Report on Cutbacks in Services for Developmental Disabilities Clients, State of Connecticut

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Cover photos: *CT Mirror*, *Hartford Courant*

I. Executive Summary

Recently, Governor Dannel Malloy announced further dramatic cutbacks in developmental disabilities services, proposing to "deinstitutionalize" and "privatize" more of the care of the intellectually and developmentally disabled (I/DD) population in Connecticut[1]. This proposal is an extension of a longstanding effort at deinstitutionalization and privatization of public services in Connecticut, involving several episodes of closure, relocation and privatization.

This report examines the appropriateness of this decision, with emphasis on these questions.

First, savings attributed to the loss of State jobs may be illusory. In fact, new expense may be incurred.

Second, Connecticut's high reliance on Medicaid as a source of funds for care of the I/DD population means that, for every State dollar not spent, a federal dollar will also not be spent. Connecticut has disproportionately benefited from the Medicaid program in its support of the I/DD client in comparison to nearby states with comparable economics.

Third, further loss of public service jobs comes at a time when Connecticut unemployment exceeds that of other New England states, and of the nation as a whole. These lost jobs, moreover, are "middle class" benefitted jobs, compared to the (frequently) lower paid and partially or non-benefitted jobs in privatized settings.

With regard to the first issue, projected savings from elimination of public service jobs are overstated. The overstatement results from use of a pension plan expense of 44%, fully 36% of which is the amortization of unfunded post retirement liability. Conversion of Connecticut's state retirement plan in 1971 from "pay as you go" to "actuarially funded" was to result in full funding within 40 years' time. The 40 years expired in 2011. Even with the loss of public service jobs, the unfunded liability will continue.

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[1] "DDS layoffs to reach 605 as state moves to privatize services," *CT Mirror*, August 16, 2016

With regard to the second issue, Connecticut enjoys nearly unique status among the state developmental disabilities programs in having 89% of its costs borne by the Medicaid program. This is an increase in Medicaid funding for I/DD services from 31% in 1986, 49% in 1996 and 75% in 2006. By comparison, Massachusetts currently has 55% of such programs funded through Medicaid, New York has 85% and New Jersey has 73%. This means that, for every dollar not spent in support of the I/DD program, Connecticut will lose fifty cents in federal matching funds for the Medicaid program.

Finally, the 'all-in' costs of privatizing care for I/DD clients is difficult to assess, and in Connecticut has never been done. In the absence of a "fiscal impact" study, both the Legislature and the Executive are acting without guidance. The last time the Legislature examined this program was in May of 2011, resulting in a report in 2012. The Department has a five-year plan, which is up in 2017. Neither document (the program review and the Department plan) examines *the all-in cost of outsourcing the care of vulnerable human beings.*

Two areas of "all in" expense are predictable, but not accounted for in budgeting. First, the experience of the federal and or other state governments is that projected savings through privatization are almost never realized. Costs go up in other programs (e.g. Medicaid, WIC, food stamps). Events taking place requiring remedy (harm to clients, scandal). Second, the quality of jobs changes—from the tax-revenue-producing middle class public service jobs to lower wage privatized jobs.

Uncertainty concerning the magnitude (or the even existence) of actual savings, combined with the likelihood of adverse outcome for both clients and employees, would support the appropriateness of review of agency plans.

The conclusion here is that the Legislature should "pause" in this area, to ensure that any projected savings are in fact real, and that service cutbacks do not adversely impact the I/DD client population.

II. **Savings attributed to the loss of State jobs may be illusory**

Concerns about elusive cost savings from privatization have been raised at both the federal and state levels.

A 2011 study by Washington's Project on Government Oversight[2] analyzed total compensation of federal and contracted employees of 35 occupational classes, covering more than 550 service activities. They found that contractors were more expensive than federal employees in 33 of the 35 occupational classifications. Several failures on the part of the government were identified as factors which contributed to the underestimate of costs associated with outsourcing. These included lack of data concerning negotiated service contract billing rates, lack of standards for calculating cost estimates and other information gaps which thwarted the accurate assessment of the full costs of outsourced services. The result was that promised savings were not realized, but the myth of efficiencies and taxpayer savings were perpetuated.

David Schultz, professor at Hamline University School of Business, teaches classes on privatization and public, private, and non-profit partnerships. Based on his research on Minnesota's outsourcing efforts, he cautions "There is little evidence here and in the research on privatization that this type of contracting saves money."[3] He also notes that many costs are ignored when considering privatization, including "transaction costs" (shifting state functions to third parties, which involves the bidding process, reorganization of government), followed by monitoring and compliance costs. Schultz points to a 2007 Legislative Auditor report which found little accountability or oversight of the nearly $5 billion in health services contracted out on behalf of the state. The same report found that competitive bidding rarely took place, due to lack of skills or capacity or time constraints related to the contracting process.

For Connecticut, and notwithstanding legislative action to the contrary, estimates of savings from the elimination of public service jobs may be faulty.

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[2] Bad Business: Billions of Taxpayer Dollars Wasted on Hiring Contractors, Project on Government Oversight, Washington, DC, 2011

[3] Schultz, D., "The cost of privatization: It may not save the state money," *The Minnesota Post*, January 6, 2011

Specifically, post retirement pension benefits are estimated based on current obligations, added to actuarially determined accrued liability. The Connecticut State Employees Retirement System Roll Forward Valuation Report as of June 30, 2015, shows these two sums. The "Normal" or current service cost is shown as 8% of wages. The accrued liability (left over from the 1971 conversion of "pay as you go" to funded basis) is shown as 35.80%. In other words, 80% of the pension benefit cost attributed to public jobs is actually the remainder of the amortization of accrued liability. This number does not "disappear" when the public service job is eliminated. Rather, it remains as a sum to be mathematically included in the amortization of unfunded liability assigned to the remaining state employees.

Moreover, as shown in the next section, the dependence of Connecticut's I/DD program on Medicaid—whose funding comes equally from state and federal revenue—means that cutbacks in I/DD spending will reduce revenue for this program.

III. Dependence of Connecticut I/DD Program Spending on Medicaid, a State-Federal Program

Connecticut's high reliance on Medicaid as a source of funds for care of the I/DD population means that, for every State dollar not spent, a federal dollar will also not be spent. Connecticut has disproportionately benefited from the Medicaid program in its support of the I/DD client in comparison to nearby states with comparable economics.

Exhibit I is a summary of information gathered by David Braddock at the Colman Institute and Department of Psychiatry, University of Colorado in 2014, based on state efforts for I/DD services from 1977 to 2013, and published in 2015. Population figures are based on annual estimates of the resident population of the United States, from the U.S. Census Bureau, Population Division, published in December of 2015.

The top half of Exhibit I shows the growth in I/DD spending per capita, I/DD spending total and the population at various points in the Colorado study. The population for 1986, 1996, 2006 and 2013 are shown for each of these four states, Connecticut, Massachusetts, New Jersey and New York. It can be seen that total Connecticut spending of $186 per capita in 1986 has grown to spending of $339 per capita in 2013 (blue highlighted cell). This 1986 number would be $395 in 2013, given the U.S. dollar inflation at an average rate of 2.83% per year during this time period. In other words, steady inflation of the $186 Connecticut spent per capita on I/DD services in 1986 would have resulted in $395 in expenditures in 2013, compared to the actual total spending of $339.

So one conclusion from Exhibit I is that there is a "steady but declining" spending in this area. However, this conclusion masks the dramatic reduction in state spending of its own (state tax revenue) funds. The lower half of Exhibit I tracks that percentage of total spending which is from Medicaid. Medicaid, of course, is a state-federal program, with 50% of the funds supplied by the federal government in relatively higher income states such as Connecticut.

Figures in the yellow highlighted cells of this exhibit show that actual state funds spent on I/DD (of that total of $186 per person state and Medicaid) were $128 per person in 1986. That would

have been $272 per person at 2.83% inflation by 2013. However, the actual 2013 figure in state funds is $185 per person.

Equally dramatic is a decline from what appears to be a "peak" of Connecticut state funds spent on these services, namely $251 per capita in 1996. Given the average rate of inflation of 2.36% per year between 1996 and 2013, that $251 in actual Connecticut tax revenue for I/DD services would have been $373 in 2013. Instead, the number is nearly $200 per person less, namely $185.

A summary of Exhibit I might go as follows: Connecticut State spending is down modestly in absolute dollars from 1986, and down more significantly from 1996. This is in contrast to New Jersey and New York, where spending more than doubled in absolute dollars during this time period.

Connecticut spending *of its own funds* to care for its own citizens has not kept pace with that of other states. While the absolute dollars of spending (unadjusted for inflation) are up 50% over thirty years in Connecticut, those dollars are up 500% in Massachusetts, nearly 300% in New Jersey, and 700% in New York.

As a consequence, cutting back on the expenditure of I/DD funds will not produce dramatic "savings" in raw dollar numbers, since a cutback in state Medicaid spending will be accompanied by a cutback in federal Medicaid matching funds.

In other words, Connecticut has become highly dependent on Medicaid funds for I/DD programs. Medicaid was 31% of the total I/DD budget in 1986, rising to 75% in 2006 and 89% in 2013. The growth in I/DD programs through Medicaid has been a state-federal cooperative effort to extend services to individuals among the most compromised in the population. Cutting those services further will produce much less in "dollar savings," even without accounting for the compromise to client and patient lives, increased use of other services and growth of waiting lists.

