



# Community Nonprofits: Efficient Services Improving Our Quality of Life

2019 LEGISLATIVE BRIEFING BOOK



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## Community Services are Efficient and Improve CT's Quality of Life

Community nonprofits improve Connecticut's quality of life, making our communities better places to live and work. Nonprofits:

- feed the hungry,
- house the homeless,
- support people with intellectual/developmental disabilities,
- treat people with mental health and substance abuse needs,
- provide arts and culture that make our communities vibrant, and much more.

Nonprofits are economic generators, too. They employ almost 200,000 residents – about 14% of the workforce – in towns and cities across the state. Annually, nonprofits spend \$29 billion in Connecticut's economy through the purchase of goods and services from Connecticut's businesses.

Community services are an important but often overlooked factor in our competitiveness with other states. As businesses decide where to locate, they consider the quality of life for their employees and their families.

Community nonprofits deliver high-quality, cost-effective services in a way that is a model for restructuring the way the State provides services for its residents. **State leaders must decide: either keep the expensive status quo and serve fewer people or change the system and serve more people in need.** Community nonprofits can reduce state costs and meet the demand for services – but only if state leaders take the necessary steps.

This briefing booklet includes ideas about how the State can help providers serve more people at less cost – and how they are partners that can help each other.

Connecticut has a bipartisan tradition of caring for nonprofits and their missions. We hope you find this booklet helpful as you craft legislation to protect and strengthen essential services for Connecticut residents

Thank you for caring about your communities and the people in them.

Gian-Carl Casa  
President and CEO  
[gcasa@ctnonprofitalliance.org](mailto:gcasa@ctnonprofitalliance.org)



## **2019 Public Policy Agenda**

### **Community Nonprofits: More Efficient Services and A Better Quality-of-Life**

Community nonprofits improve our quality of life, making Connecticut a better place to live and work. Nonprofits feed the hungry, house the homeless, support people with intellectual/developmental disabilities, treat people with mental health and substance abuse needs, and provide arts and culture that make our communities vibrant. Nonprofits also employ thousands of people in towns and cities across the state.

Community nonprofits deliver high-quality, cost-effective services in a way that is a model for restructuring the way the State provides services for its residents.

State leaders must decide: either keep the expensive status quo and serve fewer people or change the system and serve more people in need. Community nonprofits can reduce state costs and meet the demand for services *if* state leaders take the necessary steps.

#### **1. Protect and fully fund essential community services.**

- Maintain grant funding and maximize federal reimbursement under the Medicaid program by establishing adequate rates and flexibility for nonprofit services.
- Implement and expand the Innovation Incentive Program to allow nonprofits that demonstrate efficiencies to retain savings and provide more services.
- Authorize bond funding each year of the biennium for the Nonprofit Grant Program that supports capital improvements which enhance service delivery.
- Calculate cost-of-living adjustments for community nonprofits based on the total contract amount.
- Maintain funding for arts and cultural nonprofits which enhance Connecticut's quality-of-life and make Connecticut an attractive place to live and do business.

#### **2. Convert expensive State-run services to more efficient, high-quality services provided by community nonprofits rather than the present, redundant dual system.**

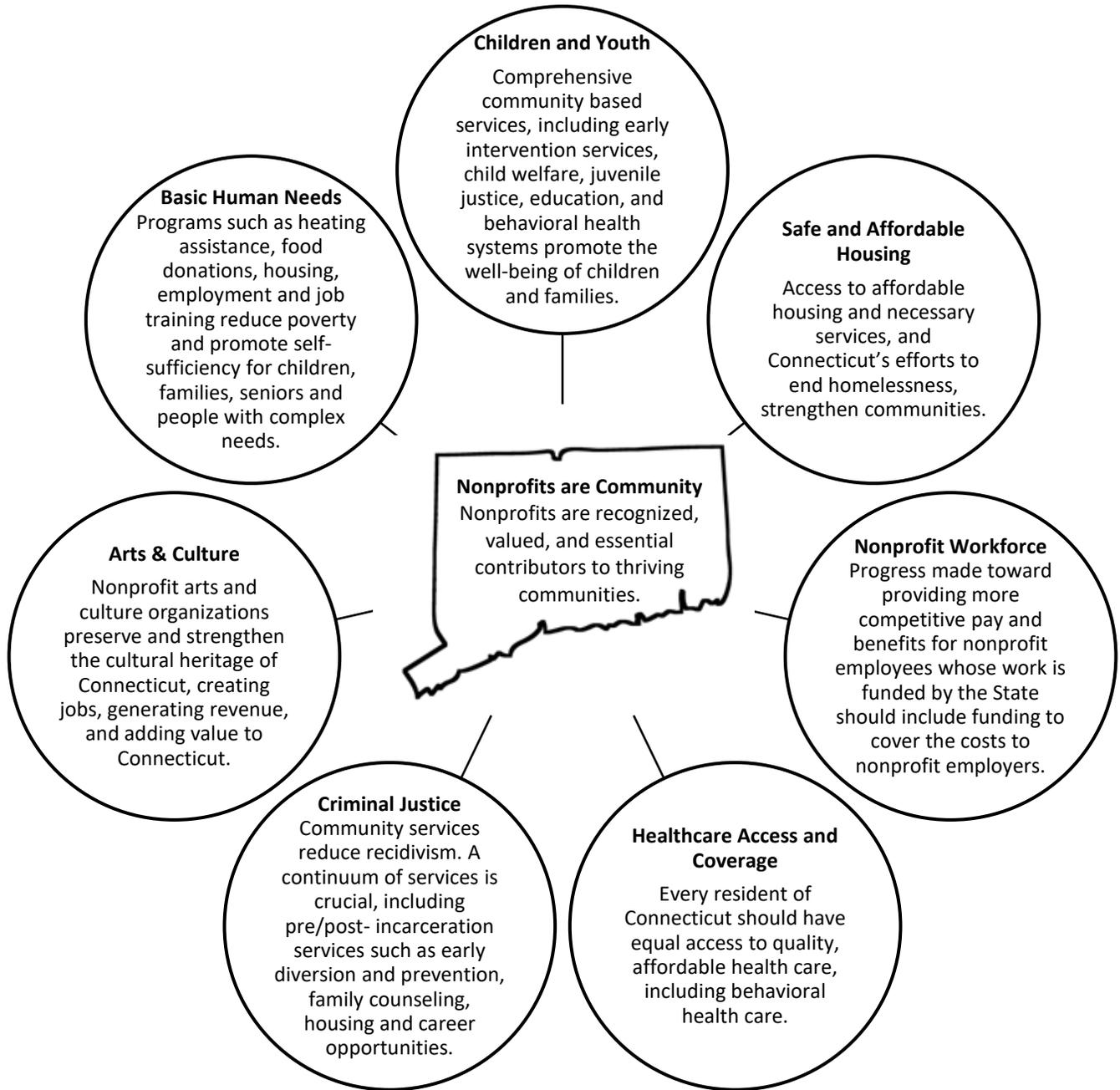
- Re-invest savings achieved through conversion of Intellectual/Developmental Disability and Behavioral Health services into the community service delivery system.
- Ensure fair and efficient practices and standards in state contracting, licensing, and auditing.
- Support collaborative efforts between nonprofits and the State, including (i) continuing the Governor's Cabinet on Nonprofit Health and Human Services and (ii) basing state-nonprofit partnerships on the model used by the Licensure and Certification Work Group.

