



DATE: March 14, 2022

TO: Public Health Committee

FROM: Ben Shaiken, Director of Government Relations, The Alliance

RE: S.B. 374 An Act Concerning the Department of Developmental Services' Recommendations Regarding the Reimbursable Salaries of Directors of Qualified Providers

Senator Daugherty Abrams, Representative Steinberg, Senator Somers, Senator Hwang, Representative Petit and distinguished members of the Public Health Committee:

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

Thank you for the opportunity to testify on **S.B. 374 An Act Concerning the Department of Developmental Services' Recommendations Regarding the Reimbursable Salaries of Directors of Qualified Providers**. The bill would raise the statutory cap on salaries that may be paid using reimbursed funds for nonprofit providers of services contracted with the Department of Developmental Services and the Department of Mental Health and Addiction Services from \$100,000 per year to \$125,000 per year. We are grateful to DDS and DMHAS for recommending this statutory update.

While we appreciate the intent of the legislation, we respectfully submit that it would be a more logical solution to simply repeal the underlying statute that created these caps. There is no other part of state-contracted service where the state dictates the exact compensation that individuals within a private corporation can be paid.

Capping salaries prevents community nonprofit organizations from attracting top-tier talent and have not kept pace with salary rates in other industries. Those with the greatest aptitude are pulled away to the private sector or other non-profit services that have no caps. We ask that you give nonprofits the ability to decide rates of pay for executive directors themselves and not have the state push them out of a competitive job market.

Since the last time this statute was updated in 2007, the community nonprofit provider system has grown exponentially more complicated. With the passage of the Affordable Care Act and its Medicaid expansion, the advent of Electronic Health Records, and more, the State now expects nonprofit executives to manage extraordinarily complicated healthcare organizations.

Capping executive salaries keeps talented people out. It is time the legislature repeals this antiquated statute.

Thank you for your consideration of this important topic.