



Testimony of the
CT COMMUNITY NONPROFIT ALLIANCE
to the
APPROPRIATIONS COMMITTEE HEALTH SUBCOMMITTEE
Friday, March 1, 2019

Good afternoon Senator Osten, Representative Walker, Senator Formica, Representative Lavielle and members of the Appropriations Committee.

I'm Gian-Carl Casa, President and CEO of the Connecticut Community Nonprofit Alliance (The Alliance). The Alliance is the statewide advocacy organization representing nonprofits, with a membership of more than 300 community organizations and associations. Nonprofits deliver essential services to more than half a million people each year and employ almost 14% of Connecticut's workforce.

I am here to testify on **H.B. 7148, "An Act Concerning the State Budget for the Biennium Ending June Thirtieth, 2021, and Making Appropriations Therefor"**.

Governor Lamont's proposed budget largely recognizes the role played by community nonprofits in delivering vital services to the people of Connecticut. Despite a difficult budget year, the Governor would maintain funding levels for most of the programs operated by nonprofits that serve our residents.

It's a good starting point and we thank him for that. **But there is more work to be done to make sure that payments to nonprofits cover the cost of the services they provide.** Because in many cases they simply don't.

Years of tough budgets included many cuts to nonprofits even as demand increased. A 2015 study of rates for behavioral health services showed an annual loss for the top ten procedures (by volume) was more than \$27 million for approximately 250,000 service hours. State grants for mental health and substance abuse have been reduced by 17%. Before last year's wage legislation, nonprofits that provide services for people with intellectual and developmental disabilities hadn't had a rate increase since 2007.

Compare that with the devastating increases in deaths from opioid abuse and the 2,000-person waiting list for services from the Department of Developmental Services.

It's been said that for many years community nonprofits have been on the receiving end of cuts because they are run by dedicated people who will provide their services anyway. While it's true that nonprofits do their best to raise funds from donations and diversify their offerings the days of "providing their services anyway" are ending. We hear frequently about programs that have been curtailed or closed – for example, the closing of group homes for people with intellectual/developmental disabilities or reduced hours for programs that help youth with trauma in their backgrounds. It is system approaching its breaking point.

We urge you to treat the essential services provided by community nonprofits as if they are "fixed costs" in the state budget – and off the table for further cuts.

One way you can maximize limited state funding is by shifting more expensive state-operated programs into the community and re-invest the savings into the service delivery system. Community nonprofits can reduce state costs and meet the demand for services our residents need.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Alliance urges you to support the Governor's proposal to fund caseload growth for Employment Opportunities and Day Services.

- The Governor has proposed to add \$9.9 million in FY20 and \$20.9 million in FY21 to provide day programs and employment for 324 individuals in FY20 and 369 individuals in FY21 who will be graduating high school, and 112 individuals in FY20 and 79 individuals in FY21 who will be aging out of DCF of local school district services, as well as 24 Money Follows the Person Placements.
- In addition, we support the proposal for caseload growth for residential services included in the DSS budget, as the Community Residential Supports line item was moved there in FY17.

The Governor's proposals would slow the conversion of state-operated services to the nonprofit sector. We urge you to go further. It is not clear why this policy change is being proposed, as DDS has been proceeding at the conversion of ten homes per year for the last several years. The savings from the conversions can be used to increase rates and provide services to people on the waiting list.

- 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 urge you to support the Governor's proposal to annualize funding for private provider wage adjustments, an expenditure of \$17.4 million in each Fiscal Year. However, we are concerned that the appropriation is not enough to fully fund the increases in statute, on which many employees are depending.

- Special Act 18-5 increased the minimum wage paid to private providers of DDS services to \$14.75 and provided a wage increase of 5% to anyone else making between \$14.75 and \$30 an hour. The legislature appropriated approximately \$10.8 million for that increase in the current fiscal year, which went into effect on January 1, 2019.
- Unfortunately, according to reports from our members, **Unfortunately, according to reports from our members, funding that has been received to date from DDS is not enough to pay for the costs of fully implementing the wage increases..**
- Importantly, Special Act 18-5 requires a wage increase of "up to five percent" for employees making between \$14.75 and \$30 an hour. In most cases, increases of significantly less than 5% are being funded.

DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

The Alliance urges you to support the Governor’s proposal to convert state-operated DMHAS services to the nonprofit sector, for savings of \$2.3 mm the first year and \$4.3 mm for FY 20-21. We ask you to go further than his proposal – to save more money by converting more services and reinvesting the savings into the service delivery system.

- There are thirteen LMHAs in Connecticut; seven of them are community providers and six are state-operated.
- The per-patient cost of state-operated Local Mental Health Authorities (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, which is especially important in the midst of an opioid crisis.

The Alliance asks that you not enact the Governor’s proposal to cut \$2 million from the “Grants for Mental Health” and “Grants for Substance Abuse” line items.

Mental health and substance use 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. Grant funding from DMHAS is essential to cover the costs incurred by providers.

Providers of behavioral health services are facing cuts:

- Before the legislature passed the FY18 budget, and the State was funded by Executive Order, DMHAS issued a 5% across-the-board cut to every provider, in every line item that funded their contracts.
- This cut was not adjusted after a budget passed in October 2017, and much of the restored funding in it was held back immediately following its passage.
- Partly in response to these dramatic cuts, the legislature restored \$11.3 million to DMHAS line items that fund nonprofit services for FY19. The legislature restored \$1.7 million in net funding increases over FY18 levels to the Grants for Mental Health and Grants for Substance Abuse line items.
- In August, DMHAS sent every provider a letter stating they intended to restore only \$1.7 million to providers, 12.7% of the 5% reduction, or 0.64% of total contract funding. Each provider was given an exact amount of their funding restoration, and many implemented service restorations and rehired staff.
- Unfortunately, providers never received the funds and DMHAS informed them in February they will not be restoring any of the funding that was appropriated by the legislature in the current fiscal year.
- The cut proposed to the grants in the Governor’s budget corresponds to an annualization of the funding DMHAS had promised to restore to providers in the current fiscal year.
- During a time when opioids are contributing to a public health crisis, providers may now be forced to lay off the staff they rehired and reduce programs to the amount they were reduced to under the executive order

of 2017.

