

Human Services Committee JOINT FAVORABLE REPORT

Bill No.: SB-1358

AN ACT CONCERNING EQUITABLE COMPENSATION FOR STATE-

Title: CONTRACTED NONPROFIT HUMAN SERVICES PROVIDERS.

Vote Date: 3/5/2025

Vote Action: Joint Favorable Substitute

PH Date: 2/27/2025

File No.: 134

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SPONSORS OF BILL:

Human Services Committee

REASONS FOR BILL:

The goal of this legislation is to create compensation parity for state-contracted nonprofit human services providers. The bill would require OPM to conduct reviews of the level of services provided by nonprofit human services and determine if rates adequately compensate the providers. The bill also aims to eliminate and consolidate duplicative or unnecessary reporting, and to require payment for services provided within 30 days.

Substitute Language:

State agencies contracting with a nonprofit human services providers must increase rates by the percentage increase of the consumer price index annually. The Commissioner of Social Services will also adjust Medicaid rates by the percentage rate increase. Starting January 1, 2026, and every three years after OPM must file a report on state agency contracts with nonprofit human service providers.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Office of Policy and Management \(OPM\), Claudio Gualtieri, Senior Policy Advisor to the Secretary](#): OPM opposes the bill. The proposed legislation does not match the Governor's proposed FY2026/2027 budget. The author states, "The proper forum to weigh annual funding levels and rate recommendations is through the budget development and legislative process, not through an abstract analysis of contracts." The testimony also proposes that the administrative burden for this legislation is too high, including the necessity of new staff. OPM states their concerns that the bill would "undermine our focus on client-centered care." They

propose the best way to eliminate unnecessary reporting is through contract negotiations with state agencies.

[Department of Developmental Services \(DDS\), Jordan A. Scheff, Commissioner:](#) The testimony states that the legislation would place undue administrative burden on OPM, particularly the review and analysis process. The Commissioner states, "the budget development and legislative process is the best way to weigh multiple competing demands for limited public resources and balance the unique needs across constituencies." DDS opposes sections 1 and 2 of the bill and describes their concerns with section 3. The testimony states that it is not administratively feasible to pay providers within 30 days of each service while performing all necessary validations in the system.

[Department of Social Services \(DSS\), Andrea Barton Reeves, Commissioner:](#) opposes sections 1 and 2 of the bill, as they state that DSS and OPM work together every year in the budget process to determine equitable distribution of resources across competing needs. DSS also opposes section 3 due to the requirement that state agencies make payments to private providers not later than thirty days after receipt of services, as this is not administratively feasible.

NATURE AND SOURCES OF SUPPORT:

[Lumbility, Denise Daviau, CEO:](#) Supports the bill, but requests substitute language that would index nonprofit funding to inflation, including Birth to Three services. The testimony proposes that this would help non-profits stabilize their budgets and provide additional services to those most in need. According to the testimony, past increases from the legislature have not included Birth to Three services, with the last rate adjustment in 2017. Due to poor compensation, inflation, and increased cost of living, the few employees that do stay on are experiencing burnout, thus reducing availability of needed services. The author calls for regular and equitable rate increases for Birth to Three providers.

[CMHA, Meaghan Gorman, Community Engagement Coordinator:](#) Writes in support of the bill, but requests substitute language includes indexing non-profit funding to inflation. Proposes this will provide lasting financial stability to the non-profit sector and its workers, as well as the vulnerable populations they serve.

[Lumbility, George Reid-Perry, Chief Program Officer Adult Services:](#) Supports the bill and requests substitute language to index non-profit funding to inflation. The testimony cites several core issues and funding needs, such as the lack of funding for birth to three services, the inability to recruit/retain staff due to poor compensation, needing to prioritize some programs over others, and more. The testimony specifically calls for appropriately funding I/DD services and birth to three, stating that they cannot wait to FY27 as in the Governor's Budget.

[The Arc of Connecticut, Carol Scully, Director of Advocacy:](#) Supports the bill and proposes substitute language indexing non-profit rates to inflation. Increases rates would allow better services for persons with IDD.

[The Alliance, Ben Shaiken, Director of Government Relations:](#) Writes in support of the bill, plus proposes substitute language to index non-profit rates to inflation. States that this is the

Alliance's top legislative priority since it would help providers stabilize their budgets and provide higher quality services to CT residents. The testimony goes on to describe the benefits of passing this language, among which would be better budget predictability for the legislature and eliminating the need of the non-profits to request additional funding every year. The testimony has the full proposed substitute language attached.

[Easterseals Capital Region & Eastern CT, Robin Sharp, President & CEO:](#) The testimony describes the work and importance to the community of non-profits, particularly Easterseals. Due to inflation, however, the work has been devalued. The author says the current funding situation is not sustainable and requests a 6% increase in non-profit rates for FY26 and an 8% increase in FY27.

[Reliance Health, Carrie Dyer, CEO:](#) Testifies that non-profits are businesses with ongoing, escalating expenses and that the current funding structure with the state does not account for these costs. States that the current funding structure is unsustainable, particularly due to stagnant funding, inflation, and new expenses. The author requests a formalized process to index state contracts to keep pace with inflation.

[Reliance Health, Anonymous:](#) An anonymous non-profit employee writes in support of the bill. The author describes the important of the non-profit sector and their passion for the work, but states that compensation for this work under state contracts is inadequate. The testimony cites the high cost of living and requests competitive wage parity for those working in non-profits under state contracts.

[Reliance Health, Raymond Bellows, TLC-1 Program Director:](#) The testimony states that this transitional housing program is 'critically underfunded,' and cites safety concerns for staff. According to this testimony, the case managers for this agency only make 50% of what their state counterparts earn. The author requests compensation parity for all those who work in human services non-profits.

[Reliance Health, Sue Caplet, Property Manager:](#) Supports regular COLAs for the non-profit sector workers contracted by the state every year. Calls for the COLA to be embedded in the budget process.

Additional Reliance Health Employee Support:

[Reliance Health, Anonymous](#)

[Timothy MacDonald, Residential Assistant](#)

[Stephen Plummer, Software Developer](#)

[Nicole Reynolds](#)

[Katherine Sullivan, LEAP Program Director](#)

[Marjorie Vrabel, Service Coordinator](#)

[Gary Wojtkiewicz, Program Director OHP-UHSO](#)

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Breanne Clifton

Date: 3/31/2025