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and support Connecticut's
nonprofit community.*

Testimony before the Finance, Revenue and Bonding Committee

**In support of SB 29, AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR
CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES.**

Jeff Shaw, Director of Public Policy, Connecticut Association of Nonprofits

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Senator Fonfara, Representative Widlitz, and distinguished members of the Finance, Revenue, and Bonding Committee, my name is Jeff Shaw, Director of Public Policy, for the Connecticut Association of Nonprofits (CT Nonprofits). With over 500 member organizations, CT Nonprofits is the largest membership organization in the state dedicated exclusively to nonprofits. Our network is more than 500 nonprofit organizations strong with 51,000 employees representing more than \$2.5 billion in annual revenue.

I would like to express my support for S.B. 29, An Act Authorizing And Adjusting Bonds Of The State For Capital Improvements, Transportation And Other Purposes. Section 35 increases the total amount of funding (originally \$20 million, now \$50 million through proceeds from State General Obligation Bonds) available for private, nonprofit health and human service organizations exempt under Section 501(c)(3) in SFY15. These funds will continue to be allocated through the Nonprofit Grant Program (NGP), a competitive grant application process administered by the Office of Policy and Management (OPM) where grants-in-aid can be used solely for capital improvements such as alterations, renovations, improvements, new construction, including health, safety, compliance with the Americans with Disabilities Act and energy conservation, information technology systems, technology for independence, purchase of vehicles, and acquisition of property.

As you are all aware, many nonprofit health and human service organizations continue to face enormous fiscal challenges, having been forced in many cases to reduce programs, services and staff in response to underfunding. With the constraints on the state budget and uncertainty with federal funding, the nonprofit community is looking for, and supportive of, new revenue sources as well as new partnerships with the communities we serve to maintain the highest quality services and programs. Expanding the NGP is a tool that can help nonprofits achieve these objectives.

The proposed increase in funding is in response to the enormous demand for these limited resources available to nonprofit health and human service organizations. In the first "round of funding" (SFY14), OPM received 553 applications totaling \$101 million in projects. Of those

applicants, 146 projects were approved representing 83 nonprofit health and human service organizations. As a result, 407 projects represented by 285 applicants (nonprofit organizations) were not funded, likely due to the \$20 million “ceiling” in SFY14. I am pleased the Governor recognized the need to increase funding for this program, due to both the amount of applications received as well as the quality of the proposed projects. The selected projects varied in amount funded, with the highest award totaling \$975,000 (for multiple projects) and lowest \$25,300, for a single nonprofit organization. In addition, the highest total award was \$877,000 and the lowest \$9,819 for a single project, illustrating the wide range of applicants and capital needs.

Expanding the NGP would free up existing operating funds for direct services to clients, your constituents, and would help relieve a backlog of overdue facilities improvements. In the past, many nonprofit health and human service organizations would have to seek commercial financing to undergo a large capital improvement or undertake a (traditional) longer term capital fundraising campaign. Obtaining that commercial loan requires withdrawing a significant amount of money to pay off the debt at the expense of the services.

Simply put, the NGP 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. It will also strengthen the state’s partnership with the nonprofit community. I strongly urge this committee and the legislature as a whole to support this proposal to expand the NGP. In doing so, you will strengthen nonprofit health and human service organizations and the communities they serve.

Thank you for the opportunity to testify and I welcome any questions.