Moreover, the loss of Medicaid funds will not be reflected in the revenues and expenses of the state budget. These changes will therefore not be apparent to review, for example, by the legislature. Beginning in Fiscal Year 2014, the state altered the manner in which it handles federal Medicaid grants for budget and accounting purposes. Previously the state appropriated Medicaid expenditures on a gross basis within the Department of Social Services - - and showed federal reimbursement related to those expenditures as revenues.

The prior practice of inclusion of revenues and expenses resulted in both the state and federal share of Medicaid being included in the state appropriation for Medicaid. Beginning with FY 2014, the state only put net budgeted Medicaid expenditures within DSS, resulting in only the state's share of Medicaid expenditures being appropriated. This resulted in appropriations and revenues being reduced by $2.8 billion in FY 2014, $3.2 billion in FY 2015.

Further reductions in federal Medicaid matching share will result, but will not be evident in the budget.[4]

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[4] State of Connecticut, Official Statement issued in conjunction with the sale of $650 million in general obligations bonds, October 19, 2016, page III-25.

IV. The Full Cost of Privatization

The modern era of privatization of public functions began with Ronald Reagan and his 1987 Executive Order establishing the Commission on Privatization. In March of 1998 the Commission issued its report, "Privatization Toward More Effective Government," which concluded that several government functions, including low-income housing, federal loan programs and prisons, could be transferred to the private sector.

Nearly thirty years later, stories of loss of transparency and accountability, inadequate monitoring and oversight, corruption and fraud have spurred a concerned public to ask,

> "Does privatization really work?"
> "Can government provide adequate oversight?"

Although the push for outsourcing has ebbed and flowed over the past thirty years, the Great Recession brought with it a resurgence in efforts by federal, state and local governments to offload expenses to the private sector in an attempt to balance budgets. Privatization has encompassed prisons, mental health facilities, schools and of course institutions and services for the developmentally disabled.

The privatization era has produced better services for some, not for others, but more than its share of outrageous abuse[5].

For Governor Malloy, the key question is this: Does privatization, in the long run, save any money for the states? The answer, in most studies, is "No,"[6] despite the plethora of promised and projected savings that accompany each new announcement and each new chapter.

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[5] Bad Business: Billions of Taxpayer Dollars Wasted on Hiring Contractors, Project on Government Oversight, Washington, DC, 2011

[6] Sclar, E., "Privatization: You Don't Always Get What You Pay For," Book Excerpt, Regional Labor Review, Spring 2009; Greenwood, Daphne, "The Decision to Contract Out: Understanding the Full Economic and Social Impacts," Colorado Center for Policy Studies, University of Colorado, Colorado Springs, March 2014

The U.S. Department of Justice announced earlier this year the end of its decade-long experiment with private prison facilities. Deputy Attorney General Sally Yates, in her August 18th press release, noted that "…time has shown that they [private prisons] compare poorly to our own Bureau facilities. They simply do not provide the same level of correctional services, programs, and resources; they do not save substantially on costs; and…they do not maintain the same level of safety and security. The rehabilitative services that the Bureau provides, such as educational programs and job training, have proved difficult to replicate and outsource…"

The federal government is not alone in concluding that outsourcing has failed to bring about the desired result. In March of 2014, Rutgers University issued a report entitled "Overlooking Oversight: A Lack of Oversight in the Garden State is Placing New Jersey Residents and Assets at Risk." The three-year study concluded that "the state of New Jersey is placing some of its most vulnerable people – children, the disabled, and the elderly – at unnecessary risk by lacking oversight of its third-party contractors…The study raises serious questions about the state's capacity to make sure its residents receive safe, quality services and taxpayers' money is not wasted."[7]

Eduardo Porter of *The New York Times* writing on the rush to privatization, "…the debate has acquired new urgency as governments from Washington to statehouses and city halls around the country consider privatizing everything from Medicare to the management of state parks as a possible solution to their budget woes"[8]

Porter notes that all organizations face trade-offs - - inherent conflicts between competing objectives, and that managing this is far more difficult than it may at first appear. Moreover, with profit as the overriding priority, private organizations often have little "wiggle room" to manage this tension between competing objectives.

Porter concludes that "The pursuit of financial rewards, by private companies or even nonprofit organizations, can directly undermine public policy goals."

[7] Rutgers School of Management and Labor Relations, "New Study: A Review of NJ's Oversight of Third-Party Contractors," Press Release, March 6, 2014
[8] Porter, E., "When Public Outperforms Private in Services," *The New York Times*, January 15, 2013

Of particular note, Porter suggests a "rule of thumb" to assess when a private company can outperform the public sector: if the task is clear-cut and it's possible to define concrete goals and reward those who meet them, the private sector will probably do better…But if the objectives are complex and diffuse – making it difficult to align profit with goals without undermining some other desirable outcome – the profit motive could well make conflicts more difficult to manage In these cases, privatization is probably not the best solution. In their rush to save money by outsourcing services, governments might forget that."

In the rush to cut spending, public policymakers often focus narrowly on the promised savings of outsourcing. Daphne Greenwood, Ph.D., Professor of Economics and Director of the Colorado Center for Policy Studies based at the University of Colorado, Colorado Springs, has investigated the broader social and economic impact of outsourcing public services. Having authored a book on local economic development and served as a visiting scholar at both the U.S. Treasury Department and the Institute for Research on Poverty, Dr. Greenwood brings a wide range of experience to her work, which has examined the direct and immediate impact of contracting out services, as well as the indirect and long-term consequences of outsourcing.

Dr. Greenwood's research has revealed reduced accountability and transparency in government services; varied costs savings, which often diminish over time; and frequent problems with quality of service delivery.

Her research also found that contracting with private corporations generally reduces worker wages and benefits, leading to a series of negative effects for the greater community, including:

Reduced spending in local communities and declining retail sales;
Risks to public health and safety with less experienced employees and more bureaucracy;
Fewer opportunities for middle-class jobs and upward mobility;
More workers and retirees on public assistance, especially in female-headed households;
Higher wage gaps between men and women and blacks and whites; and
Larger share of "at risk" children in low-income families.

Although policymakers typically focus on the fiscal impact, Dr. Greenwood argues convincingly that the interrelationships between government, the economy and society are such that focusing in isolation on the projected "savings" associated with outsourcing is narrow, misleading, and counterproductive.

In fact, she concludes that "While reducing costs is most often the motive for outsourcing, a growing body of research documents that savings are minimal, on average. It is also not unusual for total costs to be greater when performed by private contracting firms than they were in-house."[9]

Dr. Greenwood's study details what many state and local governments have learned: that cost savings associated with outsourcing may initially appear to be lower, but typically diminish over time, due to a multitude of factors. In fact, her research found that 52% of the time, governments cited insufficient savings when they terminated private contracts for services. This was second only to quality issues, which were named 61% of the time as the major reason for bringing services back "in-house."

Significantly, she notes that cost savings are often achieved through reduced wages, benefits and/or staffing levels for workers, which ultimately leads to neither efficiency nor quality. In fact, her research revealed that reduced staffing levels and lower pay often lead to higher staff turnover and reduced quality of service. As noted above, this lower level quality of service was cited as a reason in nearly two-thirds of contracts which were terminated.

Also important, Dr. Greenwood makes the often overlooked connection between worker wages and the local economy. She notes, "Contracting can involve substantially lower wages and benefits for local workers providing services, siphoning dollars away from local economies. Workers making less will spend less in their own communities." The direct and indirect economic impacts include not just declines in retail sales, but higher wage gaps between both men and women and blacks and whites; an increase in workers relying on public assistance; a

[9] Greenwood, Daphne, "The Decision to Contract Out: Understanding the Full Economic and Social Impacts," Colorado Center for Policy Studies, University of Colorado, Colorado Springs, March 2014, p. 1

decrease in middleclass jobs; fewer ladders of opportunity for workers at the bottom; a disproportionate impact on female-headed households and "at risk" children'; and a "Weakened viability of pension systems for remaining public workers."[10]

Dr. Greenwood makes the case that, "Real economic development is the ongoing process of improvement in the standard of living across the community….Since local and state governments are major employers in many communities, their decisions about how to deliver services are important to economic development."[11]

Dr. Greenwood's research echoes that of Dr. Janice Fine of Rutgers University's School of Management and Labor Relations. In 2012, Dr. Fine wrote, "There is considerable and growing evidence that contracting out does not save government and taxpayer money and negatively impacts quality of service."[12] Fine's white paper summarizes studies of outsourcing from across the United States and concludes that "Contracting out not only leads to degraded jobs in communities, it also comes with hidden costs to government and taxpayers." These hidden expenses include non-wage labor costs such as increases in recruitment, selection and training due to higher employee turnover, and lost productivity as employees are trained.

Dr. Fine offers numerous examples of states striving for cost savings only to shift expenses by forcing employees into contracted jobs which pay so little that workers and their families become eligible for public services such as Medicaid, food stamps, WIC and other safety net programs. By way of illustration, Fine notes a University of California Institute for Labor and Employment estimate that California spends over $10 billion a year in public assistance for working families with full time jobs, which is nearly one-half of California's total expense for these programs.