#### **3. Protect nonprofit tax exemptions to ensure their funds are used for services.**

- Clarify statutes to protect charitable property tax exemptions. Nonprofits reduce costs by providing services and programs so that government doesn't have to.

# Guiding Principles

State policy should promote the respect, dignity and worth of all Connecticut residents, ensuring equal opportunity and inclusivity.



## Nonprofit Community Services Save the State Money

Community nonprofits are partners with the State to serve 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. Converting services to the nonprofit sector can be accomplished in compliance with the SEBAC agreement through attrition and the assignment of state employees to other duties.

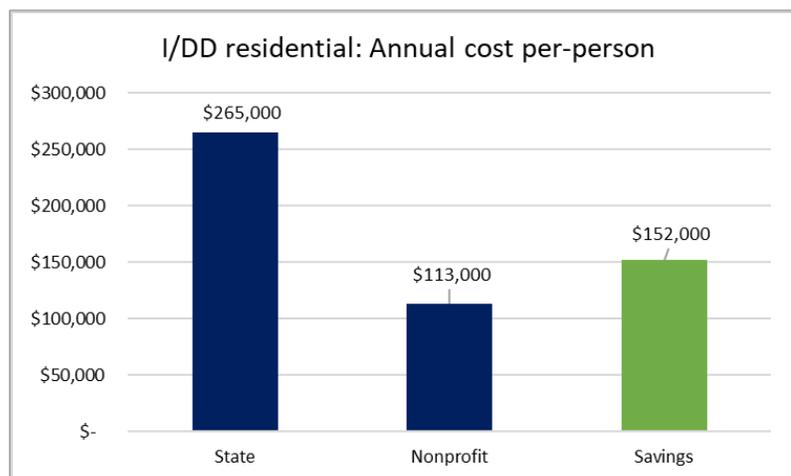
Community nonprofits provide services more efficiently while maintaining quality, achieving significant savings for the State. This is true even when salaries are increased for nonprofit employees. For example, nonprofits negotiate medical and dental insurance every year, while the State is locked into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

It's time for policymakers to make structural changes that will make services more affordable in the short- and long-term.

### Intellectual/Developmental Disability Services

The average annual cost to serve an individual with intellectual/developmental disabilities living in a state-operated group home was \$265,000, according to the General Assembly's Program Review & Investigations (PRI) Committee. The cost for a community nonprofit to provide the same service was \$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.

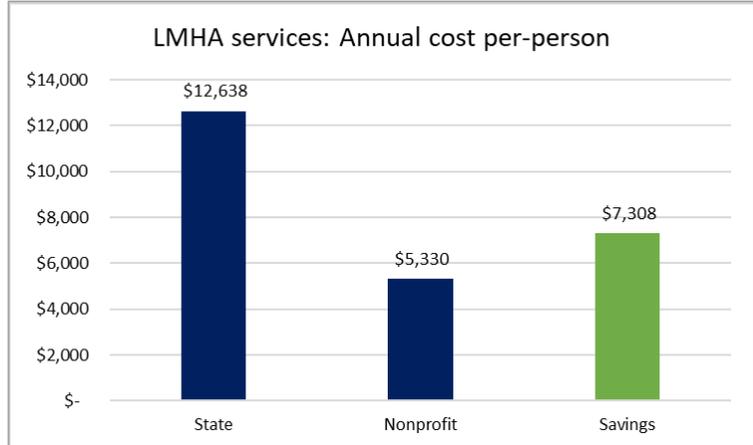
Community providers deliver high quality care. The same PRI study looked at the experience of 17 group homes that had been converted from state to nonprofit operation and found that **quality does not deteriorate in private, nonprofit settings and, in many cases, improves.** Community based homes received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



## Local Mental Health Authorities

Local Mental Health Authorities (LMHA) provide therapeutic and crisis intervention services to Connecticut's most seriously mentally ill. Of the thirteen LMHAs, seven are run by community nonprofits and six are state-operated.

The per-patient **cost of state-operated LMHAs is more than double the cost of nonprofit LMHAs**. The average cost-per-client for state-operated LMHAs in FY16 was \$12,638 per year, compared to \$5,330 for nonprofit LMHAs.



**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, making the delivery of services costly and inefficient. **Nonprofits can provide high quality services for all the 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 create the opportunity to better address children's needs.

## Recommendations

These are three significant areas in which nonprofits can save the state money:

- Intellectual/Developmental Disability Services
- Local Mental Health Authorities
- Foster Care Service Delivery

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.

## Protect Nonprofit Tax Exemptions

Community nonprofits have long been exempted from taxes for good reason: they provide essential services to over a half million individuals and families in Connecticut every year, improving the quality of life in communities across the State.

**Despite statute and relevant caselaw, some tax assessors have started to tax nonprofits for property that is exempt.**

Charitable nonprofits are exempted from local property tax in Connecticut by Section 12-81 of the Connecticut General Statutes, which lists property types exempt from property tax. Subsection (7)(a) exempts the property owned by “a corporation organized exclusively for... charitable purposes.” Subsection (7)(b) clarifies that subsidized low-income housing is not exempt from property taxes, but specifically excludes a number of nonprofit housing uses from its definition of “housing,” including group homes for people with mental, physical, or intellectual disabilities.

