Illinois can be a leader in effective and efficient contracting practices, but the relationship between state government and community organizations is unsustainable.

**Need:** Our communities cannot thrive without a strong partnership between government and private providers. **Supporting a sustainable partnership between state agencies and private providers helps build a bright future for everyone in Illinois.** Our state will be better off in the long run if we take steps today to strengthen the public-private collaboration.

In 2010, Illinois had the third highest percentage (82%) in the nation of nonprofits reporting **insufficient payments for contracted services.** Our state was one of 19 states reporting **delays in payments** promised under existing grants and contracts to nonprofits, and we had the highest percentage (83%) in the nation of nonprofits reporting that late payments were an issue.¹

The two-year state budget impasse only exacerbated our state’s existing challenges. Nonprofits with state contracts received no payments from the state during the impasse which forced providers to close programs, lay off staff and even shut their doors, impacting millions of Illinoisans who rely on those services. Between 2000 and 2015, reimbursement rates for providers have fallen behind the cost of living, leading to difficulty covering operating costs, high employee turnover, and an inability to meet increased demand for services.²

**Solution:** SB2662/HB4801 will create a task force to develop recommendations for improving the contracting relationship between state agencies and private nonprofit human service providers. **Creating a collaborative contracting reform task force offers a promising first step to fix a broken contracting system that harms our state and our nonprofit providers as well as those they serve.³**

We can shift our focus to managing contracting relationships rather than merely managing contracts so that Illinois can cultivate and sustain an effective, efficient and competitive contracting environment.

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**For more information,** contact ICOY:
Andrea Durbin, Chief Executive Officer, adurbin@ICOYouth.org, 312.718.6085
Angelica Jiménez, Director of Communications, ajimenez@ICOYouth.org, 773.951.7397

**Illinois Collaboration on Youth (ICOY) is a statewide association that works to keep children, youth and families safe, healthy, and on the path to maximizing their potential.**

¹ Human Services Nonprofits and Government Collaboration, Elizabeth T. Boris and others (Urban Institute 2010)
² Failing to Keep Pace: An Analysis of the Declining Value of Illinois Human Services Reimbursement Rates, Annie McGowan (February 2016)
³ Lessons Learned from the Government-Nonprofit Task Forces, National Council of Nonprofits (2013)