



CONNECTICUT  
ASSOCIATION  
of NONPROFITS

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

*Testimony Submitted to the Appropriations Committee, Re:*

H.B. No. 5018: AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES  
AND REVENUES FOR THE FISCAL YEAR ENDING JUNE 30, 2011

*(DDS Budget Related Commentary)*

Presented By:

Julia Wilcox, Senior Public Policy Specialist, Connecticut Association of Nonprofits (CT Nonprofits.)

Public Hearing Date: February 18, 2010

Senator Harp, Senator Harris, Representative Geragosian, Represent Ryan and members of the Appropriations Committee: I appreciate the opportunity to appear before you this evening. My name is Julia Wilcox, Senior Public Policy Specialist for the Connecticut Association of Nonprofits (CT Nonprofits.) CT Nonprofits is a membership association that represents more than 530 nonprofit organizations. Approximately 300 of our member agencies contract with State government for a variety of human and social services. This evening, I am proud to represent members of the Developmental Disabilities Division of CT Nonprofits, who are funded by the Department of Developmental Services (DDS.)

With regard to the Governor's Budget Adjustments for FY11, much of the focus at this point in time, for providers of DDS funded services, is concentrated on the 'process behind the numbers.' Adjustments to any one, individual line item, will not impact the provider network as dramatically as the overarching systems changes at hand.

As you are no doubt aware, included within the Department of Developmental Services (DDS) budget, are the following, anticipated savings:

['Reduce the Employment and Day Services account by \\$5,946,000 to reflect the annualization of the new attendance-based reimbursement system begun in Spring 2010 pursuant to FY 10 rescissions.'](#)

Providers certainly understand that – as any other CT State Agency at this time, DDS has been presented with great challenges in terms of realizing the multiple rescissions and reductions to their operating budget. However – with that said, CT Nonprofits is extremely disappointed with both the timing and process, with which DDS would implement a complete overhaul of the reimbursement system which supports the very network of providers who 'partner' with the State on a daily basis to fulfill the mission of the Department.

CT Nonprofits has advocated for many years – too many to count, for long-term solutions to the chronic and devastating impact of 'under-funding' the nonprofit provider community. You have heard the statistics

- No COLA for nonprofit human service providers for 3 years - FY09-FY11
- Reduced monthly allotments during the first 3 months of FY10
- FY10 rescissions to many health and human services between 2-5%
- Presentation of consumers with more complex needs (and, in the case of DDS: a rapidly aging population.)
- Increased difficulty for nonprofit providers to obtain lines of credit due to tenuous state contract payments

And... the list continues. Same and/or Increasing Concerns....Different Fiscal Year!

PRESENT CONCERNS & LONG TERM SOLUTIONS:

As we continue our efforts in search of long-term solutions, the Legislature has shown some 'light' on the horizon. Development of the following entities has provided exceptional opportunities to continue these efforts – in collaboration with the State:

1. [The Legislative Advisory Committee Re: Reimbursement for Services Under Programs Administered by the Department of Developmental Services, or DDS Rate Study Committee \(pursuant to section 57, S.B. 2051, Senator Harris, Representative Ritter, Co-Chairs.\)](#)
2. [The Taskforce on Community-Based Human Services \(Representative Walker, Senator Doyle, Co-Chairs\)](#)

We strongly concur with the Legislature, that the establishment of an advisory committee related to reimbursements for services under programs administered by the Department of Developmental Services, will provide the opportunity for long-term solutions. This comprehensive approach which was recently voted into law, will serve to strengthen the nonprofit provider community, and in turn, increase support to the individuals and families served through their collective network of services.

With that said, once again, we would respectfully request the justification for DDS to proceed with the proposed transition to an attendance-based system, before the DDS Rate Study Committee (pursuant to section 57, S.B. 2051.) has the opportunity to complete the tasks at hand, as outlined in the legislation. The intention by DDS to move forward at this time, appears to be in contradiction with the collaborative spirit of the legislation, at a time when collaboration has never been more essential to long-term solutions.

Attached for your information / review, is a [Summary of Questions, Concerns and Areas for Discussion: 2/05/10](#): Memorandum from CT Nonprofits to the Co-Chairs of the DDS Rate Study Committee. The memo summarizes areas of concern / questions submitted to the DDS Rate Study Committee for consideration. It is anticipated that the summary shall provide a framework for the Committee moving forward.