Cuts to grant funding are exacerbated by the fact that Medicaid rates for behavioral health services do not cover the costs of care. A 2015 study found that Connecticut behavioral health providers lose money on nearly every service hour they bill to Medicaid across nearly all billing codes, resulting in tens of millions of dollars in annual losses.

- The last ten years of state budgets have included significant cuts to the behavioral health system. The Alliance respectfully requests that legislature make it a priority this year to protect and fully fund community nonprofit services.
- This includes maximizing federal reimbursement by increasing Medicaid rates across the mental health and substance abuse treatment system to cover the full cost of providing services and restoring cuts that have been made to grant funding for services not reimbursable under Medicaid or provided to people who are un- or under-insured.
- Grant funding has been cut by \$18.8 million since FY13. “Grants for Substance Abuse Services” will have been cut by 30% since FY13.
- These cuts are happening at a time when the demand for mental health and addiction services are increasing. In FY 2017, 1011 people died due to opioids – and increase of 150%
- Given the reductions in funding of the system, the spike in deaths from opioids and the inequity in the way providers are reimbursed it is clear the substance abuse treatment system needs a substantial influx of new funding. All providers should be paid rates that cover their costs of delivering services.

We urge you to support the Governor’s proposal to annualize the 1% Cost of Living Adjustment for Private Providers. This proposal increases funding across several state agencies.

DEPARTMENT OF PUBLIC HEALTH

We urge you to oppose the Governor’s proposal to cut an additional \$645,135 from School Based Health Centers. Combined with the annualization of the holdback, it represents a \$1.1 million, or 10%, reduction in funding.

- School Based Health Centers are part of the essential system of care for children and adolescents, providing physical, mental health, and oral health services to over 44,000 students in CT. Proposed cuts to School Based Health Centers would mean thousands of children will receive fewer direct medical and mental health services provided to them in an accessible way – within their schools.
- Some of these lost visits will mean that: Students who need state-mandated school entry physicals will have access issues, rather than being seen immediately so they can attend school; students with asthma or other treatable conditions that could have been addressed during the school day may now go into an acute medical crisis and need to be seen in the Emergency Department, costly in terms of missed class time and medical expenses; and students who are in need of mental health supports may now sit on a waiting list rather than being seen before their problems worsen.

We urge you not to enact the Governor’s proposal to annualize FY19 holdbacks, which cut funding for School Based Health Clinics and Community Health Centers.

- School Based Health Centers are part of the essential system of care for children and adolescents, providing physical, mental health, and oral health services to over 44,000 students in CT. Cuts to School

Based Health Centers would mean thousands of children will receive fewer direct medical and mental health services provided to them in an accessible way – within their schools.

APPENDICES

- Appendix A: An analysis of each line item in the budget that matters to Alliance members
- Appendix B: A list of a number of non-budgetary issues that you can support to help nonprofits.
- Appendix C: “Intellectual/Developmental Disabilities Services are Essential Costs”
- Appendix D: “Demand for Behavioral Healthcare is Up; Funding is Down”
- Appendix E: “Nonprofit Community Services Save the State Money”



Governor Lamont Introduces Biennial FY 20-21 Budget Proposal

February 20, 2019

On Wednesday, February 20, Governor Ned Lamont introduced his proposed biennial budget for Fiscal Years 2020 and 2021. The budget would close a \$1.5 billion deficit in FY20 and a \$2.2 billion deficit in FY21. The proposal includes approximately \$253.5 million in new revenue proposals and \$363.6 million in expenditure reductions, including savings achieved through state employee pension givebacks that will need to be negotiated with state employee unions. The proposal would cancel revenue-reductions and cost-increases scheduled to go into effect in FY 20 and 21. These changes make up the balance of deficit mitigation, approximately \$927.2 million. Finally, \$648 million of the expected \$2 billion in the Budget Reserve Fund ("Rainy Day Fund") will be used to shore up the Teacher's Retirement Fund.

- [View the Governor's Proposed FY20/21 Biennial Budget](#)
- [Read the statement of Gian-Carl Casa, President & CEO of The Alliance](#)

Among other changes, the Governor's proposal:

- Broadens the base of the sales tax, eliminating or adjusting 38 different sales tax exemptions and transfers. Governor Lamont does not propose to eliminate the sales tax exemption for nonprofit corporations.
- Reduces bond authorizations by 40% in FY20. The proposal does not include bond authorizations for the Nonprofit Grant Program in FY20, but does authorize \$25 million in new bonding for the program in FY21.
- Increases funding for DDS services, including funding caseload growth and new supportive housing in DDS. The proposal also includes \$9.1 million in net funding to honor the state's commitment to the 2017 revised Juan F. exit plan, funds 800 new Money Follows the Person transitions, and an expansion of the Medication Assisted Treatment program in State Correctional Facilities. The proposal makes a 1% cut to DMHAS grant funding.
- Converts certain DMHAS services to the nonprofit sector, but proposes to slow the conversion of services in DDS to one CLA and one cottage at Southbury Training School, compared with the ten CLA homes converted in the current fiscal year.
- Includes the implementation of Paid Family and Medical Leave funded by a 0.5% employee-paid contribution, and the gradual increase in the minimum wage to \$15 per hour by 2023, increasing to \$11.20 on January 1, 2020 and \$12.50 on January 1, 2021. The proposal includes \$3 million in FY20 and \$6 million in FY21 to compensate private providers for the impact of the increase in the minimum wage.
- Flat funds DECD grants for arts and culture programs across Connecticut.

