CONSOLIDATED RECOMMENDATIONS OF ALL WORK GROUPS
for Consideration by
The Governor’s Cabinet on Nonprofit Health and Human Services

Business Practice Work Group

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

Work and Observations:

The Workgroup has seen presentations, specifically from the Graustein Memorial Fund, and discussed efforts undertaken by the United Way of Connecticut and United Way of New Haven, all related to the positive impact that collaboration can have when applied in connection with an appropriate opportunity. Examples of collaboration fall across a continuum of models, from cooperation in a particular area to full integration of administrative and program consolidation. The general conclusion is that in the right circumstances, collaboration improves outcomes and can serve as a vehicle for all stakeholders to work toward shared goals on important community issues.

Recommendations:

1. The Business Practices workgroup 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 Practices workgroup 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.

4. The Cabinet should evaluate the effectiveness of the current criteria that drive reprocurement (timeframes, quality standards, cost thresholds).

5. The Cabinet should encourage the involvement of nonprofit organizations in the creation of the state’s enterprise contract management system.

6. OPM should expand the scope and flexibility of the Non Profit Collaboration Incentive Grants to better support the needs of nonprofit organizations.
Task #2: Identify processes for streamlining nonprofit Business practices using tools such as the Lean model

Work and Observations:

There was significant recurring discussion surrounding the benefits to the state and the nonprofit community when a concerted effort is made to examine opportunities for increased efficiency. Specific discussion was had regarding the usage of the Lean model within the State of Connecticut and the ability this model has on improving efficiency.

Recommendations:

1. The Cabinet should endorse the concept of using and supporting process improvement models.

2. The Cabinet should increase the capacity of the nonprofit community to engage in the LEAN model, both through training and through the exploration of additional funding mechanisms.

3. OPM should 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. The Cabinet should work 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.

Work and Observations:

Significant discussion was held regarding the new trends relating to social financing, specifically social impact bonds and the many ways in which social impact can be created, including through social enterprise and pay-for-success structures that reward services that are measured for both (i) success and (ii) financial impact. There are resources such as reSET available to the nonprofit community to encourage the use of B-corporations and enhance social enterprise, and resources at DECD to help the nonprofit community create or maintain jobs.

Recommendations:

1. The Cabinet should develop and implement Pay for success models in the delivery of all services.
2. The Cabinet should support the Governor in the introduction of legislation in the 2015 legislative session for use of Social Innovation Financing (such as Social Impact Bonds) and Pay for Success models in CT.

3. The Cabinet should support the nonprofit community in its efforts to use B-Corporations and Social Enterprise models,

4. The Cabinet should engage DECD around the idea of becoming a resource for nonprofit organization, or for the spin-off components, looking at social enterprise. This can center on the idea of job creation.

5. The Cabinet should advocate for the inclusion of nonprofit organizations in the Small Business Express program by highlighting the positive economic benefit.

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.

Work and Observations:

There is an increasing national consensus that the usage of data and technology can help deliver better results and improve the social services sector. The Workgroup witnessed presentations from several agencies, specifically CSS and DCF, and was able to observe first hand some of the good work being done within the state of Connecticut to develop technology infrastructures that improve results and capture meaningful performance data. It was clear that the successful implementation of this task makes all the other workgroup tasks possible, as we need data, systems and analysis in order to fully implement the other recommendations.

Recommendations:

1. The Business Practices Workgroup 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 DCF RBA Model, DSS RBA Project, CSSD provision of technology, personnel and technical support, and DMHAS Provider Dashboard and share the inventory to help us frame and align the work between state agencies and nonprofit organizations)

2. The Cabinet should work to fund nonprofit organizations who are required to interact with one or more state data systems.

3. The Cabinet should develop resources to provide technical assistance to nonprofit organizations on how to look at their data and how to use it to improve services.
4. The Business Practices Workgroup should work with the state’s Open Data Portal to identify the information that nonprofit organizations want to see on the portal.

5. The Business Practices Workgroup 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 us to group measures into like clusters and to evaluate contributions toward population results.

6. The Cabinet should ensure that the provider voice is at the table for implementation of state data efforts, starting with the DSS legislative charge to create data sharing mechanisms across agencies.

