The current State contracting process can encourage efforts to realize efficiencies or economies of practice. An efficient or innovative nonprofit that succeeds in meeting every contractual expectation experiences no net benefit compared to a less efficient agency that spends all allocated funds. Nonprofits provide data to demonstrate the effectiveness of programs and report on outcomes. Yet purchase of service contracts have built-in disincentives for efficiency, as savings generated by a nonprofit must be returned to the State rather than reinvested in community programs and services.

If this policy had been enacted in the Spring of 2020, community nonprofits would have had much greater flexibility to purchase PPE for their staff, provide hazard pay, and more to people working on the front lines of COVID-19. Unfortunately, instead, nonprofits were forced to pay money back to the State.

For years, nonprofits have struggled to maintain service levels amid budget cuts and rescissions. The coronavirus pandemic has exacerbated these challenges. If nonprofits are able to retain savings while still meeting contractual obligations, they could work towards being properly capitalized and more able to adjust to turbulence in the State budget.

RECOMMENDATION

Remove the restrictions on number of providers eligible for participation in PA 19-127

CONTACT US

Gian-Carl Casa, gcasa@ctnonprofitalliance.org
Jeff Shaw, jshaw@ctnonprofitalliance.org
Ben Shaiken, bshaiken@ctnonprofitalliance.org
Brunilda Ferraj, bferraj@ctnonprofitalliance.org
Julia Wilcox, jwilcox@ctnonprofitalliance.org