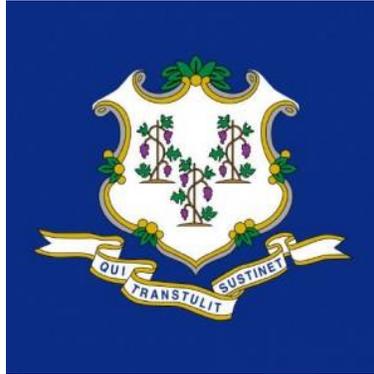


# State of Connecticut



## Governor's Cabinet

on

## Nonprofit Health and Human Services

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### Report to

## Governor Dannel P. Malloy

June 2016

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## Executive Summary

Governor Malloy established the Cabinet on Nonprofit Health and Human Services in September 2011. The purpose of the Cabinet is to analyze existing public-private partnerships with respect to the state's health and human services delivery systems and to make recommendations to enhance the effectiveness of those systems in regard to client outcomes, cost-effectiveness, accountability and sustainability. The Cabinet serves as a vehicle for providing critical, up-to-date information for nonprofit health and human service providers and a venue to promote "best practices".

Currently there are 26 members serving on the Cabinet. Luis Perez, President and CEO of Mental Health Connecticut, and Anne Foley, Under Secretary of the Office of Policy and Management serve as the Co-Chairs of the Cabinet. (See Appendix A for Cabinet Membership).

The Cabinet established workgroups to facilitate the development of recommendations for consideration by the Governor. Since its inception in 2011, the Cabinet made numerous recommendations relating to the state's health and human service delivery systems in Connecticut (See Appendix D). Currently there are three workgroups: Business Practice, Contract Procurement and Administration and Nonprofit Employment and Training. Each workgroup established subcommittees to facilitate the development of its recommendations.

This report contains recommendations to address the most pressing issues facing the nonprofit health and human services delivery system in Connecticut. In order to engage in strategies that translate into enhanced health and human services for Connecticut's residents, the Cabinet is putting forth a series of recommendations for Governor Malloy's consideration within the following framework:

### Business Practices

1. Promulgate information about Pay for Success/Social Innovation
2. Expand access to capital and technical assistance
3. Boost access to process improvement training and technical assistance
4. Share a set of foundational components that support effective collaborations
5. Recommend human resource innovations that support nonprofit organizations
6. Recommend technology resources that support nonprofit organizations
7. Disseminate information about successful data management systems
8. Work with the State's Open Data Portal
9. Identify frameworks for tracking and analyzing performance measures
10. Recommend how increased technical assistance can be provided to nonprofit organizations
11. Recommend a standardized human services workforce data collection system for nonprofit organizations

### Contract Procurement and Administration

1. Assess revenue retention pilots
2. Survey access to private market capital
3. Assess the costs of health care on nonprofit organizations
4. Ensure implementation of the Cabinet's recommendation regarding residential revolving loan fund
5. Assess status of nonprofit bonding regarding the Nonprofit Collaboration Incentive Grant Program and Nonprofit Grant Program
6. Work on contract reform
7. Assess viability of payment reform models for nonprofit organizations

### Nonprofit Employment and Training

1. Promote career advancement among nonprofit employees
2. Recommend strategies for tuition remission for employees of nonprofit organizations
3. Provide guidance in the rollout of the Second Chance Society Initiative
4. Provide guidance in the rollout of "Working Cities Challenge"

## INTRODUCTION

Governor Malloy established the Cabinet on Nonprofit Health and Human Services in September 2011. The purpose of the Cabinet is to analyze existing public-private partnerships with respect to the state's health and human services delivery systems and to make recommendations to enhance the effectiveness of those systems in regard to client outcomes, cost-effectiveness, accountability and sustainability.

The Cabinet consist of representation from state agencies and nonprofit organizations that share responsibility for administrating programs that deal with health and human service issues related to the state's most vulnerable residents. Currently there are 26 members serving on the Cabinet. Luis Perez, President and CEO of Mental Health Connecticut, serves as the Co-Chair of the Cabinet. In 2015, the Governor appointed Anne Foley, Under Secretary of the Office of Policy and Management as Interim Co-Chair until such time as a new Nonprofit Liaison has been appointed (See Appendix A for Cabinet Membership).

