



Nonprofit Human Services Alliance

Testimony Submitted to the Appropriations Committee:

H.B. No. 6824: An Act Concerning The State Budget For The Biennium Ending June Thirtieth 2017,
And Making Appropriations Therefor And Other Provisions Related To Revenue.

Submitted By: Jeff Shaw, Project Director, Connecticut Nonprofit Human Services Alliance

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Senator Bye, Representative Walker, Senator Kane, Representative Ziobron and distinguished members of the Appropriations Committee, my name is Jeff Shaw, Project Director, of the Connecticut Nonprofit Human Services Alliance (Nonprofit Alliance). The Nonprofit Alliance consists of 19 nonprofit associations and organizations which collectively represent over 800 individual organizations in Connecticut, working to create structural changes in how the state does business with nonprofits for the benefit of all residents.

On behalf of the CT Nonprofit Alliance, I would like to share concerns with H.B. 6824, An Act Concerning The State Budget For The Biennium Ending June Thirtieth 2017, And Making Appropriations Therefor And Other Provisions Related To Revenue. In particular, I wanted to express the dramatic impact of the funding reductions in the fifteen state agencies that contract with nonprofit providers through Purchase of Service (POS) Contracts and Medicaid fee-for-service accounts (Dept. of Aging, Dept. of Children and Families, Dept. of Correction, Dept. of Developmental Services, Dept. of Economic and Community Development, Dept. of Education, Dept. of Mental Health and Addiction Services, Dept. of Housing, Dept. of Labor, Dept. of Public Health, Dept. of Rehabilitation Services, Dept. of Social Services, Office of Early Childhood, Office of Policy and Management as well as Judicial/CSSD). While I understand the extraordinary fiscal challenges facing lawmakers this session, cutting nonprofit providers is not the solution.

As you already know, the state's recent actions towards nonprofit providers reflect a trend of cuts, illustrated by four rounds of rescissions since November 2012, coupled with chronic underfunding over the last two decades. The rescissions alone for the state agencies that contract with nonprofit providers add up to a \$51,510,384 million reduction in both fiscal years combined (\$25.7 million each FY). These continued funding reductions and lack of adequate investments are forcing many nonprofits to close, compete against one another for scarce resources, layoff employees and reduce benefit packages; altogether creating a win or lose system that weakens the entire nonprofit sector and threatens its sustainability. This bill cuts even more funding to an already depleted system, pushing many organizations to their breaking point.

Two weeks before the Governor proposed his budget, members of the CT Nonprofit Alliance released a report entitled, "*Why The State of Connecticut Must Adequately Fund Nonprofit Providers: A Blueprint for Increasing Quality of Life and Economic Growth*," [links to [report](#) and [presentation](#)] which shows that investing in nonprofit providers, rather than cutting their budgets, is a much better policy decision and path toward prosperity. The recommended investment outlined in the report is necessary because funding reductions have had – and are continuing to have – a devastating impact on the clients, individuals and families who depend on these critical programs and services each and every day. These cuts may result in your constituents travelling farther, paying more, waiting longer for programs, if not losing services altogether; and for nonprofits in your communities to close their doors.

From the employer perspective, funding reductions of this magnitude will result in nonprofits continued struggle to keep a quality workforce, as many providers experience high turnover with employees considering state employment or similar jobs providing higher wages and better benefits. In turn, high turnover adversely affects the clients who have grown comfortable with their nurse, social worker, roommate or mentor.

Indeed, the state cannot continue to cut the budgets of the very agencies it has chosen to contract with and expect quality services to be maintained. These are nonprofit, community-based businesses that provide cost-effective, high quality, efficient services to adults and children with significant challenges such as mental illness, substance use disorders and physical and intellectual disabilities. Nonprofit providers also serve victims of sexual assault, domestic violence, and people living with HIV/AIDS as well as assist people who are reintegrating into our communities from the criminal justice system.

Real people provide, receive and depend on these services throughout Connecticut, and will feel the pain of these funding reductions.

Rising inflation and Consumer Price Index (CPI) growth has already put enormous pressure onto nonprofit providers because those cost increases - the cost to do business - have not been consistently acknowledged to reflect economic realities through appropriate funding for rate adjustments in (POS) contracts and relevant Medicaid fee-for service accounts. The proposed cuts are of a magnitude that simply cannot be absorbed anymore.

I urge you to restore these harmful cuts to ensure critical programs and services are available to the residents of Connecticut. I'd also like to respectfully remind you review the [report](#) mentioned above that shows how investing in the nonprofit sector will improve service delivery, increase economic activity, and save taxpayer money; a “win-win” for policymakers working to strengthen the economy, the nonprofit workforce trying to make ends meet, and most importantly, the clients and their families who count-on efficient, cost-effective, and high-quality services.

Thank you for your time and consideration. Please do not hesitate to contact me with any questions, or for additional information.