This document provides an overview of the appropriations proposed to line items that fund community nonprofits compared with the current fiscal year, and an overview of the relevant policy changes proposed by Governor Lamont in each state department.

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Court Support Services Division

- Annualizes the 1% Costs of Living Adjustment (COLA) from FY19.
- Includes some significant criminal justice related reforms, addressed in the Department of Correction.
- Increases funding to DCF to account for community-based services for non-delinquent youth that were formerly funded under the Juvenile Justice Outreach Services line item, which was transferred to CSSD in FY18.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|--|--------------------|------------------------|----------------------|----------------|------------------------|----------------------|----------------|
| Forensic Sex Evidence Exams | 1,348,010 | 1,348,010 | - | 0% | 1,348,010 | - | 0% |
| Alternative Incarceration Program | 49,452,837 | 50,257,733 | 804,896 | 2% | 50,257,733 | 804,896 | 2% |
| Justice Education Center, Inc. | 466,217 | 469,714 | 3,497 | 1% | 469,714 | 3,497 | 1% |
| Juvenile Alternative Incarceration | 19,919,286 | 20,063,056 | 143,770 | 1% | 20,063,056 | 143,770 | 1% |
| Youthful Offender Services | 9,653,277 | 9,725,677 | 72,400 | 1% | 9,725,677 | 72,400 | 1% |
| Victim Security Account | 8,792 | 8,792 | - | 0% | 8,792 | - | 0% |
| Children of Incarcerated Parents | 490,053 | 493,728 | 3,675 | 1% | 493,728 | 3,675 | 1% |
| Legal Aid | 1,397,144 | 1,397,144 | - | 0% | 1,397,144 | - | 0% |
| Youth Violence Initiative | 1,925,318 | 1,939,758 | 14,440 | 1% | 1,939,758 | 14,440 | 1% |
| Youth Services Prevention | 3,187,174 | 3,211,078 | 23,904 | 1% | 3,211,078 | 23,904 | 1% |
| Children's Law Center | 92,445 | 92,445 | - | 0% | 92,445 | - | 0% |
| Juvenile Planning | 208,620 | 208,620 | - | 0% | 208,620 | - | 0% |
| Juvenile Justice Outreach Services | 10,566,795 | 10,646,046 | 79,251 | 1% | 10,646,046 | 79,251 | 1% |
| Board and Care for Children - Short-term and Residential | 6,285,334 | 6,332,474 | 47,140 | 1% | 6,332,474 | 47,140 | 1% |



Department of Children and Families

- Includes \$9.1 million in net funding to honor the state’s commitment to the 2017 revised Juan F. exit plan.
- Maintains funding for various community-based services that were formerly funded under the Juvenile Justice Outreach Services account.
- Increases Private Residential Treatment Center rates (\$3.3 million in FY20; \$4.5 million in FY21) and suspend Single Cost Accounting System room and board rate adjustments during the FY 2020-2021 biennium.
- Adds Intensive Care Coordination to Differential Response System (\$4.8 million in FY20 and \$7.5 million in FY21).
- Privatizes targeted case management services for families involved with the Voluntary Services Program.
- Annualizes the 1% Costs of Living Adjustment (COLA) from FY19.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|--|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Family Support Services | 867,677 | 946,451 | 78,774 | 9% | 946,451 | 78,774 | 9% |
| Differential Response System | 7,764,046 | 13,120,002 | 5,355,956 | 69% | 15,812,975 | 8,048,929 | 104% |
| Regional Behavioral Health Consultation | 1,619,023 | 1,646,024 | 27,001 | 2% | 1,646,024 | 27,001 | 2% |
| Health Assessment and Consultation | 1,082,532 | 1,415,723 | 333,191 | 31% | 1,415,723 | 333,191 | 31% |
| Grants for Psychiatric Clinics for Children | 14,979,041 | 16,182,464 | 1,203,423 | 8% | 16,182,464 | 1,203,423 | 8% |
| Day Treatment Centers for Children | 6,759,728 | 7,275,589 | 515,861 | 8% | 7,275,589 | 515,861 | 8% |
| Child Abuse and Neglect Intervention | 10,116,287 | 9,874,101 | (242,186) | -2% | 9,874,101 | (242,186) | -2% |
| Community Based Prevention Programs | 7,637,305 | 7,527,785 | (109,520) | -1% | 7,527,785 | (109,520) | -1% |
| Family Violence Outreach and Counseling | 2,547,289 | 3,745,395 | 1,198,106 | 47% | 3,745,395 | 1,198,106 | 47% |
| Supportive Housing | 18,479,526 | 19,886,064 | 1,406,538 | 8% | 19,886,064 | 1,406,538 | 8% |
| No Nexus Special Education | 2,151,861 | 1,904,652 | (247,209) | -11% | 1,952,268 | (199,593) | -9% |
| Family Preservation Services | 6,070,574 | 6,593,987 | 523,413 | 9% | 6,593,987 | 523,413 | 9% |



| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|---|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Substance Abuse Treatment | 9,840,612 | 8,629,640 | (1,210,972) | -12% | 8,629,640 | (1,210,972) | -12% |
| Child Welfare Support Services | 1,757,237 | 2,560,026 | 802,789 | 46% | 2,560,026 | 802,789 | 46% |
| Board and Care for Children - Adoption | 98,735,921 | 102,078,733 | 3,342,812 | 3% | 104,750,134 | 6,014,213 | 6% |
| Board and Care for Children - Foster | 135,345,435 | 136,996,712 | 1,651,277 | 1% | 136,781,796 | 1,436,361 | 1% |
| Board and Care for Children - Short-term and Residential | 90,339,295 | 89,246,759 | (1,092,536) | -1% | 88,983,554 | (1,355,741) | -2% |
| Individualized Family Supports | 6,552,680 | 5,885,205 | (667,475) | -10% | 5,885,205 | (667,475) | -10% |
| Community Kidcare | 37,968,191 | 44,221,621 | 6,253,430 | 16% | 44,103,938 | 6,135,747 | 16% |
| Covenant to Care | 133,548 | 161,412 | 27,864 | 21% | 161,412 | 27,864 | 21% |