More than a decade before Dr. Fine's research, Columbia University Economist Elliott Sclar wrote "You Don't Always Get What You Pay For: The Economics of Privatization." In his book, Dr. Sclar asked why "Despite the well-documented and rich history of the serious systemic and

[10] Ibid, page i
[11] Op cit, page 3
[12] Fine, J., "Six Reasons Why Government Contracting Can Negatively Impact Quality Jobs and Why it Matters for Everyone," Background Brief, In the Public Interest, October 2012

moral hazards and informational asymmetries in public contracting…a conservative political consensus has emerged which asserts that the extensive use of contracts to provide public service is 'the key to better government.' Proponents of this view either ignore the transaction costs or essentially argue that the last generation of reformers did not know how to write a good contract. Relabeled 'privatization,' this new push for expanded public contracting is touted as the ultimate public management tool."[13]

Dr. Sclar presents case analyses which call into question the assertions that the accountability problems of outsourcing are easily or inexpensively solved, concluding that "The reality of public work is that much of it is complex to perform, complex to administer and complex to evaluate." He makes the case that there is a sufficient body of experience to recognize that "The role of contracting in public service production must be balanced with a major investment of resources in the development of good public management. There is no easy market tested method for ensuring that citizens get the public services they want in a cost-effective manner."

As for those sought after "cost savings" that prove elusive?

Sclar writes, "The bottom line is that public contracting will always be a cumbersome and expensive instrument for the delivery of public service. There is an ongoing cost tradeoff between the inherent risk of moral hazard and the cost of effective oversight. Furthermore, because the moral hazard is almost invariably compounded with an information imbalance which favors contractors over public officials, it becomes easy to see why, ***as a matter of economics***, and not politics, direct public service continues…The public sector in all its complexity abides because it is simply too expensive to underwrite effective private contracting to replace it." (emphasis added).

Why do governments continue to pursue outsourcing despite poor past results?

[13] Sclar, Elliott, "Privatization: You Don't Always Get What You Pay For," Extract, Regional Labor Review, Spring 2000

First, budget pressures are intense, leading policymakers to grasp at anything which might offer a plausible solution to today's fiscal challenges.

Second, most outsourcing has not been subject to any type of rigorous examination concerning cost or quality. The populations involved do not command sufficient political heft, in the long run, to objectively assess these experiments.

Finally, there is the cost of monitoring. Greenwood, in her study, concludes that numerous factors contribute to the disappointing results, starting with the RFPs for services, which are often incomplete, to the cost of monitoring contract performance, which typically far exceeds expectations. As Greenwood writes, "There is not as much information on monitoring costs in the public sector as one would wish, but a study of several hundred county public health services found that additional administrative costs for oversight often cancelled out savings in other areas."[14]

The Moral Responsibility of Policymakers, Government Officials

Dr. Greenbaum argues that "Outsourcing to private corporations undermines principles fundamental to our democratic system by creating conditions such as…reduced accountability, transparency, and clarity about who's in charge…Frequent conflicts of interest and nepotism and fewer whistleblower protections…[and] Removing controls of key public decisions from citizens and their elected officials."

In fact, Dr. Greenbaum reminds the reader that "Outsourcing and contracting are not really 'privatization'" and that the responsibility for determining how taxpayers' dollars are spent remains in the hands of public officials. These are, after all, still public dollars.

It is also important to note that society's expectations regarding transparency and accountability are often not applicable to contracted services.

[14] Greenwood, Daphne, "The Decision to Contract Out: Understanding the Full Economic and Social Impacts," Colorado Center for Policy Studies, University of Colorado, Colorado Springs, March 2014

Laws regarding freedom of information, open meetings and other administrative functions often do not apply to private companies even when they are conducting “public” business.

It often comes as a surprise to government policymakers and public citizens when they learn that private firms have privacy rights which collide with traditional expectations regarding transparency, conflict of interest, nepotism, ethics codes or whistleblower protection for employees.

V. Jobs

Privatization of public services degrades jobs. In general, the absence of living wages, regular benefits and career ladders means that middle class public service jobs become low wage privatized jobs, many of them only temporary.

In considering the economics of outsourcing, and predicting the "savings," it is important to consider the impact on all areas of government. Often policymakers will overlook the fact that most safety net benefits are supplied or supported by federal or state governments. When more workers are eligible for the Earned Income Tax Credit, as well as medical care, housing and food subsidies, this may be borne by another part of government, but it all comes from finite taxpayer dollars.

Historically, less educated workers have done better, economically, in the public sector. When benefits are factored in, workers with high school degrees make, on average, 6% more in public sector jobs than in private. This has fueled some of the push to outsource these jobs to private contractors. However, it is important to recognize that paying these employees a better wage has enabled the public sector to keep turnover low in these positions, thereby spending less on training, and also attracting the most competent staff available for these jobs. This is in stark contrast to the low wage, high turnover strategy of many private companies.

Mobility is also an important consideration. In public employment, there is often opportunity for upward movement. When jobs are outsourced to a specialized service provider, the employee may be hired (often for less money) by that contractor, but may lose any opportunity for professional advancement.

Take, for example, the common occurrence of janitorial services which are outsourced to a "niche" cleaning service. The former public employee may (or may not) be hired to provide janitorial services, but any chance of upward mobility is greatly diminished in this new setting. This ability to rise through the ranks in public sector jobs has been a longstanding source of attraction for many women and minorities. The public sector is the largest employer of African

American men (ahead of trade and manufacturing) and the third largest employer for women of all races. In many ways, contracting these jobs out erodes the ladder of opportunity to the middle class.

And when workers suffer economically, families do, as well. More low income families mean not only less tax revenue per family, but more children 'at risk' and in need of state- and federally-supported services. As Dr. Greenwood writes, "poverty is not cheap." Supporting a robust middle class, with decent wages, pensions and medical insurance, is the most important of "economic development" plans. And stripping citizens of those jobs not only deprives them of an opportunity to gain or maintain a foothold on the ladder that represents the American dream, but does so with no credible promise of generating savings which will benefit the greater society. In fact, there is ample evidence that any "savings" achieved by lowering pay for workers will be more than offset by the damaging short and long-term economic consequences of these actions.

A recent summary of jobs in Connecticut[15] discusses the decline in higher wage, benefited jobs. Their findings[16] include the following:

> During the past fifteen years, private sector low wage jobs have increased by 20% in the State, while private sector high wage jobs have decreased by 13%;
>
> Almost half of the private sector growth in the past half-dozen years has been in low wage industries; and
>
> Jobs in the public sector disproportionately employ people of color, and haves shed more than 14,000 jobs since 2008.

Further, the report discusses public sector industries which it characterizes as a "source of stable, middleclass jobs…" noting that "cuts to the public sector likely have an unequal impact on African Americans, who hold a disproportionate share of public sector jobs."

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[15] Noonan, Ray and Thomas, Derek, "The State of Working Connecticut 2016," Connecticut Voices for Children, September 2016
[16] Ibid, page 6

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Exhibits:

Exhibit I:

Per Capita Spending, Non-Medicaid Spending, Connecticut, Massachusetts, New Jersey, New York, 1986-2013

Exhibit II:

Sources of information for Exhibit I

(a) Connecticut
(b) Massachusetts
(c) New Jersey
(d) New York

Additional Sources: Population Estimates: U.S. Bureau of the Census

Exhibit III:

Excerpt from State of Connecticut Employee Benefit Plan, Pension Consultant

Showing Percentage of Total Benefit Assignment Resulting from Allocation of Unfunded Pension Liability

Exhibit I

State Spending on I/DD, Total and Per Capita, Medicaid Portion

State	2013 Population	I/DD Spending, Total	I/DD Spending per capita	2006 Population	I/DD Spending, Total	I/DD Spending per capita	1996 Population	I/DD Spending, Total	I/DD Spending per capita	1986 Population	I/DD Spending, Total	I/DD Spending per capita
Connecticut	3,597,168	$1,220,000,000	**$339**	3,405,602	$1,170,000,000	**$344**	3,336,685	$1,110,000,000	**$333**	3,223,740	$600,000,000	**$186**
Massachusetts	6,708,810	$2,100,000,000	**$313**	6,349,105	$1,710,000,000	**$269**	6,179,756	$1,650,000,000	**$267**	5,902,678	$1,010,000,000	**$171**
New Jersey	8,907,384	$2,000,000,000	**$225**	8,414,347	$1,830,000,000	**$217**	8,149,596	$1,390,000,000	**$171**	7,622,159	$930,000,000	**$122**
New York	19,691,032	$10,610,000,000	**$539**	18,976,821	$9,340,000,000	**$492**	18,588,460	$6,980,000,000	**$376**	17,833,419	$3,650,000,000	**$205**

