

Appropriations Committee JOINT FAVORABLE REPORT

Bill No.: SB-1547

Title: AN ACT CONCERNING FUNDING FOR NONPROFITS.

Vote Date: 4/24/2025

Vote Action: Joint Favorable Substitute

PH Date: 4/3/2025

File No.:

Disclaimer: *The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Appropriations Committee.

REASONS FOR BILL:

SB-1547 would index an annual increase in funding for nonprofit human services providers to an increase in the Consumer Price Index for urban wage earners and clerical workers. Since 2007, inflation on the costs of nonprofits' services is 45%. In the last few years, the legislature has provided increases equal to roughly 15%. Four major problems exist: chronic underfunding, the loss of ARPA support, stagnant Medicaid rates, and an acute staffing shortage. Indexing nonprofit funding will help community nonprofit providers to stabilize their budgets and provide higher quality services to Connecticut residents.

Substitute Language: The substitute language changes the associated indexing metric to increases in the Consumer Price Index for urban wage earners and clerical workers. Indexing increases in funding support of nonprofits to a measure of inflation is more equitable than tying rate increases to state employee raises or SEBAC.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Jeffrey Beckham, Secretary, Office of Policy and Management](#)

SB-1547 indexes the annual increase in funding to the most recently ratified SEBAC agreement. OPM opposes this bill because of concerns about significant costs:

Assuming that the increase is approximately 3.0%, this bill would result in additional state costs of at least \$61.7 million in FY 26 and FY 27 for the non-profit providers, which would result in additional federal grants revenue of approximately \$17 million to reflect the federal share of Medicaid eligible expenditures that are gross funded outside of the Department of Social Services (DSS). The bill also requires [DSS] to adjust Medicaid rates the equivalent of increases for the nonprofit human services

providers resulting in a state cost to DSS of at least \$47.1 million in FY 26 and FY 27. These costs would compound yearly.

OPM is also concerned this bill "inappropriately influences the bargaining between private providers and their employees." Additionally, this bill requires the Secretary of OPM to provide an analysis of necessary appropriations to ensure increases in rates for agency contracts with nonprofit providers. The report, due no later than January 1, 2026, and every two years thereafter, "would set budgetary expectations that may not coincide with Executive or Legislative Branch priorities."

NATURE AND SOURCES OF SUPPORT:

[Ben Shaiken, Dir. of Gov. Relations, The Alliance, Supports with Recommendations](#)

Indexing nonprofit funding for providers requires increasing their funding when wages increase for state employees, helping them stabilize budgets and provide higher quality services. Community nonprofits are crushed by inflation, and the deficit increases each year they go without funding increases. This is the reason nonprofits ask the legislature to "find hundreds of millions of dollars each year to keep the state's health and human services system from falling into complete crisis."

Wage growth in the healthcare industry is the most significant factor in overall nonprofit budget inflation. Additional major factors include health insurance, real estate, vehicles, and fuel/energy. OFA and OPM base budget projections on "what the current statutes say will happen in the future," assuming health and human services costs remain stagnant. Annual inflationary increases are built into other parts of the budget, including the state minimum wage, legislator and constitutional officer salaries, and Citizens Election Program grant funds.

The following recommendations are respectfully submitted:

1. Change the indexing metric to a measure of inflation, such as "the Bureau of Economic Analysis's (BEA) gross domestic price implicit price deflator index for state and local government services and businesses." The SEBAC agreement is a negotiation; therefore, wage increases do not necessarily reflect nonprofit costs.
2. Broaden the bill beyond "salaries and payments rates for employees" to include a COLA for nonprofit services, including health insurance, fuel, vehicles, and food, which would match the current process of funding increases through the state budget.

[Barry Simon, MA, MPA, President & CEO, Oak Hill](#)

Mr. Simon supports indexing nonprofit rates to the SEBAC contract, and therefore, urges the legislature to update the state's budget controls to fund nonprofit services. Oak Hill is "CT's largest Purchase of Service provider," contracting with almost every CT human services agency. Chronic underfunding has led to closing 20 programs, including group home and day programs, and eliminating over 200 jobs. Beds and classrooms are empty because of an inability to staff them, and desperate CT residents sit on waitlists. Inflation has led to increases in food costs (29%), electricity (48%), heating oil (123%), insurances (80%), and transportation vans (50%). The state sets rates and pay for the unionized staff, and "stagnant rates have cemented poverty for much of our workforce."