Department of Developmental Services

- Funds caseload growth in Employment Opportunities and Day Services for 324 new graduates in FY20 and 369 new graduates in FY21 and 24 age-outs in each fiscal year.
- Funds caseload growth in Community Residential Services in DSS for 130 people in FY20 and 120 people in FY21.
- Annualizes \$5.6 million in new Emergency Placement funds appropriated in FY19.
- Closes one state-operated CLA and one cottage at Southbury Training School, for a savings of \$1 million.
- Annualizes private provider wage increases.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|---|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Housing Supports and Services | 350,000 | 350,000 | - | 0% | 350,000 | - | 0% |
| Family Support Grants | 3,700,840 | 3,700,840 | - | 0% | 3,700,840 | - | 0% |
| Clinical Services | 2,365,359 | 2,340,271 | (25,088) | -1% | 2,337,724 | (27,635) | -1% |
| Behavioral Services Program | 22,028,926 | 23,044,686 | 1,015,760 | 5% | 22,571,979 | 543,053 | 2% |
| Supplemental Payments for Medical Services | 3,686,196 | 3,433,467 | (252,729) | -7% | 3,208,132 | (478,064) | -13% |
| ID Partnership Initiatives | 1,529,000 | 1,529,000 | - | 0% | 1,529,000 | - | 0% |
| Emergency Placements (new funding in FY19) | 5,000,000 | 5,630,000 | 630,000 | 13% | 5,630,000 | 630,000 | 13% |
| Rent Subsidy Program | 4,782,312 | 4,782,312 | - | 0% | 4,782,312 | - | 0% |
| Employment Opportunities and Day Services | 250,382,413 | 277,945,780 | 27,563,367 | 11% | 289,183,217 | 38,800,804 | 15% |



Department of Mental Health and Addiction Services

- Includes \$2.3 million in savings in FY20 and \$4.3 million in savings in FY21 for converting some services from state-operation to nonprofit providers.
- Cuts Grants for Substance Abuse Services and Grants for Mental Health Services by 1%.
- Annualizes the 1% Costs of Living Adjustment (COLA) from FY19.
- In the DSS budget, includes \$500,000 for a consultant to assist in the development of an opioid plan, including exploring an 1115 waiver application.
- In the DOC budget, includes \$2.1 million in FY19 and \$6.0 million in FY20 to expand the Medication Assisted Treatment program in correctional facilities.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|---|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Housing Supports and Services | 22,804,287 | 22,966,163 | 161,876 | 1% | 22,966,163 | 161,876 | 1% |
| Managed Service System | 55,325,363 | 59,217,373 | 3,892,010 | 7% | 64,936,355 | 9,610,992 | 17% |
| Legal Services | 700,144 | 706,179 | 6,035 | 1% | 706,179 | 6,035 | 1% |
| Connecticut Mental Health Center | 7,848,323 | 6,998,821 | (849,502) | -11% | 6,998,821 | (849,502) | -11% |
| Professional Services | 11,200,697 | 12,610,958 | 1,410,261 | 13% | 12,550,903 | 1,350,206 | 12% |
| General Assistance Managed Care | 41,339,713 | 40,377,409 | (962,304) | -2% | 40,722,054 | (617,659) | -1% |
| Nursing Home Screening | 623,625 | 652,784 | 29,159 | 5% | 652,784 | 29,159 | 5% |
| Young Adult Services | 75,125,743 | 74,502,486 | (623,257) | -1% | 74,240,746 | (884,997) | -1% |
| TBI Community Services | 8,596,174 | 8,385,284 | (210,890) | -2% | 8,452,441 | (143,733) | -2% |
| Jail Diversion (consolidate into Forensic Services) | 95,000 | - | (95,000) | -100% | - | (95,000) | -100% |
| Behavioral Health Medications | 6,720,754 | 6,720,754 | - | 0% | 6,720,754 | - | 0% |
| Medicaid Adult Rehabilitation Option | 4,184,260 | 4,184,260 | - | 0% | 4,184,260 | - | 0% |
| Discharge and Diversion Services | 24,043,142 | 24,216,478 | 173,336 | 1% | 24,216,478 | 173,336 | 1% |
| Home and Community Based Services | 23,746,667 | 20,980,076 | (2,766,591) | -12% | 22,220,669 | (1,525,998) | -6% |
| Forensic Services | 9,922,892 | 10,145,246 | 222,354 | 2% | 10,275,522 | 352,630 | 4% |



| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|-------------------------------------|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Grants for Substance Abuse Services | 17,788,229 | 17,557,460 | (230,769) | -1% | 17,557,460 | (230,769) | -1% |
| Grants for Mental Health Services | 65,874,535 | 64,999,107 | (875,428) | -1% | 64,999,107 | (875,428) | -1% |
| Employment Opportunities | 8,723,779 | 8,791,514 | 67,735 | 1% | 8,791,514 | 67,735 | 1% |

