NONPROFIT SURVEY:
NO STATE BUDGET ON JULY 1 THREATENS SERVICES FOR PEOPLE IN NEED
June 14, 2017

Impact of No State Budget by July 1

The State of Connecticut is facing unprecedented budgeting challenges. These challenges continue to disproportionately impact the essential community services which support the well-being of our most vulnerable citizens. With the end of the fiscal year only weeks away, the failure to agree on a budget during the regular session has put thousands of people served by community-based providers in jeopardy.

If there is no state budget at the start of the fiscal year nonprofits with state contracts could face reductions in payments or delays in payments. The Alliance surveyed our membership to determine how potential funding reductions or delays in payment from the State would affect communities, families and nonprofits. Findings illustrate that cuts and delay of payments will destabilize the State’s health and human service delivery system and leave some of the state’s most vulnerable individuals without support.

The Alliance urges policy makers to adopt a final budget agreement that:

1. Prioritizes funding for essential community based services; and
2. Converts some state-operated human services to community nonprofits, saving the State as much as $300 million over the biennium – money that can be used to fund nonprofit programs and services.

Overview of respondents

A total of 66 nonprofits responded to the survey, including providers of mental health, substance use, community justice and disability services, housing and homelessness, domestic violence, basic needs, youth

Fig. 1: A total of 66 nonprofits responded to the survey, spanning the entirety of health and human service delivery system.
development, education and cultural services. Respondents included both large and small nonprofits throughout the state. Of the 66 respondents, 48.5% serve fewer than 1,000 people per year; 29% serve 1,000 to 5,000 people, 9% serve 5,000 to 10,000, 1.5% serve more than 10,000, and 12% serve 20,000 or more people per year.

**Reduced payments would negatively affect nonprofits and the people they serve**

Alliance members were asked how they would plan for a reduced level of funding. Their responses illustrate how entire communities will be negatively affected if funding for services continues to deteriorate. In the absence of programs, many people in need may turn to alternatives that will cost the state more money. Of the 66 respondents:

- 82% would be forced to lay-off staff
- 77% would need to reduce services or programs
- 60% eliminate programs
- 57% reduce service hours
- 45% stop accepting new clients
- 32% access existing emergency cash reserves
- 18% would pursue a line of credit

![Bar chart showing responses](image)

**Fig. 2:** Nonprofit providers were asked how they would plan for an anticipated reduced level of funding.

“We cannot just eliminate services as everything is geared toward supporting one program. We are so close to minimal staffing that layoffs would not help much. We could send people to the soup kitchen for their meals. We could close the laundry room and save on water and electricity. These are punishing measures for a population already deprived of decent living.”

“We have been operating without any cost of living increases for 10 years. All cost cutting measures are fully in place now. Reduced funding will cause us to stop serving individuals whose funding is below our costs.”
Delays in payments threaten continuity of care

Alliance members were asked how they would plan for a delay in payment from the State by two weeks. Their responses highlight the critical nature of emergency cash-flow during times of decreasing and unstable funding in a climate of increasing need. The absence of consistent, appropriate funding has a drastic, ripple effect on the organization as a whole -- staff, and people receiving services. Of the 66 respondents:

- 75% would need to access existing emergency cash reserves
- 42% pursue a line of credit
- 22% would be forced to reduce services or programs
- 20% stop accepting new clients
- 17% reduce service hours
- 14% lay-off staff
- 7% would find it necessary to eliminate programs

![Graph showing responses to delay in payment plan]

Fig. 3: Nonprofit providers were asked how they would plan for a delay in payment from the State by two weeks.

“It would be impossible to reduce or eliminate services. People would go hungry and be unsafe.”

“We are in a severe financial crunch BEFORE any cuts or delays in funding...”

“We would have to contact all our vendors to delay payments. We have 3 payrolls that month and would max out our line of credit - needing to request an additional amount added to our line of credit. We would incur late fees and risk having our insurance policies being cancelled since they are all due the first of the month.”
Planning for a delay in payment from the State by one month

Alliance members were asked how they would plan for a delay in payment from the State by one month. Of the 66 respondents:

- 67% would need to access existing emergency cash reserves
- 51% pursue a line of credit
- 34% would be forced to stop accepting new clients
- 33% reduce services or programs
- 28% reduce service hours
- 28% Lay-off staff
- 15% would find it necessary to eliminate programs

“It would be nearly impossible to operate with a full month delay in funding. We would be mirroring our efforts as described for a two-week delay and would hope that we could survive.”

“We have enough [emergency] cash to ‘muddle through’ until the beginning of August. Then we are going to be without payroll money, and then - we might have to close until and unless there is money.”
“When funding levels are reduced, programming would have to be reduced or eliminated. All services presently being offered would have to be looked at and the funding for that service be considered. Programs that are inadequately funded would be discontinued first, followed by others.”

“We would have to eliminate at least one of our five service sites which would mean about 100 children would not have an after school or summer program and 20 counselors would not be employed in addition to administrative staff losing their jobs or reducing their hours.”

“We would likely eliminate programs before reducing others as they are stretched too thin already from years of minimal/no COLAs. Therefore, we would cut whole programs which only means the clients would stay in state facilities at a greater expense or released to the community without thoughtful reentry. We already know that just results in higher recidivism and more human and fiscal damage all around.”

“.... Any major cut to one of our 24/7 staffed homes could mean closure as reducing the number of residents will not change the 24/7 staffing patterns. I could possibly consider reducing hours or services in our social rehab program. However, the clients receiving these services may then turn to

“Supported employment services could be eliminated affecting nearly 200 individuals annually.”

We would have to examine each program individually and each individual supported. This would be so devastating to the individuals we support. We pride ourselves on being a person centered agency and we would hate to be faced with a change in that.”