



Nonprofit Human Services Alliance

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

Jeff Shaw, Project Director, Connecticut Nonprofit Human Services Alliance

April 23, 2015

Senator Fonfara, Representative Berger, Senator Frantz, Representative Davis and distinguished members of the Finance, Revenue, and Bonding Committee, my name is Jeff Shaw, Project Director of the Connecticut Nonprofit Human Services Alliance (CT Nonprofit Alliance), and I would like to share my support for, 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. The Connecticut 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.

Senate Bill 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 biennium to avoid harmful cuts to crucial public services. As you already know, the state's recent actions towards nonprofit providers reflect a trend of cuts, illustrated by five rounds of rescissions since November 2012, coupled with chronic underfunding over the last two decades. Equally disturbing, the proposed cuts in the Governor's budget are at least \$400 million annually – a magnitude of cuts never seen before. To put that in perspective, nonprofit-government contracts total \$1.38 billion annually through 1,585 POS contracts or 7.3% of the state budget (2014 data), so the proposed cuts would represent an extraordinary reduction (about 30%) to current (contracted) programs and services.

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 cutting deficits to balance through rescissions (that occurred five times since November 2012). 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. This legislation provides an opportunity to safeguard services the state has chosen to provide through contracted services with nonprofits.

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. Similarly, funding reductions have had, and are continuing to have, a devastating impact on the clients, individuals and families – our constituents – who may travel farther, pay more, wait longer for programs, if not lose services altogether.

Simply put, this bill represents an opportunity to improve the state budget process. The continued practice of balancing the budget on the backs of children, mothers, families, and those unable to care for themselves must end. **I urge you to propose a responsible revenue policy that matches a responsible spending policy.**

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

Jeff Shaw, Project Director
Connecticut Nonprofit Human Services Alliance
75 Charter Oak Avenue, Building 1-100 Hartford, CT 06016
860.525.5080x1027
jshaw@ctnonprofits.org