Department of Correction

- Includes \$2.1 million in FY19 and \$6.0 million in FY20 to expand the Medication Assisted Treatment program in correctional facilities.
- Provides state identification cards and 60-day bus passes for people returning to the community.
- Closes five housing units in DOC for \$3.9 million in savings.
- Annualizes 1% Costs of Living Adjustment (COLA) from FY19.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|---------------------------------------|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Inmate Medical Services | 72,383,992 | 85,640,077 | 13,256,085 | 18% | 87,970,535 | 15,586,543 | 22% |
| Board of Pardons and Paroles | 6,260,389 | 6,567,994 | 307,605 | 5% | 6,927,233 | 666,844 | 11% |
| STRIDE | 73,342 | 73,342 | - | 0% | 73,342 | - | 0% |
| Aid to Paroled and Discharged Inmates | 3,000 | 3,000 | - | 0% | 3,000 | - | 0% |
| Legal Services To Prisoners | 797,000 | 797,000 | - | 0% | 797,000 | - | 0% |
| Community Support Services | 33,909,614 | 34,129,544 | 219,930 | 1% | 34,129,544 | 219,930 | 1% |



Department of Housing

- Implements Medicaid Supportive Housing Benefit for High Cost, High Need Individuals (\$459,000 in FY20 and \$2.2 million in FY 21).
- Adjusts Funding for the Subsidized Assisted Living Demonstration.
- Annualizes 1% Costs of Living Adjustment (COLA) from FY19.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|---|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Elderly Rental Registry and Counselors | 1,014,722 | 1,014,722 | - | 0% | 1,014,722 | - | 0% |
| Homeless Youth | 2,282,505 | 2,292,929 | 10,424 | 0% | 2,292,929 | 10,424 | 0% |
| Homeless Supports (new line) | - | 2,480,415 | 2,480,415 | | 2,480,415 | 2,480,415 | |
| Subsidized Assisted Living Demonstration | 2,084,241 | 2,612,000 | 527,759 | 25% | 2,678,000 | 593,759 | 28% |
| Congregate Facilities Operation Costs | 7,189,480 | 7,189,480 | - | 0% | 7,189,480 | - | 0% |
| Elderly Congregate Rent Subsidy | 1,942,424 | 1,942,424 | - | 0% | 1,942,424 | - | 0% |
| Housing/Homeless Services | 77,748,308 | 79,388,870 | 1,640,562 | 2% | 84,779,130 | 7,030,822 | 9% |
| Housing/Homeless Services - Municipality | 575,226 | 575,226 | - | 0% | 575,226 | - | 0% |



Department of Labor

- Annualizes FY19 holdbacks for a total cut of \$700,000 in each fiscal year.
- Reduces Workforce Investment Act funding by \$3.6 million in each fiscal year to reflect a federal award.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|---|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Workforce Investment Act | 36,662,281 | 33,082,628 | (3,579,653) | -10% | 33,082,628 | (3,579,653) | -10% |
| Connecticut's Youth Employment Program | - | 4,000,040 | 4,000,040 | | 4,000,096 | 4,000,096 | |
| Jobs First Employment Services | 12,482,645 | 12,521,662 | 39,017 | 0% | 12,562,412 | 79,767 | 1% |
| Apprenticeship Program | 465,342 | 482,706 | 17,364 | 4% | 499,921 | 34,579 | 7% |
| Connecticut Career Resource Network | 153,113 | 111,327 | (41,786) | -27% | 116,385 | (36,728) | -24% |
| STRIVE | 76,058 | 76,058 | - | 0% | 76,058 | - | 0% |

Department of Rehabilitation Services

- Annualizes 1% Costs of Living Adjustment (COLA) from FY19.
- Increases aid for blind and visually handicapped children funding by 5% in FY20 and 10% in FY21.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|--|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Educational Aid for Blind and Visually Handicapped Children | 3,952,579 | 4,145,301 | 192,722 | 5% | 4,337,011 | 384,432 | 10% |
| Employment Opportunities – Blind & Disabled | 1,011,871 | 1,021,990 | 10,119 | 1% | 1,021,990 | 10,119 | 1% |
| Vocational Rehabilitation - Disabled | 7,207,005 | 7,279,075 | 72,070 | 1% | 7,279,075 | 72,070 | 1% |
| Supplementary Relief and Services | 44,847 | 44,847 | - | 0% | 44,847 | - | 0% |



| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|--|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Special Training for the Deaf Blind | 262,643 | 265,269 | 2,626 | 1% | 265,269 | 2,626 | 1% |
| Connecticut Radio Information Service | 20,194 | 20,194 | - | 0% | 20,194 | - | 0% |
| Independent Living Centers | 309,407 | 312,725 | 3,318 | 1% | 312,725 | 3,318 | 1% |
| Programs for Senior Citizens | 3,268,993 | 3,278,743 | 9,750 | 0% | 3,278,743 | 9,750 | 0% |

Department of Public Health

- Cuts School Based Health Clinics by \$193,000 in FY20 and \$193,000 in FY21
- Cuts Community Health Services by \$379,000 in FY20 and \$379,000 in FY21
- Annualizes 1% Costs of Living Adjustment (COLA) from FY19.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|---|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Community Health Services | 1,866,646 | 1,486,753 | (379,893) | -20% | 1,486,753 | (379,893) | -20% |
| Rape Crisis | 546,942 | 548,128 | 1,186 | 0% | 548,128 | 1,186 | 0% |
| Local and District Departments of Health | 4,144,588 | 3,742,666 | (401,922) | -10% | 3,742,666 | (401,922) | -10% |
| School Based Health Clinics | 10,743,232 | 10,550,187 | (193,045) | -2% | 10,550,187 | (193,045) | -2% |



