

## **Financial soul searching**

**Programs look for ways to survive as they await cuts from state budget**

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With a special legislative session convening Monday to address the state budget deficit, many people throughout Connecticut are holding their breath, hoping that the programs they love do not fall victim to budget cuts.

Cathy Battista is worried about the future of Meriden's two-family resource centers. Pam Fields is carefully watching the ARC of Meriden-Wallingford's finances, while Magali Kupfer is already trying to come up with creative ways to keep Meriden's Casa Boricua afloat.

Non-profit organizations face a challenge making ends meet when the economy is good; when tough times hit, they tend to struggle even more.

But despite a gloomy four-year state budget forecast, leaders of local non-profits are trying not to panic.

They are, however, on alert and say they will fight for their organizations' survival if necessary because the programs provided are essential to the people they serve.

"I want to be proactive, but I don't want to give a knee-jerk reaction," said Battista, director of Meriden's family resource centers. Not even half way through fiscal year 2008-2009, there have already been two rounds of state budget cuts totaling \$184 million. The cuts, initiated by Gov. M. Jodi Rell, are still not enough to balance the state's \$18.4 billion budget, financial officials say.

The Office of Fiscal Analysis is projecting a \$391.8 million deficit in Connecticut's general fund for this fiscal year and another \$73.3 million operating deficit for the state's transportation fund. Those numbers take into account the cuts already made to the budget, and budget officials warn that the deficit could mount in the months ahead.

"The future seems to be getting bleaker," said Rep. Catherine F. Abercrombie, D-Meriden.

While Casa Boricua has not seen a decrease in funding this fiscal year, the state's 62 family resource centers, including the centers at Meriden's John Barry and Ben Franklin schools, have not been so lucky. The ARC of Meriden-Wallingford has also already taken a hit.

Meriden's two resource centers each operate on \$102,300 state grants that come to the non-profit by way of the state Department of Education. It also receives modest in-kind contributions from the local school system, which enable the centers to be housed in the two elementary schools.

In October, the governor cut each center's grant by 5 percent — a little more than \$5,000, Battista said.

"To me, it's the beginning of something I'm afraid of," she said.

Family resource centers fear further cuts this fiscal year and in upcoming years, Battista said, adding that she is also worried that the state might choose to eliminate Meriden's centers all together. The centers are nearing the end of a two-year grant, she explained.

In addition, family resource centers throughout the state are awaiting evaluation results.

The state Department of Education has hired an independent contractor to evaluate the program and to produce a final report that is expected in late May 2009.

“This is the first year everyone is very nervous,” Battista said.

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## **Program officials dread budget cuts**

Battista said Meriden’s centers will survive the 5-percent cut they were subjected to in October, but said that further cuts would force her to make difficult choices. For example, Battista gives her staff annual 3percent raises, which is similar to the pay increases enjoyed by local unions. But if her budget must endure more cuts, her staff, who are not members of a union, may not get such a raise. Hours might also be reduced, jeopardizing the services the program offers.

Meriden’s resource centers are open Monday through Thursday from 8 a.m. to 3 p.m. and offer a variety of services, such as parenting workshops, playgroups for young children and a scrapbook workshop. The centers also collaborate with the local school system and other organizations on school readiness activities and first day of school festivities.

Like the family resource centers, the ARC of MeridenWallingford also relies on state funding, which mostly trickles down to the non-profit community provider from the state Department of Developmental Services and the state Department of Mental Health and Addiction Services. Fields is executive director of the ARC, which serves about 260 people with disabilities per day, and has already eliminated two full-time positions and two part-time positions this fiscal year, but not because of budget cuts enforced by the state. With stagnant funding, the ARC is doing what it can to balance its budget, which is a little over \$6 million.

“Everyone is just hanging on,” Fields said, adding that she is scrutinizing the ARC’s numbers weekly and reducing staff when she can.

The ARC currently has 120 staff members.

As the ARC is buckling down to make ends meet, the governor cut money private providers rely on. The Department of Developmental Services lost \$2 million this fiscal year for employment opportunities and day services. The money was taken from the amount that lapsed from fiscal year 20072008 — dollars that historically have been used by private providers to pay for unanticipated expenditures.

While the cut had a minimal effect on the ARC this October, Fields said if the state continues to chip away at the lapse, it could mean that the ARC would be left to absorb an estimated \$70,000. The non-profit is mandated to provide adequate services for its clients, and if it must make up the shortfall, staffing will be looked at and cuts will be made, Fields said.

Because the ARC is already a low-wage nonprofit, Fields said it could dodge the ax if the governor’s proposed deficit mitigation package is passed by the legislature Monday. As part of her proposal, Rell wants state agencies to look for an additional 10 percent in budget reductions, and the Department of Developmental Services is considering taking \$38 million away from private non-profits, but the target providers are the non-profits that still pay high salaries, Fields said.

But even if the ARC continues to see minimal cuts, there is always the future to worry about, Fields said.

Although Casa Boricua has not received budget cuts this fiscal year, Kupfer, the nonprofit’s director, is still worried and has already met with other members of the Connecticut Association for Hispanic Action to talk

about the possibility of cuts and to work on devising more creative ways to save money.

Casa Boricua gets \$104,000 from the state Department of Social Services and a little over \$7,000 from Meriden's Community Development Block Grant. The non-profit has seen budget cuts from the state in past years, and Kupfer says she knows that every time the agency is cut, it is a big cut.

Staff is usually affected, and they get overwhelmed, Kupfer said, adding that in addition to her job, there is only one other full-time employee at Casa Boricua. The non-profit has two part-time employees.

Casa Boricua helps about 1,700 people. Sometimes it translates information written or spoken in English into Spanish, and at other times, it helps people find employment or housing.

Kupfer is less worried about this fiscal year and more worried about next year's budget, which will be crafted by the legislature this spring. Casa Boricua already has a contract with the state for October 2009 to September 2010, she said.

"We're going to wait and see what will happen," Kupfer said. "I worry about every year. You never know."

Abercrombie said Friday that she is also concerned about how budget deficits will affect nonprofit organizations.

"I think it is going to be a very sensitive year," Abercrombie said. "I think at this point everything is on the table."

As a member of the legislature's Human Services Committee, Abercrombie says she hears the horror stories when non-profits struggle financially. State lawmakers will need to be cautious in deciding where to make any cuts this year, she said, adding that they will also need to be creative. Maybe it is time for Connecticut to establish tolls on the state's major highways, Abercrombie suggested.

"I think we are going to have to think outside the box," she said.

Legislative leaders are currently wading through this fiscal year's numbers to try to come up with a bill that would help the state's financial picture, said House Majority Leader Christopher G. Donovan, D-Meriden, noting that the General Assembly must convene in Hartford Monday regardless of whether a plan is finalized.

"We're not done yet," he said Thursday.