- Despite statute and relevant caselaw, some tax assessors have started to tax nonprofits for property that is exempt.
- Taxing nonprofits deprives them of money they use to fulfill their missions.
- The legislature should clarify that charitable property, including group homes, is exempt from property taxes.

**Critical funding is diverted away from direct service provision to people in need** when nonprofits, burdened by years of state budget cuts, are forced to choose between costly litigation and paying taxes on property that is exempt by state law.

Connecticut’s community nonprofits are partners with the State and municipalities to serve the people of Connecticut. They take care of people with disabilities, feed the hungry, provide behavioral health and substance abuse treatment, and help the formerly incarcerated transition to the community. Nonprofits also enrich the state with art and culture, operating art galleries, giving public performances and more.

In a survey from May 2018, The Alliance found that at least 40 cities and towns had recently issued tax bills to nonprofits. Two-thirds of nonprofits who responded said their property was recently assessed for taxes after a history of being exempt without undergoing a change of use.

One provider stated: *“Funding for the program is already below program expenses and is subsidized by fundraising. A tax payment will further decrease [our] funding and make sustaining the current program model difficult going forward.”*

All areas of the service delivery system would be negatively impacted if funding were to be redirected away from direct care to taxes, from mental health services for children, housing services designed to keep people off the street to supports for people with disabilities. These cuts would come at a time when the demand for community services is increasing.

- *“Having to pay taxes could literally force the close down of our residential programs. There is no other source of revenue for taxes.”*
- *“We cannot afford to pay property tax and continue individualized services to DDS population.”*

- *“We had paid almost \$50,000 in taxes. \$50,000 is [the equivalent of] 25,000 meals or one case manager.”*
- *“Of course it will hurt. We have no dollars for anything but direct service. This will lead to more homeless men not getting housed - which will be a domino effect.”*

Taxing property owned by nonprofits for charitable purposes erodes the social compact between community nonprofits and government. Nonprofits exist for public benefit and must operate for specific charitable, educational, or religious purposes. The mission of all nonprofits is to improve the health and well-being of our local communities, enhance the quality of life and serve the public good. In exchange, nonprofits are exempt from property, income and sales tax, and have access to tax-deductible contributions from individuals and corporations, and others.

### **Recommendation**

In order for nonprofits to continue their mission driven work of strengthening communities through the delivery of essential services, **the legislature should clarify that charitable property, including group homes, is exempt from property taxes.**

The mission of all nonprofits is to improve the health and well-being of communities, enhance the quality of life and serve the public good. In exchange, nonprofits are exempt from property, income and sales tax, and have access to tax-deductible contributions from individuals and corporations, and others.

## Demand for Behavioral Healthcare is Up; Funding is Down

Community nonprofits provide behavioral health services to all who walk through their doors, regardless of their ability to pay. These services are funded in part through private insurance, Medicaid, and grants from the Department of Mental Health and Addiction Services (DMHAS).

Connecticut has worked to reduce stigma, transform the service-delivery system, increase access and expand services. Connecticut is a leader in the implementation of the Affordable Care Act and Medicaid expansion. But, **as demand for behavioral health services continues to increase, funding has been cut and Medicaid rates paid to providers remain stagnant** despite rising costs.

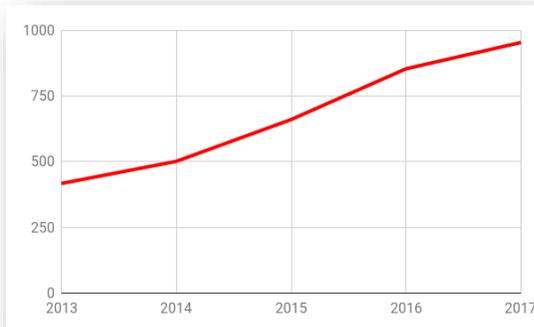
In 2017, DMHAS cut every provider's grant funding by 5% across the board. Despite an increase in the DMHAS budget in FY19, many of these cuts were not restored.

- DMHAS Mental health and substance abuse grants pay for the care of the most seriously mentally ill
- Since Fiscal Year 2013, overall grant funding has been cut more than 17%.
- Cuts are happening in the face of an opioid crisis; in 2017, 953 Connecticut residents died, an increase of nearly 130% since 2013.
- If grants are cut, providers would be forced out of business and the people they serve would have nowhere to turn for life-saving services

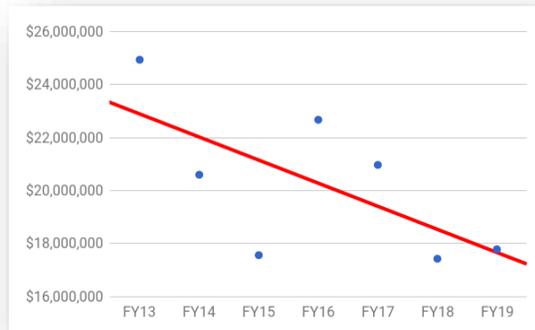
### The Opioid Epidemic: Now is Not the Time to Cut Grants

From 2013 to 2017, opioid-related overdose deaths increased 130% — from 417 in 2013 to 953 in 2017. Too many people are forced to wait days, or even weeks, to receive treatment. Connecticut needs to expand access to treatment and recovery services and responding to the crisis will cost money. But **since Fiscal Year 2013, grant funding for substance abuse services has been cut by 29%**. Failure to address the opioid epidemic now assures that Connecticut will continue to incur additional costs, both human and financial.

