

June 12, 2020

Members of the Joint Finance Committee
Delaware State Legislature
411 Legislative Avenue
Dover, Delaware 19901

RE: Request for Cost-of-Service Increase for Contracted Nonprofit Service Providers and Increase to Grant-In-Aid.

Dear Chairman, Paradee, Chairman Carson, and esteemed members of the Joint Finance Committee:

We appreciate your thoughtful approach to the fiscal year 2022 budget in the last few months, in particular the actions year over year to address the disparity in pay to Direct Support Professionals providing services to individuals with disabilities. While these efforts are laudable, this does not address similar concerns across the larger nonprofit sector.

As many of you know, the nonprofit community has been in discussions with lawmakers regarding the disparity in the state's contracts with nonprofit contracted service providers in relation to SB 15, the proposal to increase the minimum wage and to increase Grant-in-Aid funding year over year to our state's nonprofits.

Delaware nonprofits are compensated for the work they complete on behalf of the state through contracts and grants. We have consistently heard from DANA nonprofit members, that year over year, these contracts and grants are not adjusted to reflect the increased cost to deliver those services. In most cases, these contracts have remained level-funded over five plus years. Most nonprofits who have contracts or grants with the state, indicate their contracts/grants were not adjusted from the last minimum wage increase. This year will only show higher costs due to the pandemic. This is a phenomenon that extends to multiple divisions throughout multiple state agencies to include Department of Health and Social Services, KIDS Department, Department of Corrections, Department of Labor, and the Department of Education. On behalf of the nonprofit sector, **we request that contracted nonprofit service providers receive a 12% cost of living increase on all contracts with the state in order to continue to provide at existing service levels.**

Without the state's action to increase the contractual rates paid to these nonprofit-providers, these organizations will not be able to serve at existing levels. This could lead to a reduction in aid to the individuals who need assistance, your constituents throughout the state. **Contractual pay rates are non-negotiable and are typically established based on state budget levels approved by the General**

Assembly. Those rates remain consistent unless the General Assembly specifically notes in epilogue language the funds are to be used for that specific purpose.

In addition to addressing the outdated funding for state contracted nonprofit service providers, **it is critical to acknowledge that not all nonprofits that do good within the state are contracted by department agencies. Grant-in-Aid is an important funding line for senior and youth services, community development, and historic preservation. While the state is experiencing increasingly profitable revenue projections there should be a significant investment in our state's nonprofit sector through a 25% increase to the FY2022 Grant-in-Aid bill.**

The nonprofit sector is the third largest collective employer in Delaware. If you add in the volunteers who donate their time, would be a workforce of over 300,000 individuals all focused on making our communities and your districts better. Our community plays a critical role in the health of Delaware's economy through mentoring students, providing accessible, low-cost health care, short- and long-term housing options for our homeless population, maintaining a clean and healthy environment and a robust cultural sector which annually attracts millions of visitors to Delaware, who spend in our local economies. These factors make our state a destination for businesses wanting to relocate and expand in the first state.

The pandemic required the Delaware nonprofit sector to increase their efforts to assist our neighbors and constituents navigate such stressful times. While their services were needed more than ever, they experienced sizeable interruptions to the programs and fundraising events that provide revenue. This was not by choice but a necessary decision - our nonprofits did not let Delawareans down.

Delaware nonprofits are rising to the challenges posed by the COVID-19 pandemic and the social justice efforts necessary for all Delawareans to have opportunity. **We respectfully request you make the decision to fulfill our requests for a 12% cost of service increase to contracted nonprofit service providers and a 25% increase to nonprofits through the Grant-in-Aid bill.**

Thank you for your leadership and for your consideration of this request.

Respectfully,



Sheila Bravo
President and CEO

CC: All members of the Delaware General Assembly
Cerron Cade, Director, Office of Management and Budget
Ruth Ann Jones, Controller General, Office of the Controller General

