

## **Journal Inquirer**

**11/22/06**

### **Nonprofits Seek More State Aid to Stem Money Crisis**

**By Keith M. Phaneuf**

HARTFORD: Connecticut's private, nonprofit social service providers are asking state officials to end decades of underfunding and stem a funding crisis that's threatening vital programs.

Representatives from both of the state's major nonprofit associations said this week they'll ask legislators next month for a 7 percent funding hike in 2007-08 and 5 percent in 2008-09, increases worth more than \$150 million over two fiscal years.

But the Connecticut Community Providers Association and the Connecticut Association of Nonprofits also say they're grappling with annual turnover of more than 25 percent and minimal funding growth that doesn't allow for competitive staff salaries.

The nonprofits "are not in the business of cutting off services, they are in the business of providing services and they do it well," Nora Duncan, public policy specialist for the Connecticut Association of Nonprofits.

Whether it's mental health counseling, addiction treatment, or support services for the mentally retarded, nonprofits provide the bulk of support services on behalf of state government. That means rather than cut a program, nonprofits might reduce expenses elsewhere, turn to part-time staff when they can't afford full time, or find any other of several creative ways to keep things going smoothly, Duncan said.

"What we do when the funding isn't there is slowly erode to do the least amount of harm," Duncan said. "We do all of the small things to continue to everything we can. But there is a point when that erosion leads to a crisis."

Terry Edelstein, president of the CCPA, said her clients faced a 26 percent turnover rate last fiscal year, 27 percent among direct-care staff.

"We're very heavily staff-based," Edelstein said, adding the nonprofits serve roughly 500,000 people per year. "We're working with very vulnerable people who need continuity in their lives, who need consistency in their lives."

Duncan compared it to public school first-graders having to change teachers two or three times a year. "Any parent of any kid would be in anguish over that situation," she said. "But we do that as a state to kids and adults with vulnerabilities all of the time. In foster care and mentoring programs that change can seem devastating," she said.

What's been devastating to the nonprofits, Edelstein said, has been about two decades of relatively flat state funding that in most years hasn't kept pace with inflation.

Since 1987, state funding for the industry has grown by about 28 percent, compared to a Consumer Price Index that has risen almost 88 percent.

Together, the two associations represent more than 500 community-based nonprofits. About a half-dozen state agencies spend close to \$1.5 billion annually hiring these nonprofits to serve an array of clients.

The nonprofits received their largest funding hike in more than a decade in 2005 when they got a 4 percent hike. But that still wasn't enough to prevent the gap between what private social service workers earn and comparable state employees' salaries from growing.

Currently, nonprofit social service staff earn about half of what state workers make.

State government has been pursuing additional federal reimbursement for some of its spending on nonprofits, particularly Medicaid dollars tied to behavior counseling programs for the mentally ill.

Edelstein said if the state does secure more money, it needs to recognize that nonprofits had to pay more for this to happen.

Nonprofits must spend more on computer systems and staff training to prepare the additional filing information needed to secure Medicaid reimbursements.

"We're touting the concept of reinvestment," she said. "Our bottom line is the people we serve, and we need funding to meet their needs."

Edelstein added she's optimistic that a political battle between Republican Gov. M. Jodi Rell and the Democrat-controlled state legislature won't harm the nonprofits' appeal for assistance.

Over the past two years, Rell vetoed three bills to establish new state contracting standards, arguing that while she backs most of those proposed by lawmakers, some would prevent the state from turning to the more cost-efficient private sector to care for the needy.

State government couldn't afford to shift all of these services to the private sector, Rell said. Nonprofits also argued that two of the three bills would hinder their efforts to secure future contracts.

Legislative leaders fired back that the bills only would have forced the nonprofits to face stricter accountability standards, but wouldn't have blocked any new contracts.

"We believe we are very accountable in the contracting process," Edelstein said, adding nonprofits are not the industry where contracting-related corruption has occurred in the past.

"We've been trying to work with legislators one on one, and we're ready to sit down with anybody," she said.