The primary areas of concern as noted in the attached document are as follows:

- 1 Timing and Appropriate Preparation
- 2 Attendance Factor
- 3 Accuracy of Anticipated Cost Savings as Determined by DDS
4. Accuracy of the DDS Annual Reports (CORs) as a basis for DDS' Calculations / Anticipated Reductions
- 5 Level of Need (LON) Indicators: (For further discussion within the Sub-Committee level)
- 6 Moral / Ethical Consequences to the Transition to an Attendance-Based Model (Loss of 'mission driven' practices, etc.)

In addition, I have included the following document:

[Overarching Solutions for Consideration: 2/04/10 Testimony Before the Task Force on Community Based Human Services](#), presented by: Ron Cretaro, Executive Director, Connecticut Association of Nonprofits. The document contains many proposed solutions – both from a creative and practical standpoint.

As you continue your efforts to address the state budget crisis, it is essential to view the support of human and social services (as provided by the nonprofit provider network,) not as an 'expense,' but rather, an 'investment' in human capital and the welfare of our state.

In closing, I would encourage you to contact nonprofit providers within your local communities. The ability of the state to adequately meet the needs of its residents is greatly dependent upon the ability of the Nonprofit Provider Community to sustain a vibrant network, which will continue to serve as the ultimate safety net for Connecticut's citizens at risk.

I thank you for your time and consideration of these critically important issues. As always, please do not hesitate to contact me at any time, with questions, or for additional information:

Julia Wilcox, Senior Public Policy Specialist  
Connecticut Association of Nonprofits (CT Nonprofits.)

[jwilcox@ctnonprofits.org](mailto:jwilcox@ctnonprofits.org) 860.525.5080 ext. 25

#### SUPPORTING DOCUMENTS:

1. [Summary of Questions, Concerns and Areas for Discussion](#): 2/05/10: Memorandum from CT Nonprofits to the Co-Chairs of the Legislative Advisory Committee Re: Reimbursement for Services Under Programs Administered by the Department of Developmental Services (DDS Rate Study Committee.)

The memo summarizes areas of concern / questions submitted to the DDS Rate Study Committee for consideration. It is anticipated that the summary shall provide a framework for the Committee moving forward.

2. [Overarching Solutions for Consideration](#): 2/04/10 Testimony Before the Task Force on Community Based Human Services, presented by: Ron Cretaro, Executive Director, Connecticut Association of Nonprofits
3. [CT Nonprofits' 2010 Cross-Sector Legislative Agenda](#)



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**MEMORANDUM**

Date: February 5, 2010

To: Senator Jonathan Harris: Co-Chair, DDS Legislative Advisory Committee;  
Co-Chair, Public Health Committee; Co-Chair, Appropriations Health & Hospitals Committee and  
Pat Bourne: Co-Chair, DDS Legislative Advisory Committee; Executive Director, SARAH, Inc.

From: Julia Wilcox, Senior Public Policy Specialist, CT Nonprofits

Re: CT Nonprofits' Summary of Questions & Concerns – DDS Rate Study Committee

Cc: Janice Chamberlain: Member, DDS Legislative Advisory Committee; Associate Executive Director, Horizons  
Terry Macy, PhD: Member, DDS Legislative Advisory Committee; Executive Director, SARAH Tuxis, Inc.

Section 57 of Public Act 09-3 (SSS) and Section 4-1a of the Connecticut General Statutes establishes an Advisory Committee for Services under Programs Administered by the Department of Developmental Services.	
<i>Links to Related Documents / Reference</i>	
1	<a href="#"><u>DDS Utilization Payment Process: Notification to Providers (1.21.10)</u></a>
2	<a href="#"><u>DDS Utilization Payment Process Power Point (revised 2.03.10)</u></a>
3	<a href="#"><u>DDS Utilization Payment Process - Addendum to Presentation (2.03.10)</u></a>
4	<a href="#"><u>DDS' Anticipated Reduction to Providers (1.19.10)</u></a>
5	<a href="#"><u>Request from Public Health Co-Chairs to DDS (1.21.10)</u></a>
6	<a href="#"><u>DDS' Response to Public Health Co-Chairs (1.29.10)</u></a>

<i>Areas of Concern / Questions for Submission to the Rate Study Committee</i>	
1	Timing and Appropriate Preparation:
1A	First and foremost: What is the justification for DDS to proceed with the proposed transition to an attendance-based system, before the DDS Rate Study Committee (pursuant to section 57, S.B. 2051.) has the opportunity to complete the tasks at hand, as outlined in the legislation? The intention by DDS to move forward at this time, appears to be in contradiction with the collaborative spirit of the legislation, at a time when collaboration has never been more essential to long-term solutions.

