



Donald A. Neel
Board Chair

Luis B. Perez, LCSW
President & CEO

Testimony of the Mental Health Association of Connecticut (MHAC)

Before the Human Services Committee

February 10, 2015

Regarding

H.B. No. 6465 (Proposed): An Act Concerning Purchase of Service Contracts

Senator Moore, Representative Abercrombie, Senator Markley, Representative Wood and distinguished members of the Human Services Committee, I am Wendi Fralick, Senior Director of Advocacy with the Mental Health Association of Connecticut. As a statewide advocacy organization, direct service provider and member of the CT Association of Nonprofits, the Mental Health Association of Connecticut assists people with mental illnesses and co-occurring disorders live integrated, healthy lives in our communities. I am here today to testify in support of H.B. No. 6465: An Act Concerning Purchase of Service Contracts.

For decades, the State of Connecticut, through its ten major human service agencies, has contracted with nonprofit organizations to provide essential health and social services to residents. These nonprofits are community-based businesses that provide cost-effective, high quality, efficient services to adults and children with health challenges, such as mental illness, substance use disorders, and physical and intellectual disabilities.

Over the past 20 years, Connecticut's health and human service nonprofits have seen an increase in Purchase of Service - or POS - contracts and Medicaid fee-for-service accounts of only 1%. However, in the past five years alone, the cost of housing, child care, food, health care and transportation have risen by 13%. POS contracts and Medicaid fee-for-service accounts have NOT been adjusted to account for increased inflation or the Consumer Price Index. Without such adjustments, nonprofit service providers are struggling to attract and retain qualified employees, serve the number of people

needing assistance in our communities, and, even, stay in business. The reality is health and human service nonprofit providers continue to be grossly underfunded pushing many of us to our breaking points.

Annually, the Mental Health Association of Connecticut employs nearly 300 people and contracts with nearly 200. The average hourly rate for direct service staff is \$14.00. According to the 2014 "Families Out of Balance" report produced by the Alliance for a Just Society, the living wage for a single adult in Connecticut is \$19.08 per hour and that number increases to \$40.48 per hour for an adult with two children.

While we seek to hire college-educated employees, the pay rate we offer is simply not competitive due to undervalued POS contracts and Medicaid reimbursement rates. As a whole, Connecticut nonprofits employ more than 200,000 people constituting approximately 12% of the state's workforce. Of these nonprofit employees, 67% work in the health and human service field. Paying these employees a fair and equitable wage for their work is critical to the success of the nonprofit sector, our communities and the overall state economy.

To this end, we are in full support of H.B. No. 6465, which would begin to address the abovementioned concerns. It is time for state government to provide fair and equitable compensation for the services that nonprofit businesses provide to support their vital work in the community, their ability to continue to meet the needs of Connecticut's residents, and their commitment to ensuring their employees are able to achieve a middle-class life-style in the nonprofit sector. This is the first step in achieving that goal.

Thank you for your time and consideration.