



April 24, 2019

The Honorable Ned Lamont
Governor, State of Connecticut
210 Capitol Avenue
Hartford, CT 06106

Dear Governor Lamont,

This year's state budget surplus presents a rare opportunity for Connecticut to invest in essential, quality services provided by community nonprofits that help people across the state every year. I write on behalf of the nonprofits and the half-million people who depend on the services they provide.

I ask you to appropriate \$100 million of surplus dollars for community services to make up some of the ground lost after more than a decade of budget cuts.

OPM Secretary McCaw's April letter to Comptroller Lembo shows a budget surplus for this year estimated to be \$556 million. With a possible \$848 million transfer to the Budget Reserve Fund because of the volatility cap, the total surplus may be \$1.4 billion. OPM estimates that, when the year ends, the Budget Reserve Fund will hold almost \$2.6 billion.

The Alliance appreciates the fiscal prudence of making deposits in the Budget Reserve Fund, which can help community nonprofits avoid budget cuts in the future.

However, it is important to understand that this surplus comes after more than ten years of budget cuts that have fallen disproportionately on the state's safety net and impacted quality-of-life. Community nonprofits house the homeless, work with individuals with intellectual and developmental disabilities, treat people with substance abuse and other behavioral needs, manage food pantries, provide therapeutic arts and cultural opportunities and much more, even as demand has increased.

A 2015 study of Medicaid rates for behavioral health services showed that nonprofits lose more than \$27 million for the top ten procedures they provide (by volume, approximately 250,000 service hours). Also, state grants for mental health and substance abuse have been reduced by 17 percent since FY 2013. 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.

At the same time, we have a 2,000-person waiting list for services from the Department of Developmental Services and we've seen a devastating increase in deaths from opioid abuse.

It's been said that 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. Ours is a system nearing its breaking point.

Simply put: community nonprofits have taken the hit when budget times were bad; it is important that the people they serve benefit as the budget improves.

Hartford Office: 75 Charter Oak Avenue, Suite 1-100 Hartford, CT 06106 | 860.525.5080 | Fax: 860.525.5088
Rocky Hill Office: 35 Cold Spring Road, Suite 522 Rocky Hill, CT 06067 | 860.257.7909 | Fax: 860.257.7777

Appropriating \$100 million [additional detail below] to community nonprofits that serve the people of Connecticut would leave an estimated \$2.5 billion in the Budget Reserve Fund, enough reserve for an economic downturn while providing funds where they are desperately needed.

I am ready to meet with you at any time to discuss the needs of Alliance members and the detail of this request.

Thank you for your consideration.

Sincerely,



Gian-Carl Casa
 President & CEO
 CT Community Nonprofit Alliance (The Alliance)

cc: Ryan Drajewicz, Chief of Staff, Governor's Office
 Melissa McCaw, Secretary, Office of Policy and Management

Community Nonprofit Enhancement Initiative				
	COLA	Total Funding	Add for 1%	5%
Community Nonprofit Human Services*	1%	\$ 1,250,000,000	\$ 12,500,000	\$ 62,500,000
Community Nonprofit DDS Services	1%	\$ 837,575,312	\$ 8,375,753	\$ 41,878,766
Nonprofit Arts & Culture	1%	\$ 12,800,000	\$ 128,000	\$ 640,000
Total Community Nonprofit Services		\$ 2,087,575,312	\$ 20,875,753	\$ 105,018,766
Federal Reimbursement				\$ (36,564,383)
Net State Appropriations				\$ 68,454,383
Bonding for NP Infrastructure Grants				\$ 25,000,000
Total Community Nonprofit Enhancement				\$ 93,454,383

* In FY19 the legislature provided \$9.5 million for a 1% cost-of-living adjustment (COLA) to employees who provide state-administered human services in the Departments of Correction, Housing, Public Health, Social Services, Children and Families, Rehabilitation Services and Mental Health and Addiction Services, the Office of Early Childhood and the Judicial Department. (Source: OFA Budget Book) DDS and Arts & Culture accounts identified in the Governor's Budget (2019-2021). Includes grants and Medicaid reimbursable rates.

Cain Associates LLC, April 2019 for the CT Community Nonprofit Alliance

Current Fiscal Estimate	(in millions)
Budget Reserve Fund Ending Balance - FY 2018	\$1,185.3
Projected Operating Surplus - FY 2019 (4/22/19 Est.)	\$566.6
Revenue Transfer -- Volatility Cap - FY 2019 (4/22/19 Est.)	\$848.0
Total FY 2019 Surplus	\$1,414.6
Estimated Budget Reserve Fund Total - FY 2019	\$2,599.9