Early in the process Cabinet members determined the need for working committees and subsequently established workgroups and subcommittees with representatives from its membership. Since the inception of the Cabinet, its workgroups and subcommittees have successfully come together to produce a set of recommendations that were approved by the full Cabinet and submitted to the Governor. The current workgroups and subcommittees include:

- Business Practice Workgroup
  - Subcommittees - data and technology, and business models
- Contract Procurement and Administration Workgroup
  - Subcommittees – contract reform and payment reform
- Nonprofit Employment and Training Workgroup
  - Subcommittee – second chance society, training and staffing, and employment and outreach

The Cabinet adopted the following principles to guide its work in the development of its recommendations:

These Partnership Principles are intended to promote fair, effective, responsive, transparent and accountable principles between nonprofit providers and their state government funders. The key elements are:

- All contracted services are based on dynamic, data-driven systems
- Selection process for contracted providers are transparent and competency-based

- Contract terms and renewals are based on the community's best interest and performance
- Contract amounts and timely payments are critical to maintaining a viable system
- Reporting and monitoring promote efficiency and accountability
- There is open communication and mutual accountability which are critical for government and nonprofit providers to fulfill their shared commitment to the public

In 2012, the Cabinet worked on recommendations that addressed:

- How payment rates to providers are determined by the agencies and make recommendations for standardizing the methodology where appropriate. Examine how the method of setting rates reflects/does not reflect the costs involved with providing services and how they can be improved.
- The Request for Proposal and procurement processes and how they can be used to incentivize strategic partnerships in service delivery.
- The appropriate use and timing of competitively bidding contracts and how they will affect outcomes and innovative programming.
- Common cross-agency results and measures which will provide strong coordinated health and human services delivery models focused on benefits of those served.

In 2013, the Cabinet worked on the following tasks:

- Ensure ongoing provision of high quality, cost effective health and humans services by nonprofit community-based providers by promoting a well- trained, well educated workforce.
- Ensure that program outcomes are linked to broader population measures.
- Ensure efficiency and cost effectiveness in the state's procurement process while supporting the nonprofit provider infrastructure.

In 2014, the Cabinet worked on the following tasks:

- Develop recommendations in the areas of:
  - Enhancing Financial Viability
  - Supporting the Workforce
  - Bonding Opportunities
  - Contracting Opportunities.

The Cabinet's recommendations mentioned above can be found on its website under Final Reports to the Governor: <http://www.ct.gov/opm/cwp/view.asp?a=2998&Q=490946>

In 2015 the Cabinet focused on three major areas:

- Business practice in the nonprofit sector
- Nonprofit employment and training
- Contract procurement and administration

This report documents the 2015 recommendations in these specific areas. The intent of these recommendations is to provide information, ideas and technical resources for the provider community as well as to state agencies as we collectively support the state's safety net.

## **Cabinet Recommendations 2015 -2016**

This section of the report contains a list of recommendations for ways to enhance the effectiveness of the health and human service delivery systems in regards to client outcomes, costs effectiveness, accountability and sustainability. The Cabinet established three workgroups: Business Practice, Nonprofit Employment and Training and Contract Procurement and Administration. Each of the workgroups established subcommittees to facilitate the development of its recommendations in the areas of data and technology, business models, contract and payment reform, training and staffing, employment and outreach, and second chance society. Each workgroup presented a series of recommendations that were adopted by the full Cabinet. In order to engage in strategies that translate into enhanced health and human services for Connecticut's residents, the Cabinet is putting forth a series of recommendations for Governor Malloy's consideration within the following framework:

### **Business Practice**

#### 1. Promulgate information about Pay for Success/ Social Innovation

- 2015 Connecticut legislation
- State, federal and national resources

#### Recommendations:

#### 2. Work with Department of Economic and Community Development (DECD) to expand access to capital and technical assistance

- Explore opportunities for expanding the Small Business Express program to increase the participation of nonprofit organizations, including increasing the threshold for participation.
- Host joint training opportunities for nonprofit organizations

#### Recommendations:

#### 3. Work with OPM Office of Statewide Organizational Effectiveness to boost nonprofit access to process improvement training and technical assistance.

- Support the nonprofit community's capacity to utilize process improvement models by extending the state's Lean training and consulting contracts to nonprofit providers.
- Identify cross-sector process improvement projects that can be jointly engaged in by state agencies and nonprofit organizations.

Recommendations:

4. Compile and share a set of foundational components that support effective collaboration including:

- examples of successful collaborations
- practices that facilitate collaborations
- practices that discourage collaboration

Recommendations:

Technology

1. Make recommendations regarding technology resources that support nonprofit organizations, working with the CT Center for Advanced Technology  
<http://www.ccat.us/markets/nonprofit/>

Recommendations:

Human Resources

1. Make recommendations regarding human resource innovations that support nonprofit organizations.

Recommendations:

Data

2. Work with the State's Open Data Portal <https://data.ct.gov/>

Recommendations:

3. Identify the frameworks for tracking and analyzing performance measures that are currently being used, with the ultimate goal of agreement on a common framework for performance measures, allowing nonprofit organizations to group measures into like cluster and to evaluate contributions toward population results.

Recommendations:

4. Recommend how increased technical assistance can be provided to nonprofit organizations so as to analyze and use their data to drive service improvement (in conjunction with OPM POS unit).

Recommendations:

### **Contract Procurement and Administration**

1. Assess Revenue Retention Pilots

- Assess the Department of Developmental Services revenue retention pilot.
- Assess the Department of Mental Health and Addiction Services pilot.

Recommendations:

2. Survey Access To Private Market Capital

- Ascertain the difficulty nonprofit organizations are having accessing capital by developing, distributing and analyzing a survey.

