

Governor's Cabinet on Nonprofit Health and Human Services

JUNE 15, 2016



Agenda

- ❑ Welcome & Introductions
- ❑ Public Comment
- ❑ Approval of Minutes - 5/11/16 Cabinet Meeting
- ❑ Review and Discussion - Work Group Recommendations
 - Business Practice Work Group
 - Contract Procurement and Administration Work Group
- ❑ Review Draft 2016 Cabinet Report
- ❑ Governor's Nonprofit Grant Program Update
- ❑ Nonprofit Collaboration Incentive Grant Update
- ❑ Other Business
- ❑ Next Steps

Welcome & Introductions

Public Comment

Approval of Minutes

Review and Discussion of Work Group Recommendations

Business Practice Work Group

CO-CHAIRS

BILL HASS AND BRIAN HILL

Workgroup Guiding Principles

- Development of recommendations sought to emphasize:
 - Public/private partnerships
 - Building on existing efforts
 - No-cost implementation or identification of existing fiscal and human resources
 - Attractiveness to private funders
- No legislation required
- Implementation steps and responsibilities to be assessed after the June Cabinet meeting

Business Models

Charge 1

Promulgate information about Pay for Success/ Social Innovation

- 2015 Connecticut legislation
- State, federal, and national resources

Recommendations

1. Include information about PFS program models in the Nonprofit Toolkit. (Cabinet)
2. Identify three (3) PFS pilot programs, including the Department of Children & Families existing PFS pilot and new pilots with state agencies such as the Department of Correction to determine the effectiveness of the program to provide social and economic value. (Cabinet/State Agencies)

Business Models

Charge 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

1. Include the Business Express Program brochure in the Nonprofit Toolkit. (Cabinet)
2. Request that DECD provide trainings and technical assistance to explain the use of the Business Express program as a means of expanding innovative service models. (Cabinet)
3. Increase the involvement of nonprofits in the Business Express programs. (DECD)

Business Models

Charge 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

1. Communicate to the nonprofit sector the value of Process Improvement. (Cabinet)
2. Request that OPM offer basic Lean training to any nonprofit seeking this assistance. (OPM)
3. Award organizations seeking State funding extra points for having implemented a process improvement project. (State Agencies)
4. Encourage all state agencies to partner with their nonprofit grantees in Process Improvement projects. (Cabinet/State Agencies).

Business Models

Charge 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

Recommendation

1. Establish a communications plan to alert nonprofits about the resources available in the Nonprofit Toolkit through an agreement with the major nonprofit professional groups including: The CT Community Nonprofit Alliance, The CT Council of Family Service Agencies, CT Association for Community Action, etc. (Cabinet)
2. Encourage small organizations to consider collaboration to meet goals of sustainability. (Cabinet)
3. Provide extra points to organizations seeking State funding if their proposed project model is collaborative in nature. (State Agencies)

Human Resources

Charge 1

Make recommendations regarding human resource innovations that support nonprofit organizations

Recommendation

1. Implement a philosophy of the Strategic Human Resources Management (SHRM) model which assumes adequate resources are available to meet strategic and organizational needs. (Cabinet)
2. Encourage collaborations that merge HR as a back office function to create cost effectiveness. (Cabinet)
3. Consider increasing the number and types of volunteers to supplement an organization's employee work force. (Cabinet)

Technology Charge 1

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

Recommendation

Administer a broad-scale nonprofit survey to identify and assess deficiencies in IT infrastructure and opportunities to save money by leveraging partnerships or shared IT services.

Major themes:

- Automation needs
 - Off-the-shelf software solutions – challenges
 - Mobile computing
 - Cloud infrastructure
 - Capital investment
 - IT Staffing / internal expertise
- (Cabinet and CT Center for Advanced Technology)

Data Charge 2

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

- to ensure provider participation in implementation of the State's data efforts
- to identify the information on the Portal that will be useful to nonprofit organizations

Recommendation

1. Pilot the use of the software used by the Connecticut Open Data Portal (<https://data.ct.gov/>). The use of the Open Data Portal would be dependent on system capacity and support resources.
2. Establish a working group of criminal justice providers (e.g. residential/halfway house) to identify common data elements; providers would upload common data for analysis
3. Data would remain private

(Cabinet and OPM)

Data Charge 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 clusters and to evaluate contributions toward population results.

