



DATE: March 15, 2019
TO: Finance, Revenue and Bonding Committee
FROM: Jeff Shaw, Senior Director of Public Policy & Advocacy, The Alliance
RE: S.B. 877 AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET

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. 877, An Act Concerning Revenue Items to Implement the Governor's Budget**. We support raising the revenue necessary to avoid budget cuts to essential community based services provided to the people of Connecticut by nonprofits. There are different ways that can be done, including relief from the budgetary caps imposed in 2017. Without adequate revenue, funding for essential services provided by community nonprofits will once again bear the burden of significant budget cuts.

Year-after-year of state budget difficulties have put increasing pressure on community nonprofits, leaving them to face an uncertain future at a time when the demand for services is increasing. **Please confront this crisis by recognizing that nonprofit services are essential and necessary – and support a responsible revenue package to protect these services.**

In FY18, about half of the state budget was comprised of "fixed costs," which are not subject to budget cuts. As that percentage grows each year, funding for nonprofits is in whatever remains. The combination of ongoing budget shortfalls and growing fixed costs mean community nonprofits are a shrinking piece of a diminishing pie.

The growth of fixed costs is happening at the same time as funding for community nonprofits being cut. Additionally:

- ***The demand for services is increasing.*** In a 2018 industry survey, over half of the 100+ respondents reported an increase of 15% in request for services compared to last year;
- ***Nonprofits have accessed cash reserves, took out lines of credit and even merged to continue providing services.*** If those options were still not enough to make ends meet, many organizations had no other choice, but to freeze/reduce salaries (65%), with other organizations reporting having to lay-off staff (42%);

- ***People with complex needs are still waiting to receive services.*** People with disabilities remain on “the waiting list,” eligibility for HUSKY for struggling families remains under threat and people with addictions may not have access to recovery programs.

Community nonprofits provide high quality, efficient services on behalf of the State. The delivery of these essential community services will be in jeopardy if budget cuts to line items that fund nonprofits occur. Unlike other industries, nonprofits can’t raise taxes or prices, meaning they are forced to cut services, lay-off employees or close programs. Clearly, this is a model that cannot sustain itself – and it puts Connecticut’s quality-of-life at risk.

We urge the Committee to support a responsible revenue package to protect essential community services.

Thank you for your consideration of this important matter.