Recommendations:

3. Assess the cost of healthcare on nonprofit organizations

- Ascertain the changes in the cost of providing healthcare for employees by developing, distributing and analyzing a survey.

Recommendations:

4. Work with DDS to implement 2014 Cabinet recommendations about DDS Residential Revolving Loan Fund

- Revise the 6% interest rate for the loan program to more closely reflect market rates.
- Review the timeliness of when the first loan payment is scheduled to be paid and when the corresponding increase to the provider's room and board rate is effective. Change the two effective dates to be more aligned with each other.

- Develop a process to reimburse providers based on an identified payment plan based on completion targets for capitals projects requested to be completed over a specified amount and time period.

Recommendations:

5. Review status of nonprofit bonding

- Nonprofit Collaboration Incentive Grant
  - Review status of FY15 RFA process
  - Develop recommendations for future

Recommendations:

- Nonprofit Grant Program
  - Review status of FY15 RFA process ( 2<sup>nd</sup> round 3/15)
  - Review status of FY15 RFA process (3<sup>rd</sup> round 4/15)
  - Develop recommendations for future

Recommendations:

6. Work with OPM Purchase of Service Unit on Contracting Reforms

- Identify opportunities for collaboration across state agencies in order to increase effectiveness and efficiency of working with nonprofit providers.
- Develop incentives in contract procurements for nonprofit organizations that have implemented a process improvement model (e.g. offer additional points on proposal scoring, technical assistance).
- Develop mechanism to fund data provision in Purchase of Service contracts.
- Evaluate the effectiveness of the current criteria that drive re-procurement (timeframes, quality standards, cost thresholds), and make recommendations to improve those criteria if necessary.
- Participate in the development of the state's enterprise contract management system.

Recommendations:

7. Develop recommendations for payment reform models to enhance the financial viability of nonprofit organizations

- Massachusetts Chapter 257 (2008)
- Oregon model

Recommendations:

### **Nonprofit Employment and Training**

Develop and implement strategies to assist nonprofit providers in recruiting, training and retaining staff in health and human service positions.

1. Make recommendations on training and supports necessary for employees to move along a career path and to promote advancement in the industry.
  - Work with the Board of Regents for Higher Education to develop, identify, publicize, and implement opportunities for nonprofit organizations to partner with community colleges that will allow for affordable educational opportunities and career paths, including:
    - Certificate Programs
    - Degree Programs
    - Continuing Education Trainings
    - Internships

#### Training and Staffing

Recommendation 1: Create uniformity among state human services agencies with respect to common definitions, requirements and standards.

*Rational: This will enable private providers with multiple state contracts with differing agencies to educate their employees on a single set of requirements, thus streamlining mandatory training. Additionally, create a “deemed status” provision so that core training satisfy all state agencies. For example, medication administration could be taught to meet the needs of DCF, DDS providers (where staffs are typically administering medications) and DMHAS providers, where staffs typically help consumers with self-administration programs.*

Recommendation 2: State agencies should share training resources with private providers and joint training should occur on key topics that are relevant to both (e.g., trauma training).

*Rational: Collaboration will benefit both state agencies and providers for several reasons. First, it will reduce costs for private providers. Also, it might help providers retain staff by creating some parity of professional development between the public and private sectors. Learning and training collaborative will mutually benefit providers and state agencies in the development of workplace culture, quality assurance/quality improvement and job satisfaction.*

Recommendation 3: Incentivize private providers to leverage technology for training and professional development.

*Rational: In-person training is expensive. It requires the costs not only of professional trainers, but it is expensive for employees who have to travel from their worksites to attend the training. Moreover, the scope of required skills and training continues to expand, putting even more pressure on providers' budgets. Electronic learning platforms can offer substantial benefits to private providers. First, it reduces the costs of in-person training due to efficiencies in travel costs and time. Second, it can offer a wider array of modules for both required training as well as modules that may be attractive to employees for their own professional development (which may help with retention and succession planning) without increasing overhead costs. Training models can be recorded and accessible to new employees and others. Clinicians may also be able to obtain CEUs, thus reducing reliance on conferences and travel expenses. Indeed, many trends in human services reflect the need for greater clinical knowledge by all levels of staff, including direct care. By offering financial incentives, private providers could afford the upfront implementation fees while obtaining a substantial return on investment in the long run. Finally, current trends are moving towards the use of e-health records making IT skills critical to efficient operations. For these reasons, use of IT should be incorporated in daily job tasks including learning and training.*

### Education and Outreach

Recommendation 1: Request that the Board of Regents pilot a Human Services Management Certificate program at no less than two community colleges that currently offer a human services degree program in the southern or western region of the state.

*Rational: During our meetings, we discussed that movement into supervisory and management positions may not have to be linked to a college degree. Many organizations develop their existing and potential management staff by sending them to outside management training, bringing in outside trainers, or developing an in-house management program. These trainings, while beneficial, have their own specific focus and curriculum and, therefore may not be recognized outside of that agency.*

Recommendation 2: Request that the Office of Higher Education revitalize its Education and Employment Information Center to serve as a "hub" that would link users to all pertinent

information regarding college programs and financial aid for nonprofit human service workers.