*Accidental Drug Related Deaths in CT*



*Grants for Substance Abuse Services Line Item Funding*

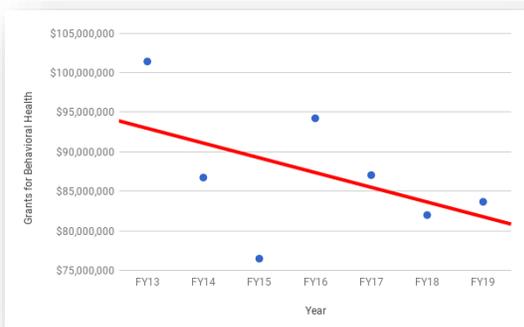


### Grants Meet Unmet Needs

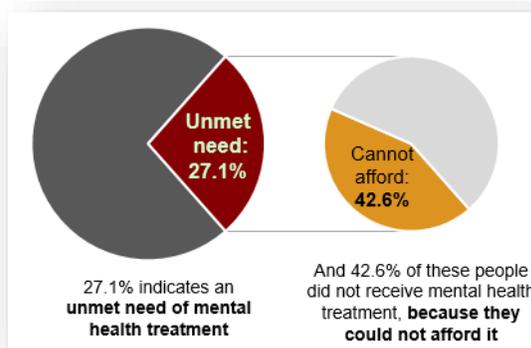
The Affordable Care Act has had a significant and positive affect on healthcare in Connecticut. More than 700,000 people have become insured and tens of thousands of residents have enrolled in Medicaid

following the State’s Medicaid expansion. But barriers in access to care, such as skyrocketing healthcare costs, which have left many people unable to pay for the high cost of premiums and out-of-pocket expenses remain. Nationally, more than a quarter of adults who have a behavioral health condition in the U.S. reported an unmet need for mental health care, and almost half of the people with a perceived unmet need reported that they did not receive treatment because they could not afford it.

Historically, DMHAS grant funding has paid for the cost of care for those who cannot afford it, but deep cuts have jeopardized providers’ ability to meet the increasing need for care. **Mental health and substance abuse grants pay for the care of the most seriously mentally ill**, who are more likely to be uninsured, under-insured or experience gaps in coverage. Yet, since Fiscal Year 2013, **grant funding has been cut more than 17%.**



Grants for Behavioral Health



Among adults who experienced Serious Psychological Distress during the past year:

### Medicaid Rates Do Not Cover the Cost of Care

Medicaid enrollment is on the rise in Connecticut. 845,000 people were enrolled in Medicaid as of August 2018, 44,000 more than were enrolled the previous year. Medicaid participants are more than twice as likely to have a behavioral health condition as people with private insurance.

**In addition to deep cuts to grants for mental health and substance abuse services, Medicaid rates do not cover the cost of care, leaving community providers to operate at a loss for nearly every service.** In 2015, the annual loss for the top ten procedures by volume was more than \$27 million for approximately 250,000 service hours. With inadequate reimbursement rates, the State not only fails to maximize its federal matching funds, it risks the provision of some of the most highly utilized, critical behavioral health services.

### Recommendation

- Increase funding for DMHAS mental health and substance abuse grants. Grant funding is critical to combatting the opioid epidemic and increasing access for people who are uninsured or underinsured.
- Review Medicaid rates for behavioral health services to ensure that they adequately cover the cost of care.

## Implement & Expand the Innovation Incentive Program

Unlike contracts with other state vendors, the State's current contracting policies mandate that savings realized by community nonprofits at the end of a contract period must be returned to the State. This practice discourages innovation and efficiency in service delivery.

In 2017, the legislature established an Innovation Incentive Program (Public Act 17-122) to allow community nonprofits to **retain savings realized at the end of a contract term** if they were in compliance with state contractual provisions and regulatory standards. Savings realized at the end of contract term would be **applied towards innovations for improving the health and human service delivery** system and capitalization of the nonprofit sector.

Public Act 17-122 makes progress, but two barriers remain:

- With its limits to organization size, PA 17-122 only applies to an exceptionally small number of nonprofits.
- Even that limited **program has not been implemented.** (PA 17-122 permits but does not require the Office of Policy and Management to implement the program.)

- With its limits to organization size, PA 17-122 only applies to an exceptionally small number of nonprofits.
- Public Act 17-122 would allow community providers to retain savings realized at the end of a contract term. But the program has not been implemented.
- If expanded and implemented, the program will promote efficiency, allowing community providers to serve more people

Purchase of service contracts have built - in disincentives for efficiency, as savings generated must be returned to the State rather than reinvested in community programs and services. If expanded and put into practice, the Innovation Incentive Program **will promote efficiency.** An efficient or innovative agency that succeeds in meeting every contractual expectation experiences no net benefit, compared to a less efficient agency that spends all allocated funds.

The Innovation Incentive Program **can help maintain services provided by nonprofits even as Connecticut faces fiscal challenges.** For years, community nonprofits have struggled to maintain service levels amid budget reductions. If nonprofits can retain savings while still meeting contractual obligations, they could serve more people with funds already appropriated for their programs.

### Recommendation

- Change "may" to "shall," making it mandatory that the State implement the program.
- Remove the restrictions on contract size and number of people served in PA 17-122, expanding the Innovation Incentive Program to allow all community nonprofit contractors to participate.

## Intellectual/Developmental Disability Services are Essential Costs

There are thousands of families in Connecticut waiting for services for their loved ones with Intellectual/Developmental Disabilities (I/DD). Many of them have been waiting for years and cannot access appropriate care and support. With supports tailored to their needs, people with intellectual and developmental disabilities can thrive in their communities, and families who have left the workforce to care for their children can return knowing their loved ones are being supported in the most appropriate environment possible.

Community nonprofits provide those supports, even to people with some of the most complicated medical and behavioral needs, and they have a track record of supporting people in the least restrictive environment their needs and preferences will allow.

Nonprofits offer a wide array of residential supports, including Community Living Arrangements and Continuous Residential Supports—commonly known as group homes, individual home supports, Community Companion Homes, and more.

They also offer support for people with I/DD during the day, operating day programs that help people be a part of their communities, and supported employment services, helping people with I/DD work at fulfilling jobs across Connecticut.

### Community Services are High Quality

Community providers provide high quality programs at a fraction of the price of state-operated services, and more than 90% of people in the DDS system are supported by community providers.

A 2012 study by the General Assembly’s Program Review and Investigations (PRI) Committee looked at the experience of 17 group homes for people with intellectual and developmental disabilities that had been converted from state to nonprofit operation. The study found that DDS operated group homes converted from public to private settings had fewer deficiencies after the conversion than before, illustrating how **quality – as measured by DDS inspection outcomes – does not deteriorate in private settings, and may even improve.**

The study found nonprofit-run homes received nearly 40 percent fewer deficiencies when inspected than when the same homes were run by state government, and that only 13 percent of the private homes were cited for “plan of correction” deficiencies, while 38 percent of state-run homes were cited. The study states that, “In all categories there were fewer deficiencies after the conversion to private homes,” and “the average percentage drop in the total number of deficiencies was 44 percent.”

