



DATE: February 22, 2018
TO: Appropriations Committee
FROM: Jeff Shaw, Director of Public Policy & Advocacy
RE: H.B. No. 5035 AN ACT ADJUSTING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2019

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

My name is Jeff Shaw, Director of Public Policy and Advocacy, of the Connecticut Community Nonprofit Alliance (The Alliance). The Alliance is Connecticut's statewide association of community nonprofits, which serve over 500,000 people each year and employ almost 14% of Connecticut's workforce.

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."

OFFICE OF EARLY CHILDHOOD

Please oppose the Governor's proposal to annualize holdbacks, which result in a total of \$821,202 in reductions. Year-after-year of state budget difficulties have put increasing pressure on community nonprofits, leaving them to face an uncertain future at a time when the demand for services is increasing.

I support the Governor's proposal to not cut the Birth-to-Three program. Birth-to-Three services meet the developmental and health-related needs of infants and toddlers who have delays or disabilities and their families. Each month, 1,200 professional staff, special education teachers, speech therapists, occupational therapists, board certified behavioral analysts and social workers, provide services for an average of 4,800 infants and toddlers with special needs and their families.

Additionally, Birth To Three saves the state millions of dollars in future special education costs. As an example, 53% of children that have received Birth to Three services no longer require special education services at the age of 5. Further, in FY16, 943 children (or 29 percent), no longer required special education services at 3 years of age. At an average annual special education cost of \$28,861, this small investment saves the state \$27 million in the first year and every year thereafter. We should continue to adequately fund the program to protect this high quality, nationally recognized, evidence-based program.

In addition to the overarching financial issues faced by providers of Birth to Three Services, there have been process issues which have greatly impacted the stability of the services. The Birth to Three payment structure moved to a fee for service model on November 1, 2017. Providers, depending on the number of children in their program, have been billing Medicaid and private Insurance hundred and up to thousands of claims per month. Unfortunately, as of February 5th, only a fraction of payments have been made. While the provider community greatly appreciates the state's response in providing cash advances to ensure the continuity of services, it is essential that the systems issues are resolved, to stabilize this critically important network of service providers. We look forward to working collaboratively with our partners at the Office of Early Childhood, towards resolution.

DEPARTMENT OF EDUCATION

I oppose the Governor's proposal to annualize holdbacks, particularly from the following line items:

- \$150,323 (32%) proposed cut from "Leadership, Education, Athletics and Partnership (LEAP)," a mentoring program that includes team-building as well as classes in arts, computer science, athletics, cooking and camping.
- \$211,306 (33%) proposed cut from "Neighborhood Youth Centers," a program designed to increase positive experiences in athletics, recreation, enrichment, tutoring and skill training for at-risk youth ages twelve through seventeen years old.
- \$100,000 (10%) proposed cut from "School-Based Diversion Initiative," which keeps children out of the Juvenile Justice system.
- \$825,000 (10%) proposed cut from the American School for the Deaf, \$64,886 (10%) proposed cut from "Youth Service Bureau Enhancement," \$551,329 (3%) proposed cut.

Year-after-year of state budget difficulties have put increasing pressure on community nonprofits, leaving them to face an uncertain future at a time when the demand for services is increasing.