

Human Services Committee Hearing  
March 5, 2013

Testimony

S.B. 1023 - AN ACT CONCERNING REVENUE RETENTION BY NONPROFIT HEALTH AND HUMAN SERVICES PROVIDERS

My name is Eileen Healy and I live in Woodbury. I am the Executive Director of Independence Northwest, a nonprofit independent living center in Naugatuck. My testimony is in support of S.B. 1023.

Nonprofits that are in compliance with their state contracts should be allowed to retain any possible revenues from those contracts. Retained revenues could be used to...

- provide much needed cost of living increases,
- offset cuts in subsequent contracted services, and
- provide a financial cushion, or cash flow, when contract execution is delayed but provision of the service is required from the beginning of the start date of the contract (frequently nonprofits don't have executed state contracts for up to 6 months causing many to seek expensive lines of credit to meet their contractual obligations).

Permitting revenue retention could also minimize repeated budget and contract revisions requiring both nonprofit and state employee attention and effort, for typically small amounts of funding.

Connecticut's nonprofits are businesses - just without stockholders or owners. Any revenues retained would be utilized for the agency's mission. We provide cost effective services and we should be rewarded for identifying additional cost saving measures, but under the current system, nonprofits must return excess funding to the state.

Contract compliance is key. If a nonprofit is providing the required services, deliverables, and maintaining quality, they shouldn't be penalized for doing that for less than what they budgeted.