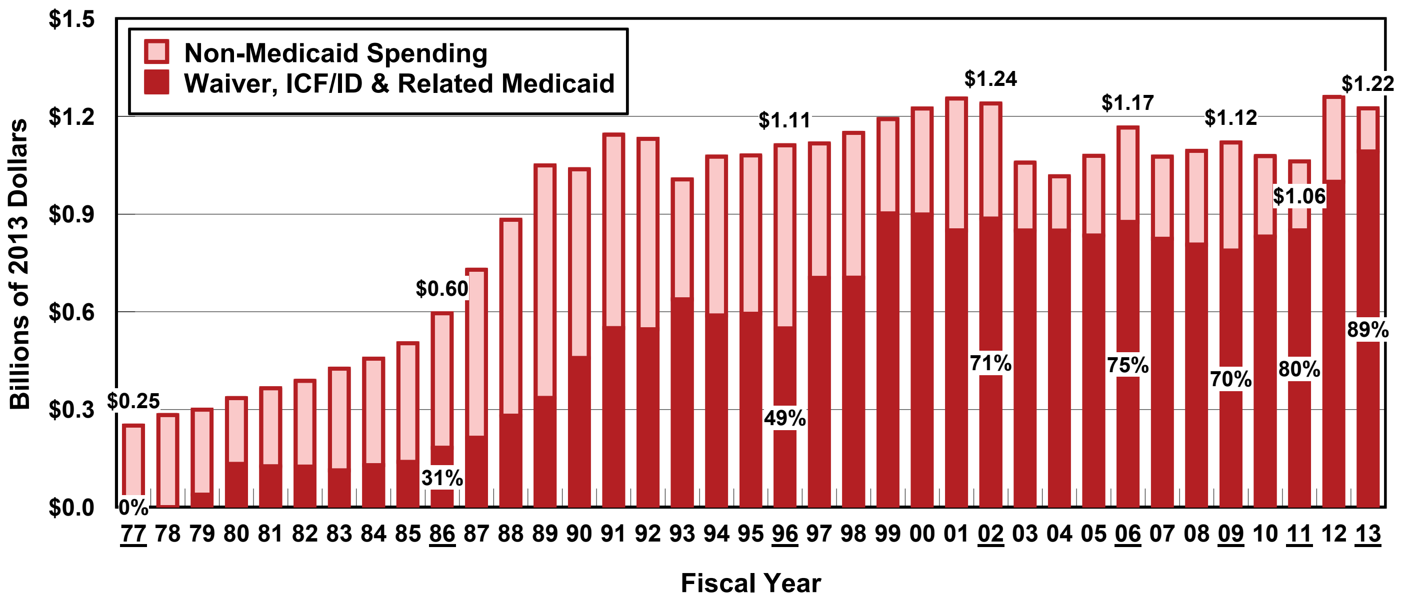
State	2103 Medicaid % of Total I/DD Spending	Medicaid Spending on I/DD	I/DD Spending per capita, state funds	2006 Medicaid % of Total I/DD Spending	Medicaid Spending on I/DD	I/DD Spending per capita, state funds	1996 Medicaid % of Total I/DD Spending	Medicaid Spending on I/DD	I/DD Spending per capita, state funds	1986 Medicaid % of Total I/DD Spending	Medicaid Spending on I/DD	I/DD Spending per capita, state funds
Connecticut	89%	$1,085,800,000	**$185**	75%	$877,500,000	**$215**	49%	$543,900,000	**$251**	31%	$186,000,000	**$128**
Massachusetts	55%	$1,155,000,000	**$227**	75%	$1,282,500,000	**$168**	60%	$990,000,000	**$187**	69%	$696,900,000	**$53**
New Jersey	73%	$1,460,000,000	**$143**	63%	$1,152,900,000	**$149**	65%	$903,500,000	**$115**	52%	$483,600,000	**$59**
New York	85%	$9,018,500,000	**$310**	91%	$8,499,400,000	**$268**	93%	$6,491,400,000	**$201**	79%	$2,883,500,000	**$43**

Population Estimates, CT, MA, NJ, NY
Source: U.S. Bureau of the Census; State Spending and Medicaid %, Soutce: Braddock, 2015

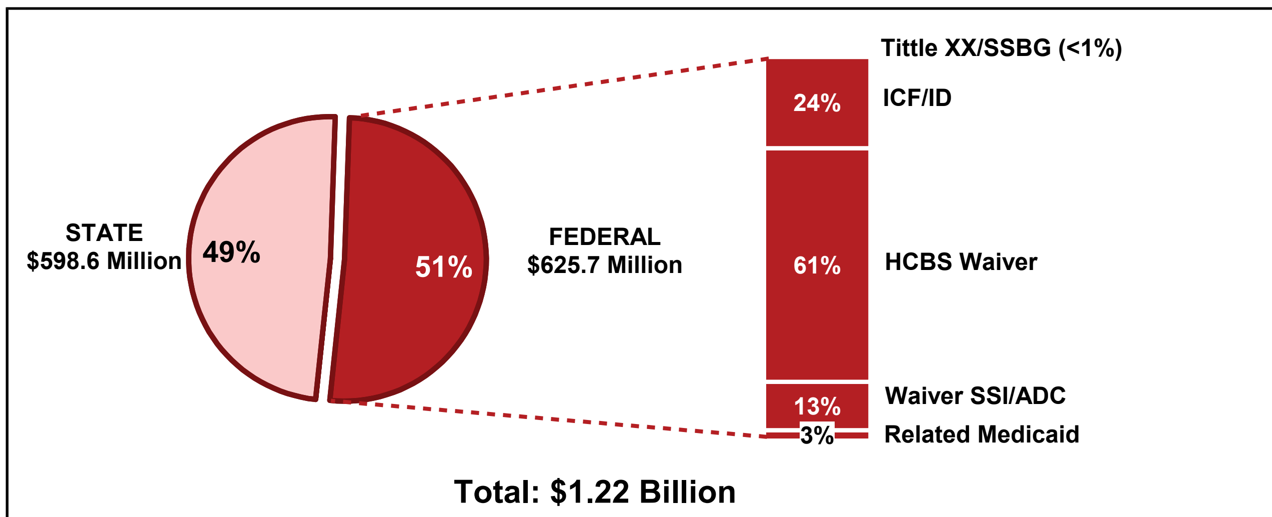
Exhibit II

CONNECTICUT

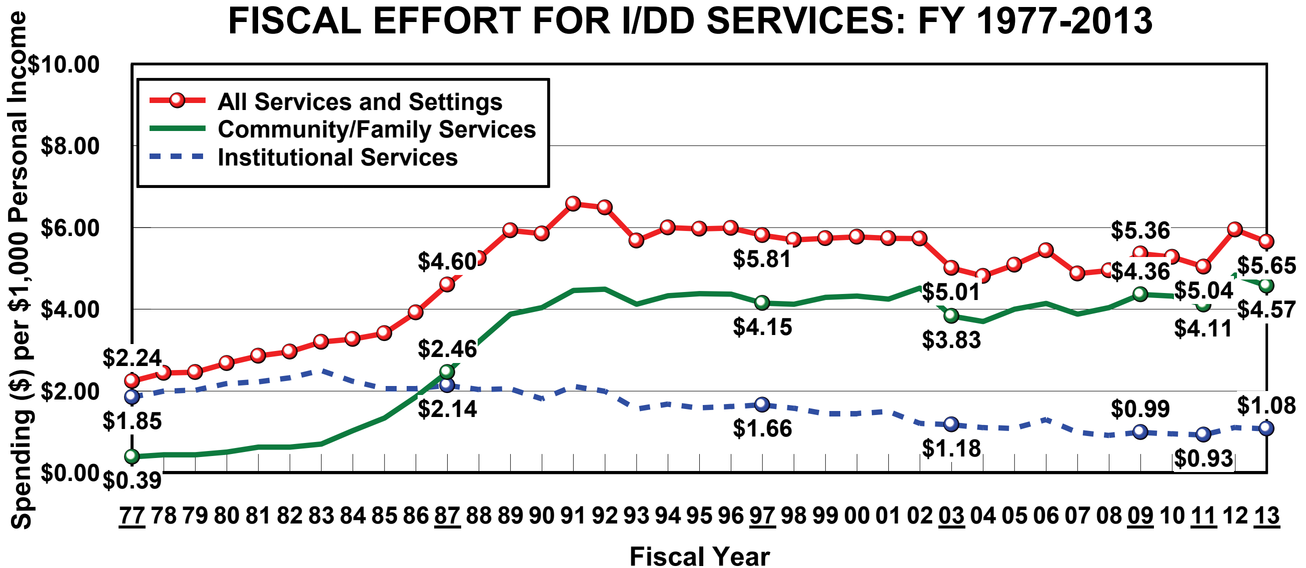
TOTAL PUBLIC I/DD SPENDING FOR SERVICES: FY 1977-2013