Department of Social Services

- Annualizes both the 1% Cost of Living Adjustment from FY19 and private DDS provider wage increases from FY19.
- Funds caseload growth in Community Residential Services for 130 people in FY20 and 120 people in FY21.
- Increases funding for the Children’s Health Insurance Program (CHIP) to comply with new federal funding requirements, \$59.5 million in FY19 and \$100 million in FY21.
- Reverses scheduled rate increases for ICF/IDD facilities, a cut of \$790,000 in each fiscal year.
- Removes Cost of Living Adjustments for recipients of public assistance, a cut of \$2.6 million in FY20 and \$4.8 million in FY21.
- Provides \$500,000 in FY20 and \$250,000 in FY21 to hire a consultant to develop an Opioid Plan, including applying for a 1115 demonstration project waiver from CMS.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|---|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| HUSKY B Program | 5,320,000 | 8,870,000 | 3,550,000 | 67% | 14,830,000 | 9,510,000 | 179% |
| Medicaid | 2,608,368,000 | 2,689,940,000 | 81,572,000 | 3% | 2,771,150,000 | 162,782,000 | 6% |
| Old Age Assistance | 39,826,302 | 42,600,000 | 2,773,698 | 7% | 43,550,000 | 3,723,698 | 9% |
| Aid To The Blind | 584,005 | 529,100 | (54,905) | -9% | 523,900 | (60,105) | -10% |
| Aid To The Disabled | 61,107,546 | 59,690,000 | (1,417,546) | -2% | 59,690,000 | (1,417,546) | -2% |
| Temporary Family Assistance - TANF | 75,131,712 | 62,230,000 | (12,901,712) | -17% | 60,870,000 | (14,261,712) | -19% |
| Community Residential Services | 562,902,640 | 623,412,127 | 60,509,487 | 11% | 639,014,602 | 76,111,962 | 14% |
| Safety Net Services | 1,326,321 | 1,334,544 | 8,223 | 1% | 1,334,544 | 8,223 | 1% |
| Services for Persons With Disabilities | 273,897 | 276,362 | 2,465 | 1% | 276,362 | 2,465 | 1% |
| Nutrition Assistance | 743,095 | 749,040 | 5,945 | 1% | 749,040 | 5,945 | 1% |
| State Administered General Assistance | 19,334,722 | 17,810,000 | (1,524,722) | -8% | 17,470,000 | (1,864,722) | -10% |
| Community Services | 688,676 | 275,376 | (413,300) | -60% | 275,376 | (413,300) | -60% |
| Human Service Infrastructure | 3,149,619 | 3,292,432 | 142,813 | 5% | 3,292,432 | 142,813 | 5% |
| Community Action Program | | | | | | | |
| Teen Pregnancy Prevention | 1,245,860 | 1,255,827 | 9,967 | 1% | 1,255,827 | 9,967 | 1% |
| Domestic Violence Shelters | 5,247,072 | 5,289,049 | 41,977 | 1% | 5,289,049 | 41,977 | 1% |



Office of Early Childhood

- Removes the Federal Childcare Development Fund (CCDF) from the general fund, resulting in a \$68 million reduction in FY20 and \$53.6 million reduction in FY21 to the Care4Kids line item in the general fund.
- Increases Care4Kids funding by \$14.4 million in FY20 and annualizes a \$4.9 million rate increase.
- Annualizes 1% Costs of Living Adjustment (COLA) from FY19.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|--|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Birth to Three | 21,446,804 | 21,822,123 | 375,319 | 2% | 22,204,010 | 757,206 | 4% |
| Evenstart | 295,456 | 295,456 | - | 0% | 295,456 | - | 0% |
| Nurturing Families Network | 10,230,303 | 10,278,822 | 48,519 | 0% | 10,278,822 | 48,519 | 0% |
| Head Start Services | 5,083,238 | 5,083,238 | - | 0% | 5,083,238 | - | 0% |
| Care4Kids TANF (CCDF funding moved out of General Fund) | 130,032,034 | 54,627,096 | (75,404,938) | -58% | 59,527,096 | (70,504,938) | -54% |
| Child Care Quality Enhancements | 6,855,033 | 6,855,033 | - | 0% | 6,855,033 | - | 0% |
| Early Head Start-Child Care Partnership | 1,130,750 | 1,130,750 | - | 0% | 100,000 | (1,030,750) | -91% |
| Early Care and Education | 101,507,832 | 127,798,399 | 26,290,567 | 26% | 127,798,399 | 26,290,567 | 26% |

Office of Policy and Management

- Includes \$3 million in FY20 and \$6 million in FY21 to be distributed to private providers in recognition of the proposed increase in the minimum wage to \$11.20 in 2020 and \$12.50 in 2021.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|--|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Justice Assistance Grants | 819,440 | 823,001 | 3,561 | 0% | 826,328 | 6,888 | 1% |
| Project Longevity | 573,750 | 573,750 | - | 0% | 573,750 | - | 0% |
| Private Providers (FY19: DDS wages + 1% COLA, FY20/21: Adjustment for minimum wage increase) | 31,037,000 | 3,000,000 | (28,037,000) | -90% | 6,000,000 | (25,037,000) | -81% |



State Department of Education

- Eliminates funding for the Leadership, Education, Athletics in Partnership (LEAD) program and the Health and Welfare Services Pupils Private Schools line item.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|---|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Leadership, Education, Athletics in Partnership (LEAP) (eliminated) | 312,211 | - | (312,211) | -100% | - | (312,211) | -100% |
| Neighborhood Youth Centers | 438,866 | 438,866 | - | 0% | 438,866 | - | 0% |
| School-Based Diversion Initiative | 900,000 | 900,000 | - | 0% | 900,000 | - | 0% |
| American School For The Deaf | 7,857,514 | 7,857,514 | - | 0% | 7,857,514 | - | 0% |
| Family Resource Centers | 5,802,710 | 5,802,710 | - | 0% | 5,802,710 | - | 0% |
| Youth Service Bureau Enhancement | 583,973 | 588,973 | 5,000 | 1% | 588,973 | 5,000 | 1% |
| Adult Education | 20,383,960 | 20,383,960 | - | 0% | 20,383,960 | - | 0% |
| Health and Welfare Services Pupils Private Schools (eliminated) | 3,438,415 | - | (3,438,415) | -100% | - | (3,438,415) | -100% |
| After School Program | 4,720,695 | 4,720,695 | - | 0% | 4,720,695 | - | 0% |

