



NONPROFIT SURVEY: FURTHER CUTS WILL DEVASTATE THOSE IN NEED

Background

Essential community services are a perennial target for spending reductions, as policymakers struggle to balance the State budget while adequately funding programs for Connecticut's most at-risk individuals. Against the backdrop of a projected state budget deficit of \$1.5 billion for next fiscal year and \$1.74 billion for FY 2018-19, state agencies were asked to submit budget proposals that included a 10% cut to the agency. The Alliance surveyed our membership to determine how a potential 10% reduction in funding would affect communities, families, adults, and nonprofits.

Findings illustrate that cuts to community based services will destabilize the State's health and human service delivery system and leave some of the state's neediest individuals without care.

Overview of respondents

The survey received a 30% response rate, with a total of 77 nonprofit provider participants. Respondents include providers of mental health, substance use and disability services. Other respondents include providers that deliver services in the areas of community justice, housing and homelessness, domestic violence, basic needs, and youth development and education.

Survey respondents included both large and small nonprofits throughout the state. Of the 77 respondents, 40% serve fewer than 1,000 individuals per year; 39% serve 1,000 to 5,000 individuals, 6.5% serve 5,000 to 10,000, and 14.5% serve more than 10,000 individuals per year.

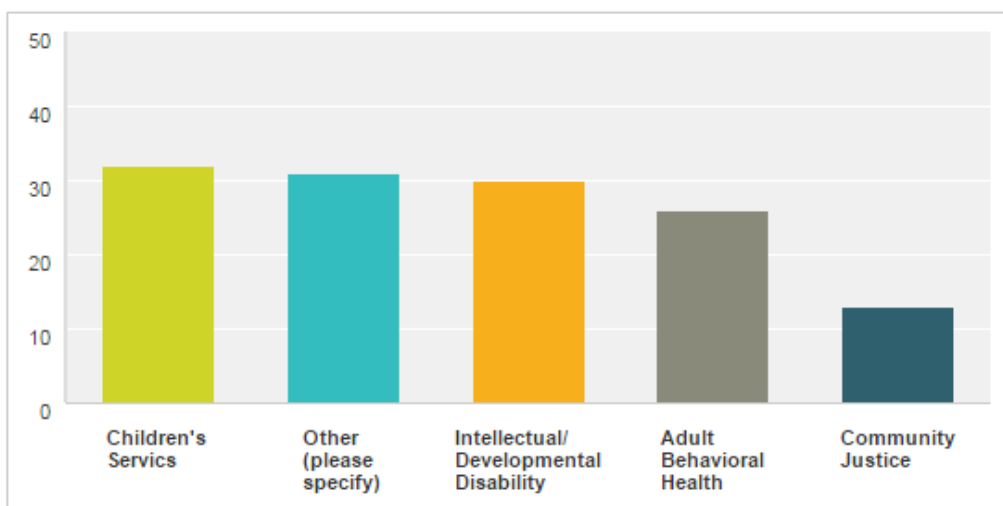


Fig. 1: Nonprofits were asked to indicate what types of services their organization provides. A total of 77 nonprofits responded to the survey, spanning the entirety of health and human service delivery system.

Planning for a 10% budget reduction

Members were asked how they would plan for a 10% budget reduction to their organization in the next fiscal year. Their responses highlight how budget cuts have a negative cascading effect on the organization as a whole, staff, and individuals receiving services. Of the 77 respondents:

- 80% would be forced to lay off staff;
- 65% freeze or reduce salaries;
- 60% reduce staff hours;
- 60% eliminate programs;
- 51% restructure employee benefits if possible;
- 37% reduce service hours;
- 31% stop accepting new clients; and,
- 24% would consider merging.