PUBLIC I/DD SPENDING BY REVENUE SOURCE: FY 2013



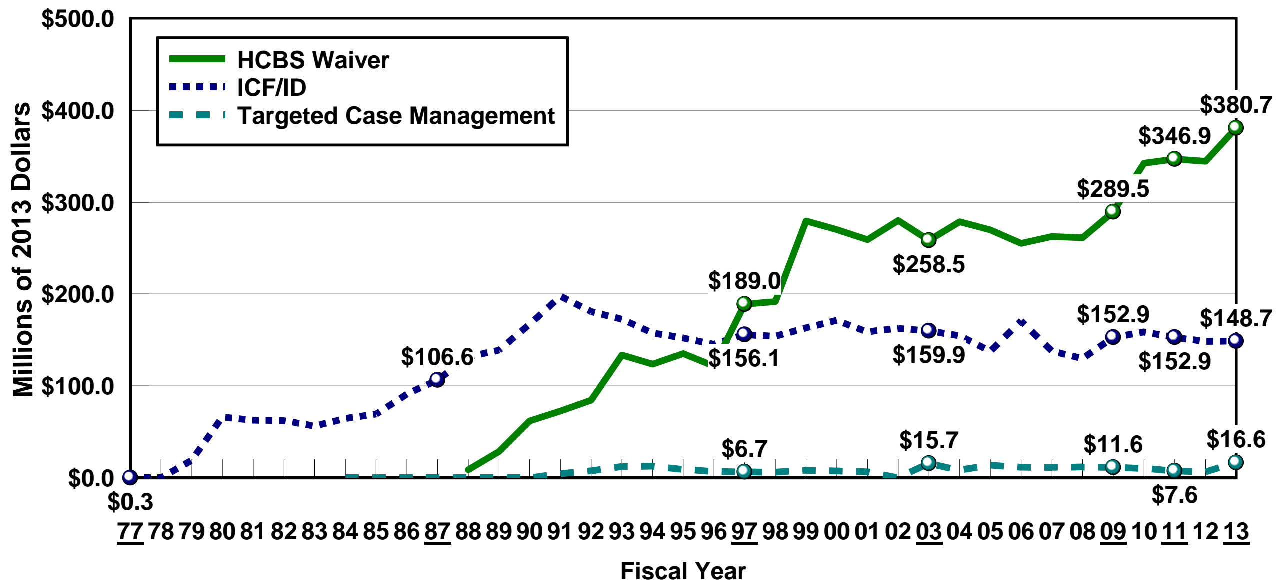
FISCAL EFFORT FOR I/DD SERVICES: FY 1977-2013



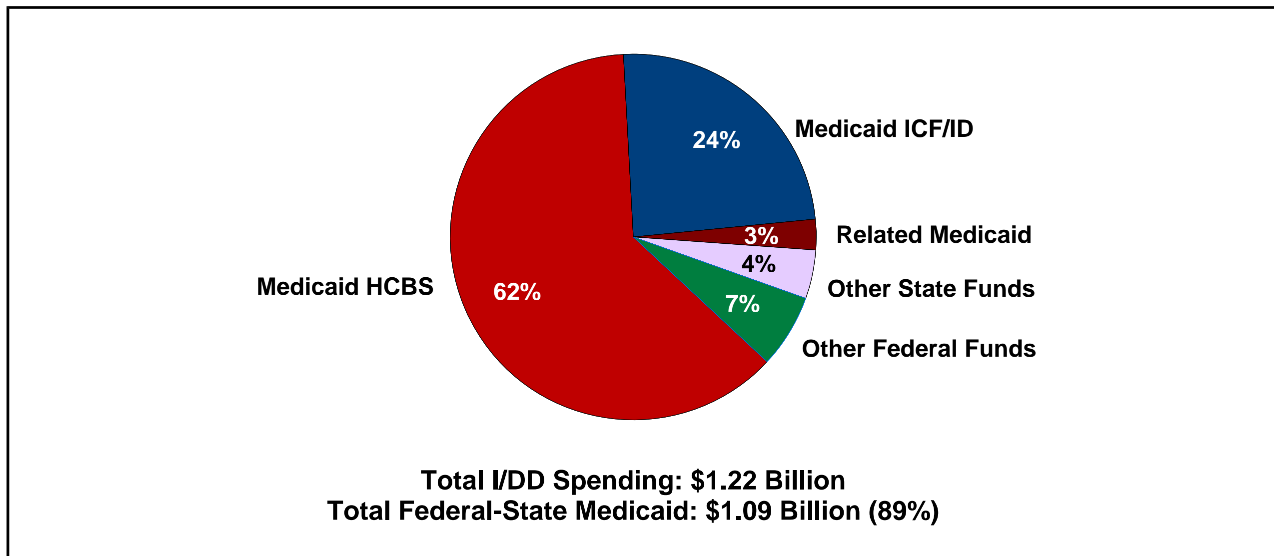
Source: Braddock et al., Coleman Institute and Department of Psychiatry, University of Colorado, 2014.

CONNECTICUT

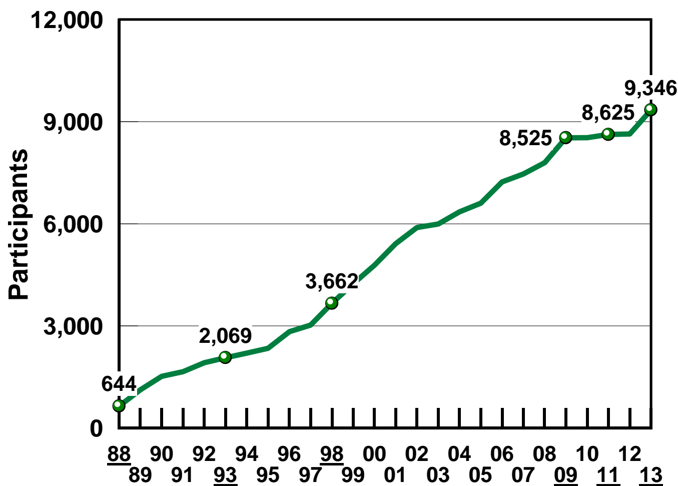
FEDERAL I/DD MEDICAID SPENDING BY REVENUE SOURCE



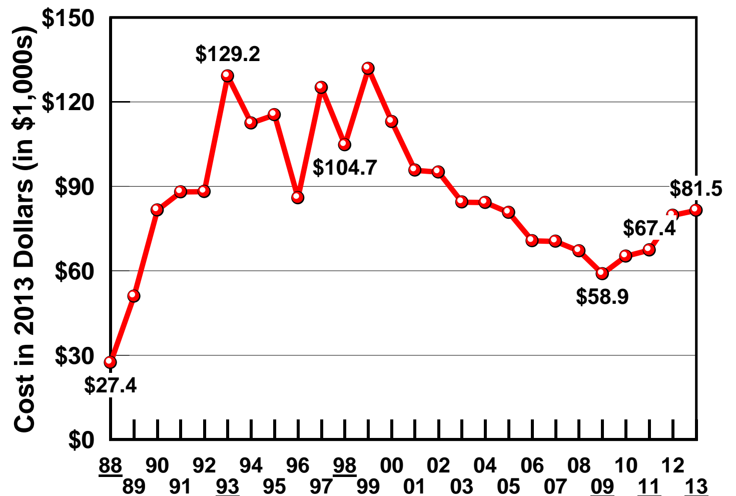
FEDERAL-STATE MEDICAID AS A PERCENTAGE OF TOTAL I/DD SPENDING IN FY 2013



HCBS WAIVER PARTICIPANTS

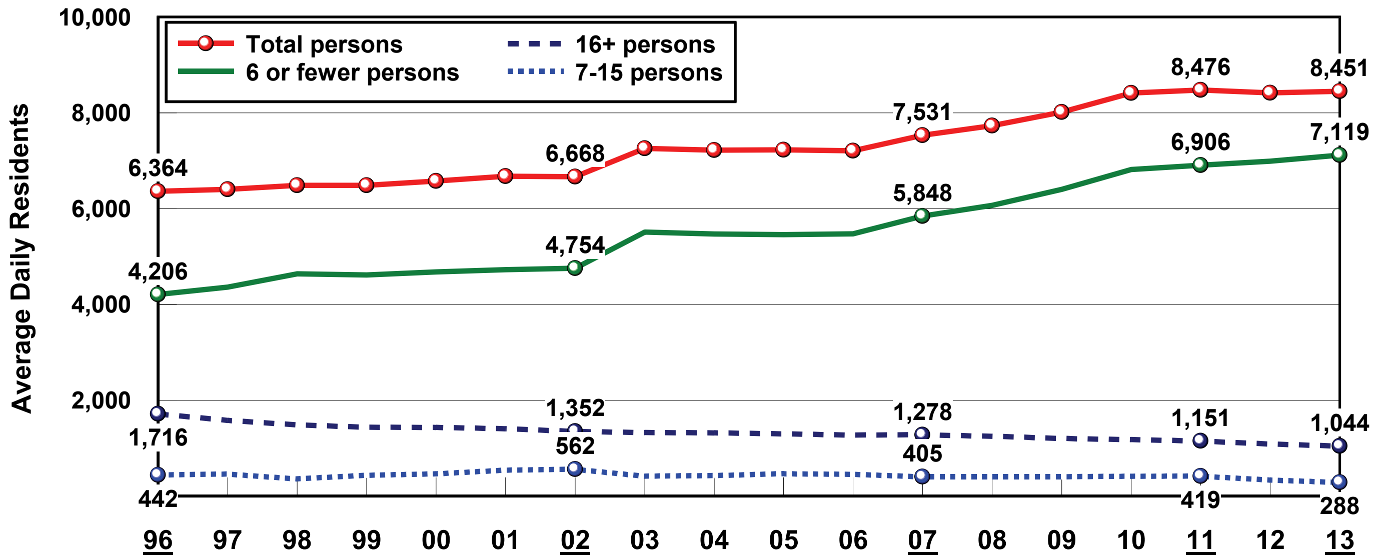


ADJUSTED WAIVER COST PER PARTICIPANT



Source: Braddock et al., Coleman Institute and Department of Psychiatry, University of Colorado, 2014.

