



February 17, 2012
Testimony re: House Bill 5014 (DSS Budget)
Submitted to the Appropriations Committee/Human Services Subcommittee
for the record to: appropriationtestimo@cga.ct.gov 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 adjustment items that The Arc Connecticut supports fully, such as those that support moves from Southbury Training School to appropriate community based homes, new autism funding, system rebalancing and a COLA for private nonprofits provider employees.

The concerns that arise in the DSS budget come from two factors that result in one big problem for private nonprofit providers of residential supports to individuals with intellectual and developmental disabilities. These two factors:

1. a \$5.2 million reduction in reimbursement rates to CLA's & ICF-MR's that are experiencing mortgage pay-offs, and
2. over 5 years without a room & Board rate increase;

pair up to create a critically underfunded private 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. While the \$5.2 million reduction may understandably seem like "low hanging fruit", so much critical infrastructure repair and improvement has been put off for so long that this reduction simply compounds the problem.

The 1% COLA, effective 1/1/13, for private nonprofit providers that Governor Malloy has included is the first in five years and is very much needed and appreciated. However, in the face of flat funding, other cuts, extreme increases in energy and food costs, an unprecedented slump in the economy and reduced charitable and foundation giving, it is simply not enough to bridge the gap between the cost of doing business and inadequate reimbursement rates.

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 has the opportunity to set in motion policy that moves us toward a stronger system which more individuals and families can access.

Please do not hesitate to call upon The Arc Connecticut for more information or further clarification of our position. The Committee's time and consideration is appreciated.

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;
- 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.

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