Recommendation

Implement recommendations from 2012/13 Cabinet work, including:

- Connection of Population Results with outcome measures in contracts
- Ongoing refinement of population indicators
- Draw upon experiences in Vermont (Benchmarks for a Better Vermont - <http://www.bbvt.marlboro.edu/>) as an example of successful framework implementation.

(Cabinet and OPM)

Data Charge 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)

Recommendation

Cabinet endorsement of the concept for a CT Data Academy

- Concept jointly developed by OPM/Chief Data Officer and the CT Data Collaborative
 - **Goal:** Increase data literacy, build data capacity and enable nonprofits, state and local government, community groups, and organizations across the state to more effectively curate their own data as well as use open data and other sources for the purpose of understanding, measuring, advocating, and impacting lives.
- Public/Private Partnership
- Attractive to private funding
- Data capacity is a foundation for Pay For Success projects (CT Data Collaborative)

Contract Procurement and Administration Work Group

CO-CHAIRS

ALYSSA GODUTI AND DEBORAH ENNIS

Charge 1

Assess Revenue Retention Pilots

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

Charge 1 Recommendation

We recommend adopting the recommendations made by the Governor’s Cabinet on Nonprofit Health and Human Services in 2013, which were also included as recommendations in 2014. These recommendations are attached to this document and would implement savings reinvestment which would involve a collaborative effort between the provider and funding agency and would be contingent on meeting outcome requirements of the contract. That recommendation includes regular reporting of funds expended versus contracted, communication between state agency contract administrators and providers and the ability to retain up to 50% of unexpended funds as “savings reinvestment.”

2013 Recommendation

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.

- [Full report](#) (hyperlink)

Charge 2

Survey Access to Private Market Capital.

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

Private Market Capital Survey Results

The top improvements nonprofit organizations seek investment capital for are:

- Technology - 85% of the 91 responses sought capital funding for technology.
- Building or property repairs and renovations - 68% of the 91 respondents sought capital funding for building / property repairs.
- Vehicles - 47% of the 91 responses sought capital funding for vehicles.
- Note – agencies may have requested capital funding for multiple categories.

Private Market Capital Survey Results cont.

How successful was your agency in accessing capital funding from each of the following sources?

	Did not apply	Applied, secured no investment capital	Applied, secured partial investment capital	Applied, secured full investment capital	Total Respondents
National Banks	81.13% 86	9.43% 10	6.60% 7	5.66% 6	106
Community Banks	68.87% 73	11.32% 12	14.15% 15	5.66% 6	106
Credit Unions	93.27% 97	3.85% 4	1.92% 2	0.96% 1	104
Venture philanthropists	86.67% 91	7.62% 8	5.71% 6	0.00% 0	105
Government	42.73% 47	18.18% 20	28.18% 31	12.73% 14	110
Foundations	49.54% 54	11.93% 13	36.70% 40	3.67% 4	109
United Way	83.67% 82	10.20% 10	6.12% 6	0.00% 0	98

Private Market Capital Survey Results cont.

Select the degree in which you agree or disagree with each of the following statements:

	Strongly Disagree	Disagree	Neither Disagree nor Agree	Somewhat Agree	Strongly Agree	Total Respondents
Access to capital is limited for agencies like mine.	2.75% 3	4.59% 5	19.27% 21	41.28% 45	33.03% 36	109
Agencies working in my geographical area can access capital as easily as agencies in other areas.	12.96% 14	15.74% 17	48.15% 52	20.37% 22	3.70% 4	108
Agencies working with my population can access capital as easily as agencies working with different populations.	16.82% 18	26.17% 28	34.58% 37	17.76% 19	4.67% 5	107
Agencies with a similarly sized operating budget can access capital as easily as different sized agencies.	19.44% 21	35.19% 38	37.04% 40	5.56% 6	2.78% 3	108

Private Market Capital Recommendation

Although resources for capital are available to nonprofits through commercial lenders, repayment is challenging when rates and contract amounts are not adjusted on a regular basis as the cost of doing business increases.

We recommend that the state maximize any bonding opportunities available to help nonprofits address capital needs (i.e. Nonprofit Grant program, individual agency bonding).

Charge 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.

Healthcare Survey Results

Since January 1, 2015, how has the cost of providing health care benefits to your employee changed for your agency?