Properly funding nonprofits is "good economic development." The money is spent in CT's 169 local economies. This goes beyond labor: "We could be opening programs back up, creating jobs, and getting people access to services, rather than planning for more closures and a likely strike."

To quote the Governor in his opening address: "Getting by is not enough."

Additional supporting testimony with personalized pleas from Oak Hill includes:

1. [Bruce Stovall, VP of Public Policy](#)
2. [Mark Hedrick, Director of Education](#)
3. [Brittany Horowitz, Senior Director of Development](#)
4. [Michelle Mihalko, Senior Director of Comms., Chair of "Staffing Crisis Task Force"](#)
5. [Lorna Sedor, Board of Directors](#)
6. [Karen Neag, Parent](#)
7. [Beth Chudnow, Parent](#)
8. [Kate McOmber, Parent](#)
9. [David Ishmael, Parent](#)

[Meaghan Gorman, Community Engagement Coordinator, Community Mental Health Affiliates](#)

Ms. Gorman's testimony is clear that CT must make a choice. "Please understand ... The ongoing stagnation and refusal to adjust State funding, with this radical claw back of duly appropriated Federal grant funding, means that the State of Connecticut has a choice to make: step up and take responsibility for the health and well-being of its vulnerable residents, or blindly adhere to the fiscal constraints and allow for the inevitable collapse of its community based nonprofit providers and community health centers."

Additional supporting testimony with personalized pleas from CMHA includes:

1. [Janet Smith, Clinical Case Manager](#)
2. [Amy Ogle, Communications Manager](#)
3. [Marisa Musumeci, LPC, Program Coordinator](#)
4. [Anonymous, Anonymous, Family Support Specialist](#)
5. [Anonymous, Anonymous, Clinician, COPE Program](#)

[Chris McNaboe, CEO & Founder, Horizons](#)

Every year, nonprofits appear before the legislature asking it to find hundreds of millions of dollars in the state budget. Since 2007, inflation on the costs of nonprofits' services is 45%, and the legislature has provided increases equal to roughly 15% (only in the last few years). Now, nonprofits face 4 critical problems: "chronic underfunding, the loss of ARPA support, stagnant Medicaid rates, and an acute staffing shortage."

The current situation is untenable. Staff cannot work remotely. Staff is leaving every day to work for the state, retail, Amazon, and other industries. Nonprofits are closing services. Costs are skyrocketing in every area. Nonprofits cannot provide services to the families of Connecticut in desperate need of these vital supports. The private sector now "provides 92% of community-based services for people with I/DD;" they are not charities, but rather contractors of the state. Nonprofits need to be treated as a professional, stable workforce.

Additional supporting testimony with personalized pleas from Horizons includes:

1. [Terry Ford, COO](#): "We have ended services for individuals with complex needs. One individual with complex needs, and a long history of aggression, is now at home with his elderly parents."
2. [Simon Wells, Chief of Staff](#): "For decades, non-profits have increasingly shouldered the lion's share of what was once state work, stepping in to deliver critical services with a level of efficiency that saves Connecticut millions of dollars annually. [...] Yet, despite this vital role, our employees, many of whom are the backbone of these efforts, are not compensated with a living wage that reflects their worth or the economic realities of our state."
3. [Matthew Mitchell, Associate Director of Supported Living](#)
4. [Patti Vazquez, Organizational Administrator](#)
5. [Paul Rimmer, Director of Supported Employment & Options](#)
6. [Victoria Hughes Bachiochi, Director of HR](#)
7. [Scott Langner](#)

[Reverend Shivonne McKay Annan, Executive Director, The Arc of CT](#)

It is necessary and critical to increase Medicaid rates and provide a sustained COLA. Nonprofits are unable to recruit and retain staff, who are "deeply passionate about their role[s] but often are in tension with the decision to fulfill personal passions and moving on to a career where one can earn a livable wage plus benefits for themselves and their families." Nonprofits are in a losing competition with Walmart and Amazon for staff to serve the IDD population and provide life-saving services.