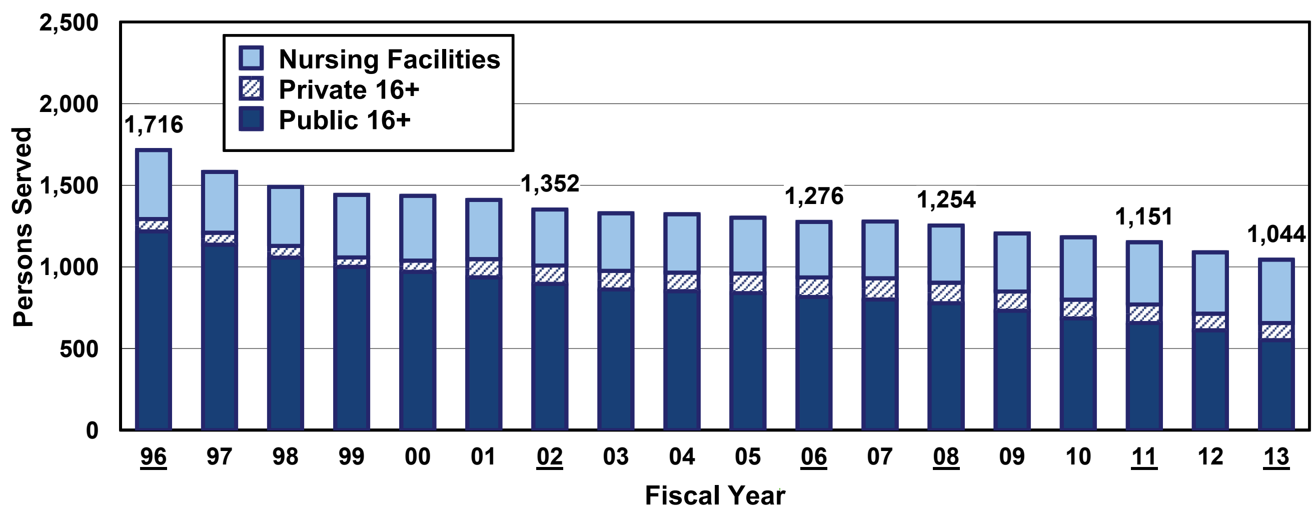
PERSONS WITH I/DD BY SIZE OF SETTING: FY 1996-2013



PERSONS SERVED BY SETTING: FY 1996-2013

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
TOTAL	**6,364**	**6,404**	**6,488**	**6,488**	**6,577**	**6,676**	**6,668**	**7,258**	**7,222**	**7,228**	**7,208**	**7,531**	**7,730**	**8,015**	**8,413**	**8,476**	**8,418**	**8,451**
16+ PERSONS	**1,716**	**1,582**	**1,490**	**1,441**	**1,436**	**1,410**	**1,352**	**1,329**	**1,323**	**1,302**	**1,276**	**1,278**	**1,254**	**1,205**	**1,181**	**1,151**	**1,089**	**1,044**
Nursing Facilities	422	373	362	383	398	363	344	354	358	343	341	348	351	356	382	381	376	388
State Institutions	1,218	1,136	1,057	1,000	970	936	896	862	851	840	816	800	778	732	685	656	612	552
Private ICF/ID	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Residential	76	73	71	58	68	111	112	113	114	119	119	130	125	117	114	114	101	104
7-15 PERSONS	**442**	**460**	**361**	**432**	**463**	**540**	**562**	**419**	**426**	**469**	**458**	**405**	**405**	**405**	**413**	**419**	**338**	**288**
Public ICF/ID	242	243	87	16	16	0	0	0	0	0	0	0	0	0	0	0	0	0
Private ICF/ID	32	20	10	10	10	10	10	10	17	21	23	26	27	27	31	38	39	37
Other Residential	168	197	264	406	437	530	552	409	409	448	435	379	378	378	382	381	299	251
≤6 PERSONS	**4,206**	**4,362**	**4,637**	**4,615**	**4,678**	**4,726**	**4,754**	**5,510**	**5,473**	**5,457**	**5,474**	**5,848**	**6,071**	**6,405**	**6,819**	**6,906**	**6,991**	**7,119**
Public ICF/ID	55	71	30	8	8	0	0	0	0	0	0	0	0	0	0	0	0	0
Private ICF/ID	327	338	325	323	319	310	314	315	308	302	329	343	328	328	313	325	333	325
Supported Living	1,070	1,147	1,219	1,277	1,334	1,379	1,363	1,860	1,839	2,042	2,283	2,484	2,667	3,001	2,700	2,691	2,731	2,704
Other Residential	2,754	2,806	3,063	3,007	3,017	3,037	3,077	3,335	3,326	3,113	2,862	3,021	3,076	3,076	3,806	3,890	3,927	4,090

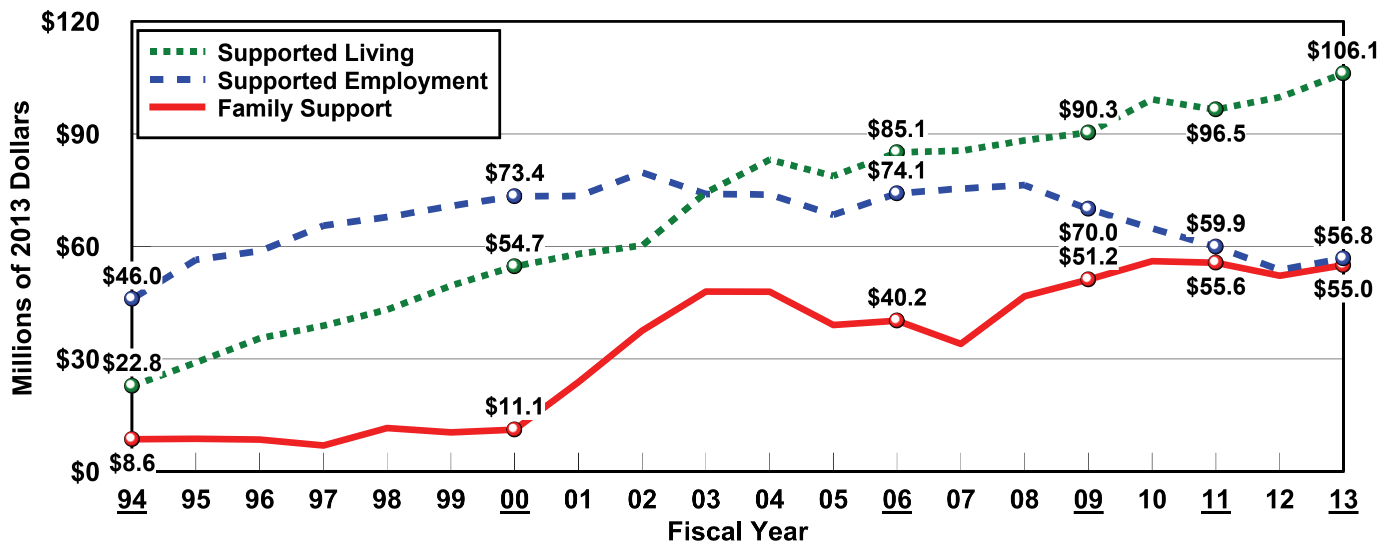
PERSONS IN PUBLIC AND PRIVATE 16+ INSTITUTIONS: FY 1996-2013



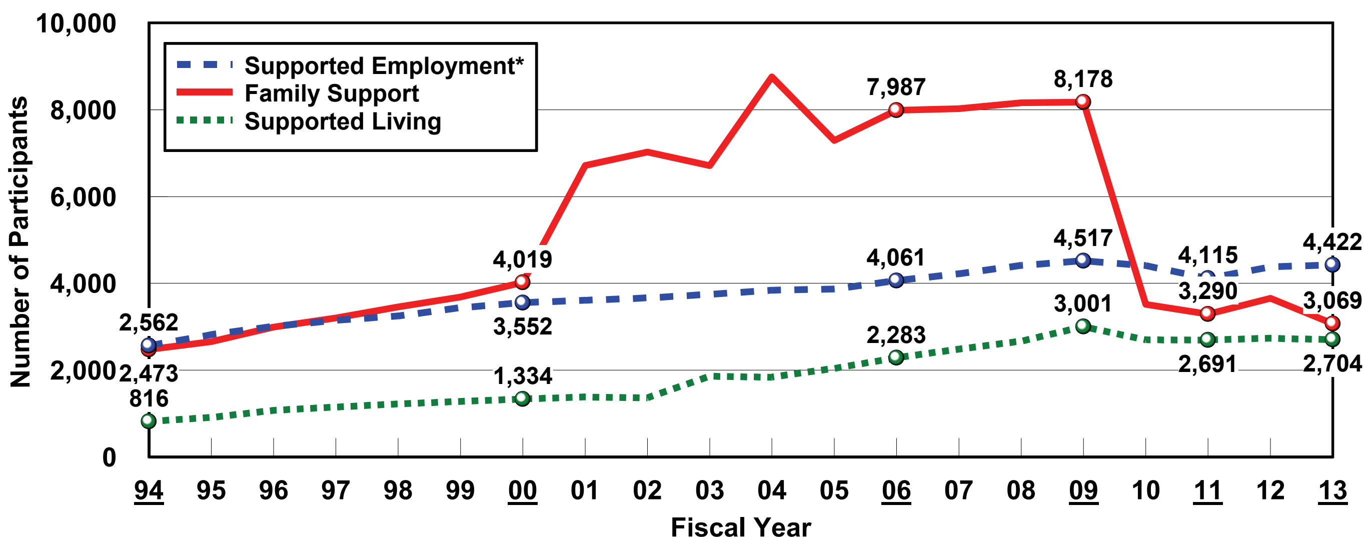
Source: Braddock et al., Coleman Institute and Department of Psychiatry, University of Colorado, 2014.

