GOVERNOR’S CABINET ON NONPROFIT HEALTH AND HUMAN SERVICES
2014 RECOMMENDATIONS - OCTOBER 30, 2014

BUSINESS PRACTICE WORK GROUP

Task #1: Identify models, best practices and incentives for collaboration and partnership among nonprofit organizations.

Recommendations:
1. The Business Practice Work Group should continue its work to compile and share a set of foundational components that support effective collaboration (include examples of successful collaborations).
2. The Business Practice Work Group should continue its work to gain a better understanding of existing practices that facilitate or discourage collaboration.
3. OPM should work with state agencies to identify opportunities for collaboration by strengthening relationships across state agencies in order to increase effectiveness and efficiency of working with nonprofit providers.
4. The Contract Procurement and Administration Work Group of the Cabinet should evaluate the effectiveness of the current criteria that drive re-procurement (timeframes, quality standards, cost thresholds), and make recommendations to improve those criteria is necessary.
5. The Contract Procurement and Administration Work Group of the Cabinet should encourage the involvement of nonprofit organizations in the development of the state’s enterprise contract management system.
6. OPM should expand the scope and flexibility of the Nonprofit Collaboration Incentive Grant Program to better support the needs of nonprofit organizations.

Task #2: Identify processes for streamlining nonprofit business practices using tools such as the Lean model

Recommendations:
1. The concept of using and supporting process improvement models should continue.
2. The nonprofit community’s capacity to engage in the Lean model should be increased, through training and through the exploration of additional funding mechanisms.
3. That OPM identify cross-sector process improvement projects that can be jointly engaged in by state agencies and nonprofit organizations alike to facilitate the ease of working together.
4. That OPM work with state agencies to develop incentives for nonprofit organizations that have implemented a process improvement model (e.g. offer additional points on proposal scoring, technical assistance)
Task #3: Evaluate the potential for engaging in innovative or emerging business practices such as Social Impact Bonds and Social Enterprise.

Recommendations:
1. The continued development and implementation of Pay-for-Success models in the delivery of all services.
2. Support legislation that promotes use of Social Innovation Financing (such as Social Impact Bonds) and Pay-for-Success models in CT.
3. The nonprofit community expand efforts to use B-Corporations and Social Enterprise models.
4. DECD become a greater resource for nonprofit organizations developing social enterprises, with a focus on job creation.
5. Enhance the Small Business Express program so as to increase the participation of nonprofit organizations. Toward that end, consideration should be given to raising the threshold of the number of employees for eligibility and highlighting the positive economic benefits of nonprofit participation.

Task #4: Make recommendations on the technical resources that nonprofit organizations need in order to collect and analyze data that will drive performance delivery and budget decisions.

Recommendations:
1. The Business Practice Work Group should compile and disseminate information about successful data management systems, including the common elements that exist in the more successful systems. (Highlight models such as the Department of Children and Families RBA Model, the Department of Social Services RBA Project, the Judicial Branch Court Support Services Division provision of technology, personnel and technical support, and the Department of Mental Health and Addiction Services Provider Dashboard, and share the inventory to help us frame and align the work between state agencies and nonprofit organizations).
2. The State assure funding to support nonprofit organizations that are required to provide data utilizing one or more state data systems.
3. The State develop resources to provide technical assistance to nonprofit organizations on how to analyze and use their data to improve services.
4. The Business Practice Work Group should work with the State’s Open Data Portal to identify the information that nonprofit organizations would like to see on the Portal.
5. The Business Practice Work Group should identify the frameworks for 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 clusters and to evaluate contributions toward population results.
6. The Cabinet work to ensure that the provider voice is at the table for implementation of the State’s data efforts, including the Department of Social Services legislative charge to develop healthcare data-sharing mechanisms across agencies.
7. The continued support of nonprofit provider capital needs through issuance of grants through the Nonprofit Grant Program.

Additional Considerations: Consider the Business Practice Needs of Nonprofit Organizations

Recommendations:
1. The Cabinet reiterates its support for the 2013 Cabinet recommendation for “Retention of Unexpended Funds.”

2. The State provide consistency in fees, competitive wage rates and true costs for doing business for nonprofit organizations contracting with the State.

NONPROFIT EMPLOYMENT DATA WORK GROUP

It is recommended that:

Under the auspices of the Governor’s Nonprofit Liaison:

1. The Community College system identify, publicize, and implement opportunities for nonprofit organizations and others to partner with community colleges that will allow for affordable educational opportunities and career paths, including:
   • Certificate Programs
   • Degree Programs
   • Continuing Education Trainings
   • Internships

2. The State of CT identify, publicize, and implement opportunities to create loan forgiveness programs for students pursuing degrees in the health and human service field.