Department of Economic and Community Development

- Flat funds all grant programs that fund nonprofit arts and cultural programs.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|--------------------------------------|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Statewide Marketing | 4,130,912 | 4,380,912 | 250,000 | 6% | 4,380,912 | 250,000 | 6% |
| Hartford Urban Arts Grant | 242,371 | 242,371 | - | 0% | 242,371 | - | 0% |
| New Britain Arts Council | 39,380 | 39,380 | - | 0% | 39,380 | - | 0% |
| Main Street Initiatives | 100,000 | 100,000 | - | 0% | 100,000 | - | 0% |
| Capital Region Development Authority | 6,299,121 | 6,249,121 | (50,000) | -1% | 6,249,121 | (50,000) | -1% |
| Neighborhood Music School | 80,540 | 80,540 | - | 0% | 80,540 | - | 0% |
| Nutmeg Games | 40,000 | 40,000 | - | 0% | 40,000 | - | 0% |



| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|--|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Discovery Museum | 196,895 | 196,895 | - | 0% | 196,895 | - | 0% |
| National Theatre of the Deaf | 78,758 | 78,758 | - | 0% | 78,758 | - | 0% |
| Connecticut Science Center | 446,626 | 446,626 | - | 0% | 446,626 | - | 0% |
| CT Flagship Producing Theaters Grant | 259,951 | 259,951 | - | 0% | 259,951 | - | 0% |
| Performing Arts Centers | 787,571 | 787,571 | - | 0% | 787,571 | - | 0% |
| Performing Theaters Grant | 306,753 | 306,753 | - | 0% | 306,753 | - | 0% |
| Arts Commission | 1,497,298 | 1,497,298 | - | 0% | 1,497,298 | - | 0% |
| Art Museum Consortium | 287,313 | 287,313 | - | 0% | 287,313 | - | 0% |
| Litchfield Jazz Festival | 29,000 | 29,000 | - | 0% | 29,000 | - | 0% |
| Arte Inc. | 20,735 | 20,735 | - | 0% | 20,735 | - | 0% |
| CT Virtuosi Orchestra | 15,250 | 15,250 | - | 0% | 15,250 | - | 0% |
| Barnum Museum | 20,735 | 20,735 | - | 0% | 20,735 | - | 0% |
| Various Grants | 393,856 | 393,856 | - | 0% | 393,856 | - | 0% |
| Greater Hartford Arts Council | 74,079 | 74,079 | - | 0% | 74,079 | - | 0% |
| Stepping Stones Museum for Children | 30,863 | 30,863 | - | 0% | 30,863 | - | 0% |
| Maritime Center Authority | 303,705 | 303,705 | - | 0% | 303,705 | - | 0% |
| Connecticut Humanities Council | 850,000 | 850,000 | - | 0% | 850,000 | - | 0% |
| Amistad Committee for the Freedom Trail | 36,414 | 36,414 | - | 0% | 36,414 | - | 0% |
| New Haven Festival of Arts and Ideas | 414,511 | 414,511 | - | 0% | 414,511 | - | 0% |
| New Haven Arts Council | 52,000 | 52,000 | - | 0% | 52,000 | - | 0% |
| Beardsley Zoo | 253,879 | 253,879 | - | 0% | 253,879 | - | 0% |
| Mystic Aquarium | 322,397 | 322,397 | - | 0% | 322,397 | - | 0% |
| Northwestern Tourism | 400,000 | 400,000 | - | 0% | 400,000 | - | 0% |
| Eastern Tourism | 400,000 | 400,000 | - | 0% | 400,000 | - | 0% |
| Central Tourism | 400,000 | 400,000 | - | 0% | 400,000 | - | 0% |
| Twain/Stowe Homes | 81,196 | 81,196 | - | 0% | 81,196 | - | 0% |



| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|--------------------------------|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| Cultural Alliance of Fairfield | 52,000 | 52,000 | - | 0% | 52,000 | - | 0% |

UConn Health Center

- Flat funds the AHEC program.

| SID Description | FY19 Appropriation | Governor's Budget FY20 | Difference from FY19 | Percent Change | Governor's Budget FY21 | Difference from FY19 | Percent Change |
|--------------------|-----------------------|---------------------------|-------------------------|-------------------|---------------------------|-------------------------|-------------------|
| AHEC | 374,566 | 375,179 | 613 | 0% | 375,832 | 1,266 | 0% |



NON-BUDGETARY PROPOSALS THAT CAN IMPROVE EFFICIENCY IN SERVICE PROVISION

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:

- To date, the 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.

If expanded and put into practice, the Innovation Incentive Program will promote efficiency.

- **Senate Bill 945, before the Human Services Committee would expand the program by creating a pilot program in eight nonprofit providers of human services of different sizes.**

Property 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 and **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.

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.**

- **Senate Bill 928, before the Planning and Development Committee, with substitute language, would clarify charitable property tax exemptions.**

Deemed Status

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.

It 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.

Deemed Status would allow nonprofits to forgo duplicative and burdensome state licensing requirements if they can demonstrate accreditation from an accepted national accrediting body. 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.

The state already has deemed status – but only for hospitals.

- **The Public Health Committee has raised a bill to enact deemed status for community nonprofits.**



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

- 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 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

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 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.