*Rational: Our research showed that there is a significant amount of information available to potential students regarding courses, financial aid, etc. However, this information is not in one location and takes a good deal of individual research. The Board of Regents, Department of Labor, and the Office of Higher Education all have a great deal of this information on their respective websites, as well as links to other resources. It was discussed to have a link connected to the website of the newly formed Connecticut Community Nonprofit Alliance. The link would connect a user to the BOR, DOL, OHE, and other resources including those discovered and added by other non-profits, e.g. TD Bank Program.*

Recommendation 3: Request that the Governor's office create a tuition voucher program for private non-profit workers who are not represented workers' union.

*Rational: It is common knowledge that the ability to pay for college is the #1 barrier for our employees. The vast majority of our employees would be attending college on a part-time basis and this is much more expensive since these courses are normally charge on a per credit basis.*

2. Provide guidance in the rollout of Second Chance Society initiative to engage nonprofit participation (in conjunction with OPM)  
[http://www.governor.ct.gov/malloy/lib/malloy/2015.02.03\\_gov\\_malloy\\_second\\_chance\\_society.pdf](http://www.governor.ct.gov/malloy/lib/malloy/2015.02.03_gov_malloy_second_chance_society.pdf)

### Second Chance Society

Recommendation 1: State agencies review and modify Purchase of Service (POS) contract language to be consistent with ban the box legislation.

*Rational: Sec. 46a-80. (Formerly Sec. 4-61o). Denial of employment based on prior conviction of crime. Inquiry re prospective employee's past convictions. Dissemination of arrest record prohibited. Except as provided in subsection (c) of this section, subsection (b) of section 46a-81 and section 36a-489, and notwithstanding any other provisions of law to the contrary, a person shall not be disqualified from employment by the state or any of its agencies, nor shall a person be disqualified to practice, pursue or engage in any occupation, trade, vocation, profession or business for which a license, permit, certificate or registration is required to be issued by the state or any of its agencies solely because of a prior conviction of a crime.*

Recommendation 2: State agencies and Nonprofits review employment applications and hiring decisions to be compliant with and put into practice policies and procedures consistent with ban the box legislation.

Recommendation 3: Education and Outreach be provided regarding Certificates of Employability.

*Rational: Certificate of Employability is a form of relief from the barriers and forfeitures to employment or the issuance of professional licenses as a result of a criminal conviction that may be granted to an eligible offender by the Court Support Services Division of the Judicial Branch (CSSD) or the Board of Pardons and Paroles. When CSSD or the Board of Pardons and Paroles issues a Certificate of Employability, it tells potential and current employers and/or licensing agencies that CSSD or the Board of Pardons and Paroles believes that the certificate holder's prior conviction(s) should not prevent him or her from getting a job or a professional license.*

Recommendation 4: State agencies and Nonprofits honor/give consideration to those who have been issued certificates of employability.

DRAFT

## Appendix A

### Governor's Cabinet on Nonprofit and Human Services Membership

#### Co-Chairs

*Luis Perez*  
*President and CEO, Mental Health Connecticut*

*Anne Foley*  
*Under Secretary, Office of Policy and Management*

#### Members

Maureen Price-Boreland  
Executive Director, Community Partners in Action

Kathleen Brennan  
Deputy Commissioner, CT Department of Social Services

Roberta Cook  
President/CEO, BHcare, Inc.

Robert Dakers  
Executive Finance Officer, CT Office of Policy and Management

Deborah Ennis  
CT Department of Children and Families

Stephen Grant  
Executive Director, CT Court Support Services Division, Judicial  
Department

William Hass  
President & CEO, LifeBridge

Evonne Klein  
Commissioner, CT Department of Housing

James Maloney  
President & CEO, CT Institute for Communities

Morna A. Murray  
J.D., Commissioner, CT Department of Developmental Services

Lois Nesci  
Chief Operating Officer, Center for Human Development

Raul Pino  
M.D., Deputy Commissioner, CT Department of Public Health

Sandy Porteus  
Executive Director, Family Services of Greater Waterbury, Inc.

Richard Porth  
CEO, United Way of CT

Amy Porter  
Commissioner, CT Department of Rehabilitation Services

Elizabeth Ritter  
Commissioner, CT Department of Aging

Miriam Delphin-Rittmon  
Ph.D., Commissioner, CT Department of Mental Health  
& Addiction Services

Josie Robles  
CEO, Hartford Behavioral Health

Anne Ruwet  
CEO, CCARC, Inc.