7. The Cabinet should continue to support the use of the Non Profit Incentive Grant program.

Additional Considerations: Consider the Business Practice Needs of Nonprofit Organizations

Work and Observations:

There was a great deal of discussion surrounding the financial pressures facing nonprofit organizations today. This discussion tied in many of the concepts under consideration relating to measurement and financial impact. There was a consensus within the group that increased awareness by the public and government regarding the financial pressures that are felt by the nonprofit community would greatly benefit the community at large. In advocating that the State view nonprofit organizations as businesses, we would do well to demonstrate the economic impact of our services and the value to the community.

Recommendations:

1. The Cabinet should continue to actively support the 2013 Cabinet recommendation for revenue retention and expand the pilot.

2. The Cabinet should work to ensure consistency in fees, competitive wage rates and true costs for doing business for both nonprofit organizations and for-profit businesses contracting with the State.
Nonprofit Employment Data Work Group

1. Identify 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. Identify and implement opportunities to create loan forgiveness programs for students pursuing degrees in the health and human service field.

3. Implement strategies to make child care and transportation more affordable for residents enabling them to pursue education and employment.

4. Implement 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. Offer state-planned training opportunities to nonprofit organizations to provide leadership learning to the private sector at little or no additional costs.

6. Develop and implement a standardized human services data collection database 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 investigating information available through the U.S. Department of Labor’s Bureau of Labor Statistics, which developed research data related for employment, wages and establishment figures related to nonprofit institutions. This information can be accessed at [http://www.bls.gov/bdm/nonprofits/nonprofits.htm](http://www.bls.gov/bdm/nonprofits/nonprofits.htm).
FAIR RENTAL ALLOWANCE:
SECTION 43. TAXES b. Allowable Costs, pages 48 – 49
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.

Recommend for Cabinet Discussion and Vote, re: Cost Standards: Prioritize of the Nonprofit Grant Program and adopt the draft for modifying the DDS Revolving Loan Fund:

A. Agency Bond Funds for Health; Safety and Deferred Maintenance Capital Projects

1. Continue to appropriate bond funding directly for DMHAS, DCF, and DDS for health, safety and code capital projects.
2. Consider appropriating bond funds to DOC for health and safety projects for its community providers.
3. With respect to the Nonprofit Grant Program, further target and enhance the priority given to capital projects proposed by nonprofit providers that directly impact services being provided to State agency clients through programs primarily funded by and operating under State POS contracts and agreements (i.e. rate letters and similar agreements for POS services).
4. While OPM shall continue to manage the overall NGP application and selection process, State POS agencies shall be given an enhanced role in reviewing and providing feedback on projects primarily impacting their clients.
5. For capital projects funded by these State bond funds, replace the lien requirement with similar contractual provisions regarding provider repayment and other requirements related to providers that cease operations or services to a State agency.

B. Modifications to DDS Residential Revolving Loan Program

1. DDS, DSS and CHFA should review and considering revising the 6% interest rate for the loan program to more closely reflect market rates
2. DDS, DSS and CHFA 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.
3. For capital projects requested to be completed over a specified amount and time period, DDS and CHFA should consider developing a process to reimburse providers based on an identified payment plan based on completion targets.
AFFORDABLE CARE ACT:

SECTION 49. TAXES b. Allowable Costs, page 48

No Recommendation, re: Cost Standards.

Recommendation for Future Work:

1. Compile data regarding the cost of providing healthcare to employees for Providers, as well as data regarding Provider strategies for payment of those costs. For example: What does healthcare cost a provider? How best might the costs be reimbursed? What are the methods of paying for healthcare costs now being utilized by providers?

PROGRESS REPORT / EVALUATE DEPARTMENT OF DEVELOPMENTAL SERVICES AND DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES REVENUE RETENTION PILOTS:


Recommendation for Future Work:

1. Assess the DDS plan for revenue retention currently awaiting approval by OPM.
2. Evaluate the framework of the DMHAS plan.
3. Report on both to the Cabinet.

NEW ISSUE ARISING FROM THE WORK GROUP’S DISCUSSION ON FAIR RENTAL ALLOWANCE: TO WHAT EXTENT IS ACCESS TO PRIVATE MARKET CAPITAL, I.E., REPAIR FUNDS, CAPITAL LOANS, ETC., BECOMING AN ISSUE FOR PRIVATE PROVIDERS?

Recommendation for Future Work:

1. Create a survey to be distributed by the Governor’s Nonprofit Liaison and Trade Associations to Nonprofit Providers/Members for the purpose of collecting data. It is recommended that this survey be completed by February 17, 2015, and – based on results – acted upon (if necessary) by July 1, 2015.