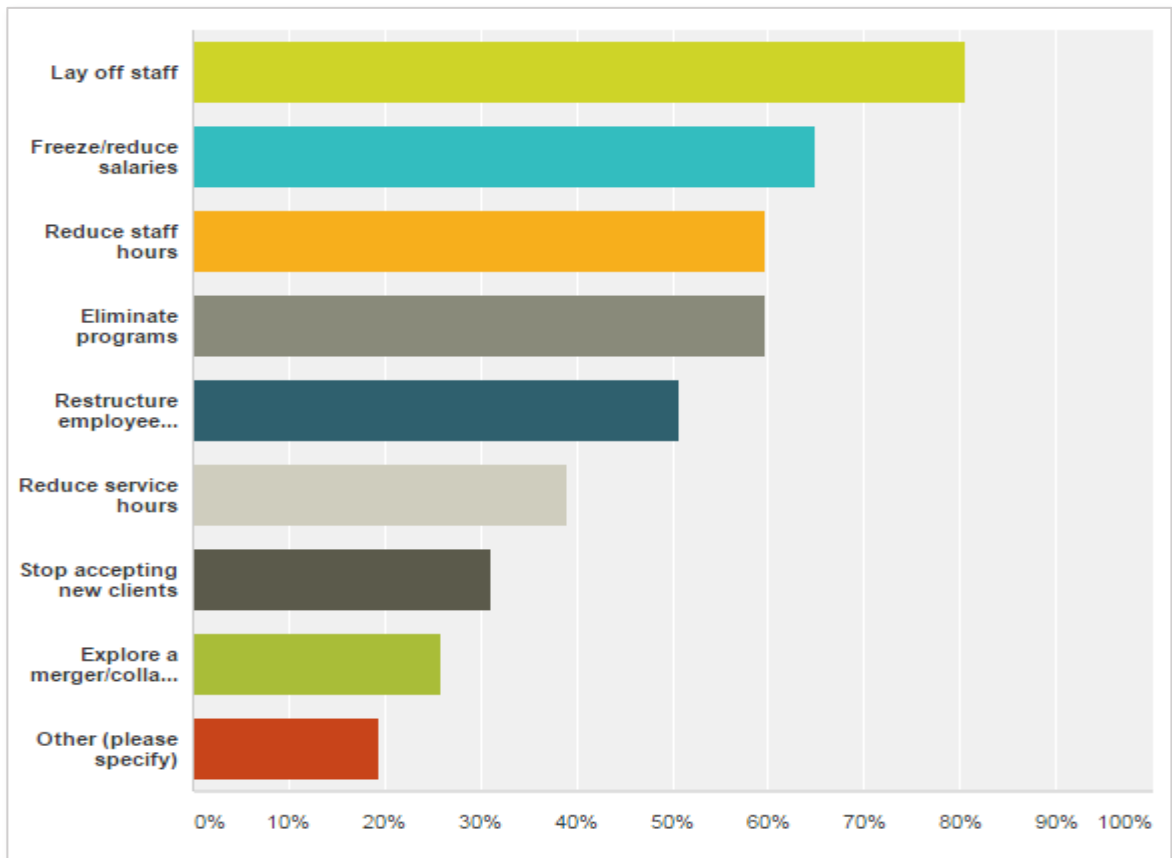


Fig. 2: Nonprofit providers were asked how they would plan for a 10% budget reduction to their organization in the next fiscal year.

“If we received a 10% budget reduction we would be forced to close our entire agency which services 550 mentally ill patients. This is a very strong possibility and under serious consideration right now. We lost over \$400,000 in the first quarter which we cannot sustain [any more losses]. We have already laid off 14 people in an effort to stay open but it is not working. I testified repeatedly in Hartford this past Spring to no avail...”

Demand for services is on the rise

Almost all nonprofits indicated that demand for services has increased over the past five years. 40% of respondents stated that demand for services has increased by more than 15% over the last five years, 23% of respondents experienced an increase in demand for services by 10-15%, and 27% experienced an increase of 5-10%

“The demand for our services has increased every year by double digits. This past year the demand increased by 24% while resources were reduced. Demand for services for opioid addiction increased by over 30%.”

“Many folks would like our services but we don't have funding to enable us to work with them. So we haven't really expanded our services.”

