

Appropriations Committee JOINT FAVORABLE REPORT

Bill No.: SB-374

AN ACT CONCERNING EQUALIZING RATES OF PAY FOR NONPROFIT

Title: PROVIDER WORKERS.

Vote Date: 4/4/2024

Vote Action: Joint Favorable

PH Date: 3/26/2024

File No.:

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SPONSORS OF BILL:

Appropriations Committee

REASONS FOR BILL:

Currently there is a staffing crisis among nonprofit human services providers who are contracted under different state agencies. Said nonprofits deal with these high turnover rates because of a pay inequity between employees who provide similar equitable human services while contracted under the Department of Mental Health and Addiction Services or Department of Developmental Services. This inequity causes employees to leave these state funded programs for companies that can provide a competitive wage, thus leaving these programs short staffed or delayed. This bill would equalize pay between workers who provide services through a nonprofit provider for clients of DMHAS and workers who provide services for the same nonprofit provider for clients of the DDS. This, in turn, could lead to higher employee retention and more efficient service delivery.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Nancy Navarretta, Commissioner, Department of Mental Health and Addiction Services](#)

– Commissioner Navarretta stated that the bill: "requires that DMHAS stipulates in contracts with private, nonprofit organizations that any workers providing direct health or human services working in the same facility as similarly classified workers under contract with the Department of Developmental Services are paid the same rate". She stated that DMHAS doesn't usually use such prescriptive language to direct provider organizations on exact payment rates, as they allowed said organizations to manage the use of their funds to ensure provided services.

The Commissioner then noted how the Governor's proposed budget adjustments don't contain the necessary funding needed for the increased dollar amount and stated that, because the equalization of rates would have to be done within the providers' available resources, the proposal could result in possible service reductions in order to meet the prescribed use of funds.

Jeffrey Beckham, Secretary, Office of Policy and Management – Secretary Beckham voiced his opposition to the bill and expressed how state agencies shouldn't be involved with nonprofit employee compensation matters, as it is the private providers business. He then stated that: "... simply directing DMHAS to require its nonprofits to pay salaries commensurate to those currently paid to workers under contract to DDS without providing additional funding to support that requirement, means that DMHAS would need to reduce services to offset the cost of any wage increases.". He noted that such matters of compensation could be subject to collective bargaining.

NATURE AND SOURCES OF SUPPORT:

Lynn Bishop, NAFI Connecticut, Inc. – Ms. Bishop voiced support for the bill, and stated that it should also be applicable to non-profit provider workers who worked for clients of the Department of Children and Families.

Thomas Burr, Public Policy Manager, NAMI Connecticut, Inc. – Mr. Burr voiced that a large issue for non-profit mental health care providers is a lack of adequate competitive pay for their workers, and that this had caused problems with hiring and retaining adequate staff. He stated that the bill would help solve the inequity and expressed how it is fair that people who provide mental health services for one agency through a nonprofit provider should earn the same as their counterparts in the other agency. Mr. Burr then stated that NAMI believed the state should increase and equalize state funded payment rates for all nonprofit providers, not just those under DMHAS and DDS. He reiterated his previous testimony before the Appropriations Committee and described the financial challenges that mental health care workers face due to the state adhering to fiscal guardrails.

George Courtemanche, Employment Specialist, Ability Beyond – Mr. Courtemanche expressed how the bill would expand the capacity of non-profit companies to reach more clients, provide more services, and incentivize younger workers to apply for said organizations. He voiced his support of the bill and related personal stories.

Peter DeBiasi, President/CEO, Access Community Action Agency – Access Community Action Agency, through Mr. DeBiasi, voiced support for the bill's intent, but suggested three changes : 1)"To Increase state-funded payment rates for all nonprofit providers who contract across every state agency, not just DMHAS and Addiction Services and DDS; 2) To Include language that required the state contracting agency to provide sufficient funding to cover any required wage increases. 3)To Include language that required the review of the state's contracting system in order to find ways to streamline, expedite, and improve current state contract processes and payment policies, and to create process efficiencies.". Mr. DeBiasi expressed how the current funding for provider staff payment rates do not match the provision of services, and that many wage rates hadn't been adjusted for years while service requirements, reporting, tracking, and expectations have increased. This, in turn, results in high turnover rates and staff shortages, which leaves nonprofits with service delivery delays.

Mr. DeBiasi also expressed how the state must also issue provider contracts on-time. He stated that if contracts are late programs can close, be delayed, or the nonprofit can run the program using agency reserves or run a line of credit. He stated how both solutions have interest costs, and that the current situation for nonprofit providers is unsustainable and threatens the execution of essential services.