	1B	DDS Contract Amendments: Timeliness, lack of clarity, etc., as discussed during the DDS Trades Webcast on 2/03/10.
	1C	Preparation related to changing methodology: One example would be the concerns expressed related to SEI – changing methodology, services paid, etc. without notice or preparation.
2	Attendance Factor:	
	2A	There has long been a disagreement between the Trades and DDS, regarding the ‘reasonableness’ of the 90% attendance factor, as determined by DDS. Contrary to justification as proposed by DDS, comparisons to various states which may have a higher rate do not necessarily correlate to an accurate gauge. These other states, by comparison, may adjust rates/services, etc, in any number of ways, to compensate for the percentage.
	2B	This process will greatly impact (among others) 1) Older agencies that already have lower costs the hardest; and stand to lose more resources. 2) Smaller agencies which have less flexibility due to size. (Example of hardship for a smaller agency: A small agency where they support very few consumers, experienced an extended period of absence for one consumer, last year (09) which impacted their attendance tremendously.) There will continue to be unanticipated circumstances – extended illness, medically fragile consumers, snow days that impact attendance on any given year.
	2C	Data collection related to the attendance-based system, must include information specific to the ‘story behind the numbers.’ It will be extremely important for Providers to accurately tabulate both the program attendance and the reasons for absences.
	2D	Wrap-around day programs (Day services that occur within the CLA in which a consumer lives) are not allowable service under the CMS waivers that the State of Connecticut has with the Federal Government. Based on the Annual Reports (COR) data, DSO day program with attendance of at least 97% represent 3.3 million costs to DDS. As these programs are most likely wrap around programs, it is very unlikely that someone would only miss one week of a day program in any given fiscal year. If a consumer receives day program services at their home, then they would naturally have almost perfect attendance. DDS would need to transfer / move this funding to the CLA line or change the waiver to include wrap-around day programs. The State of Connecticut is not receiving 50% to 60% (stimulus percentage) Federal match on this funding - Almost 2 million dollars. We would suggest that DDS could make this change retro-actively.
3	Accuracy of Anticipated Cost Savings as Determined by DDS:	
	3A	There appears to be some discrepancies between the savings anticipated by DDS vs. practical expectations. In addition, if there are ‘great savings’ to be achieved, what is the justification for assuming that there would NOT be a significant impact upon the Provider network? The DDS Provider ‘Reduction’ chart (link included above) reflects a savings of \$2.5M. However the total rescission from the Governor to be reconciled was approximately \$3.5M. Seeking clarification from DDS moving forward.
4.	Accuracy of the DDS Annual Reports (CORs) as a basis for DDS’ Calculations / Anticipated Reductions:	
	4A	In many situations, 2009 COR data does not accurately reflect the 2010 data / situation. Providers continue to struggle to understand where the basis for the data on the DDS ‘Reduction’ chart. Questions remain regarding the reliability and or the ability to utilize this information to implement 2010 cuts.
	4B	Providers will work very hard to achieve better attendance in 2010 - even if they do not experience a cut. Where does that leave us if base assumptions are not correct and there are substantial changes needed? Will DDS adjust their process and expectations, or simply implement an across the board % cut?

5	Level of Need (LON) Indicators: (For further discussion within the Sub-Committee level)	
	5A	Level of Need tool may be very successful and useful; however, it is important to develop criteria to determine its level of success / outcomes.
	5B	CT Nonprofits continues to request specific data related to the Level of Need for each individual, as opposed to the general information available on line. The concerns relate to the direct (and accurate) correlation between the LON and actual level of funding.
6	Moral / Ethical Consequences to the Transition to an Attendance-Based Model (Loss of 'mission driven' practices, etc.)	
	6A	As previously discussed in several forums, there are concerns related to the unintended impact of the transition of focus from LON to attendance. There are anticipated, unintended consequence regarding the concerns Providers may have, of contracting for new consumers who may be more medically fragile, as the potential to meet the attendance requirements would be far less than for a more medically stable consumer.
	6B	Unfortunately, the lack of 'flexibility' that the new system would create, would also result in a decreased climate of 'creative' problem solving.
	6C	Implementation of the attendance-based model, in very basic terms, also discourages the most individualized settings (both living & employment)



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Testimony Before the  
Task Force on Community Based Human Services

Expert Panel Testimony Presented By:  
Ron Cretaro, Executive Director, Connecticut Association of Nonprofits

Public Hearing Date: February 4, 2010

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

I am frequently asked 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.



## CT NONPROFITS' PROPOSED 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