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.

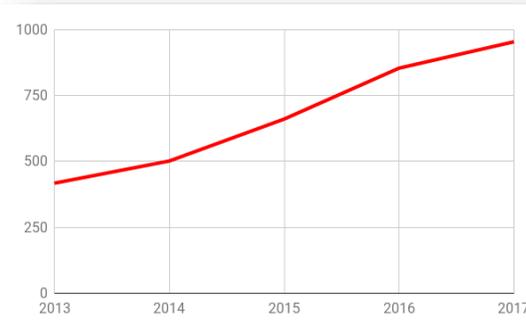
In 2017, DMHAS cut every provider’s grant funding by 5% across the board. Despite an increase in the DMHAS budget in FY19, many of these cuts were not restored.

- DMHAS Mental health and substance use grants pay for the care of the most seriously mentally ill
- Since Fiscal Year 2013, 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

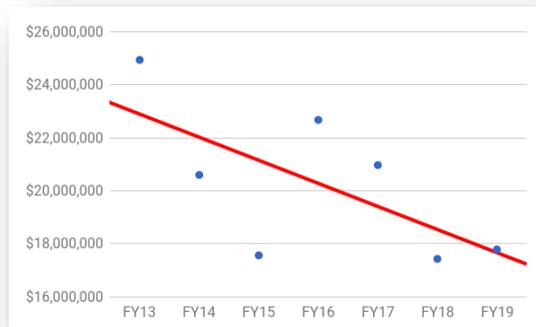
The Opioid Epidemic: Now is Not the Time to Cut Grants

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



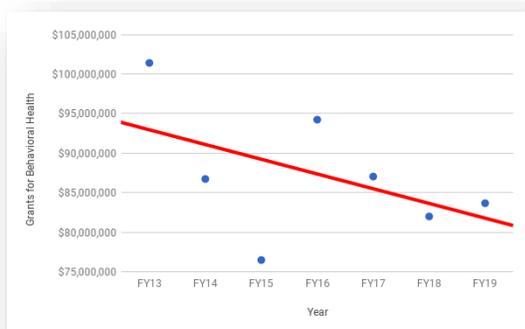
Grants for Substance Abuse Services Line Item Funding



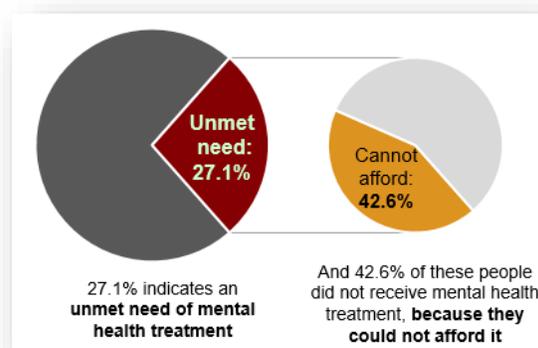
Grants Meet Unmet Needs

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.



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.

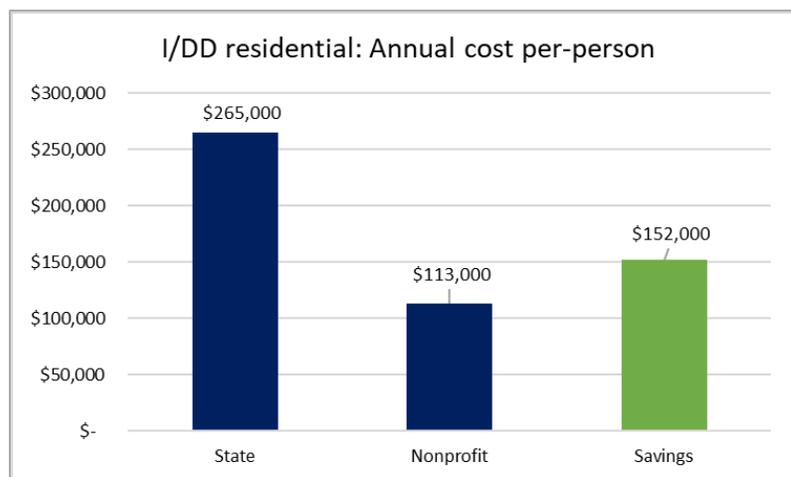
Community nonprofits provide services more efficiently while maintaining quality, achieving significant savings for the State. This is true even when salaries are increased for nonprofit employees. For example, nonprofits negotiate medical and dental insurance every year, while the State is locked into 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.

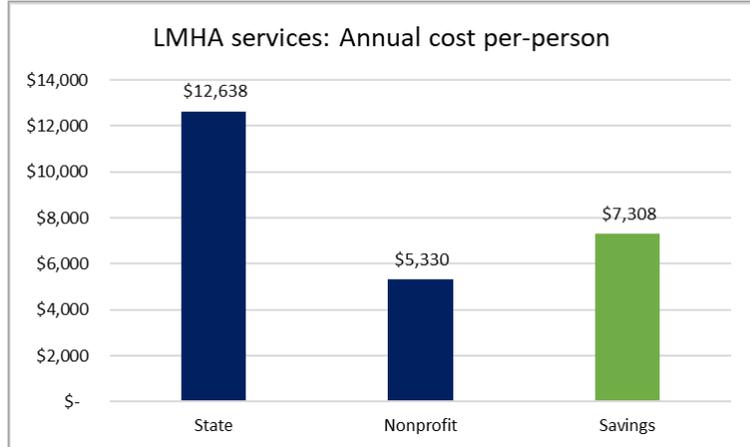
Community providers deliver high quality care. The same PRI study looked at the experience of 17 group homes that had been converted from state to nonprofit operation and found that **quality does not deteriorate in private, nonprofit settings and, in many cases, improves**. Community based homes received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