[Carrie Dyer, Chief Executive Officer, Reliance Health](#) – Ms. Dyer voiced support for the bill's intent but voiced opposition towards the language of the bill. She stated that the bill should try to create funding equity, not just wage equity, among all the nonprofit human service providers, including those not operating under DDS and DMHAS. Ms. Dyer then recommended pairing this bill with HB 5374 AN ACT CONCERNING ANNUAL INFLATIONARY RATE ADJUSTMENTS FOR NONPROFIT HUMAN SERVICES PROVIDERS, and stated that this combination would: " establish a clear and reliable structure for nonprofit funding to be indexed to inflation and establish safeguards to prevent against flat funding in future years and would address the funding discrepancies experienced in recent past."

[Rhonda Evans, Executive Director, Connecticut Association for Community Action](#) – CAFCA, through Ms. Evans, voiced support for the bill but suggested a few changes. CAFCA wished for the bill to increase the state-funded payment rates for all nonprofit providers contracted by state agencies, not just those under DMHAS and DDS, and to include CAFCA's proposed amendment language that "... examines ways to streamline, expedite, and improve current state contract processes and payment policies and create process efficiencies." Ms. Evans stated that the payment rates for nonprofit human services providers do not equate the provision of services, and that there are too many wage rates that hadn't been adjusted for years, even when service requirements increased. Ms. Evans then noted how lack of funding and cutbacks lead to high employee turnover and staff shortages, which results in service delivery delays due to inadequate coverage. She stressed that an increase in pay rates to nonprofit human service providers would allow them to operate efficiently and effectively. Ms. Evans then explained how the state must also issue provider contracts on-time. She noted how delayed contracts jeopardizes nonprofit provider organizations and prevents them from providing efficient services. Further, she expressed how CAFCA continued to provide services without payment of contract, much to their detriment, and stated how the current system of issuing contracts continued to threaten the availability of essential services to CT residents, as well as the fiscal well being of CT nonprofit human service providers.

[Beth Fisher, CEO, Kuhn](#) – Ms. Fisher voiced support for the intent of the bill but said that, as written, it could not accomplish said intent. She stated that, to date, nonprofit human services providers are currently going through a staffing crisis due to the inequity of pay rates. She then related how, in past fiscal years, there had been a cost-of-living adjustment (COLA) increase for DDS funded programs that was not matched for DMHAS funding. She stated that these increases, coupled with inflation for utilities, transportation, health benefits, Etc. compounded the issues of equitable pay for provider staff. Ms. Fisher expressed how this sort of inequity had led to issues in wages for all their provider employees, no matter what agency they were funded by. However, she stated that mandating through legislation for DMHAS funded staff wages to match DDS-funded staff doesn't make sense, as Kuhn had

different educational requirements for their positions depending on the state agency. She further noted how legislating wage rates leads to Kuhns inability to give staff performance-based increases, as poor performing staff could earn the same as high performance staff. Ms. Fisher claimed that what the nonprofit providers needed was: "...a flat 5% COLA across all State agency contracts and the ability to independently manage our agencies and staff in a manner that promotes equity in pay and quality service delivery without "strings attached". Ms. Fisher then stated that she had concerns towards the language of the bill, as it required DMHAS to mandate the same minimum wage in their contracts as DDS had with theirs. She noted this as problematic, because DMHAS contracts and services are funded differently than DDS, and that without a requisite funding increase DMHAS wouldn't have resources to implement the requirement. Ms. Fisher then recommended for the bill a requirement that: "... when the legislature appropriates funding increases for the human services, the funding increases are applied evenly across the system." She further added that the bill should equalize funding increases for nonprofit providers contracted under any agency giving health and human services, not just DMHAS.

Joshua Kelly, CEO, Thames Valley Council for Community Action, Inc. – TVCCA, through Mr. Kelly, voiced support for the bill as it would equalize rates of pay, but recommended changes to it. The changes recommended by the TVCCA are to: " Increase state-funded payment rates for all nonprofit providers who contract across every state agency, not just the Department of Mental Health and Addiction Services and Department of Developmental Services." And "Include language that examines ways to streamline, expedite, and improve current state contract processes and payment policies and create process efficiencies.". Mr. Kelly stated that payment rates for nonprofit human services providers do not equate the provision of services, and that there are too many wage rates that have not been adjusted for years, even when service requirements, reporting, and tracking expectations had increased. Mr. Kelly noted how lack of funding and cutbacks lead to high employee turnover and staff shortages, which results in service delivery delays due to inadequate coverage. He stressed that an increase in pay rates to nonprofit human service providers would allow them to operate efficiently and effectively. Mr. Kelly then stated how the state must also issue provider contracts on-time. He noted how delayed contracts jeopardizes nonprofit provider organizations and prevents them from providing efficient services. This in turn causes the provider organizations to pause operations, leading to instability for clients. Mr. Kelly further exclaimed how the current system of issuing contracts threatened the availability of essential services to CT residents as well as the fiscal well-being of CT nonprofit human service providers.