Additional supporting testimony with personalized pleas from CT Arc includes:

1. [Pam Fields, CEO, MidState Arc & Living Without Limits](#): "[A]nyone of us can end up in a situation where we are reliant on others for our care. If we do end up in this situation, we would want someone who has the skills and abilities to offer us the care we need."
2. [Becky Bayne, CFO, MidState Arc](#)
3. [Linda Iovanna, CEO, CCARC](#)
4. [Russell Coleman, President & CEO, Harc](#): "Individuals with IDD deserve stability, dignity, and access to quality care. The dedicated workforce that supports them deserves fair wages and investment in their future."
5. [Kathleen Stauffer, CEO, Arc Eastern Connecticut](#)
6. [Kevin Zingler, President & CEO, MARC, Inc. of Manchester](#)
7. [Laura Kelley, Direct Support Professional, MARC of Manchester](#)
8. [Lynn Legan, Guardian & Parent, MARC of Manchester](#)

[Lisa Jardin, VP, Marrakech](#)

Having worked at Marrakech over 26 years, Ms. Jardin watches as her state employed counterparts receive COLA pay increases each year, while she receives increased workloads and essentially a pay cut. She does not collect a livable wage even though nonprofits provide essential, quality services more cheaply than the state. Nonprofits are providing the services that CT is responsible for providing, but without the COLAs, which is extremely devaluing.

Additional supporting testimony with personalized pleas from Marrakech includes:

1. [Jason Mirsky, CFO](#): "To stretch limited resources, we've had to scale back on certain programs, delay critical investments in staff training and retention, and defer necessary facility upgrades. Additionally, we have had to operate with fewer staff

members, which has led to burnout and increased turnover, impacting the consistency and quality of care."

2. [Jay Korman, Development Coordinator](#)
3. [Tylisha Stallings, Lead Direct Support Staff & single mom](#)
4. [Denise Canady, Chief Clinical Officer](#)

[Christopher Prus, MS, LPC, Dir. Residential Treatment Programs, CT Renaissance](#)

118,000 people work for nonprofits throughout CT, carrying out vital responsibilities required of the state for the most vulnerable people. The system would collapse – hospitals and state services overrun, and people dying – if nonprofits ceased to do the work they do. Indexing an increase in wages would hopefully eliminate the need for employees to work two or three jobs. Nonprofits lose qualified employees and cannot recruit staff to provide the care their clients desperately need. Closing the disparity between state and nonprofit employees is a step in the right direction toward maintaining services and their integrity.

Additional supporting testimony with personalized pleas from CT Renaissance includes:

1. [Valerie Williams, Special Projects Manager](#)
2. [Amy Vitale, Chief Clinical Officer](#)

[Carrie Dyer, CEO, Reliance Health, Inc.](#)

Reliance Health aligns itself with the testimony and recommendations from Ben Shaiken of The Alliance. Ms. Dyer draws attention to her previous testimony on this very issue: Appropriations Committee, February 23, 2017; Appropriations Committee, February 21, 2020; Appropriations Committee, Health Subcommittee, March 2, 2021; Appropriations Committee, February 24, 2022; Human Services Committee, February 28, 2023; Finance, Revenue and Bonding Committee, April 3, 2023; General Administration and Elections Committee, March 18, 2024; Government Administration and Elections Committee, February 7, 2025; Appropriations Committee, February 21, 2025; Finance, Revenue, and Bonding Committee, February 26, 2025; Human Services Committee, February 27, 2025; Government Oversight Committee, March 11, 2025

Additional supporting testimony from Reliance Health includes:

1. [Nicole Reynolds, Reliance Health, Inc.](#)
2. [Alisa Lecours, Service Director](#)
3. [Mark Davis](#)

[Thomas Burr, Public Policy Manager, NAMI CT](#)

NAMI supports SB-1547 as it "will help decrease wait times and increase the availability of timely behavioral health services." Both fiscally and morally, increasing funding helps people regain their health rather than "having some of the most vulnerable people in CT continue to suffer unnecessarily." NAMI aligns itself with the testimony and recommendations from Ben Shaiken of The Alliance.