The PRI study concluded that **“although public settings cost more, the quality of care provided does not appear superior to that in private settings.** Licensing and inspection results for all residential homes

- A waiting list for services continues to grow
- By converting I/DD services from state to nonprofit operation, the State can serve more people
- Providers already deliver services to 95% of people receiving residential I/DD services
- A State study shows the quality of community services is just as good, if not better than the state
- The State spends 1/3 of its funding for residential services to support 5% of people living in state-operated homes

and facilities show how on average community residences have fewer deficiencies per home, fewer serious condition reports and better compliance in implementing corrective actions.”

Estimates are that moving residents from ten state-operated homes to homes run by nonprofits saves the state about \$1 million – so the state saves money and keeps high quality service!

### **An Underfunded System**

**Even with new legislation regarding staff wages, the I/DD System remains underfunded.** Special Act 18-5, “An Act Concerning Minimum Employee Wages for Providers of State-Administered Services for Persons with Intellectual Disabilities,” raises the minimum wage for DDS providers to \$14.75 an hour and provides a 5% increase to all staff earning between \$14.75 and \$30.00 per hour. While this legislation provides a desperately-needed rate increase (community providers had not received new funding to adjust for the cost of living and doing business since 2007), many challenges remain with regard to implementation, and arriving at an equitable distribution of wages across multiple staffing components.

Operating budgets for essential services are already stretched to the breaking point and will remain so even following allocations to support the wage increases in SA 18-5. In a recent survey, providers emphasized that cuts would result in reductions or complete closures of services and programs. One provider reported that if they received a 5% reduction, *“we would have to close some group homes and move residents to share bedrooms in another group home.”*

Inadequate funding (as costs increased, providers haven’t received rate increases since 2007) has resulted in closures of group homes, group home closures and consolidations disrupt residents’ lives, uprooting them from those they have come to know as family and forcing them into unfamiliar and more crowded living arrangements, reducing staffing ratios and available services.

### **A waiting list for services continues to grow**

Currently, thousands of families are waiting for residential services from DDS. For each of these people, this means remaining in the care of their parents, grandparents, siblings, or other guardians, many of whom must alter or eliminate their own work schedules to provide support. Often, this forces families to seek additional state-funded social services, as they are not able to provide their own insurance, medical benefits, or even funding for food.

### **The State can serve more people through conversion**

Community providers already serve more than 95% of people served by residential programs in DDS, but **the State spends one third of its funding for residential services paying to support the 5% of people living in state-operated facilities.** The SEBAC agreement allows conversion of services to the nonprofit sector to continue without layoffs, and significant savings can be achieved because nonprofits provide services more efficiently than the State while maintaining high quality. For example, if Southbury Training School were to close, the \$1.3 million per year the State spends just on fuel (diesel, electricity, gasoline, natural gas & propane) for the facility could be used to serve ten families currently languishing on the waiting list.

### In their own words, what do families say?

Families of people served by nonprofits love the help their loved ones receive. People moved to nonprofit-run residences are happy with the choice – we know of nobody who has asked to go back to a state facility. The following are but a few examples:

- “**...we moved Francis to a community-based Oak Hill group home...** Although it was a difficult decision to move him from his ‘forever home,’ we have never looked back. **Francis now lives in a real home in a real neighborhood where he gets all the attention he needs and loving supportive care from a wonderful staff. He is content, happy, and calm.** We could not be more pleased with his excellent personal and medical care. We know he is safer in his current home than he ever was before. His safety gives us great peace of mind. We encourage eligible families to visit and see for themselves the best practices and quality of care in nonprofit community-based group homes.” – Patrick and Marjorie Johnson, family members
- “I am the mother of a severely disabled son who is 45 years old. He was placed at Ella Grasso state facility in 1982, when he was 10. **My son transitioned to a Kennedy Center group home April 2014. My son is visibly happier** with this small, homey environment which expects him to behave to the best of his ability. He goes out frequently with staff and made a remarkably rapid adjustment to this more intimate setting. **I celebrate all the positive things that the group home has afforded my son;** I applaud the concept of the group home as it allows each resident to be treated individually, with deep dignity and respect. This is possible because of the small, intimate setting that is inherent in the group home atmosphere.” – Jane Rimer, Parent
- “My daughter is cared for by the Jewish Association for Community Living (JCL.) **They are caring, responsible and well-trained people.** I literally trust them with my daughter’s life. Why JCL and not a state-run group home? It was my connection to the employees.... JCL and all agencies contracted by the state follow strict standards set and monitored by the State. That fact alone was not enough for me to trust them with my girl... It’s the staff. No one can fake that job... Their employees **are hard-working, skilled and sensitive people.**” – Ann Levie, Parent

### Summary

Put simply: Nonprofit delivery of services to people with intellectual and developmental disabilities means lower state costs, high quality services and more people being supported.

# Arts & Culture Programs Improve Our Quality of Life

## Arts Fuel the State Economy

The nonprofit arts and culture community enhances the quality of life in Connecticut. The arts make our communities better places to live and work – they create jobs, generate revenue, and are key promoters of their cities and regions.

A study conducted by the Americans for the Arts found that Connecticut’s **nonprofit arts and culture sector generates \$797 million in annual economic activity** for the state, supporting over 23,000 jobs and generating \$72 million in local and state tax revenue.

## Arts and Culture Initiatives Enrich Communities

Arts and culture make Connecticut an attractive place to live and do business. They help make cities hubs for creative and dynamic young people – and business leaders looking for places to locate know that an exciting community helps attract quality employees.