Heather LaTorra, President/CEO, Marrakech – Ms. LaTorra voiced her support for the bill, as it would equalize rates of pay for nonprofit provider workers. She noted how state-contracted nonprofit human service providers, even when receiving COLAs in past years, are still underfunded and struggle with long waiting lists and employee turnover. She further expressed the difficulty of maintaining current employees, often losing them to companies that give them higher pay with less responsibility, and how this had affected clients. Ms. LaTorra then noted how the increase of funding for nonprofit providers under specific state agencies led to problems of inequity and stated that: "The salary differential is now so significant that our staff are leaving our DMHAS funded program positions to work in our DDS funded positions due to the increased wages.". She also exclaimed that benefits are equally affected by the differential funds as well. Ms. LaTorra then expressed how the state needed to go back to a COLA position across all state agencies that deal with human service

nonprofits. She also noted how Marrakech wanted DMHAS to allow their nonprofit organization to use their retention dollars for their employee pension contribution. She concluded her testimony and stated: " Human Service Nonprofit Organizations with Contracts with the State of Connecticut should have the ability to recruit the best talent and most caring individuals and pay them what they deserve."

Jason Mirsky, Chief Financial Officer, Marrakech – Mr. Mirsky voiced support for the bill, as it would equalize rates of pay for nonprofit provider workers. He noted how state-contracted nonprofit human service providers, even when receiving some COLAs in past years, are still underfunded and struggle with both long waiting lists and employee recruitment and retention. He expressed how these issues stem from this lack of substantial COLAs, as well as: "... a lack of consistency among the different state agencies in rolling out funding meant for wage enhancements." He further stated that, because of the significant differential among state agencies, staff often leave DMHAS funded program positions for DDS funded positions. Mr. Mirsky then expressed how the state needed to go back to a COLA position that spanned over all state agencies involved with human service nonprofits. He expressed the difficulty of maintaining current employees and noted how Marrakech often loses them to companies that offer a higher wage but less responsibility. He concluded his testimony and stated: "Human Service Nonprofit Organizations with Contracts with the State of Connecticut should have the ability to recruit the best and most caring individuals and pay them what they deserve."

Lori Pasqualini, CFO, Ability Beyond Disability, Inc. – Ms. Pasqualini voiced support for the bill, as it equalizes rates of pay for nonprofit workers. Ms. Pasqualini stated that increases in funding over the past years had been inconsistent, thus making it difficult to support their nonprofit staff and the clients they served. She further noted the discrepancies in funding for different agencies and how this created higher turnover and vacancies in certain nonprofit provider programs. She then expressed how said turnover hindered their efforts to support clients in becoming active members of their respective communities.

William Rybczyk, President/CEO, New Opportunities, Inc. – Mr. Rybczyk voiced support for the bill, as it equalizes rates of pay for nonprofit provider workers. He stated that ensuring nonprofit provider workers receive sufficient pay for the care that they provide to CT's most vulnerable citizens is critical and that an annual rate increase for nonprofit providers across all agencies would help support the stability of their network. He further noted that an increase in funding for payment rates is necessary to ensure providers effectively operate. Mr. Rybczyk noted that he is in support of the amended language of the bill, as it streamlined the state contracting process, and ensured that documents are executed, and payments are received on-time. He stated a willingness to be a part of the process, discussions, and said that this dialogue and change towards the system are necessary for the nonprofit provider network to be operable.

Ben Shaiken, Director of Government Relations, The Alliance – Mr. Shaiken voiced his support for the bill's concept, but proposed changes to the language of the bill. He related how nonprofit health service providers contracted under DDS received a higher funding increase during FY24/25 than providers contracted by other state agencies. He stated how this inconsistency led to many unique challenges. He further stated how DDS-contracted services had received substantially more funding over the years than nonprofits under other agencies. He stated that this led to disparity, as providers have had to pay their staff less

than those contracted under DDS, even though their jobs are equivalent. Mr. Shaiken voiced that, because of this disparity, The Alliance supported the intent of the bill as it would cause any future funding increases to be given equally across the health and human services system. He then stated that The Alliance had concerns towards the language of the bill, as it required DMHAS to mandate the same minimum wage in their contracts as DDS had with theirs. Mr. Shaiken noted this as problematic, because DMHAS contracts and services are funded differently than DDS, and that without a requisite funding increase DMHAS wouldn't have the resources to implement the requirement. Mr. Shaiken then recommended for the bill a requirement that stated: "when the legislature appropriates funding increases for the human services, the funding increases are applied evenly across the system." He further added that the bill should equalize funding increases for nonprofit providers contracted under any agency giving health and human services, not just DMHAS.

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Ben McSheehy

Date: 4/12/24