

HARTFORD: Health-care providers see little or no new funding in Rell budget

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BY PAUL HUGHES

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HARTFORD -- Nursing homes, non-profit social service agencies and unionized health-care workers are criticizing Gov. M. Jodi Rell's proposed state budget.

The governor's \$35.8 billion, two-year budget includes no additional funding for some health-care providers while others will see only a minuscule increase.

A coalition of community providers, the state's nursing home association and the New England Health Care Employees Union, District 1199 chided Rell for not adequately funding social services at separate news conferences this week.

A Rell spokesman defended the governor's budget plan.

Toni Fatone, executive vice president of the Connecticut Association of Health Care Facilities, said Rell's budget would be "disastrous" for the state's 30,000 nursing home residents.

Deborah Chernoff, spokeswoman for District 1199, said the governor's proposal to the legislature "cuts the heart of health care for the poor, the elderly and disabled."

The Connecticut Community Providers Association requested overall increases of 7 percent for the 2008 fiscal year and 5 percent for the 2009 fiscal year.

Rell recommended a \$15 million increase in 2008 for some providers contracted with the departments of Mental Retardation, Mental Health and Addiction Services and Children and Families.

This represents a 1 percent increase, said Barry Kasdan, chairman of the association's board of directors. He said his group is seeking a two-year increase of approximately \$180 million.

The Rev. John Merz, executive director of the Connecticut AIDS Resource Coalition, said member organizations of his group are "bleeding to death."

"We are just waiting to see at this point whether it will be a slow or speedy death," he said.

Tom Fanning, president and CEO of Ability Beyond Disability, said his organization recently informed state officials that it can no longer assist 22 clients recovering from traumatic brain injuries in Western Connecticut.

The group lost \$1 million serving them, he said.

Several high-ranking Democratic and Republican legislators pledged to work to increase state funding for health-care providers.

Nonprofits Plead For More State Money

By ANN MARIE SOMMA
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Tom Fanning, who runs Ability Beyond Disability, a nonprofit group that provides in-home care for people with brain injuries, said Tuesday that seven of his clients will be moved into a nursing home next month if the state doesn't increase his budget.

"We are in deep trouble and we are in need of immediate relief," said Fanning, who was among dozens of community providers and a handful of lawmakers who gathered at the state Capitol Tuesday to urge Gov. M. Jodi Rell to reverse what they say has been decades of under-funding for nonprofit agencies.

Providers say state funding in the past two decades has not kept pace with inflation, and their salaries are not competitive with state workers. They want an increase in state funding of 7 percent for the coming fiscal year, and a 5 percent increase in the following year.

They also want the state to agree on a long-term system of annual increases to allow them to plan their yearly budgets.

"Community providers serve as Connecticut's safety net, making sure the most vulnerable are served. The state hasn't been a great partner," said state Sen. Gayle Slossberg, D-Milford, who attended Tuesday's gathering.

Other lawmakers who showed support for increased funding include Rep. Jack Malone, D-Norwich, and Sens. David Capiello, R-Danbury, and Judy Freedman, R-Westport.

Under Rell's plan, about \$15 million would be allocated for service providers in the coming fiscal year - a 1 percent increase across the system.

"The governor has been a strong defender of the nonprofits and she understands the difficult situation everyone is facing," said Rich Harris, a spokesman for Rell. "It's a very difficult budget year, not counting the increases she is proposing for education."

Rell's proposed budget calls for raising the state income tax from 5 percent to 5.5 percent over two years and using the new revenue to increase education spending.

Community providers across the state partner with several state agencies to provide community services to about 500,000 people and children with physical and mental disabilities and addictions. Tuesday's news conference was organized by Connecticut Community Providers Association of Rocky Hill.

Fanning said he has notified the state Department of Social Services that beginning March 12 he can no longer fund a program that keeps seven of his 22 most severely brain injured clients at home.

Fanning said the state's hourly rate for workers in the Medicaid acquired brain injury waiver

program is so low that his agency has had to raise \$1 million through fundraising in the past three years just to keep his clients out of nursing homes.

"The system has gone from perilous to catastrophic," Fanning said.

Also on Tuesday, about 50 members of the state's largest union of health care workers rallied at the state Capitol complex to complain about proposed funding for nursing homes and private facilities that serve people with mental health problems and mental retardation. The governor has proposed keeping such spending at the current level.

Rell's budget proposal "cuts the heart out of health care for the poor, the elderly and the disabled," said Deborah Chernoff, a spokeswoman for the New England Health Care Employees Union, District 1199. Chernoff said the budget proposal eliminates an expected 1 percent increase in nursing home reimbursement rates, cutting a prospective \$12.5 million in the coming fiscal year and more than \$13 million the following year.

The lack of funding may force layoffs, reductions in services or the closing of facilities, union members said.

"The governor's proposal for no increases in spending to care for 30,000 frail and elderly nursing home residents, at a time when costs of providing care are skyrocketing, would be disastrous," said Toni Fatone, vice president of the Connecticut Association of Health Care Facilities.

State Rep. Denise Merrill, D-Mansfield, co-chairwoman of the legislature's appropriations committee, said she is increasingly disturbed by Rell's funding decisions as she takes a closer look at the proposed allocations for social service programs.