Arts and culture also supports people within our communities. For example:

- The Emerson Theater Collaborative produced “Always Picked Last,” an **anti-bullying**-themed play that cast youth on and off the autism spectrum who had experienced bullying first-hand. The play helped spread awareness of bullying and provided an opportunity for youth to have a voice and express themselves as they wrote and performed powerful, original monologues about their personal experiences. Afterward, teachers noted how accomplished, validated, and confident students seemed in their abilities and social skills.
- The Judy Dworin Performance Project work in schools and prison communities, using the arts to help people overcome the cycle of abuse and violence. Their evidenced-based program, “Bridging Boundaries,” **addresses the issues of incarcerated and previously incarcerated people** and their families. The program employs a non-threatening arts platform from which participants can explore the thoughts, feelings and insights that led to unfortunate choices -- while developing critical life tools and building bridges with their families to prevent recidivism.
- The Art Therapy program at Oak Hill created **opportunities for people with intellectual/developmental disabilities** to express themselves. Program participants have contributed to Hartford Open Studios weekend, where artists have offered works for sale to people outside the Oak Hill community. Oak Hill’s school has also expanded its arts component to include music and theatre performance. By using assistive technology, the program makes participation possible for many people, providing them with the opportunity to be recognized for their efforts in ways they may never have before. Artistic expression through Oak Hill’s programs includes a

### Arts and culture nonprofits:

- Generate \$797.3 million in annual economic activity
- Support over 23,000 jobs
- Generates \$72.3 million in local and state tax revenue
- Empower, support, and enrich people’s lives through art therapy programs

The state should preserve funding for the Arts and the Office of the Arts within DECD

wellness component. Activities require planning, adjusting to things that do not go as planned – and whether it’s painting, playing music or knitting, participants learn valuable skills.

### **Recommendations**

Arts and culture comprise an extremely small portion of state spending -- less than one tenth of one percent -- but cuts those programs would damage the ability of the arts and culture sector to provide jobs and programs to communities, attract tourists, and businesses.

- Preserve essential funding for the Arts and the Office of the Arts within DECD that develops, invests in, and strengthens the arts in Connecticut.
- Protect the Connecticut Arts Endowment Fund, that distributes funds from its interest to stimulate the development of private sector funding and helps stabilize arts institutions. In the past 8 years since its inception, the number of applicants has increased by 40%, while the available funding (earned interest) has decreased by 8%. Allocate the previously authorized investments into the fund, and return to annually investing at least \$500,000. The last allocation to increase the Fund was in 2003 (the initial \$1 million).

# The Nonprofit Grant Program: Enhancing Service Delivery, Efficiency and Effectiveness

## Background

The Nonprofit Grant Program (NGP) provides bond-funded grants-in-aid to community health and human service nonprofits to enhance service delivery and address health, safety and accessibility issues. Every year since the program was established in 2013, applications to the NGP have been overwhelming, highlighting the need to support a struggling nonprofit industry during one of the State's most challenging fiscal times.

Community nonprofits are a vital part of Connecticut, providing supports that allow individuals and families to live productive lives in the community. NGP funds allow community nonprofits to invest in capital and infrastructure projects that help to continue to providing quality programs and services to more individuals, while saving the State money.

## A Successful Fiscal Investment

The NGP is a smart fiscal investment, ensuring that community nonprofits continue to meet demand for services in an efficient, cost-effective way. Since 2013, \$105 million from the program have allowed 568 local projects to move forward, making a positive impact in communities across the state, including these examples:

- The installment of a Voice Over Internet Protocol (VOIP) telephone platform that has helped more than 30,000 patients, professionals and community members served each year. The VOIP system has reduced service interruptions which had been due to equipment failures, increased patient and staff safety and reduced operating costs.
- The repair of an emergency shelter for female victims of domestic violence and their children. The shelter has operated at more than capacity for each of the past five years and a lack of funding has prevented much needed renovations necessary for making the space a safe and welcoming environment.
- The development of a new training and conference center to train individuals and families struggling with mental illness, substance abuse, HIV/AIDS, release from incarceration and homelessness with job training and preparation for careers in the trades and other highly employable fields.

## Recommendation

The State should continue investing in the NGP to help meet the needs of community nonprofits. In a time of limited budgetary relief, support from the NGP is vital to maintaining community services for people who depend on nonprofit services.

### The Nonprofit Grant Program:

- is a smart fiscal investment, ensuring that nonprofits meet demand for services in an efficient, cost-effective way
- enables community nonprofits to invest in capital and infrastructure projects so that they can continue to provide services
- has allowed 568 projects to move forward since 2013

## Nonprofits are Partners with the State: A Model

Community nonprofits are partners with the state in the delivery of services that improve our quality of life, making Connecticut a better place to live and work. Fostering healthy partnerships between state agencies and nonprofits improves communication, service delivery, and collaboration, which positively impacts communities across the state.

Below are two examples of collaboration that should be used as models by policymakers as they consider making structural changes to state government:

### **The Licensure and Certification Workgroup**

The Licensure and Certification Workgroup was formed pursuant to Special Act 17-21, which required the Office of Policy and Management (OPM) to conduct a review of the certification and licensure processes of non-profit community providers, and study potential efficiencies. Membership consists of six representatives of non-profit community providers and two representatives each from the Department of Children and Families (DCF), Department of Developmental Services (DDS), Department of Mental Health and Addiction Services (DMHAS) and Department of Public Health (DPH).

The Workgroup, including the nonprofit members, participated in a weeklong cross-agency Lean event in November 2017 which resulted in a number of legislative proposals aimed at lessening the administrative impact on nonprofits and reducing time away from the individuals who they support.

The licensure and certification Lean process achieved the following:

- Proposed and passed legislation to address inefficiencies;
- Developed policy changes and recommendations for changes to regulations to improve efficiency; and,
- Documented and defined processes to standardize work and incorporate recommendations into the future licensure and certification process

The Lean Licensure and Certification Workgroup continues to meet, along with nine other subcommittees made up of its members and an additional 42 members to complete the implementation plan.

### **The Neighborhood Assistance Act**

The Neighborhood Assistance Act is designed to provide funding for community nonprofits and municipal organizations by providing a tax credit for businesses that make cash contributions to these entities. Businesses can receive a credit of 60% of their approved contribution to certain programs (or 100% in the case of certain energy conservation programs) approved by the Department of Revenue Services.

#### State and Nonprofit partnerships:

- Improve communication
- Streamline service delivery
- Foster collaboration

Partnerships assure opportunity, quality service, and quality of life for all Connecticut residents.