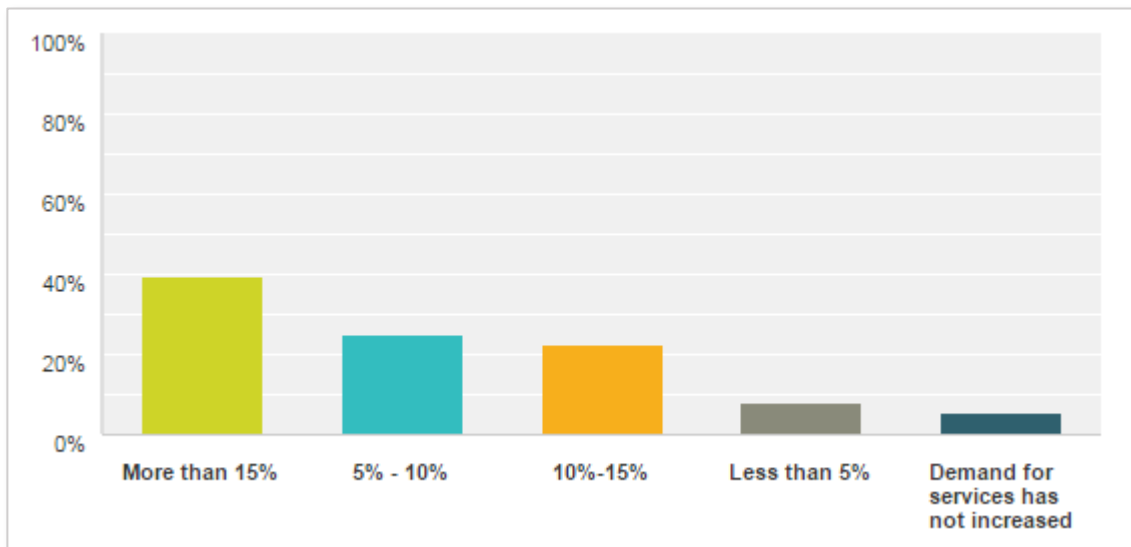


Fig. 3: 40% of respondents stated that demand for services has increased by more than 15% over the last five years

When programs and services are cut, individuals in need of those services do not simply disappear. Through the survey, providers highlighted how they are experiencing an increase in demand in certain programs as a result of program closures in other levels of care:

“As funding for other programs and services are being closed, we are seeing an even bigger increase in demand. The individuals referred to the remaining programs have much greater acuity and need for psychiatric care.”

Cuts would eliminate programs and services

87% of respondents indicated that they would be forced to reduce or eliminate programs if they experienced further budget cuts. Services and programs that would be negatively affected span the entirety of the health and human service sector, including:

Behavioral Health Services:

- Outpatient mental health and substance abuse: “A 10% cut is very significant and would result in closing entire programs or sites. This could be an entire outpatient site serving several thousand or individual programs serving a few but very intensively.”
- In-home programs: “Additional funding cuts will likely force a reduction in service capacity in our intensive in-home behavioral health programs, a real problem since those are the programs CT relies on as it continues to reduce the numbers of children and adolescents in higher levels of care (especially residential treatment)”

Community Justice Services

- Essential services to people re-entering the community after incarceration
- Residential treatment services for juvenile justice, prevention programming, behavioral health counseling for Juvenile Justice youth, substance abuse treatment services

Intellectual/Developmental Disability Services

- Residential/Community Living Arrangements
- Supported Employment/Day Services
- In-Home Supports
- Respite

Other Services and Programs

- Youth services (afterschool programs, truancy, youth employment programs, counseling programs, summer camp)
- Housing and food programs

Fewer individuals served

When asked how many individuals served would be negatively affected if they received a 10% budget cut in the next Fiscal Year, 30 respondents provided a numerical value ranging from 20 to 2,400 individuals, depending on the size and reach of the organization. Some simply stated “hundreds” or “several thousand”. Nine respondents stated that all individuals served by their organization would be negatively affected by a 10% budget reduction.

“This is such a scary number that I really can't speculate just how we would absorb the impact other than to say that it would be devastating. It's hard to get one's mind around such a number and what the impact would be.”

Cuts will mean people will lose their jobs

When asked to elaborate on how funding cuts would negatively affect their organization, respondents stated that they are already operating on the margin, with bare bones funding and that further cuts would negatively affect their staff.

Of the 77 respondents, 80% would be forced to lay off staff in light of budget cuts. 90% of the layoffs would affect programmatic staff, as providers noted that, “As an agency, we are already running as lean as we can with our administrative budget.”

The number of layoffs following a 10% budget reduction would vary depending on the size of the agency. 33% of respondents stated that they would be forced to lay off more than 10 employees, 17% would lay off 5-10, and 30% would lay off 3-5 employees. When combined, the total impact of further budget cuts would be catastrophic to the nonprofit sector.

