

DATE: February 21, 2020

TO: Members of the Appropriations Committee

FROM: Michael Van Vlaenderen, Chief Operating Officer of Reliance Health, Inc.

RE: Appropriations Public Hearing on the Governor's Proposed FY 21 Budget Adjustments

Senator Osten, and members of the Appropriations Committee:

My name is Michael Van Vlaenderen and I am the Chief Operating Officer at Reliance Health, Inc, as well as a resident of Norwich. Thank you for the opportunity to share my thoughts about the Governor's proposed budget, specifically the missed opportunity to adequately fund the nonprofit sector, and to undo and make right the damage done to this sector of Connecticut's economy over the past 13 plus years. Connecticut's nonprofits serve over half a million Connecticut residents, about 14% of the state's population. The nonprofit sector employs over 200,000 staff, around 14% of the state's workforce. Since 2007, community nonprofits have lost about \$461 million in state funding that has not kept pace with inflation. At the same time, demand for community services continues to increase exponentially. When terms like 'level' or 'flat' funding are used to indicate no increase in annualized nonprofit funding, why not at least let's call it what it is – a cut!

Recent comments in the news suggest a lack of understanding as to what nonprofits are, as well as how they are funded for the invaluable and cost-effective services they provide. Nonprofit organizations are not charities, they are businesses, that together provide essential services in every city and town in Connecticut. They are organizations with varying missions, from providing a safety net for us during the difficult times, to offering arts and cultural opportunities that revitalize our communities and enrich our collective experience. They are a vital part of Connecticut's economy.

We all understand that working for a nonprofit is not a get-rich-quick scheme, and that love of the mission and compassion for others is often what drives individuals to work for nonprofits. So, when you provide financial compensation to staff in the form of moderate to low income wages, guess what they spend their money on? Rent, food, utilities, health care, clothes for their kids, auto repairs, and if they are lucky, maybe a night out every now and then. In other words, basic needs that circulates their paychecks back into communities across Connecticut that keep the economic engine of the state functioning. When you starve this sector of the economy, it has a ripple effect felt state-wide.

So, here's the ask:

- Appropriate \$128 (a state net of \$67 million after federal reimbursement) in new funding for community nonprofits in Fiscal Year 2021, a 7% increase
- Commit to increasing funding by the full \$461million, 28%, by Fiscal Year 2025
- Index future increases to inflation, to ensure that state funding will keep pace with increased costs in the future

Connecticut's budget outlook is the strongest it has been in over a decade and revenue is projected to continue to grow. I fully appreciate the complexity of the task before you. Budgets are a statement of priorities. Let's prioritize sound, cost-effective solutions that make this state a great place to live for everyone. Thank You!