Currently, the tax credit is capped at \$5 million dollars per year. However, the annual cap was scheduled to increase to \$10 million on July 1, 2017 (PA 15-5, Section 446), but was later cancelled due to state budget constraints.

Since 2011, the program has been oversubscribed in a number of categories, including total number of donations and amount pledged. Participation among both businesses and participating organizations has been consistent and the number of approved programs has been large, all contributing to oversubscription of the program. The oversubscription of the program has also shown that expanding the annual cap would address unmet demand and encourage further growth of the program so more resources will be available to more community nonprofits.

### **The Governor's Cabinet on Nonprofit Health and Human Services**

The Governor's Cabinet on Nonprofit Health and Human Services was created in 2011 to analyze existing public-private partnerships with respect to the state's health and human services delivery systems. The Cabinet includes broad representation from state agencies and community nonprofits that partner and share responsibility for administering health and human services to Connecticut residents.

Since its inception, the Cabinet has developed and presented 62 recommendations based on the premise that a financially viable human services delivery system is vital to the health, quality of life, and economic well-being of the state. These recommendations enhance the public-private partnership that exists in Connecticut to provide quality service and improve the quality of life for Connecticut's residents.

### **Recommendations**

- Policymakers should use the Licensure and Certification Workgroup as a model to address redundant and inefficient systems within state government. In the past, community providers were involved in this process every step of the way, and state agency partners were sincere about the need to change.
- Restore the scheduled increase in the annual cap of \$10 million for the Neighborhood Assistance Act, so more businesses can support the essential services nonprofits provide in communities throughout Connecticut.
- The Governor's Nonprofit Health and Human services Cabinet should continue to serve as a vehicle for providing critical, up-to-date information for nonprofit health and human service providers and a venue to promote best practices. The partnership between the nonprofit providers and state agencies is a productive collaboration to assure opportunity, quality service, and quality of life for all the Connecticut residents.

# “Deemed Status” Can Save Money for the State and Nonprofits

## Background

Connecticut’s community nonprofits providing mental health, substance use, developmental disability and other services can be required to maintain numerous separate licenses – sometimes as many as 20 or 25 – from state agencies to operate their programs.

Complying with multiple and redundant licensing requirements is costly and poses an enormous administrative burden on both the State and community providers. Each license requires periodic renewal every two to three years and a series of compliance visits to the provider. It is common for a provider to undergo as many as eight separate licensing reviews every year. These compliance visits, which have numerous overlapping requirements and can take one to three days to complete, divert limited time and resources away from direct service provision to at-risk families and adults.

## What is Deemed Status?

Deemed Status regulations would allow nonprofits to forgo duplicative and burdensome state licensing requirements if they can demonstrate accreditation from an accepted national accrediting body such as the Commission on Accreditation of Rehabilitation Facilities (CARF), Council on Accreditation (COA), the Joint Commission, or the National Association for the Education of Young Children (NAEYC). The requirements of these nationally recognized accrediting organizations meet and often exceed state licensing requirements, as they demand extremely rigorous service standards and performance elements.

## Connecticut already uses a type of deemed status

Connecticut’s Department of Public Health already uses Deemed Status to reduce costs – but only for hospitals and other related healthcare services. In light of Connecticut’s fiscal challenges, the State should adopt deemed status regulations for nonprofit providers, too. It would save money and enhance administrative and operational efficiencies for both the state and providers.

- **Lower costs to the state:** Deemed Status for services where the national accreditation requirements meet or exceed state standards would reduce staffing costs for state licensing agencies, as the number duplicative site visits and administrative efforts required by state licensing agencies would be reduced.
- **Lower costs to nonprofits:** Currently, community nonprofits obtaining national accreditation undergo state agency licensing processes that duplicate what they do for accreditation. For community providers, Deemed Status would reduce the time and effort required by provider organization staff to complete administrative requirements for state licensure, allowing providers to devote more time and resources to serving individuals in need.

- Deemed Status allows nonprofits to forgo duplicative and burdensome state licensing requirements.
- DPH already uses Deemed Status to reduce costs – but only for hospitals
- Deemed status would reduce costs for state licensing agencies and community nonprofits
- Connecticut should expand Deemed Status by permitting accreditation by a national organization

### **What are other states doing?**

Currently 49 states have some type of deemed status for several different domains including ID/DD, Behavioral Health, Child welfare and others. Depending on the state, the term deemed status carries many different meanings. Sometimes it means that an organization is required to be accredited to do business with the state or other funder. In other instances, it means that accredited organizations get a better rate for services or are given preferences to receive referrals. Sometimes states will accept several accreditors and in other instances they only accept a specific national accrediting organization. It should also be noted that in many or most instance a state may require accreditation for some of the services in funds but not necessarily all.

In Connecticut, deemed status would alleviate burdens for many nonprofits, but not those who are not accredited by a national organization. In 2017, the Licensure and Certification Workgroup was formed pursuant to Special Act 17-21, which required the Office of Policy and Management (OPM) to conduct a review of the certification and licensure processes of non-profit community providers, and study potential efficiencies. The workgroup provided several legislative proposals aimed at lessening the administrative burden on nonprofits, but did not address the issue of deemed status, as it was considered to have been out of scope.

### **Recommendation**

Connecticut should expand Deemed Status by permitting accreditation by a national organization such as the Commission on Accreditation of Rehabilitation Facilities (CARF), Council on Accreditation (COA), the Joint Commission, for the programs/facilities listed below:

#### Department of Children and Families

- Child placing agencies
- Group homes
- Residential education
- Safe homes
- Extended day treatment
- Outpatient psychiatric clinics for children
- Residential treatment
- Temporary shelter

#### Department of Public Health

- Substance Abuse facilities
- Mental Health Day Treatment
- Mental Health Residential Living
- Mental Health Community Residence
- Mental Health Intermediate Treatment
- Psychiatric Outpatient Clinic for Adults