3. The State of CT identify, publicize, and implement strategies to make child care and transportation more affordable for residents so as to increase the affordability of pursuing education and employment.

4. The State of CT develop budget recommendations in collaboration with the nonprofit sector that support the implementation of strategies across the nonprofit field to recruit, train, and retain staff in health and human service positions, including:
   • Paying a living wage,
   • Providing training and supports necessary for employees to move and grow along a career path,
   • Offering benefits to retain employees, including health care, retirement plans and life insurance,
   • Offering ongoing educational opportunities to promote advancement in the industry.

5. The State of CT identify, publicize, and offer leadership training opportunities for nonprofit providers through state training academies.
6. Develop and implement a standardized human services workforce data collection system for nonprofit organizations that draws from existing or enhanced contract information.

As research continues to be gathered to address these recommendations, the Nonprofit Employment Data Work Group recommends further reference to information available through the U.S. Department of Labor’s Bureau of Labor Statistics, which developed data related to employment, wages, and the establishment of figures for nonprofit institutions. This information can be accessed at http://www.bls.gov/bdm/nonprofits/nonprofits.htm.

**CONTRACT PROCUREMENT AND ADMINISTRATION WORK GROUP**

It is recommended that:

1. **Cost Standards (OPM, 1/14/14 update)**
   A. **Fair Rental Allowance: SECTION 43. Rental b. Allowable Costs**

   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 under the Cost Standards.
   1) 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.
   2) Consider appropriating bond funds to the Department of Correction for health and safety code projects for its community providers.

   B. **Affordable Care Act: SECTION 49. TAXES b. Allowable Costs, c. Unallowable Costs**

   **Charge:** To clarify that taxes or penalties incurred under the Affordable Care Act are not reimbursable expenses under the Cost Standards
   **Work Group:** No recommendation. Cost standards provide sufficient detail about allowable and unallowable costs.

2. **Nonprofit Grant Program**
   A. 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.

3. **Modifications to DDS Residential Revolving Loan Program**
   A. The Department of Developmental Services, Department of Social Services and the Connecticut Housing Finance Authority should review and considering revising the 6% interest rate for the loan program to more closely reflect market rates

   B. 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.
C. For capital projects requested to be completed over a specified amount and time period, 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. Revamp Contract RFP and Procurement “Debriefing and Appeal Process” *(added by Cabinet co-chairs Edelstein and DeBiasi)*

A. The Work Group recommends that the “debriefing and appeal” process be restored utilizing a simplified process. This process takes into account the fact that the Contracting Standards Board is developing the capacity to serve as the final source of appeals.

“Following a debriefing, organizations aggrieved of a procurement process may appeal any aspect of the agency’s competitive procurement to the commissioner of the contracting state agency. Following that appeal, if the organization is still aggrieved, the organization has the right of appeal, under certain circumstances, to the Contracting Standards Board which is statutorily charged with considering appeals and has the final authority.” CGS 4e-35, 4e-36, 4e-37: [http://www.cga.ct.gov/current/pub/chap_062.htm](http://www.cga.ct.gov/current/pub/chap_062.htm)

5. Recommendation for Future Work:

A. Affordable Care Act

1) Compile data regarding the cost of providing healthcare to employees of nonprofit organizations.
2) Compile information regarding the strategies utilized by nonprofit providers in payment of these costs.
3) Recommend strategies for reimbursing nonprofit providers for these costs.

B. Revenue Retention

P.A. 14-47: AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES AND REVENUES FOR THE FISCAL YEAR ENDING JUNE 30, 2015 established a pilot program for revenue retention for DMHAS POS contractors and continued the pilot for DDS POS contractors established during the 2013 legislative session.

1) The Work Group will assess the Department of Developmental Services plan for revenue retention.
2) The Work Group will evaluate the framework of the Department of Mental Health and Addiction Services plan.
3) The Work Group will report on both to the Cabinet.

C. Access To Private Market Capital, e.g. Repair Funds, Capital Loans

Because nonprofit providers report having increasing difficulty accessing capital, the Work Group recommends that it ascertain the extent of the problem by creating a survey to be distributed by the Governor’s Nonprofit Liaison and trade associations to nonprofit providers/members for the purpose of collecting data about access to capital. It is recommended that this survey be completed by February 17, 2015, and – based on results – acted upon by July 1, 2015.