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## CANDIDATE BULLETIN: Nonprofit Community Services Save the State Money

Community nonprofits are partners with the State in serving people in need; they provide exceptional services that improve the quality of life for individuals receiving care at a lower cost than services delivered by the State.

As the need for essential community services continues to grow, the State should preserve and expand the use of community services to more effectively use limited dollars for services to those in need. While the SEBAC agreement adopted in 2017 prevents layoffs until 2022, the agreement allows conversion of services to the nonprofit sector to continue through attrition and the assignment of state employees to other duties.

Significant savings can be achieved, as community nonprofits provide services more efficiently while maintaining quality. This is true even when salaries are increased for nonprofit employees. For example, nonprofits negotiate medical and dental insurance every year, while the State is locked into a contract. Nonprofits don't have the long-term debt obligations associated with healthcare and retirement payments and can more easily manage overtime.

The State is in fiscal crisis and it's time to make systemic changes that will make services more affordable in the short and long term.

### Intellectual/Developmental Disability Services

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 was \$265,000. The cost for a community nonprofit to provide the same service was just \$113,000. **That means the State would have saved \$152,000 per person per year** by providing group home services 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 that had been converted from state to nonprofit operation and found that **quality does not deteriorate in private, nonprofit settings and, in many cases, improves**. Community based homes received nearly 40% fewer deficiencies when inspected compared to when the same homes were run by state government, and that only 13% of the nonprofit homes were cited for "plan of correction" deficiencies, while 38% of state-run homes were cited. The report goes on to conclude that, "in all categories there were fewer deficiencies after the conversion to private (nonprofit) homes."

- Community providers deliver high-quality services
- *The State can save money by shifting the delivery of services into the community*
- *This shift can continue within the limitations of SEBAC*
- *I/DD, LMHA and Foster Care services are some examples*
- These changes would allow the State to serve more people



### Local Mental Health Authorities

There are thirteen Local Mental Health Authorities (LMHAs)— seven are already run by community nonprofits while six are state-run. The per-patient cost of state-operated LMHAs is **more than double** the cost of private LMHAs. The average cost-per-client for state-operated LMHAs in FY16/17 was \$12,638 per year. In private LMHAs, the average annual cost-per-client was just \$5,330. **The state can save more than \$7,000 per client per year** if it converted LMHAs to nonprofit operation. With almost 14,000 clients served by state-operated LMHAs in FY16, converting services to providers can result in savings that can be used to serve more people in need of behavioral health services, especially important in the midst of an opioid crisis.

### Foster Care Service Delivery

Foster care services are provided by both the State and community providers, helping to make the delivery of services costly and inefficient. **Nonprofits have the ability and capacity to provide high quality services for all the 4,000 children currently in the foster care system.** The State's roles as both provider and regulator of foster care services has created an environment in which **nonprofits must compete with the State to recruit and retain foster families.** These parallel systems maintain two separate silos of information for children in the foster care system. Shifting the delivery of foster care services into the community and creating a single system for all children would provide nonprofits and the State with the opportunity to better assess and address children's needs.

### Recommendations

These are three significant areas in which nonprofits can save the state money, there are others. The choice is clear: The State can either maintain the expensive status quo of providing direct services and serve fewer people or use the nonprofit sector to serve more people at a lower cost. Acknowledging that nonprofits provide exceptional services that improve the quality of life for individuals receiving care, the State should preserve and expand the use of community services, effectively using limited dollars to provide quality care to all people in need.

*Please don't hesitate to contact us with questions or for more information*

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