#### Department of Developmental Services

- Residential Services
- Community Supports
- Employment Services

### **Example of Quality: Crosswalk of CT and National Accrediting Organizations**

In 2011, the State formed a workgroup with nonprofits and other stakeholders to explore deemed status for nonprofits. As part of that process, the group completed “crosswalks” that compared the licensing standards of some national accrediting organizations to state requirements. They found that national standards were just as stringent, if not more, than state standards. The Alliance has updated the crosswalks for CARF and are happy to provide you with this documentation upon request. For example, you can [read the CARF Crosswalk for CT DDS CLA Regulations to ECS Standards here](http://ctnonprofitalliance.org/wp-content/uploads/2017/03/CARF-Crosswalk-for-CT-DDS-CLA-Regs-to-ECS-Standards-003.pdf) :

<http://ctnonprofitalliance.org/wp-content/uploads/2017/03/CARF-Crosswalk-for-CT-DDS-CLA-Regs-to-ECS-Standards-003.pdf>

## Community Justice Reform is Working: Maintain the Progress

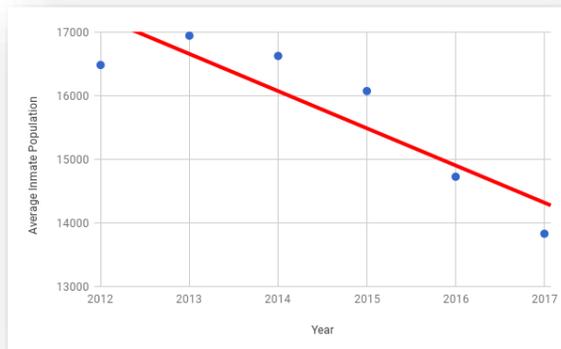
Nationally, **Connecticut is ranked number one in reduction in violent crime rates**, which have fallen by 23% since 2012 – significantly more than the national average of 4%. As of January 2018, the number of sentenced prisoners in the state, which are the largest component of the prison population, had fallen by 36% from its peak of 15,429 in 2008.

Community reentry programs are essential services that play a key role in justice reform by changing offender attitudes and behaviors. Reentry programs increase public safety, strengthen communities and improve the overall quality of life in Connecticut. As the State continues to address the ongoing state budget crisis, it is essential to support community re-entry programs at the risk of jeopardizing the progress Connecticut has made in justice reform.

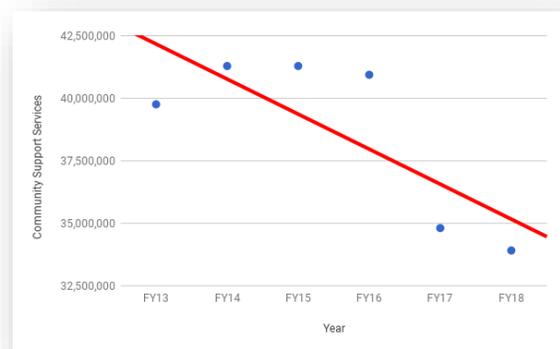
- Connecticut's crime rate is down 23% in the last five years, almost six times the national average
- Fewer people in prison means a greater need for community re-entry programs
- But while the need is up, funding has been cut by nearly 15%
- Savings from the decreasing prison population can be reinvested in these community programs

Over the past five years, **while the prison population has fallen dramatically, demand for community services to people involved in the justice system has increased, but funding has been cut by nearly 15%, or \$5.8 million.**

*Average Prison Population*



*Funding for DOC Community Support Services*



As of October 1, 2018, community providers were serving 3,931 people in community supervision programs – a 32% increase from 2014. Thousands more receive services through providers who contract with CSSD and the Judicial Branch. As the number of people in prison drops, there is a corresponding need for additional supervised placements in the community to support people as they reintegrate into society and work towards becoming productive and fulfilled members of their communities.

The Department of Correction expects to achieve savings of \$13.4 million in FY19 due to reduced staff and operating costs associated with a decreasing prison population. These savings can and should be reinvested into the community to serve more people through reentry and other programs.

A 2018 report by the Sentencing Project, stated that there is a growing sense of optimism that the efforts in Connecticut that led to a 25% population reduction from 2007 to 2016, can be enhanced, which would result in a 50% reduction in the coming years. There is recognition that to do so will require not only further evolution of reentry practices, but also expanding the measures to address populations that are perceived as more challenging. This includes individuals convicted of serious and/or repeat offenses, but for whom excessively lengthy prison terms have become counterproductive. These challenging populations are increasingly served by the nonprofit provider community.

### **Recommendations**

- Reinvest savings associated with a decreasing prison population to serve more people in the community. It is critical to reinvest the anticipated cost savings (\$13.4 million in FY19) in programs that will ensure sustainable progress.
- Support the Second Chance Society initiative. The goals of this initiative are to reduce the number of people going to prison while helping former offenders to have a chance at a renewed and productive life, when they are released. The State's ability to achieve these goals is directly related to the strength and viability of community providers.
- Support adoption of the national 'Clean Slate Initiative' in Connecticut. The Clean Slate initiative supports the mass sealing of minor convictions and non-convictions. The process has a positive impact on all collateral consequences, including employment and housing.
- Continue to support the rights of victims and survivors, in all aspects of legislation related to community justice and reentry.



### Public Policy & Advocacy Team

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

**Gian-Carl Casa**

President & CEO

[Ggasa@ctnonprofitalliance.org](mailto:Ggasa@ctnonprofitalliance.org)

860.525.5080 ext. 1022

**Jeff Shaw**

Director of Public Policy & Advocacy

[jshaw@ctnonprofitalliance.org](mailto:jshaw@ctnonprofitalliance.org)

860.525.5080 ext. 1027

**Brunilda Ferraj**

Director of Policy Research & Organizational Initiatives

[bferraj@ctnonprofitalliance.org](mailto:bferraj@ctnonprofitalliance.org)

860.525.5080 ext. 1029

**Ben Shaiken**

Manager of Advocacy & Public Policy

[bshaiken@ctnonprofitalliance.org](mailto:bshaiken@ctnonprofitalliance.org)

860.525.5080 ext. 1026

**Julia Wilcox**

Manager of Advocacy & Public Policy

[jwilcox@ctnonprofitalliance.org](mailto:jwilcox@ctnonprofitalliance.org)

860.525.5080 ext. 1025

**Samantha Bell**

Public Policy Intern

[sbell@ctnonprofitalliance.org](mailto:sbell@ctnonprofitalliance.org)

860-525-5080 Ext. 1021