INDIVIDUAL AND FAMILY SUPPORT

SPENDING: FY 1994-2013

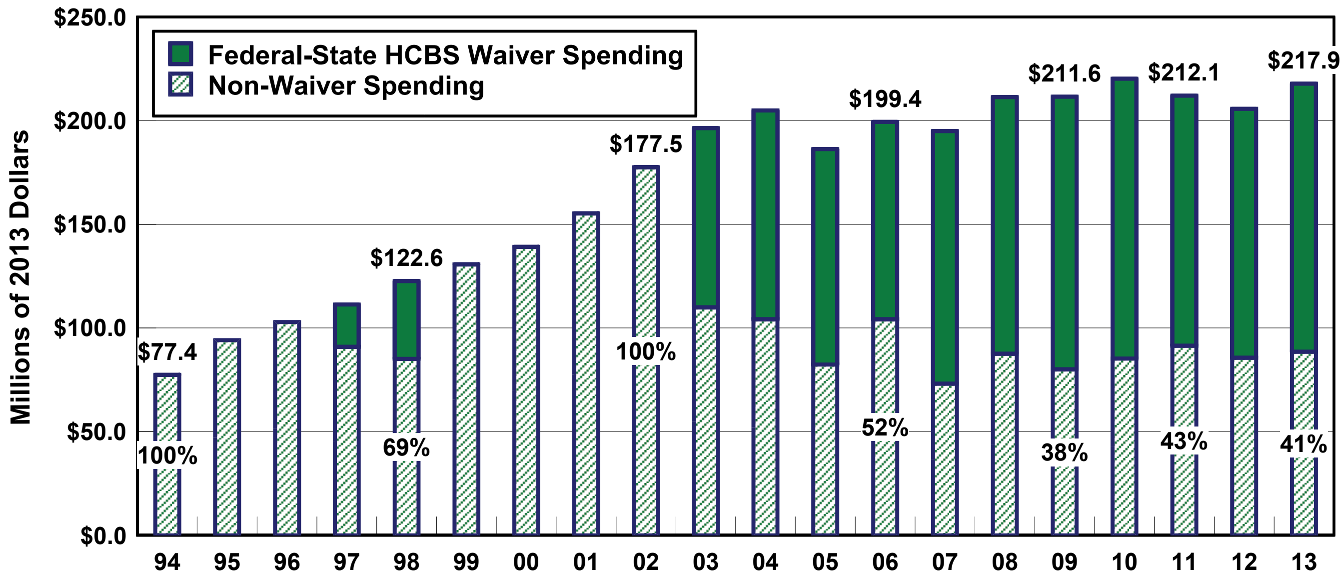


PARTICIPANTS: FY 1994-2013



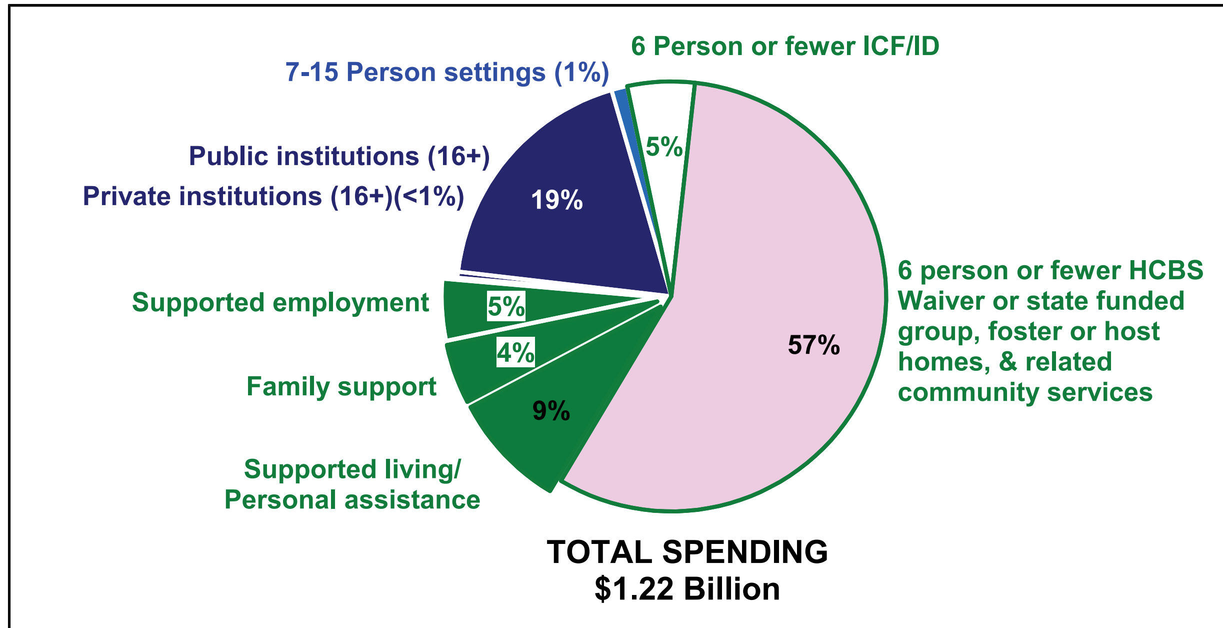
*Does not include 345 follow-along work support workers in 2012 and 326 workers in 2013.

SUPPORTED LIVING, FAMILY SUPPORT AND SUPPORTED EMPLOYMENT SPENDING: FY 1994-2013

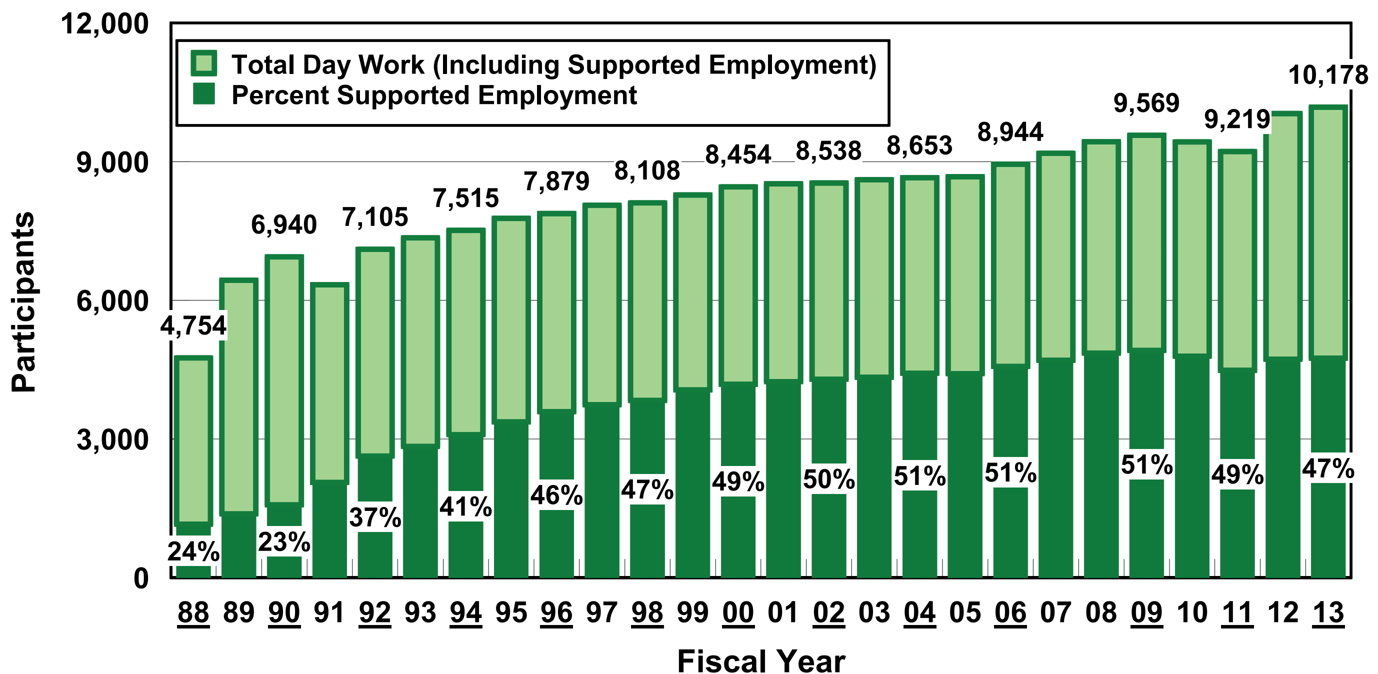


Source: Braddock et al., Coleman Institute and Department of Psychiatry, University of Colorado, 2014.

