



Nonprofit Human Services Cabinet

Testimony before the Human Services Committee

In support of SB 1023, AN ACT CONCERNING REVENUE RETENTION BY NONPROFIT HEALTH AND HUMAN SERVICES PROVIDERS.

Jeff Shaw, Project Director, Nonprofit Human Services Cabinet

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Senator Slossberg, Representative Abercrombie, and distinguished members of the Human Services Committee, my name is Jeff Shaw, Project Director, for the Nonprofit Human Services Cabinet. The Cabinet is a coalition of twenty associations and individual organizations which has been in existence since the early 1980's. I would like to express the Cabinet's support for S.B. 1023, AN ACT CONCERNING REVENUE RETENTION BY NONPROFIT HEALTH AND HUMAN SERVICES PROVIDERS. The purpose of this legislation is to allow nonprofit providers of health and human services who are in compliance with state contractual provisions and regulatory standards to retain any savings from state contracts to enhance their fiscal health and stability.

As you are all aware, many nonprofit organizations have faced, and continue to face, enormous fiscal challenges, having severely reduced some programs and services in response to the previous rescissions (Nov. 2012) and recent budget modifications (Dec. 2012). These cuts forced several provider organizations to close their doors, and others are concerned they might follow suit with currently proposed funding reductions and eliminations. With the anticipated shortfall in the next biennium, federal sequestration, and another debt ceiling debate looming, nonprofits are looking for additional revenue sources to not only maintain, but to expand quality services and programs. The proposed revenue retention language would directly help nonprofits achieve this objective.

While nonprofits in Connecticut have survived chronic underfunding for the last decade(s), many have realigned their organizational management practices to meet the expectation of operating in a more businesslike fashion. Nonprofits are small businesses and these providers have adopted initiatives supporting performance management, quality improvement, and strategic planning by directing resources to programs with better outcomes and eliminating programs with minimal impact. This proposal would allow nonprofits who provide the contracted services under budget, to be rewarded for their efforts of saving state funds, thereby enabling them to invest the retained funds toward relieving overdue capital improvements, expanding programs and services, as well as providing some relief to personnel. These investments will help lower administrative costs, increase efficiency and improve the delivery of services.

Simply put, the proposed revenue retention legislation will enhance the nonprofit sector's commitment to serving our communities and making them safer and healthier places to live for all of our citizens. I strongly urge this committee and the legislature as a whole to support this proposal. In doing so, you will

enable our nonprofits to protect the safety net. Thank you for the opportunity to testify and I welcome any questions.