Scott Semple  
Commissioner, CT Department of Correction

Amos Lee Smith  
President & CEO, Community Action Agency of New Haven

Kathleen Stauffer  
CEO, The Arc of New London County

David Stevenson  
President & CEO, Central Connecticut Coast YMCA

Myra Jones-Taylor  
Commissioner, CT Office of Early Childhood

## Appendix B

### OPM Annual Report on Purchase of Service Contracts

The OPM Annual Report on Purchase of Service (POS) Contracts summarizes information regarding POS contracting activity of state agencies. As required by Public Act 11-238, this report includes an assessment of the aggregate financial condition of nonprofit, community-based health and human services agencies that enter into POS contracts. Follow the links below to view the Annual Legislative POS Reports from the Office of Policy and Management.

[POS Annual Legislative Report \[SFY '14\]](#) (Adobe.pdf)

[POS Annual Legislative Reports \[SFY '07-'14\]](#) (OPM Website)

[POS Annual Report FY 15 \(PDF\) December 17, 2015](#) (OPM Website)

#### **OPM COST STANDARDS**

[Purchase of Service: Cost Standards](#) (PDF, 668KB)

Date: January 14, 2014

#### **OPM PROCUREMENT STANDARDS**

[Procurement Standards: For Personal Service Agreements and Purchase of Service Contracts](#) (PDF, 474KB)

Revised: December 5, 2014

## APPENDIX C

### COMMISSION ON NON-PROFIT HEALTH AND HUMAN SERVICES

The Commission on Non-Profit Health and Human Services was the predecessor to the Governor's Cabinet on Nonprofit Health and Human Services. The Governor's Cabinet has built on the work of the Commission.

#### **Commission on Non-Profit Health and Human Services**

The Commission was created by Special Act 10-5 to analyze the funding provided to non-profit providers of health and human services under purchase of service contracts.

Final Report: March 31, 2011:

[http://www.ct.gov/opm/lib/opm/finance/hhs\\_commission/final\\_report\\_commission\\_on\\_nonprofit\\_health\\_and\\_human\\_services.pdf](http://www.ct.gov/opm/lib/opm/finance/hhs_commission/final_report_commission_on_nonprofit_health_and_human_services.pdf)

## Appendix D

### Cabinet Recommendations 2012-2014

The following is a list of the recommendations made by the Cabinet between 2012 - 2014.

#### 2012 Recommendations

1. Adopt Principles to Guide the State –Private Nonprofit Provider Partnership: The Cabinet recommends that the State of Connecticut adopt Principles to Guide the State-Private Nonprofit Provider Partnership. These Partnership Principles are intended to promote a fair, effective, responsive, transparent and accountable partnership between nonprofit providers and their state government funders.
2. Adopt the six Population Results Statement and Headline Indicators of Success should be adopted across all state agencies, and all related Results-Based Accountability (RBA) reporting and analysis should be linked to these results statements. State government and nonprofit agencies can customize these Populations Results Statements to focus on the quality of the specific populations they serve. Population Results Statements include:
  - a. All Connecticut residents:
    - live in safe families and communities
    - are economically secure
    - are developmentally, physically, and mentally healthy across the lifespan
    - who are elderly (65+) or have disabilities live engaged lives in supportive environments of the choosing
    - succeed in education and are prepared for careers, citizenship and life
    - all children grow up in a stable environment, safe, healthy, and ready to succeed
3. Establish a Population Results Organizing Body to implement and oversee this work. A broad and diverse group that includes representation from each branch of state government and nonprofit agencies should be assembled under the direction of an appointed coordinator.
4. Revise the State's Procurement Standards:
  - Standard procurement practices across government branches and standardized training for all staff with procurement roles.
  - Expanding considerations for waivers from competitive bidding and increasing flexibility regarding timing and justification for rebidding to assure continuity of services.

- Agencies, whenever possible, create an open planning process for service delivery that involves stakeholders. This planning will occur outside the procurement periods and provide agencies with context and considerations when developing an RFP.

5. Enhance Reporting and Data:

- Streamline data gathering by utilizing common file structures that comply with Federal requirements and maximize the use of modern electronic systems.
- Continue the ongoing efforts by the State to aggregate audit and Nonprofit Strategy Platform data.
- The Office of Policy and Management should perform an annual trend report utilizing the analytical tools and all formulas applied over the past two years to examine the financial health of the private nonprofit providers. This report should be reviewed annually by the Governor's Cabinet on Nonprofit Health and Human Services.

6. Sustainability of Private Nonprofit Providers:

- The State insures payment rates cover the true cost of services as mutually agreed by provider and the funding state agency in a fair and transparent manner.
- In years without a cost of living adjustment, payment rates and service capacity should be reviewed to evaluate and respond to the changing costs where possible and appropriate.
- Systems to better address depreciation expenses for capital improvement and/or allow for capital reserves should be established in order to maintain the infrastructure of the private provider organizations and assist during times of unanticipated dramatic increases in costs of care resulting from market forces or disaster.

