



DATE: March 15, 2019  
TO: Finance, Revenue and Bonding Committee  
FROM: Jeff Shaw, Senior Director of Public Policy & Advocacy, The Alliance  
RE: S.B. 876 AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS, TRANSPORTATION AND OTHER PURPOSES.

Good afternoon Senator Fonfara, Representative Rojas, Senator Witkos, Representative Davis and members of the Finance, Revenue and Bonding Committee:

My name is Jeff Shaw, Senior Director of Public Policy & Advocacy, 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.

Thank you for the opportunity to testify on **S.B. 876, An Act Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation and Other Purposes**. We appreciate that Section 24 (a) would authorize \$25 million for grants-in-aid in FY21 for nonprofit health and human service providers through the Nonprofit Grant Program. **The Alliance respectfully asks the Committee to add \$25 million for grants-in-aid for FY20 to fully fund the Nonprofit Grant Program.**

The Nonprofit Grant Program was created in 2013 to allow nonprofit health and human service organizations that contract with the State grant-in-aid for capital and infrastructure projects. The eligible projects are limited to renovating existing facilities, upgrading information technology systems, enhancing ADA compliance, improving energy systems, and purchasing vehicles. These capital projects help lower administrative costs, increase efficiency and maintain high quality services.

The application process is competitive and rigorous. The Office of Policy and Management (OPM) manages and scores each project application by assigning value to collaborative, cost-effective and "shovel-ready" projects. As an example, one community was able to launch a Mobile Food Truck Program, to prepare and deliver fresh food to seniors, families and people with disabilities. Another organization was able to use this funding to replace leaking roofs with solar panels which will also reduce their energy consumption. Other nonprofits purchased updated information technology systems, for the people they serve to learn basic computer skills, or for their employees, to use the latest electronic health record technology.

The demand for grants-in-aid always exceeded available resources. The first round of applications alone (in FY14) resulted in 553 project applications from 285 individual nonprofit organizations, totaling \$101 million in requests, for only \$20 million in available funds. Only 146 projects from 81 individual nonprofit organizations received grants in the first round. Following rounds of applications mirrored the

extraordinary level of demand, and the last biennial budget included \$25 million in each year of the biennium to replenish the Nonprofit Grant Program. Since FY14, the Nonprofit Grant Program supported 568 projects with \$105 million in total grants-in-aid. We thank the legislature for recognizing the success of the program and supporting its continuation.

The fund has been depleted, which is why we are asking for \$25 million be added to FY20. While we understand borrowing costs and unfunded liabilities contribute to increasing fixed costs, community nonprofits have no other way to capitalize for these types of projects within their current State contracts. If these projects cannot continue, administrative costs may increase and the quality services may be at risk.

We understand the Governor's concerns about the state's bonded indebtedness. But this grant program is an appropriate use of bonding: it (1) creates benefits that are felt for years into the future and (2) saves money for the state and nonprofits by helping them be more efficient.

While expanding the Nonprofit Grant Program does not restore funds for recent state budget cuts experienced by many community nonprofits, it is an important revenue source in an era of scarce resources. **We urge you to add \$25 million in FY20 for the Nonprofit Grant Program.**

Thank you for your consideration of this important matter.