



DATE: March 15, 2022
TO: Labor & Public Employees Committee
FROM: Jeff Shaw, Senior Public Policy Advisor, The Alliance
RE: **H.B. 5445 An Act Concerning State Staffing Levels**

Good afternoon, Senator Kushner, Representative Porter, Senator Sampson, Representative Arora and distinguished members of the Labor and Public Employees Committee:

My name is Jeff Shaw, Senior Public Policy Advisor, of the Connecticut 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. 5445 An Act Concerning State Staffing Levels, which would require all state agency commissioners to automatically refill staff vacancies in their respective agency.

Community nonprofits contract with the State to provide services to people in need; they provide exceptional services that improve the quality of life for more than a half million people receiving care at a lower cost than services delivered by the State. **As the need for essential community services continues to grow, especially as people recover from the trauma associated with the COVID-19 pandemic, the State should expand the use of community services** to more effectively use limited dollars for services to those in need. With a significant number of state employees expected to retire this summer, the State has a rare opportunity to make real, structural change to how it delivers services. Expanding the use of community services operated by nonprofits will save money, preserve services and serve more people right now.

As mentioned above, Connecticut state government is facing what some call a “retirement tsunami,” with thousands of state employees expected to leave state service this summer. At the same time, there is a growing need for human services, with children languishing in hospital emergency departments, families spending years on waiting lists for limited services and trauma associated with the COVID-19 pandemic. Structural changes will make these services more affordable in the short- and long-term and will allow the State to better serve those already receiving services and expand the availability of services to all who need them.

In the face of these pending retirements, and to propose other ways to modernize state government, the Lamont Administration commissioned a study and report from the Boston Consulting Group in 2020. After analyzing the state’s own internal data, the group’s report included recommendations to convert services for people with Intellectual/Developmental Disabilities and the Local Mental Health Authority system of care to nonprofit providers. What follows are excerpts from the report highlighting two areas of opportunity.

Intellectual/Developmental Disability Services

The Department of Developmental Services (DDS) currently operates 36 group homes and other facilities statewide that provide services for Connecticut residents with intellectual disability – the Southbury Training School (STS), 3 Intermediate Care Facilities (ICFs), and 32 Community Living Arrangements (CLAs). The 36 DDS-operated group homes and facilities comprise a small share of the total number of Connecticut settings providing services to people with intellectual disability. The vast majority – more than 800 group homes – are operated by private providers that are typically not-for-profits which offer similar services, often at a substantially lower cost.

A substantial number of Developmental Services Workers (559) and Case Managers (111) are eligible for retirement in 2022. The results of a recent retirement survey indicate that between 73% and 85% of retirement eligible resident-facing employees are likely to retire, putting DDS at significant risk for service disruption in 2022 and beyond.

Based on past conversions, savings can be more than \$250,000 annually per CLA. Potential savings from conversion of CLAs could total \$8 million or more annually, with additional savings potential from ICF conversions.

Privately operated facilities provide similar or greater service quality compared to state-operated facilities. A 2011 study conducted by the Connecticut Program Review and Investigations Committee found that privately operated facilities had fewer deficiencies per facility based on inspections conducted by DDS and the Department of Public Health (DPH).

Local Mental Health Authorities

The Department of Mental Health and Addiction Services (DMHAS) operates six Local Mental Health Authorities (LMHAs), with two providing inpatient treatment. An additional seven facilities are operated by private, non-profit providers. With the 2022 retirement surge likely to impact the DMHAS workforce significantly, expanding service provision in non-profit LMHAs is an opportunity for Connecticut to mitigate service continuity risks and realize substantial cost savings.

Both state- and privately-operated LMHAs offer a variety of behavioral health services for residents, ranging from psychiatric evaluation and medication management to providing support in obtaining and maintaining employment. LMHAs also manage and fund a network of non-profit providers in their associated geographic regions and facilitate resident access to those providers.

At DMHAS, 169 nurses and 196 mental health assistants (30% and 45%, respectively, of total DMHAS employees in each function) are eligible for 2022 retirement. The results of a survey indicate that that 20% and 35% of nurses and mental health assistants, respectively, may retire by July 2022. Given the challenges DMHAS has historically experienced filling vacancies, including the stressful nature of the position and competition from the private sector, state-operated LMHAs may be at risk of significant service disruption.

Further conversion of LMHAs to non-profit operation could both mitigate the risk of excess vacancies and realize substantial cost savings for the State. State-operated LMHAs service roughly 12,000 residents annually at higher cost than non-profit providers. Analysis based on 2016 costs suggests savings of just over 55%, or roughly \$7,000 per client, when non-profit providers perform services

compared to state-provided services. The actual ceiling for savings depends on the extent of conversion and the State's ability to attract bids from non-profit providers at cost-efficient rates but could be \$50m to \$75m with potential for additional upside.

When evaluating the feasibility of conversion, it is vitally important to maintain service quality to residents. DMHAS' Evaluation, Quality Management & Improvement (EQMI) Division conducts annual provider quality reports for both state- and privately-operated LMHAs, and consistently finds that non-profit providers meet quality and overall performance targets. Current indicators suggest non-profit providers offer service quality comparable to that of the State, and continued monitoring will ensure ongoing quality of service.

Again, as the need for essential community services continues to grow, especially as people recover from the trauma associated with the COVID-19 pandemic, the State should expand the use of community services to more effectively use limited dollars for services to those in need.

Thank you for your time and consideration of these important issues.