[Jennifer Cavallaro, Director State Operations, Mosaic](#)

Passing SB-1547 will allow nonprofits to: (1) improve workforce retention, (2) expand service capacity, (3) enhance program quality, and (4) strengthen community impact. Ms. Cavallaro highlights many of the same points and issues raised by her nonprofit colleagues above.

[Jeffrey Vanderploeg, President & CEO, Child Health and Development Institute](#)

Year after year, behavioral health providers sign relatively absurd contracts "because they care so much about meeting the needs of children and families. [But,] for how much longer?" Mr. Vanderploeg emphasizes three needs: (1) raise Medicaid rates to 100% of the peer state average (currently 62%), (2) tackle the 39% turnover rate in the behavioral health workforce, and (3) invest in data and system infrastructure to measure and report on access, quality, outcomes, and investment.

There is resounding agreement among nonprofits offering testimony in support of SB-1547. CT is at the point long warned of by those in the human services' industry: either address the needs for the health and well-being of vulnerable residents or blindly adhere to fiscal guardrails, allowing for the inevitable collapse of community-based nonprofit providers. Testimony appealing for the passage of this bill includes:

1. [Angela Westwood, CFO, Continuum of Care, Inc.](#)
2. [Carly Tuthill, Program Director, Community Solutions](#)
3. [Lisa Baxter, CFO, Child and Family Agency of Southeastern CT](#)
4. [Gloria Carlson, Executive Director, Jewish Association for Community Living](#): "I have **supervisors** of programs driving for UBER on their off time to supplement their salaries. Due to the fact they are on call in their roles they have to take jobs they can step away from at any time."
5. [Heidi Chelednik, Director, Ability Beyond](#)
6. [Kate Travis, Services Director, Ability Beyond](#)
7. [Carrie O'Connell, Senior Services Director, Ability Beyond](#)
8. [Marian Baldini, President & CEO, KenCrest](#)
9. [Dr. David Santis, Executive Director, Covenant to Care for Children](#): "Not only is our staff burned out, but many children are falling between the cracks."
10. [Terry Sciola, COO, Helping People Excel, Inc.](#): "Please keep in mind that if the bill before you today had been in place in 2007, we would not have needed to be here, year after year, asking for hundreds of millions of dollars in critical funding."
11. [Joy Pendola, Chief Clinical Officer, McCall Behavioral Health Network](#)
12. [Michelle Grant, Director of Finance, The Caring Community of CT, Inc.](#): "[I]n 2025, we were left with no choice but to discontinue day program services for three longtime consumers who required one-to-one staffing that we simply could not provide."
13. [Denise Daviau, CEO, Lumibility](#)
14. [Lisa Brice, Director HR, Community Housing Advocates & Affiliates](#)
15. [Shanna York, Lead Residential Counselor, Vinfen](#): "A \$4 an hour hiring wage increase spanning almost a quarter of a century is a pretty clear message to private provider staff that the state constantly undermines the work of its private nonprofits."
16. [Jennifer Keatley, Executive Director, United Cerebral Palsy of Eastern CT](#)
17. [Beth Hines, Executive Director, Community Partners in Action](#): "On April 30th, due to a lack of funding, we will have no choice but to close our reentry home for men which housed up to 9 men at any given time who would otherwise be homeless."
18. [Carey Jaffee, Clinical Manager, ARI of CT, Inc.](#): "Let me be blunt. In my over 40 years in the field, I have never seen it in such a desperate situation."
19. [Adam Lytton, Associate Director, Prime Time House Inc.](#)
20. [Rev. Dr. Odell Cooper, Founder, Interruptions: Disrupting the Silence](#): "If timely, accessible, and trauma-informed mental health services were available, individuals

and families could heal before their trauma leads to devastating health, financial, and emotional consequences."