The Cabinet's Final Report: October 1, 2012 can be found at:

[http://www.ct.gov/opm/lib/opm/GOVERNOR%27s\\_NP\\_CABINET\\_Annual\\_Report\\_FINAL\\_2012-10-01.pdf](http://www.ct.gov/opm/lib/opm/GOVERNOR%27s_NP_CABINET_Annual_Report_FINAL_2012-10-01.pdf)

### **2013 Recommendations**

***Goal 1: To ensure ongoing provision of high quality, cost effective health and human services by nonprofit community-based providers by promoting a well-trained, well educated workforce.***

1. Look at best practices within the state and across the country
2. Project the workforce needs of the future
3. Project the workforce skill requirements of the future considering the impact of the Affordable Care Act

4. Recommend a plan to work with SDE and the elementary and secondary education systems to train the future workforce
5. Recommend a plan to work with Higher Education systems to train the future workforce
6. Work with DOL to assemble data on nonprofit employment and wages
7. Work with the Department of Veteran's Affairs to match health and human services workforce needs and potential workers
8. Work with Department of Economic and Community Development to develop incentives for nonprofit businesses
9. A future Jobs Workgroups should:
  - Work with DOL, OPM and relevant state agencies to collect data on the POS and the Judicial Branch CSSD's contracted workforce in the nonprofit sector
  - Assess and report on progress to develop and implement a statewide data system that captures nonprofit sector workforce needs and trends
  - Ensure the following data are collected and analyzed, and that resulting recommendations are brought to the Cabinet
    - Resources within Connecticut educational institutions, including online options, designed to meet the needs of the nonprofit workforce
    - Data on the training resources provided by the various state agencies that contract with nonprofit providers
10. Recommend to the Cabinet a formalized statewide system for identifying interns, a key resource for nonprofit community providers
11. The Cabinet supports the recommendations made by the Commission on Nonprofit Health and Human Services in its final report dated March 31, 2011 in the areas of wages, health insurance and retirement benefits and urges the state to comply
12. The Governor's Nonprofit Liaison or a designee should participate as a voice at the table of the Connecticut Employment and Training Commission (CETC). The CETC is Connecticut's State Workforce Investment Board, authorized under the federal Workforce Investment Act and state statute. The CETC provides workforce-related policy and planning guidance to the Governor and General Assembly and promotes coordination of the state's workforce-related investments, strategies, and programs.
13. In order to support the workforce of the future, encourage nonprofit health and human service agencies to reflect the inclusion and diversity of the population served

***Goal 2: To ensure that program outcomes are linked to broader population measures***

1. Develop a plan for implementing "cross-agency population results" including, linking "cross-agency population results" to Purchase of Service (POS) outcome measures and recommending a structure for a "Populations Results Organizing Body"
2. Look at best practices within the state and across the country
3. In Executive Branch in consultation with the legislative and Judicial Branches should:
  - Establish a policy-level "coordinating entity" to:
    - Lead the effort to ensure the development of program-relevant performance measures that demonstrate program-specific contributions to the population indicators and results as developed by this Cabinet.
    - Ensure these measures are consistently applied to POS contracts across all state agencies and branches of state government.

- Arrange for the intra-agency teams referenced below, to have adequate support from experts in the development and use of performance measures. This will allow for state agencies, funders and providers to receive the necessary support to develop, implement and use appropriate performance measures as recommended.
  - Utilize the document created by the Population Results Work Group entitled *Lessons Learned: A Guide for Connecting Population Results and Performance Measures in Purchase of Service Contracts* to guide this work.
4. State agencies that award health and human services POS contracts establish an intra-agency team (that includes staff from data, operations, and contracts divisions) to support the inclusion of appropriate performance measures into POS contracts.
  5. That the work group referenced in recommendation 22 below refine the preliminary population indicators selected by the 2011-12 work group using actual data, and ensure this process is ongoing.
  6. Designate CTdata.org, managed by the CT Data Collaborative, as the structure to acquire, maintain and make accessible the population indicators data.
  7. A work group similar in composition to the current Population Results Work Group of the Cabinet and broadly representative of all stakeholders including all branches of government, funders and providers, be created to advise the “coordinating entity” on the work encompassed in above recommendations.

***Goal 3: To ensure efficiency and cost effectiveness in the state’s procurement process while supporting the nonprofit provider infrastructure***

1. Look at best practices within the state and across the country
2. Recommend revisions to the OPM Cost Standards for certain allowable depreciable expenses
3. Recommend revisions to the OPM Cost Standards and to POS contracts to allow nonprofit providers to establish capital reserve accounts
4. Consider a surplus retention policy across POS contracts, analyzing the pros and cons of establishing this policy including the cost to the state and the process for ensuring the provision of contracted services
5. Develop recommendations to enhance bonding alternatives for nonprofit health and human services providers
  - Assess utilization and limitations of existing bond pools (DDS, DMHAS, DSS, DCF)
  - Assess utilization and limitations of OPM Nonprofit Incentive Grant bond pool
  - Recommend additional bonding options to support the nonprofit provider infrastructure in such areas as Electronic Health Records, IT systems and infrastructure support
6. Monitor status of procurement and action steps recommendations including:
  - Posting “Principles to Guide the State/Private Nonprofit Provider Partnership”
  - Training on the principles
  - Revising procurement standards
  - Streamlining data reporting requirements
  - Aggregating audit and other data

- Assessing financial health of nonprofit providers
- Developing training protocols relating to contract and fee for service reimbursement

***Additional Recommendations:***

1. Retention of Unexpended Funds. It is recommended that:

State agencies and providers will continue to collaboratively develop outcome, performance and performance monitoring systems that will enable a greater level of budgetary flexibility including retaining a portion of unexpended funds.