- Decreased: 6%
- Stayed the same: 24%
- Increased: 34%

On average increased 6.03% of total agency budget

Healthcare Costs – Recommendation

We recommend that the Department of Insurance form a workgroup including nonprofit leaders, insurance department executives, representatives from the Exchange and other appropriate parties to collectively research and develop options to help nonprofits address the rising cost of healthcare so that they can continue to recruit, retain and provide good benefits to employees.

Charge 4

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

Recommendation:

- **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 capital projects requested to be completed over a specified amount and time period.**

DDS Revolving Loan Fund Background

- DDS does not use traditional bonding for community providers like DMHAS and DCF. The Community Residential Revolving Loan Fund was established in 1985 by PA 85-472.
- Mortgage program – for the construction, purchase and renovation of community based residential facilities.
- Capital improvement and repair loan program – for repairs or improvements for community based residential facilities.
- DDS makes loans to non-profit organizations for construction, purchase or renovation of community residential facilities for people who have intellectual disabilities.
- Loan may be up to 100% of the total property development costs but can't exceed \$60,000.
- DSS then adjusts the room and board rates paid to DDS residential providers to support the loan repayment.
- 15 outstanding loans, 45 providers awarded loans.

Charge 4 (continued)

- Challenges – 6% interest rate, rates adjusted by DSS in room and board funding, presents cash flow issues for some agencies, administration of the program being transferred to CHFA.
- DDS or CHFA should review current lending rates at least annually to assure that the Revolving Loan Fund rates are competitive and reflective of current market rates.
- DSS should adjust the room and board rates to be reflective of capital improvement within 90 days of the project completion.

Charge 5

Review status of nonprofit bonding.

Nonprofit Collaboration Incentive Grant

- Review status of FY15 RFA process
- Develop recommendations for future

Nonprofit Grant Program

- Review status of FY15 RFA process (2nd round 3/15)
- Review status of FY15 RFA process (3rd round 4/15)
- Develop recommendations for future

Nonprofit Bonding Background

- Originated in 2013 to support infrastructure needs of nonprofit providers. \$20M allocated in both FY14 and FY15. Due to the high volume of requests, an additional \$30M was added to FY15, bringing the total funding to \$70M for the program.
- The FY16 and FY17 budgets include \$10M in each year for the Nonprofit Grant Program.
- In FY14 – 146 Projects were funded.
- In January 2015 – An additional 130 projects were funded.
- In Round 3 (Summer 2015), 544 applications were received totaling \$122M in requests. Total funding available is \$30M. Funding announcements were made in January 2016 for funding of \$15m of the total \$30m available. Another \$15M remains in the pool for FY 2016. The OPM website lists funded projects under the Nonprofit Grant Program.
- Significant infrastructure needs have been identified through the overwhelming response to this program.

Charge 5 (continued)

Recommendation:

In November 2015, the Cabinet recommended increasing the bonding pool available in FY16 and FY17 to \$25M in each year to address unmet needs and include funding to incentivize collaboration. The Governor's mid-term budget adjustments included an increase for FY17 from \$10M to \$15M for the Nonprofit Grant Program.

In addition, \$15M was included on the Bond Commission agenda in February 2016 and another \$15M remains in the pool.

We also recommend creating an ongoing Nonprofit Grant Program for infrastructure needs of nonprofit human service agencies funded at a minimum level of \$15M a year and allocated through a formal RFP process. This is not meant to take away from bonding resources within individual human service state agencies for their nonprofit partners.

Charge 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.

Charge 6 Recommendations

- Charge: Identify opportunities for collaboration across state agencies in order to increase effectiveness and efficiency of working with nonprofit providers.

The Governor's Cabinet on Nonprofit Health and Human Services becomes a forum for state agencies to share their vision, priorities and challenges with each other and their nonprofit partners. The Cabinet would not only serve as a vehicle for addressing specific charges as assigned by the Governor, but would also be the venue to foster collaboration and sharing of best practices.

The Cabinet should meet monthly with the purpose of:

- 1. resource sharing, collaboration between state agencies and collaboration between state agencies and nonprofits.**
- 2. monitor and report on and assess the impact of prior recommendations. The Cabinet's website should include a tracking tool to display progress towards recommendations made in prior reports, using a dashboard or similar approach.**

Charge 6 Recommendations (cont.)

