



DATE: Wednesday, February 21, 2018
TO: Appropriations Committee
FROM: Brunilda Ferraj, Director of Policy Research & Organizational Initiatives
RE: H.B. NO. 5035 AN ACT ADJUSTING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2019.

Good afternoon Senator Osten, Senator Formica, Representative Walker, Representative Ziobron and distinguished members of the Appropriations Committee:

My name is Brunilda Ferraj, Director of Policy Research & Organizational Initiatives at CT Community Nonprofit Alliance. The Alliance is Connecticut's statewide association of community nonprofits. Our members deliver life sustaining services to more than a million people each year and employ almost 14% of Connecticut's workforce.

Thank you for the opportunity to testify on H.B. NO. 5035 AN ACT ADJUSTING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2019.

Year after year, state budget cuts have put increasing pressure on community nonprofits, leaving them to face an uncertain future at a time when the demand for services is increasing. All 40 nonprofits who responded to a recent survey by The Alliance reported experiencing an increase in demand for services over the past five years.

At the same time, budget reductions approved in October have cut deeper into programs, reducing services in some agencies and closing the doors of others, leaving thousands of individuals without essential care. The annualization of holdbacks in the Governor's latest proposal threaten further reductions to services, but nonprofits cannot sustain further cuts without jeopardizing care for some of the most at-risk residents of our state.

In FY 2018, over half of the state budget – 53% -- comprises "fixed costs," which are considered essential and are not subject to cuts. That percentage grows each year, while funding for nonprofits comprises a smaller and smaller proportion of whatever remains. The combination of ongoing budget shortfalls and growing fixed costs mean community nonprofits are a shrinking piece of a diminishing pie.

But nonprofits are dependent on the State for funding and have limited options in the face of budget shortfalls. They can't raise taxes or charges, meaning they are forced to cut services, lay-off employees or close programs. Clearly, this is a model that cannot sustain itself – and it puts Connecticut's quality-of-life at risk.

You have an opportunity to address this crisis by recognizing that nonprofit services are essential and necessary – and by declaring them just as off-limits for cuts as the budget items that are considered "fixed costs."



Department of Children and Families

Please support the proposal to provide \$11.4 million for the Department of Children and Families to fulfill requirements for compliance under the Juan F. Consent Decree. DCF has been under federal oversight for more than three decades now, and the six unmet measures or “outcome goals”, including “children’s needs met,” are some of the most serious outcome measures of the Juan F. settlement. While we acknowledge the Department has a long way to go to ensure that all children are healthy and safe, we recognize how this funding will set the Department on a path toward addressing deficiencies.

Over the years, Connecticut has made substantial progress in reducing the number of children placed in out-of-state care, keeping them out of the justice system and serving children in community-based settings. But if we do not provide funding for children’s services, we will jeopardize these gains and risk destabilizing the system altogether, leaving some of our most vulnerable kids and families with nowhere to turn.

As Connecticut’s lead children’s behavioral health agency, DCF is responsible for serving *all* children in Connecticut. For this reason, we respectfully request that you please support the proposal to maintain \$7.1 million in DCF for programs that serve both juvenile justice and non-juvenile Justice involved youth. We are concerned that without this funding, thousands of children currently served by DCF will be left without essential prevention, behavioral health and juvenile justice services.

In the biennial budget, funding for Juvenile Justice services were transferred from DCF to CSSD effective January 1, 2018, but the actual transfer of services will take longer to design and implement. While the service system is changing from one department to another, it is important to maintain adequate funding in both departments to ensure that all children – those that are involved in the juvenile justice system and those that are not – do not experience disruptions or barriers in access to care. Protecting the funding of one set of services should not result in fiscal harm to programs that serve other needs. Such an approach to balancing the state budget would harm children and families, as programs of the social service delivery system are linked. We should ensure that all youth, whether they are in the care of CSSD or DCF, have access to the care they desperately need.

As we move forward, we ask the Department and legislature to work in partnership with the nonprofit community to ensure that the remaining outcome measures are met and that community providers have the support and resources to serve all children in need. Providers possess knowledge and expertise in the delivery of services to children. They are a part of the solution.

Department of Social Services

We oppose the Governor’s proposal to annualize holdbacks, which will result in a total of \$28.3 million in reductions to services. These holdbacks are especially hard on providers and the people they serve, resulting in layoffs, program closures and service disruption across state departments. We ask the legislature not to annualize them into the next biennium.



We are pleased by the proposal to convert 10 Community Living Arrangements from public to private operation. We ask that you convert additional residential facilities to private operation to expand the transition to cost-efficient and high-quality services offered by community providers.

According to a 2009 study from the General Assembly's Program Review & Investigations (PRI) Committee, the average annual cost to serve an individual with intellectual/developmental disabilities living in a state-operated group home is \$265,000. The cost for a community nonprofit to provide the same service is just \$113,000. That means the State can save \$152,000 per person per year by providing services for people with intellectual/developmental disabilities in the community compared to state provision of the same services.

Community providers deliver high quality care. The same PRI study looked at the experience of 17 group homes for people with intellectual and developmental disabilities that had been converted from state to nonprofit operation and found that quality does not deteriorate in private settings and, in many cases, improves.

We are pleased by the proposal to increase funding for "Old Age Assistance," "Aid to the Disabled," "Temporary Family Assistance," and "Community Residential Services" by \$9.2 million.

We are pleased that the Governor's proposed budget would provide \$2 million in funding for "Money Follows the Person". Money Follows the Person allows older and disabled adults to transition from nursing homes back into the community and remain safely in their homes while providing cost savings to the State by diverting care delivery from skilled nursing facilities to community providers.

Department of Rehabilitation Services

Cuts to DORS will have a negative effect on providers and the people and communities they serve. We respectfully ask the Committee to oppose the Governor's proposal to annualize holdbacks, which will result in a total of \$585,370 in reductions. The holdbacks in fiscal year 2018 were particularly devastating to providers and the people they serve, resulting in layoffs, program closures and service disruption across state departments. We ask the legislature not to annualize them into the next biennium. Please also reject cuts to the "Special Training for the Deaf Blind" line item by an additional \$163,059.

Thank you for your consideration. Please feel free to contact me with questions or for more information.

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