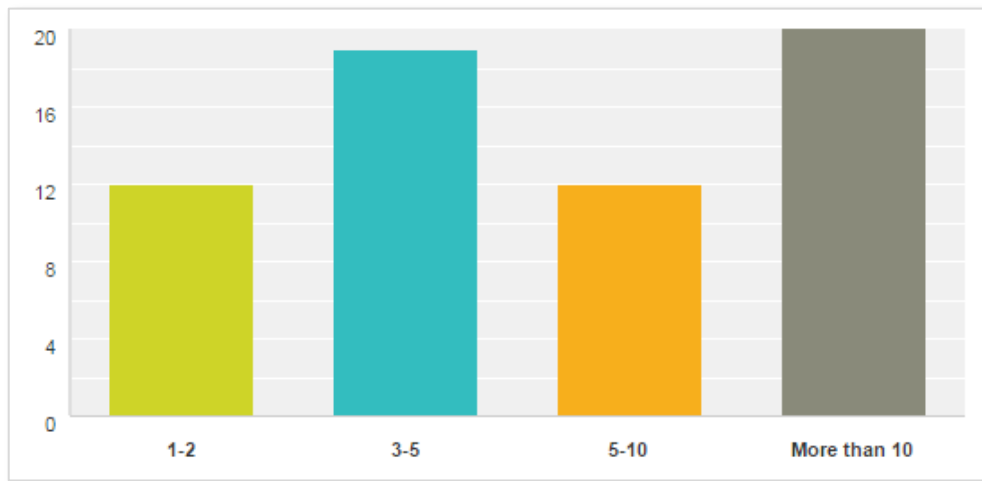
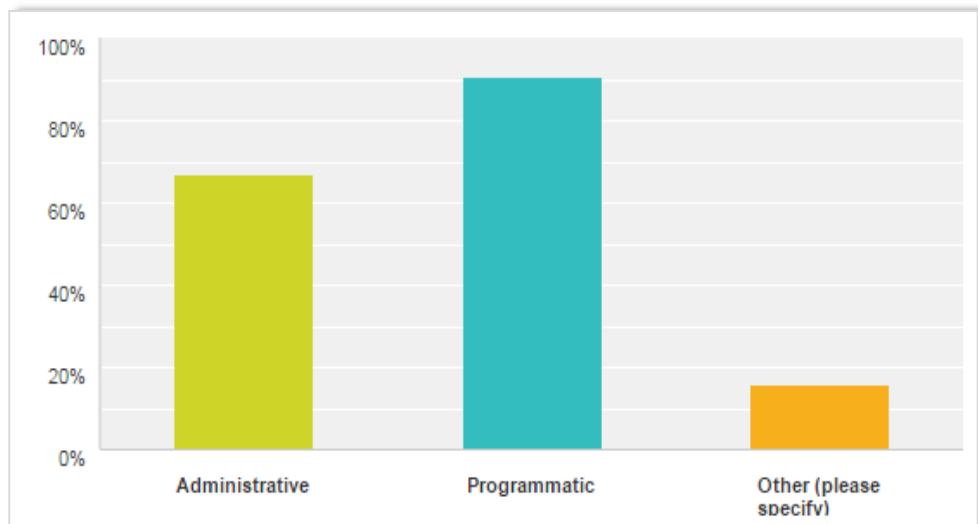


Fig. 4: 33% of respondents stated that they would be forced to lay off more than 10 employees, 17% would lay off 5-10, and 30% would lay off 3-5 employees. When combined, the total impact of further budget cuts would be catastrophic to the nonprofit sector.

Fig. 5: 90% of the layoffs would affect programmatic staff, as providers are already running as lean as possible with their administrative budgets.



Cuts would negatively affect communities

Nonprofits were asked to explain how cuts to their programs or services will affect their communities. Their responses illustrate how entire communities will be negatively affected if funding for services continues to deteriorate. In the absence of programs, individuals in need would turn to more costly alternatives that will cost the state more money. Cuts to nonprofits will only lead to greater costs to the state, in the short and long term.

“If we were no longer able to operate, our clients would possibly be released to the streets if emergency shelter is not available.”

“When people who are homeless do not receive adequate services, either in the shelter or when housed, the chances of recidivism increase - return to homelessness, to costly institutional care.”

“It would result in more people not having case managers to navigate them through the system, more people not having the opportunity to exchange their dirty needles (via needle exchange program), more people at risk for HIV/AIDS.”

“Without our services our communities would see an increase in suicide, homelessness, violence, incarceration, school dropout rates and poor health outcomes resulting in increased rates of hospitalization, ER visits, incarceration, etc.”

Recommendations

By preserving community programs today, policymakers have the opportunity to work with nonprofit stakeholders to develop long term strategies to more effectively use limited dollars in the years ahead. The Alliance’s Public Policy proposals will save the state money while allowing individuals and families to live productive lives in the community and contribute to making Connecticut a great place to live:

- **Do not cut community services.**
- **Realize long-term budget savings for the state by using community services.** Community services are of the highest quality and are significantly less costly than state-run programs. These programs keep people out of expensive emergency rooms, nursing homes, the streets, and the criminal justice system.
- **Enhance administrative and operational efficiencies** by (1) authorizing deemed status with national accreditation in lieu of less-stringent state licensing and (2) creating uniform state licensing protocols to streamline, standardize and automate the contract procurement process.

- **Authorize \$25 million in bond funding** each year of the biennium for the Nonprofit Grant Program to more adequately meet the needs of nonprofits.
- **Create an Innovation Incentive Program.** If a State agency determines that a provider has complied with contractual and other service delivery requirements, then the provider should retain any savings to continue providing needed services.

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