

State Budget Riles Groups

Nonprofits Say Clients Will Be Hurt

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As the legislative session enters its final weeks, nonprofit organizations say the governor and state legislators have little time left to provide a fair increase in the budget to cover the valuable services the nonprofits provide for those most in need.

Those agencies - which operate everything from soup kitchens and homeless shelters to group homes for the mentally ill - complain they are being virtually ignored this year by the governor and top lawmakers.

A large network of community providers had asked Gov. M. Jodi Rell for increases of 7 percent and 5 percent over the next two fiscal years in the \$35 billion, two-year budget. Rell responded with essentially no increase over the two years, offering instead a massive spending plan of \$3.4 billion for public education over the next five years.

The nonprofits thought they had a better chance with the Democratic-controlled appropriations committee, but lawmakers recommended 3 percent in the first year and nothing in the second year.

"This is an irresponsible approach to budgeting and will hurt Connecticut residents and the clients we serve in the long term," said Barry Kasdan, chairman of the Connecticut Community Providers Association of Rocky Hill. "Many of the programs we deliver, on behalf of the state, are preventive health care programs that keep people out of emergency rooms and hospitals. What we are seeing is a shortsighted approach."

House Speaker James Amann said the nonprofits should not give up their lobbying efforts as the budget negotiations move forward in the search for an agreement before the legislature adjourns June 6.

"They want 7 percent. We're at 3," Amann said in an interview. "With the nonprofits, I've tried to tell those guys they need to continue to talk about what the needs are and try to make their case and maybe they have a chance of getting a little bit more of an increase. But time will tell."

He added, "I don't think the nonprofits would have to worry about a zero [increase] next year. If the economy stays strong, all those things will be open for review. That's why we have [budget] adjustments in the second year."

Rell's budget director, Robert Genuario, said he expects the nonprofits to be the subject

of serious discussions over the final 21/2 weeks, adding that he is "optimistic" that an overall agreement on the two-year budget will be reached before the legislature adjourns. But he did not make any predictions on precisely how much the nonprofits will receive.

"Certainly, rate increases will be a subject of budget discussions," Genuario said. "We're early in the process. It's not something that will be overlooked."

Rep. William R. Dyson, the former longtime budget co-chairman, said the legislature needs to properly fund the nonprofits because they have been struggling for years with rising costs, particularly the recent increase in fuel prices. The nonprofits traditionally provide services at a cost far lower than similar services offered by state employees. The unionized state employees automatically receive pay increases under contracts, and they have a lucrative benefits package that the nonprofits cannot match. As a result, the best, most experienced workers for the nonprofits sometimes leave to become state employees at much better salaries, he said.

"We're headed toward a big problem, and it's been long brewing because the gap keeps getting wider every day," Dyson said.

House Republican leader Lawrence Cafero of Norwalk said the private providers not only are worried about funding, but are concerned about attempts to limit privatization. Rell has vetoed three contracting-reform bills in the past, taking the side of the nonprofits and saying the Democratic-written bills would limit the ability of the private providers to expand.

"They're not only annoyed at the money they're not getting, but they're annoyed at the threat" of a fourth contracting bill, Cafero said. "That rocked them to the core. It would put them out of business."

Patrick Scully, a spokesman for Senate President Pro Tem Donald Williams, said the Senate "absolutely" will push a fourth contracting bill in the coming weeks because private contractors were involved in major problems with the catch basins during a road paving project on I-84 from Cheshire to Waterbury.

Rep. Stephen Dargan, a veteran West Haven Democrat, said that funding for the nonprofits is more important than many of the other issues that are swirling around the Capitol in the crucial final days before the scheduled adjournment.

"The nonprofits really save the state a lot of money," Dargan said. "If some of these nonprofits went under, it would cost the state more money in the long run. That is as critical or more critical than some of the tax breaks they're trying to give."

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