



CONNECTICUT  
ASSOCIATION  
of NONPROFITS

*...to serve, strengthen  
and support Connecticut's  
nonprofit community.*

## Testimony Before the Task Force on Community Based Human Services

Hartford, CT – February 4, 2010

To keep a lamp burning, we have to keep putting oil in it – Mother Teresa

I get asked frequently how the nonprofit community is doing and how it is responding to the economy and difficult fundraising environment. Of course, some individual organizations are faring better than others. Yet, the sector is doing what it has always done. We will change and adapt to continue to provide the services our constituents need to strengthen and transform their communities. Strong and focused leadership is needed now more than ever as we lean into this economic storm, to increase efficiency and uncover new opportunities to keep up with our communities' growing needs.

Nonprofits in this state and across the country continue to do more with less. They continue to suck it up for our communities and continue to deliver services as Connecticut's real lifeline. Yet there is a limit to the largesse and capacity of the Nonprofit sector. For years we have asked Connecticut State Government to regard nonprofits as genuine partners and extend fair and adequately funded contracts to us in return for our assistance in helping the State of Connecticut meet the needs of its citizens and our local communities.

There is no one solution. There are many solutions. Reasonable and appropriate privatization; additional revenues; an infusion of funds as an investment and incentive to spur greater creativity, innovation and effectiveness are all part of an overall long term solution.

## SOLUTIONS FOR CONSIDERATION

1. Timely contracting by state agencies to spare nonprofits using a line of credit or state should create loan pool fund to cover contract & payment delays
2. Multi-year contracts with automatic roll-over if state budget is not passed
3. Performance based contracting by the State – Results Based Accountability
4. Elimination of mandatory rebidding of contracts except for new programs & services or for under performing contractors. Rebidding has led to a distortion of community services and a contest as to who can write the best proposal or hire the best grant writer.
5. Funding Pool for Nonprofit Innovation and Infrastructure Support (through competitive bid) jointly funded by public & private philanthropic dollars
  - Pilot projects for new approaches to service
  - Technology advances
  - Back office services
6. Unfunded Mandates elimination
7. Annual Contract Adjustments based on a designated index to meet increased operational costs (Cost of Living Increase)
8. Bonding Program continuation for renovations & repairs for health & safety and facility system upgrading including compliance with codes e.g. ADA
9. Selective Privatization of Services
10. Restructure & Reform Spending Cap to permit strategic investment for critical state needs. The current spending cap language will greatly restrict needed investment during the economic recovery.
11. Statewide Campaign to promote philanthropic giving
12. Revise Purchase of Service Cost Standards to permit allowable reimbursement in state funds for Development/fundraising staff position(s) based on size of organization and proportion of state funding.
13. Increased Revenues.
  - A brief produced by Voices For Children (December 2009) outlines balanced alternatives that would reduce reliance on damaging cuts to programs and services to balance the State budget. These include delaying or canceling reductions in the gift and estate tax, evaluating and reducing tax expenditures, making the state income tax more progressive, increasing the sales tax while offsetting that increase for lower income families, closing corporate tax loopholes through combined reporting, restructuring corporate taxes, raising “sin” taxes, and restoring the petroleum gross earnings tax rate.
  - Maximization of federal revenue
14. Implementation of the Collaboration Incentive Grant Program - \$5 million approved by the General Assembly – HB 7004 (Section 25)
15. Expansion of Neighborhood Assistance Tax Credit
  - Increase tax credit maximum above 60% similar to Affordable Housing Tax credit
  - Include S corporations

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