In the interim:

- State agencies may work with providers to allow state funds to be spent first, provided there are no federal or other matching requirements.
- Providers will continue to submit fiscal and programmatic reports in accordance with current contractual requirements. Providers and state agencies will continue to discuss these reports and other matters and adjustments will be made as needed.
- Providers will submit the 8 month report as currently, in regard to which:
  - State agencies, in consultation with the provider, may direct spending changes based on fiscal and other reports.
  - State agencies and providers may continue to seek, through the budget revision process, to repurpose projected unexpended funds for one time purposes important to the program and provider.

Year-end Reconciliation

- Cost reconciliation will continue to occur at the same level that cost reconciliation currently occurs (i.e. program, SID, etc.) for each contract.
- If there are unexpended funds and if State agency determines that the provider has complied with contractual and other service delivery requirements, then:
  - The provider may retain 50% of the unexpended funds
  - The retention amount shall be capped at 10% of the funds received by the provider (at the program, SID or other level to be reconciled).
- Federal funds will follow federal rules
- Unexpended funds retention would not apply in the first year of a new program.
- In cases of budget deficits, unexpended funds retention may be suspended for a particular fiscal year by the Secretary of OPM or as part of an agency deficit mitigation plan.

2. RFP and Procurement Process

The State Procurement Standards for POS contracts be revised to support the following:

- Applicability: In addition to the Executive Branch that is required to utilize the Standards, the Judicial Branch is encouraged to use them.
- Procurement Training: All agencies utilize standard training for all staff with procurement responsibilities and consider using web-based training to reduce

costs and improve efficiencies. Agencies may provide additional materials to address agency-specific policies and procedures.

- Sole Source Contracts: Increase the dollar limit (<\$20,000) and length of contract (<one year) to allow for sole source contracting to save time and resources for both the state and providers. This would require statutory change.
- Waivers from Re-Procurement: Contrary to the 2012 Cabinet's recommendations, do not change the current factors identified as considerations for a waiver to include items such as evidence-based models which require significant investment at the provider level.
- Procurement Schedule: In lieu of requiring a state agency to re-procure the entire system in cases where the agency has concerns regarding the performance of a particular provider(s) within a service type category, allow state agencies to limit the competitive procurement to a particular provider contract.
- Evaluating the Need: Revise this section to more concisely and clearly describe when a state agency should engage a contractor. Primarily related to Personal Service Agreements (PSAs) the revised language requires agencies to consider the ability of another state agency to provide the service, or the ability to purchase the service on a collaborative basis with other state agencies; requires when feasible, the conduct of a cost-benefit analysis and/or the development of a business case to establish the merits and desirability of contracting out. The revised language sets forth additional considerations for state agencies when contemplating the engagement of a contractor for the needed service.
- Writing the RFP: Encourage agencies to adopt a strategic planning focus, rather than a purely operational one, when developing a procurement plan; encourage the use of competitive procurements to identify and adopt new or innovative service models; and in support of those efforts allow an agency, as appropriate, to seek input from stakeholders, including service recipients and clients, service providers, and other experts, prior to the promulgation of the RFP.
- Evaluation Criteria: Disclose weights for each section of the RFP unless there are specific and compelling reasons not to disclose weights for a particular program.
- Contractor Selection: Related to sending the three top ranking proposals to the agency head, specify that no agency personnel, other than the Screening Committee, shall have any part in evaluating or rating proposals or in determining the names of the three top ranking proposers; but allow the agency head to consult with the Screening Committee or other agency personnel in making a decision about which of the three names to select.
- Contractor Selection and Timeline: Require that the agency make a good faith effort to complete the negotiation process with the selected contractor within forty-five (45) days of notification of the award, and execute the resultant contract(s) not later than 30 days prior to the contract start date.
- Debriefing and Appeal Process: Require the agency to disclose to a provider who requests a debriefing the number of proposals received, the ranking of

their particular proposal and the scores of their proposal and the successful proposal(s); and to schedule and hold the debriefing meeting within fifteen (15) days of the request.

- Monitoring Contractors: Require agency staff assigned to monitor a specific contractor to conduct collaborative discussions geared toward service delivery improvement with the contractor.
- Submission of Proposals - Encourage state agencies to maximize the use of electronic communications as part of the RFP process and to take into consideration both costs to the state and bidders when determining the number of hard copies necessary for the review process.
- Technical recommendations - (1) Use the OPM standard RFP proposal format for all POS contracts; (2) Remove Screening Committee from this section; (3) Require that rating sheets be approved by the agency head (or designee) before the RFP is released; (4) Include the rating sheets in the evaluation plan (with the criteria and weights) used when evaluating the proposals.(IV.F.4); (5) Before the RFP is released, require the agency head (or designee) to approve the evaluation plan, including the weighted criteria.

