



**Testimony before the Appropriations Committee  
3.11.10**

**RE: Governor's March 1<sup>st</sup> Deficit Mitigation Plan**

Connecticut Association of Nonprofits (CT Nonprofits) is the largest membership organization in Connecticut dedicated exclusively to working with nonprofits in Connecticut. We represent over 500 nonprofits, 300 of which hold purchase of service contracts with the state to provide health and human services on its behalf.

CT Nonprofits opposes the Governor's March 1<sup>st</sup> Deficit Mitigation Plan. As we testified in December on the last proposed deficit mitigation plan, the cuts to health and human services contained in this proposal will result in nonprofit sector job loss and a reduction of services. While we understand and appreciate the difficult position that the Governor and legislators are in with regards to balancing the budget, we believe that making cuts to Connecticut's health and human services safety net will only cost the state more money in the long run.

Nonprofits provide health and human services on the state's behalf at a great savings to taxpayers. Unfortunately, we are chronically underfunded with an average cost-of-living adjustment of only 1% over the past twenty years. We have been facing gubernatorial rescissions and budget cuts for the past eighteen months, with many providers losing 5% of their budgets. The demand for our services has skyrocketed in this fiscal climate, along with our health insurance premiums. Lines of credit have become more difficult to access and individual and philanthropic giving is down. If you are questioning whether or not nonprofits and those we serve are "sharing in the pain" of the economic downturn, we can assure you that the answer is yes.

Nonprofits are critical partners with the state in the provision of health and human services. It is through our work that the state has been able to meet its responsibilities of protecting and serving its citizens. Because of the dedicated work of nonprofits, fewer uninsured have found themselves in the emergency room because they did not receive less costly preventative care; the elderly and individuals with disabilities have been able to remain independent, thereby allowing their family and caregivers to remain working; more individuals have been able to receive treatment for behavioral health issues and be contributing members of their communities; and more individuals have received help with employment and community services to avoid prison. The list goes on and on. Not to mention the cultural revitalization of so many communities at the hands of nonprofits.

Nonprofit organizations are also an indispensable part of our state's economy and the health of our sector is important to the health of the state's overall economy. Public charities are more than just recipients of donations for the poor and needy; they are important sources of jobs, investment, goods and services. According to the Connecticut Department of Labor, nonprofits in Connecticut employ nearly 11% of the state's workforce. We are also mainly small employers - roughly 80% of nonprofits employ fewer than 100 people, while more than half of those employ fewer than ten employees. If the state's goal is to create jobs and rebuild our economy, then cutting funding for nonprofits and forcing layoffs is not the way to go.

CT Nonprofits urges you to consider alternatives to cuts, such as revenue enhancements that include eliminating the reduction in the estate tax, requiring mandatory combined reporting so that large corporations cannot shift their profits to another state and avoid taxes here in Connecticut, and fixing costly tax loopholes, among others.

Nonprofits remain part of the solution to Connecticut's budget crisis. Our services prevent greater long-term costs to the state. It is unwise to seek short-term solutions by cutting the efficient, cost-effective, often preventative care that nonprofits provide. Without the nonprofit safety net, fewer individuals and families will receive basic health and human services which will inevitably prevent them from contributing to the state's economic recovery.

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