

BUILDING BRIDGES BETWEEN GOVERNMENT AND NONPROFITS

Donors Forum engages 200 foundation partners and 900 nonprofits in a public policy platform focused on promoting and protecting philanthropy and the nonprofit sector through strong cross-sector partnerships

Donors Forum created *Building a Stronger Illinois: The Public Nonprofit Partnership Initiative* to strengthen collaboration between government and nonprofits while focusing on implementing needed reforms in three primary areas:

- Streamlined nonprofit reporting and contracting
- Transparency in budgeting reform: Budgeting for Results
- Improvements in timely and fair state payments to nonprofits

Building a Stronger Illinois was born of Illinois' fiscal crisis:

- 4,000 employees were cut from the state payroll between 2008 and 2013¹ leading to major cuts in programs and service delivery
- \$3 billion in funding for Illinois health and human service agencies has been cut in the last three years alone, and agencies routinely receive payments up to 44 days late

The depth of this crisis created a unique opportunity to create meaningful reform within state health and human service agencies. This work coalesced in the 2011 passage of HB1488, now Public Act 97-0558, the Management Improvement Initiative.

¹ Governor Quinn's office, June 2012; <http://www.illinoistimes.com/Springfield/article-10186-illinois-falls-apart.html>

Early Success

Implementation of the Act's provisions has become a case study in the importance of collaboration and the leveraging potential of a third party as a

Donors Forum and nonprofit leaders have been critical to the successful implementation of the Management Improvement Initiative which has been guided by a Management Improvement Initiative Committee (MIIC) representing nonprofit providers as well as five state agencies¹ and staffed by a Donors Forum consultant hired with a grant from The Wallace Foundation.

This Donors Forum consultant has been able to effectively act as a neutral third party help establish a project structure and communication channels, assist stakeholders to identify and resolve obstacles, build consensus, and hold all parties accountable to clear, achievable metrics, all within a context of limited resources, leadership challenges and legacy silos in management and reporting.

With support from the consultant, the MIIC was able to achieve significant accomplishments in the first year alone, all of which are essentially cost neutral, yet linked to significant savings and streamlining for nonprofit in the state. These include:

- **Full implementation of Public Act 92-0755**² (eliminating redundancy in accreditation processes, or 'deemed status') which was passed in 2002, but never implemented among mental health providers. Through this act 70% of contracts that would formerly have needed attention from the state would be deemed acceptable without additional accreditation proceedings.

- The **Centralized Repository Vault** which houses provider documentation in one online location where it can be accessed by multiple state agencies. Launched in July 2012 in its pilot phase, the vault already hosts files on behalf of 80% of state contracted providers releasing 1,400 providers from their mailing burden, and saving 500 hours of state staff time annually.

- Specific **financial streamlining** acts, including outsourcing the state auditor function to independent CPA auditors, eliminating state fire marshal inspections, decreasing frequency of on-site provider reviews from every year to every five years, an upgraded billing and information platform, and some

progress in standardizing contracting and legal templates.

Through these accomplishments MIIC has experienced unprecedented resolution to what once seemed intractable barriers to state government streamlining. Complex work that had once been on hold has instead come to the forefront, and participants feel confident in their ability to develop creative solutions to difficult problems.

The process itself has been praised. Nonprofit provider surveys show they believe the process has been inclusive and that there is shared allegiance to the initiative's goals. State staff members explicitly credit third-party leadership with the project's momentum, and question whether these concrete accomplishments could have been achieved without it. Donors Forum hopes to continue to engage a third-party consulting resource beyond the term of the Wallace Foundation grant, and is seeking deeper financial commitment from the broader foundation community.

The project's success is spurring further ideas for innovation and efficiency.

The next phase of the MIIC, streamlining state contracting, is just now underway but already shows tremendous potential. A recently completed inventory of state contract types lays the foundation for that work, and illustrates its great need: between the five relevant agencies, 2,000 providers are contractually engaged in service provision under the guidelines of *approximately 10,000 contracts*, many duplicative and confusing in nature. This new frontier promises exponential time saving for nonprofits—some initial estimates project contractual burden could be reduced, over time, by 50%³.

¹ <http://www.ilga.gov/legislation/publicacts/pubact92/acts/92-0755.html>

² Department on Aging, the Department of Children and Family Services, the Department of Human Services, the Department of Health and Family Services, and the Department of Public Health

³ state staff leadership

The Potential for a Government-Nonprofit Liaison

After four years, the success of the Public Nonprofit Partnership Initiative provides compelling evidence that Illinois could benefit from a 'nonprofit liaison' similar to those in Michigan, Newark, Denver and Connecticut. The position establishes a third party who serves as a liaison between government and the nonprofit sector to increase collaboration between public and philanthropic entities.

The results of liaisons in other states and cities have been astonishing: in Michigan, the liaison has brokered \$100 million in private investments aligned with state initiatives; Newark's liaison claims \$26.2 million in leveraged funds from both private and public sources, Denver's Office of Strategic Partnerships has secured \$32.7 million in funding and increased the number of city youth served by 25%.

In these instances the **Office of the Liaison** has evolved from acting as a bridge between sectors to a cross-sector connector—the center of a dense network of organizations aligned to achieve broad based goals in education, workforce, health, and basic needs.

While the Illinois effort to date has focused primarily on relief of nonprofit and state agency burden, the movement for collaboration between philanthropic and public sectors is well underway. Going forward, there is great potential for a Nonprofit Liaison to help align resources across sectors towards common goals, bring significant new national and federal funds to Illinois, and to have a tremendous impact on behalf of Illinois communities.



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