

# The News-Times

## LOCAL

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### Nonprofit Services Considered

#### State Might Save Money by Farming Out Work

By Fred Lucas  
THE NEWS-TIMES  
2004-03-28

HARTFORD — Few lawmakers dispute the effectiveness of nonprofit organizations, or that these organizations get insufficient funds. But the root of the problem and the solution are another matter.

Dueling Senate bills want to provide more resources to private nonprofit organizations. One would move toward placing more responsibility for state-run social services in the hands of private groups, which many say provide more effective and efficient services than the government.

"Private nonprofits work at the local level," said Kim Morgan, director of programming at **Interlude**, a Danbury area mental health organization. "We can be more collaborative to meet the needs of clients and look to each other. There's not as much bureaucracy as in state level. Can we save money and be more effective? The answer is we're already doing it."

A bill proposed by Sen. David Cappiello, R-Danbury, would require the Department of Mental Retardation and the Department of Mental Health and Addiction Services to compare the costs of services provided by employees of their agencies with the cost of comparable services provided by private agencies.

Then, the bill calls for replacing, through attrition, state employees with private providers if the private agencies provide a greater savings and better service. Critics of the proposal say it would cost state jobs.

A 2002 study by the Program Review and Investigations Committee determined the state could provide the same services for 50 percent less by using nonprofit providers instead of a large state work force. But the study also said state social service employees make 40 percent higher wages than private sector counterparts who perform the same services, largely because state employees have collective bargaining rights. The state spends more than \$200 million in outsourcing of contracts each year.

Senate President Pro Tem Kevin Sullivan, D-West Hartford, doesn't believe moving toward privatization is the answer. Rather, he proposed legislation to increase funding to nonprofit groups at the same rate state employee salaries are increased, usually about 6.5 percent.

Critics of his proposal said it would be too costly when the state can barely afford the current binding arbitration system. Moreover, such a statute might be unenforceable, as lawmakers already frequently abandon other commitments and raid the teachers' pension fund and other funds during tight budget times.

"When you look at state employees, it never escapes me how our employees are paid less for doing the same job," said Trish Palmer, director of resource services for the Mental Health Association. "I'm not sure there's enough money around to raise our funding to the same high numbers of what state employees are getting. But if our numbers were raised to what the state numbers are, we could have more employees to deliver more services."

Palmer said low pay isn't the only reason private agencies cost less.

"Our organization doesn't have near the number of administrative positions as the administration of state agencies," Palmer said.

Cappiello said critics of the bill are missing the point. He argues that it wouldn't cost anyone their job because it only calls for the nonprofit sector to step in when a job is vacated.

"The main focus is the clients," Cappiello said. "I didn't like the way this was portrayed as state employees vs. nonprofits." People in nonprofit organizations care passionately about the services they provide. I'm not saying state employees don't. But these nonprofits are serving their own communities."

Sullivan, speaking last Tuesday to the legislature's Appropriations Committee about his proposal for greater funding to the nonprofit groups, said the bill would be more fair than partial privatization, and said it could cost the state an additional \$18.7 million to \$31 million.

"If we're serious about having a partnership, we should be serious about paying for it as well," Sullivan said.

Marc Ryan, secretary of the Office of Policy and Management, told the committee the state can barely afford the state employee contracts now and would be in a tough position if it had to increase funding for nonprofits at the same rate.

"That's not financially sustainable," he said.

But Ryan said he agrees with the spirit of Cappiello's proposal, and said the Rowland administration has wanted to "go down that road."

The state employee unions voiced their opposition to Cappiello's plan, arguing the proposal would eliminate too many state jobs without providing better services.

"You can look at what the cost is to the state and to private organizations and you would be led to believe the private providers cost less," said Patrice Paterson, secretary-treasurer for the Connecticut State Employees Association. "The most severe cases are treated by the state. But most private providers cherry pick their clients and ignore those in the most need."

Brian Anderson, a lobbyist for the American Federation of State, County and Municipal Employees, said Cappiello's bill would not help nonprofit workers but "tries to solve the disparity issue by destroying the higher paid workers."

Joe Sullivan, president of MCCA, a local substance abuse treatment center, said he supports both bills because nonprofit groups can clearly do a better job than the state, but just aren't getting enough money.

"We have greater accountability because if we don't have people in beds, we don't get paid," Sullivan said. "The cost keeps going up but the funding doesn't. Something has got to give."

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