



Testimony before the Finance, Revenue and Bonding Committee

**In Support of Senate Bill 1135: An Act Establishing a Sustainable Path for Maintaining the Budget Reserve Fund and Reducing the Effect of Revenue Volatility on the State Budget**

Patrick Johnson, Jr., Interim Executive Director, Connecticut Association of Nonprofits

April 23, 2015

Senator Fonfara, Representative Berger, Senator Frantz, Representative Davis and distinguished members of the Finance, Revenue, and Bonding Committee, my name is Patrick Johnson, Jr., Interim Executive Director 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.

SB-1135 seeks to reduce the effect of revenue volatility on our state's budget. I testify in favor of this effort, as well as in favor of higher revenue in the upcoming fiscal year to avoid harmful cuts to crucial public services. I speak on behalf of the almost 500 member organizations of CT Nonprofits to express our profound concern for the welfare of people served by our many member organizations who have purchase of service contracts with the State of Connecticut. I have been managing human service programs in Connecticut for over 45 years and have never seen such draconian cuts, (at least \$400 million annually) to service to the most vulnerable; people with mental illness, developmental disabilities, AIDS, substance use as well as basic human needs for people in poverty. Please know that the impact of these cuts will be profound; will not save money; and heighten financial volatility for many nonprofit organizations.

The proposed changes to the Budget Reserve Fund could help protect essential human services that the state has chosen to provide by filling financial holes caused by deficits with the money collected at the front end of the budget planning process rather than the current practice of announcing rescissions (that occurred five times since November 2012) to cut the deficit to balance. Changes to contracts mid-stream and/or reducing funding already budgeted for causes enormous and unnecessary hardships for nonprofit providers that should be able to focus on fulfilling their missions instead. This legislation provides an opportunity to safeguard the services the state has chosen to provide through contracted services with nonprofits.

**Similarly, we urge you to consider all options, including revenue options, to prevent the following:**

1. The closing of nonprofit organizations already made financially fragile by two decades of chronic underfunding;
2. The loss of hundreds of jobs in the nonprofit sector will have a significant impact, as does the chronic underfunding, on the economy where nonprofit services represent 10 to 12% of GDP in CT.

3. The elimination of programs and significant reduction in services for people with mental illness, developmental disabilities, autism, AIDS, and substance abuse disorders as well as elderly services, and poverty programs;
4. The creation of even longer waiting lists for vital services;
5. Increased utilization of hospital based emergency rooms for services that should and could be provided in community based agencies;
6. Forcing family members of children with disabilities who are completing high school, to quit their jobs to stay at home with their children because transition money has been cut from the budget;
7. Forcing nonprofit agencies **whose state contracts have averaged less the 0.05% increase per year for over 25 years** to once again eliminate positions, cut and freeze wages and reduce benefits, thus adding to the state budget deficit by forcing more working people onto Medicaid, SNAP (aka Food Stamps), and into poverty. The proposed cuts to human service on top of this history are devastating;
8. Freezing wages for another two years after flat contracts for the past 7 years in the nonprofit sector. **Every year that we have flat funding is in reality a funding cut equal to inflation.** In the past five years alone nonprofit human service agencies have had to absorb over \$100,000,000 in losses as the Consumer Price Index increased.

It's obvious; the state has a budget crises and those who are on the front lines of service every day in your community have a **human crises** that has gotten worse year by year and now with this budget will go beyond crisis into a new level of destruction to essential safety net services for the most vulnerable desperately needy people in our communities. **The proposed cuts are unjust, uncaring and unconscionable!**

Every one of us knows someone with autism, mental illness, developmental disabilities, substance use problems or financial hardship. We cannot continue to balance the state budget on their backs - children, mothers, families, and those unable to care for themselves.

**I urge you to propose a responsible revenue policy that matches a responsible spending policy.** SB-1135 begins to address fundamental changes in how the state budget is balanced.

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

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