21. [Judith Stein, Founder & Senior Advisor/Attorney, Center for Medicare Advocacy](#)
22. [Kathleen Krider, Sr. Director CE & RM, Access Community Action Agency](#)
23. [Joshua Kelly, CEO, TVCCA](#)
24. [Greg Allard, President, Association of Connecticut Ambulance Providers](#): "[W]e respectfully request that the committee include specific language ensuring that EMS organizations, particularly those working in collaboration with nonprofit providers, are considered in Medicaid rate adjustments."

Individuals and parents submitted testimony in support of nonprofit workers. They point out how staff changes negatively affect special needs individuals and their families, creating anxiety and preventing people from receiving the personalized care they require. They repeat how deserving of happiness, safety, equality, and consistency both the staff and patients are. Testimony from people in support of SB-1547 includes:

1. [Mickey Herbst, Parent](#)
2. [Noreen Noll, Parent](#)
3. [Dr. Valerie Wiseman, Parent](#)
4. [Madison Beach](#)
5. [Brian Bonilla](#)
6. [Robert Johnston, Guardian](#)
7. [Bonnie Potocki, Conservator & Sibling](#)
8. [Imelda Reno](#)
9. [Lee Ann Schlatter, Parent](#)
10. [Diane Selvaggi, Parent](#)
11. [Suzanne Silva, Veteran, Patient, & Parent](#)
12. [Jane Thierfeld Brown, Parent](#)
13. [Amrita Sapkota, Social Work Student](#)
14. [Anthony St. Marie, Parent](#)
15. [Walter Rice, Parent](#)
16. [Ellen Maus, Parent](#)
17. [Lois Johnston, Parent](#)
18. [Janet Herman St Marie, Parent](#)
19. [Montana Heon](#)
20. [James Clyburn, Parent](#)
21. [Lynn Arezzini, Parent](#)
22. [A Concerned Citizen](#)
23. [Anonymous, Anonymous](#)

NATURE AND SOURCES OF OPPOSITION:

[Frank Ricci, Labor Fellow, Yankee Institute](#)

The Yankee Institute opposes SB-1547, calling it "a ruse to increase union negotiating power at the expense of the taxpayers and is an affront to good governance." The institute alleges "the dark specter of government union self-interest" is the true motive behind the effort to index an annual increase in funding for nonprofit human services providers. Ensuring automatic funding increases upon state union negotiated pay increases, "is a clever tactic to turn nonprofit workers into a sympathetic de facto lobbying group for Connecticut's dominant special interest — the government unions." Mr. Ricci argues this will incentivize nonprofits to

lobby for higher taxes and more government spending regardless of the state's fiscal health or actual program needs, referring to it as "a kidnapper's bargain, where a criminal holds hostages to force concessions from their loved ones."

SB-1547 is another example of legislative leadership trying to undermine the fiscal guardrails. He notes, "[i]f our state's nonprofits need more funding, that's an important discussion worth having." More funding should not be accomplished by tying increases in nonprofit funding to increases in state employee wages. SB-1547 will provide too much power to unions "and their new allies within nonprofits," allowing them to drive public policy to their benefit in lieu of the needs of the community.

Funding should be tied to performance and "the genuine needs of the populations they serve," not by ignoring merit and efficiency. This new process threatens to betray the taxpayers' interest and use taxpayer money "as a bargaining chip in a broader political gambit." Instead, the state should adopt free-market reforms.

[Jonathan Aidukonis](#)

Mr. Aidukonis understands the intent of this bill is to "ensure fair compensation for nonprofit human services workers;" however, he is concerned about "fiscal responsibility, precedent, and operational autonomy." There is a difference between state and contracted employees, and therefore, public sector obligations should not be extended to private organizations. State agencies should manage provider contracts based on merit and market conditions. Additionally, funding should be subjected to the "competitive solicitation process." Lastly, using the SEBAC agreement as an indexing metric "risks obligating funds" the state may not have in the future. SB-1547 "make[s] compensation an entitlement."

Reported by: Rebecca Hyland

Date: May 7, 2025