3. Cost Standards: The Cost Standards for POS contracts be amended as follows:

- Allow costs related to advertising and public relations focused on communicating about available services and access to care.
- Simplify the description of unallowable advertising and public relations costs with new language that includes:
  - Costs of meetings or other events not related to the state award.
  - Costs of memorabilia, models, gifts or hospitality suites.
  - Costs designed solely to promote the organization or solely for fundraising purposes
- Revise the definition of fundraising to remove the word “grants.” The new definition should read, “Fundraising is defined as the organization’s efforts to raise capital or obtain contributions (e.g. cash, non-cash, services, time, gifts) through financial campaigns, endowment drives or other forms of solicitation.”
- The Cabinet should address the issue of fair rental for agency owned property, including costs of ongoing property management and the need for capital improvement reserves and the language to clarify that taxes incurred under the Affordable Care Act are not reimbursable expenses under the Cost Standards.

The Cabinet’s Final Report: December 1, 2013 can be found at:

[http://www.ct.gov/opm/lib/opm/secretary/hhs\\_cabinet/12-1-13\\_final\\_report\\_-\\_governors\\_cabinet\\_on\\_nonprofit\\_health\\_and\\_human\\_services.pdf](http://www.ct.gov/opm/lib/opm/secretary/hhs_cabinet/12-1-13_final_report_-_governors_cabinet_on_nonprofit_health_and_human_services.pdf)

## **2014 Cabinet Recommendations**

### 1. Revenue Retention

- Implement the Cabinet’s 2013 recommendations regarding “Retention of Unexpended Funds”.

### 2. Cost of Doing Business

- Provide for reimbursement that covers the cost of doing business.
3. Modify the Department of Developmental Services Residential Revolving Loan Program
    - The Department of Developmental Services, Department of Social Services and the Connecticut Housing Finance Authority should revise the 6% interest rate for the loan program to more closely reflect market rates.
    - The Department of Developmental Services, Department of Social Services and the Connecticut Housing Finance Authority should review the timeliness of when the first loan payment is scheduled to be paid and when the corresponding increase to the provider's room and board rate is effective. The Departments should consider changing the two effective dates to be more aligned with each other.
    - For capital projects requested to be completed over a specified amount and time period, the Department of Developmental Services and the Connecticut Housing Finance Authority should consider developing a process to reimburse providers based on an identified payment plan based on completion targets.
  4. Develop and implement strategies to assist nonprofit providers in recruiting, training and retaining staff in health and human service positions, including funding contracts at a level that supports:
    - Paying a living wage.
    - Providing benefits including healthcare, retirement and life insurance.
    - Providing training and supports necessary for employees to move along a career path and to promote advancement in the industry.
  5. Nonprofit Collaboration Incentive Grant
    - Expand the scope and flexibility of the Nonprofit Collaboration Incentive Grant program to better support the needs of nonprofit organizations.
  6. Nonprofit Grant Program
    - Continue to support the capital needs of nonprofit providers through issuance of grants through the Nonprofit Grant Program.
    - While the Office of Policy and Management shall continue to manage the overall Nonprofit Grant Program application and selection process, State Purchase of Service (POS) agencies shall be given an enhanced role in reviewing and providing feedback on projects primarily impacting their clients.
  7. Purchase of Service State Agency Bonding
    - Continue to appropriate bond funding directly for the Departments of Mental Health and Addiction Services, Children and Families and Developmental Services for health, safety code and capital projects.
    - Appropriate bond funds to the Department of Correction for health, safety code and capital projects for its community providers.
  8. Pay for Success
    - Support legislation that promotes use of Pay for Success/ Social Innovation.
    - Explore opportunities for expanding the Small Business Express program to increase the participation of nonprofit organizations, including increasing the threshold for participation.
    - Support the nonprofit community's capacity to utilize process improvement models by extending the state's Lean consulting contracts to nonprofit providers.
    - Identify cross-sector process improvement projects that can be jointly engaged in by state agencies and nonprofit organizations.

- Identify opportunities for collaboration across state agencies in order to increase effectiveness and efficiency of working with nonprofit providers.
- Develop incentives in contract procurements for nonprofit organizations that have implemented a process improvement model (e.g. offer additional points on proposal scoring, technical assistance).
- Develop mechanism to fund data provision in Purchase of Service contracts.
- Provide technical assistance to nonprofit organizations on how to analyze and use their data to improve services.
- Develop and implement a standardized human services workforce data collection system for nonprofit organizations that draws from existing or enhanced contract information.
- Restore and streamline the “debriefing and appeal” process in the OPM Procurement Standards.

The Cabinet’s Final Report: December 14, 2014 can be found at:

[2014 Full Report](#) [2014 Report Materials](#)

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