



DATE: February 17, 2022
TO: Appropriations Committee
FROM: Ben Shaiken, Director of Government Relations, The Alliance
RE: H.B. 5037 An Act Adjusting the State Budget for the Biennium Ending June Thirtieth, 2023
Elementary & Secondary Education Subcommittee

Good evening, Senator Osten, Representative Walker, Senator Miner, Representative France and members of the Appropriations Committee:

My name Ben Shaiken, Director of Government Relations for the CT Community Nonprofit Alliance (The Alliance). The Alliance is the statewide advocacy organization representing the nonprofit sector. Community nonprofits provide essential services to over half a million individuals and families in Connecticut every year and employ 115,000 Connecticut workers, improving the quality of life in communities across the State.

Thank you for the opportunity to testify on H.B. 5037, An Act Adjusting the State Budget for the Biennium Ending June Thirtieth, 2023.

The Alliance appreciates the 4% Cost of Living Adjustment for community nonprofits that you fought to include in last year's budget. Unfortunately, that increase has quickly been absorbed by rising costs. Over the last year, inflation rose by almost six percent, surpassing the COLA in the current year's budget.

We respectfully request that you honor the long-term plan to restore at least \$461 million in buying power lost to inflation for community nonprofits, an 8% increase in funding for FY23.

The COVID-19 pandemic exacerbated the impact of inadequate funding for nonprofit services and brought unanticipated and unbudgeted costs and operational challenges for most community nonprofits.

This funding is needed now more than ever. Without it, we risk destabilizing our state's community service delivery system which has been upended by the pressures of COVID-19 and an exponential increase in the need for service in our communities. At the same time, providers are facing unprecedented challenges recruiting and retaining staff of all skill levels and salaries. Human services are now in competition with companies such as Amazon and Walmart that require no specialized training, are paying more and offering more hiring incentives.

The impact of the pandemic, which followed decades of chronic underfunding, have exacerbated the workforce crisis for the nonprofit sector. Our recent report, "[CT Nonprofit Workforce Crisis](#)," highlighted the following critical areas of concern:

- 91% of nonprofit respondents said it has been difficult or extremely difficult to recruit employees this past year.
- The average vacancy rate is 18%, meaning nearly 1 in 5 nonprofit jobs are unfilled.

- 68% said demand for services has increased over the past two years.
- 11% of those said it increased by more than 50%.
- 59% of respondents said they've established waiting lists for services.

With regard to this evening's subcommittee, we would like to address the critical services provided by nonprofits and funded by the State Department of Education and the Office of Early Childhood. First and foremost, it is important to note that many of these services were not covered by last year's Cost of Living Adjustment for health and human services providers, despite being critical to the health and wellbeing of Connecticut residents.

In addition, we would like to join our members and support their requests to the Committee, including:

- An increase in funding to the full appropriation for the **American School for the Deaf** in SDE.
- Increase the reimbursement rate for **Care4Kids** providers.
- Increase or the **Birth to Three** system, who report that if state funding does not increase for next fiscal year, 40% of programs say they will be forced to close or reduce their capacity to serve families.
- Support the Governor's proposal to continue to fund the **Neighborhood Youth Center Grant**.

Thank you for your consideration of these important issues and we appreciate your continued support of Connecticut's community nonprofits.