- Charge: 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).

Recommendation: Add a standard question on RFPs about how nonprofit agencies address process improvement.

Charge 6 Recommendations (cont.)

- Charge: Develop mechanism to fund data provision in Purchase of Service contracts.

Recommendation: RFPs should include a plan for data collection, should be clear on expected outcomes and should adequately fund those required responsibilities as part of the administrative costs of running the program. Any new requirements should be negotiated with the contractor and funded appropriately.

State agencies should review their data collection requirements annually and remove any unnecessary reports, forms or data fields collected. Data collected should be pertinent and useful.

Excerpt from The Partnership Principles

5.1. Reporting and monitoring systems emphasize the level and efficacy of services for consumers.

5.1.a. Providers and government agree in advance and adhere to evaluation methods, which may include assessments by staff and consumers as well as other performance measures, and providers report on these annually.

5.1.b. Providers and government agree in advance to program activity measures that provide pertinent information about services.

Charge 6 Recommendations cont.

- Charge: 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.

Recommendation: The Committee supports the current processes for re-procurement and the criteria used to determine waivers for re-procurement. Paperwork should be minimized. Agencies should use Biznet and electronic documents to the greatest extent possible.

The Central Contracting Unit at DMHAS should take the lead in supporting collaboration and consistency between state agencies regarding contracting.

Excerpt from The Partnership Principles

3.1.a. There is a system for defining and measuring acceptable and excellent performance.

3.2. Decisions to conduct open bidding processes rather than contract renewals consider investments required to apply for, start up, deliver, administer and evaluate services.

3.2.a. The renewal process minimizes duplicative paperwork by allowing providers to certify were there are no changes to corporate legal and organizational status.

3.3. When contracts are not renewed, the transition process takes the best interests of consumers and communities into account.

3.3.a. Timeframes for government communication about the non-renewal of a contract allow for coordination between the terminated and new provider to allow for continuity of care for consumers.

Charge 6 Recommendations (cont.)

- Charge: Participate in the development of the state's enterprise contract management system.

Recommendation: The Contract Procurement and Administration Workgroup should have a consultative/advisory role in the development phase of the enterprise contract management system.

Charge 7

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

The workgroup recommends that the statement below serve as a theme to the Cabinet's 2016 Report:

A financially viable human service system is vital to the health, quality of life and economic well-being of the state of CT. In order to support a financially viable human service system, funding levels (including rates and contract amounts) should be based on the full costs of services consistent with an agreed upon set of quality standards and outcomes.

Charge 7 Recommendations

- State agencies use a variety of methodologies to determine rates and funding levels for contracts.
- Modeled after the Administration's Purchase of Service Contracting Efficiency Office, **we recommend the establishment of a Purchase of Service Rate Setting Office.**
- Membership would be staff from each state POS state agency contracting department Rate Setting Office.
- Function – collaboratively conduct a rate setting process review in which staffing levels, organizational structure, and processes and rate setting / funding level methodologies would be identified and analyzed.
- Workgroup would report on strengths, weaknesses, and best practices.
- Goal - improve consistency, streamline and standardize the rate setting/ contract funding processes, assure compliance with federal funding requirements, maximize federal reimbursement and develop consistent process for determining costs and rates.

Charge 7 Recommendations (cont.)

We recommend establishing a Nonprofit Human Service Investment Fund (managed by the State Treasurer) similar to the proposed Transportation lockbox, to support increases in rates and contracts to meet the costs of services. Possible funding mechanisms include:

- Voluntary check off contributions on tax forms to allow for a contribution if a taxpayer has not met the maximum in charitable contributions allowed.
- License plate / Vanity plate specific for human services.
- Portion of motor vehicle speeding violation fine to go to this fund.
- A percentage of savings created through shifting state provided services to the nonprofit provider system.
- A portion of the social worker license fee could go to this fund.
- A portion of fines paid by those who park in handicap spaces could go to this fund.
- A portion of the sale of state surplus property could go to support this fund.
- If there is a surplus, then a portion of the state surplus goes to this fund.

Review Draft 2016 Cabinet Report

Governor's Nonprofit Grant Program Update

Nonprofit Collaboration Incentive Grant Update

Other Business

Next Steps

Adjournment
