private community based system of supports and services for individuals with intellectual and developmental disabilities.*

### The Problem

Flat funding and cuts, extreme increases in energy and food costs, an unprecedented slump in the economy and reduced charitable and foundation giving have already forced workforce reductions and delays in much needed repairs and maintenance to homes and non-residential facilities. Waiver and licensing requirements prohibit reductions in health and safety, as they should. However, the private nonprofit provider sector has nowhere left to turn to reduce costs that do not impact health and safety, compromise the quality of housing or force out-right closure. All buildings will eventually need capital repairs such as new roofing, siding, sprinkler maintenance, furnace replacement and driveway repair. The costs for residential services for CLA and ICF/MR homes are already half of what the public sector costs are, with quality that rates higher, for the same services. The Legislative Program Review and Investigations Committee staff findings related to Provisions of Selected Services for Clients with Intellectual Disabilities is just the most recent of many of reports to illustrate that in the last decade.

Here is just a small sampling of real world data from ICF/MR and CLA providers to help illustrate the reality of the situation and which is reflective of the situation state-wide.

From a private nonprofit provider organization operating 11 CLA's that has recently seen a decrease in mortgage interest expenses between FY10 and FY11, but saw a net increase in overall costs of \$14,000 due to mostly to the following factors:

- Utilities increased an average of \$700 per home per year. Most homes have oil heat and are subject to volatile price increases.
- Food costs increased by an average of \$500 per home. A home with 6 residents is expected to spend no more than \$290 per week/\$7.00 per day/resident for all food and household items. Some residents are on restricted diets which increases the overall food cost.
- Repairs and Maintenance on the homes increased by an average of \$2,100 per home. Part of this increase was the effect of the extraordinarily bad winter which increased snow removal costs significantly in the past year.
- All homes must receive routine maintenance on sprinkler equipment, boilers, security monitoring, septic service, etc. There is a reasonable expectation that homes will be kept in good repair and in compliance with licensing regulations, but no allowance in the room and board rate for the increased cost of contracting for such services.

From a private nonprofit provider organization operating 2 ICF/MR's and 1 CLA:

- After losing almost \$90,000 three years ago, 4 managers were laid off and additional cost cutting measures were instituted, such as direct purchasing from slaughter houses, creative bulk purchasing programs and contracting with third party energy suppliers.
- As a result, FY09 ended with a surplus of less than \$2,000, FY10 ended with a surplus of less than \$5,000 and FY11 was a break even year. There is simply no room to cut.

It is important to note that the employees of these organizations face the same increased costs and concerns at their own homes as the service providers do. Many providers have been forced to reduce hours and freeze wages, all while the threat of layoffs loom. The economy is certainly tough for most Connecticut residents and our staff, the safety net for our state, knows that better than most. However, that neither makes it easier to explain or accept the fact that hard working nonprofit employees have salaries that are often half that of their state employee counterparts in identical jobs with benefits that cannot begin to compare: jobs that come with both cost of living and step increases, as well as the promise of no layoffs for several years.

### The Solution

The comprehensive findings of Legislative Program Review and Investigations Committee report on Provisions of Selected Services for Clients with Intellectual Disabilities highlight, again, that the private provider system of care offers services that are at least as good as those offered in the public system at significantly less cost. Connecticut has an opportunity to adopt the recommendations of the Committee staff and move more quickly in a direction that:

- transitions humanely from an antiquated dually operated system to a private system of care while deploying DDS employees to fill vacant positions in other much needed areas;
- with reinvestment into the DDS system, it remains budget neutral while still increasing dramatically needed funding to the private nonprofit providers that are able to flexibly respond to the needs of individuals and families;
- reduces enormous and inhumane waiting lists for residential supports;
- offers better wages and benefits, in addition to incentives for professional development, to private nonprofit provider employees; and
- creates meaningful employment opportunities for individuals with intellectual and developmental disabilities through social enterprise and creative collaborations with private entities.

*Connecticut policy makers are encouraged to support the Legislative Program Review and Investigations Committee staff recommendations and resulting legislative proposal (HB # 5036, for which we do have suggested language tweaks) in order to make changes that protect and enhance services for individuals and families, reduce waiting lists, ensure that the services provided by public employees are as valuable and efficient as possible and adequately fund the private sector so that it can responsibly serve both its consumers and its staff, all while ensuring the long term sustainability of services in Connecticut.*

Please contact Nora Duncan for more information: (860) 246-6400 x102 or [nduncan@arcocfct.org](mailto:nduncan@arcocfct.org).

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