"To argue that this budget takes care of the needs of Connecticut citizens is really not the case," Merrill said Tuesday. "I don't think we can let it stand."

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Criticisms Emerging To Schools Initiative

Gov. Has Yet To Campaign Aggressively For Changes

By MARK PAZNIOKAS
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Gov. M. Jodi Rell grabbed the spotlight last week with a stunning proposal to increase the income tax rate by 10 percent for a \$1.3 billion infusion of new revenue to boost spending for education, property tax relief and other initiatives.

A week later, Rell has yet to show how she intends to sell voters, constituency groups and legislators on her first tax increase and boldest initiative since becoming governor in 2004. Since phoning three radio shows Friday, Rell has been silent.

"Last Wednesday, she dropped a major bomb on the state Capitol," said Dean Pagani, a public relations consultant who was Gov. John G. Rowland's chief of staff. "Then it appears she walked off the stage."

Her chief of staff, M. Lisa Moody, said Tuesday the Rell administration will aggressively promote

the education plan over the remaining four months of the legislative session, reaching out to business and education groups to build support for the biggest income tax jump since the levy was passed in 1991.

"She is going to work the issue," Moody said.

But Moody acknowledged that Rell's own communication staff has not been briefed on a still-evolving campaign that Moody says will include speeches to chambers of commerce, parent groups and teachers unions. Her press office is aware of no outreach beyond two calls Rell plans to make Thursday to two FM stations, KC101 and WCCC.

"The whole thing is baffling," said Jonathan Pelto, a communication strategist and former Democratic lawmaker. "The lack of an aggressive effort to sell the plan is just one more thing that leaves people confused about what the administration's intention really is."

In the governor's absence, the debate already is turning to potential gaps in the governor's budget. By including no increases for many social service and health care providers, legislators and advocates said Tuesday, Rell's budget has hidden deficiencies.

Rep. Denise Merrill, D-Mansfield, co-chairwoman of the appropriations committee, said filling those deficiencies could quickly chip away from the resources Rell wants to use for local education and property tax relief.

"I think we're looking at \$400 million," Merrill said of the money that might be required to adequately fund nursing homes and other social service providers.

On Tuesday morning, leaders of nonprofit agencies packed a hearing room at the Legislative Office Building to decry the governor's budget. They were joined by Democratic and Republican legislators. Hours later, an association of nursing homes and their unionized workers joined together to deliver a similar message. Merrill stood with them.

Merrill said that lawmakers would not consider flat-funding nursing homes and social service providers, as Rell proposed in a budget delivered last week with great fanfare.

"It is a budget that invests in the generations - in this generation and the generations to come," Rell told lawmakers in a televised speech Feb. 7. "It makes unprecedented, long-term investments in education so that our state's future is built upon the most solid footing of all - our children."

Her budget director told reporters the same day that the budget was gimmick-free, but Rell acknowledged a day later that money likely would need to be added for health care and social services.

Pelto said Rell, in effect, was saying, "I recognize the budget I put in place is not a credible one."

The Republican governor has few allies in ushering her budget through the legislature. Republicans were horrified at seeing the leader of the party propose raising income taxes by \$1.3 billion over two years, even though she also is calling for the elimination of the estate tax and property tax on cars.

Her only two surrogates to help sell the plan are Lt. Gov. Michael Fedele and newly elected Republican State Chairman Chris Healy, who each have been making the radio talk-show circuit. It was left to Healy to take on the toughest duty: appearances on three conservative shows that have denounced the governor's tax increase.

So far, GOP lawmakers are sitting on the sidelines, saying Rell must demonstrate that a tax

increase is necessary.

Democrats, who hold more than two-thirds of all seats in the General Assembly, applauded Rell's ambition, but they will put their own stamp on the plan. Where Rell wants to raise the 5 percent income tax rate to 5.5 percent, Democrats already are talking about a graduated increase that imposes a bigger hit on higher incomes.

An open question is whether Rell will sit back for a few weeks and watch how the Democrats respond, or will she try to marshal public opinion?

Tom D'Amore, who was gubernatorial chief of staff to Lowell P. Weicker Jr. during the 1991 income tax debate, said he does not understand the claim that Rell needs to quickly sell her plan.

"It's pretty substantial what she is doing. It's going to take time to educate folks," said D'Amore, a political consultant. "I don't think there is any real ... necessity to be jumping on it overnight. You can let it sink in and seek what you are getting in feedback from folks."

Moody said her office already is sifting through invitations from chambers of commerce and education groups that long have demanded the state step up its investment in education.

"The constituency groups themselves will be surrogates," she said.

Other consultants with ties to both parties said, however, there will be no substitute for the governor's own voice.

"Look back at the few big reforms in Connecticut or nationally over the past generation," said Roy Occhiogrosso, a communications consultant and Democratic campaign strategist. "They were situations in which a chief executive took on a big issue and built a coalition of support."

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Charities rally at capitol for more funds in budget

By Brian Lockhart

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HARTFORD - In recent years, CLASP Homes of Westport launched fundraisers to help cover the \$5 million it spends annually to provide housing and services for adults with developmental disabilities.