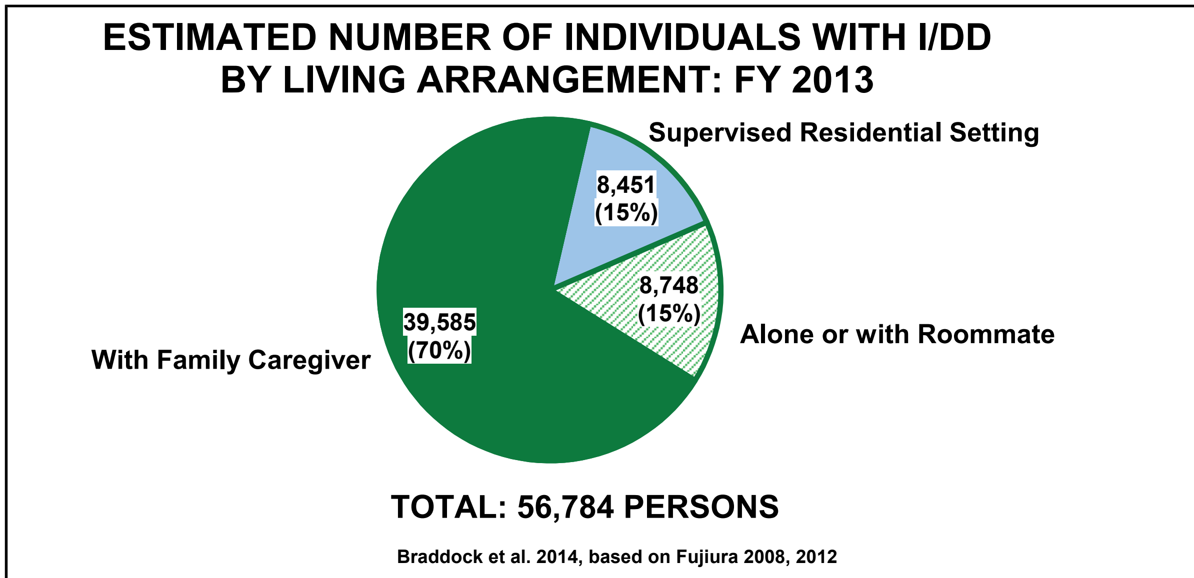
SUPPORTED LIVING, FAMILY SUPPORT, AND SUPPORTED EMPLOYMENT AS A PERCENTAGE OF TOTAL SPENDING: FY 2013

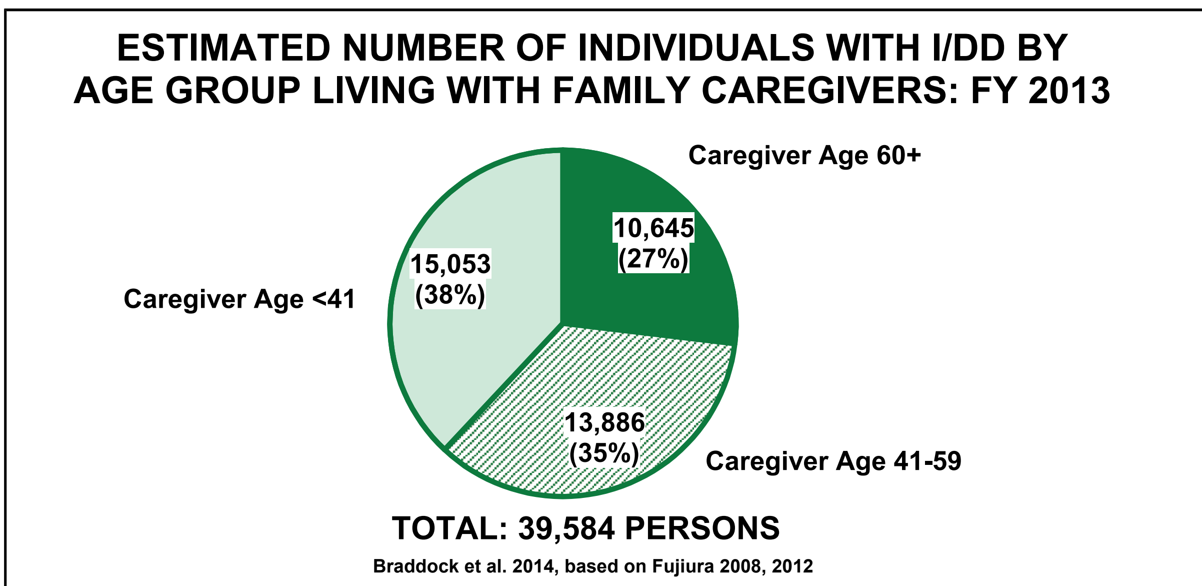


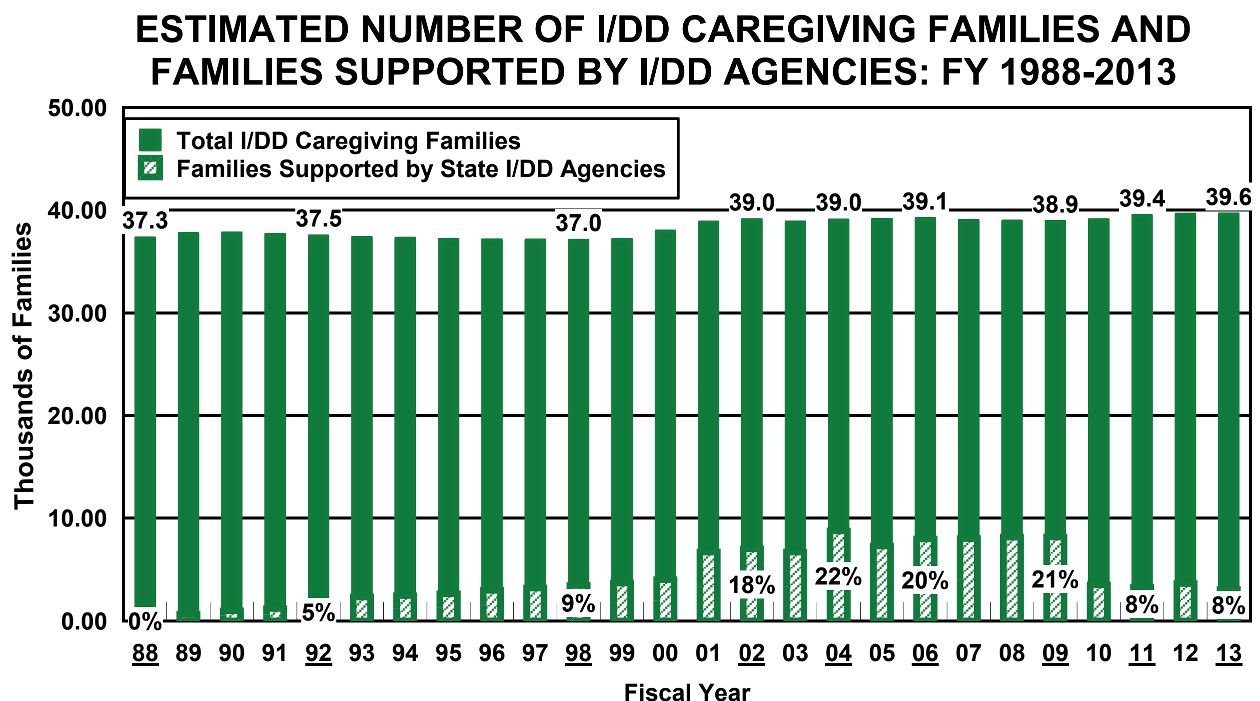
TOTAL DAY/WORK AND SUPPORTED EMPLOYMENT PARTICIPANTS : FY 1988-2013



Source: Braddock et al., Coleman Institute and Department of Psychiatry, University of Colorado, 2014.
http://stateofthestates.org







 Source: Braddock et al., Coleman Institute and Department of Psychiatry, University of Colorado, 2014.
http://stateofthestates.org

Exhibit III

CONNECTICUT STATE EMPLOYEES RETIREMENT SYSTEM
ROLL FORWARD VALUATION REPORT
PREPARED AS OF JUNE 30, 2015

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the 2015 roll forward valuation and the two fiscal year's Actuarially Determined Employer Contributions (ADECs) as determined in the 2014 biennial valuation are summarized below:

Valuation Date	June 30, 2015 Roll Forward Valuation	June 30, 2015 Projected from 2014 Valuation	June 30, 2014
Number of active members			49,976
Annual compensation			$ 3,487,576,617
Retired members and beneficiaries:			
Number			45,803
Annual allowances			$ 1,576,606,022
Deferred Vested Members:			
Number			1,457
Annual allowances			$ 20,956,362
Assets:			
Market Value	$ 10,668,379,585	$ 11,160,147,957	$ 10,472,567,077
Actuarial Value	$ 11,375,780,630	$ 11,423,879,331	$ 10,584,795,257
Unfunded actuarial accrued liability	$ 14,879,731,911	$ 14,831,633,210	$ 14,920,814,520
Amortization period (years)	16	16	17
Funded Ratio	43.3%	43.5%	41.5%
For Fiscal Year Ending	**June 30, 2017**	**June 30, 2017**	**June 30, 2016**
Actuarially Determined Employer Contribution (ADEC):			
Normal	$ 287,224,701	$ 287,224,701	$ 278,812,817
Accrued liability	1,286,074,893	1,281,917,659	1,235,654,507
Total	$ 1,573,299,594	$ 1,569,142,360	$ 1,514,467,324
Actuarially Determined Employer Contribution (ADEC) Rates:			
Normal or Current Service Cost	8.00%	8.00%	7.99%
Accrued liability (amortization of unfunded accrued liability	35.80%	35.69%	35.43%
Total	43.80%	43.69%	43.42%

DRAFT