The fundraisers included fashion shows and food tastings, CLASP President Tracy Flood said.

But Flood and her counterparts at social service agencies in Stamford, Norwalk and Greenwich said yesterday that no amount of fundraising will make up for the cuts Gov. M. Jodi Rell proposed in her budget.

"I'm stunned at what she put in," Flood said of the Republican governor. "It's a slap in the face."

Rell's budget, unveiled last week, calls for a \$15 million increase in 2008 and \$17 million in 2009 for nonprofits contracted with the state departments of mental retardation, mental health and addiction services, and children and families.

But there's a catch. Unlike previous years, the money is targeted at social service agencies where employees earn salaries well below the state median.

In many cases, those in southwestern Connecticut will not make the cut.

"What we tried to do this year was create a 'low wage provider pool,' " Rell's budget director, Robert Genuario, said. "It's targeted at those providers who, by virtue of their historic grant or contract levels from the state, have low-wage employees. . . . If you just spread the money across the board, the discrepancy gets larger."

Nonprofit organizations in lower Fairfield County said their salaries may be high for such agencies, but not when considering the cost of living in Fairfield County.

"You can imagine paying someone with a master's degree \$40,000. It is hard, frankly, for people to stay here," said Sherry Perlstein, director of the Child Guidance Center in Stamford, an outpatient mental health clinic that serves children in Stamford, Greenwich, Darien and New Canaan.

Social service agencies also said Rell cannot propose flat funding when their bills keep rising.

Stamford's Laurel House, a nonprofit that provides housing and services to the mentally ill, recently received \$184,524 from the state to complete renovations. But Executive Director Steve Dougherty said he relies on the state to cover about half of his \$2 million operating budget.

"We had a meeting with the insurance (company) the other day," Dougherty said. "It went from \$64,828 in 2006 to \$73,727 for general liability, property and automobile."

Valerie Williams, director of Keystone House Inc. in Norwalk, estimated about 95 percent of her \$3 million budget comes from the state. Keystone House serves adults with severe mental illnesses.

"My costs go up - my salaries for employees, gas mileage reimbursement. We own three homes, so utilities, telephone, repair and maintenance all go up," Williams said.

A few coalitions representing social service agencies in the state yesterday rallied at the capitol, calling on the General Assembly to increase Rell's spending proposal. They said that rather than targeting the \$32 million for salaries over two years, the budget should be boosted by \$180 million and spread to all nonprofit groups over the same period.

They were joined by a bipartisan group of legislators, including state Sen. Judith Freedman, R-Westport, whose autistic daughter lives in a group home in Orange.

"I will be there to fight to make sure we bring your level of services and staffing up to where it should be, with the amount of money it takes to get there," Freedman told the crowd.

Genuario, a former Norwalk state senator, did not attend the rally. In an interview afterward, Genuario said Fairfield County nonprofit groups have legitimate complaints about not being eligible for the \$32 million but that the state values their services. But in the last two years, all state nonprofit organizations got 4 percent and 2 percent budget increases under Rell, and she wants to turn her attention to education, Genuario said.

Rell last week surprised her fellow Republicans and the General Assembly's Democrat majority when she proposed paying for a \$3.4 billion five-year investment in education with hikes in the personal income tax. With \$800 million and \$900 million deficits projected for 2008 and 2009, the tax increase is the only reliable source of new revenue, Rell and Genuario said.

Legislators at yesterday's rally, concerned about the prospect of raising taxes to fund education, could not say how they will pay for the \$180 million the nonprofit groups want.

"We have to come back and be realistic about where education money should go," Freedman said. "We shouldn't (fund) that at the expense of this population."

The Child Guidance Center's Perlstein agreed.

"I don't disagree with education being a high priority," Perlstein said. "But we as a state (need to) recognize the association between human services and children focusing in school. . . . If you have a kid being abused and neglected at home, without help, or with an eating disorder, obsessive-compulsive problems or depression, they are not going to function well in school."

Although he made no promises, Genuario said the budget discussion has only begun.

"As the legislative session moves on, we will look for ways to accommodate" social service agencies," he said. "It's not something we're not sensitive to."

Outlook grim for nonprofits

By: Amanda Falcone, *Meriden Record-Journal*
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HARTFORD - Nonprofit community providers like the Arc of Meriden-Wallingford lobby for more state funding each year, but they see little, if any, additional money.

If Gov. M. Jodi Rell's budget proposal is any indication, the next two fiscal years will be just as dismal.

The governor is proposing that nonprofit organizations receive no financial increase for fiscal years 2008 and 2009. The organizations, however, were hoping for a 7-percent increase in 2008 and a 5-percent increase in 2009 - a total of more than \$150 million.

"I'm in my 21st year and the battle hasn't changed," said Sen. Judith G. Freedman, R-Wesport.

Flat funding could be "catastrophic," nonprofit leaders said at a Tuesday press conference.

"We are bleeding to death," said the Rev. John Merz, executive director of the Connecticut AIDS Resource Coalition. "We are just not so sure if it'll be a slow or speedy death."