

# PROMOTING. PROTECTING. PARTNERSHIP.

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.

“The ideal relationship between nonprofit providers, philanthropy and government is one that is fair, efficient, accountable, responsive and transparent.”

The Donors Forum *Building a Stronger Illinois* initiative was designed to strengthen collaboration between Illinois nonprofits and administering state agencies. It consists of three components:

- **Management Improvement Initiative** (streamlining and contracting reform)
- **Budgeting for Results** (budget reform)
- **Timely and fair payment from the state**

Budgeting for Results (BFR) was enacted by Governor Quinn in 2010, and represents a broad departure from the state’s historical, incremental approach to budgeting and allocating public funds. Under the BFR mandate, allocations are based on performance outcomes connected to state priorities—rather than determined by historical funding levels.

Some state agencies, such as the Department of Transportation, implemented BFR quickly. Alignment for health and human services, on the other hand, represents a

From *‘Defining, Not Reinventing the Wheel: A Pilot Study on*

more complicated undertaking. There are currently 400 state programs executing over 9,000 contracts with over 4,000 entities.<sup>1</sup> The outcomes these programs support are varied and cover the full array of complex human need.

BFR requires re-alignment of this tremendous system around shared goals—which in turn requires deep partnership among the state, providers, and philanthropy. The success of BFR relies upon a thoughtful, data based approach to outcome measurement that is marked by the very partnership principles *Building a Stronger Illinois* has set forth: fair, accountable, efficient, responsive, and transparent. In early 2011, Donor’s Forum and its constituents (providers and philanthropy) engaged with the state in a pilot partnership to test these principles in action by building, together, a framework for BFR implementation.

<sup>1</sup> *Contracts Work Group Survey Overview*, September 24, 2012, Illinois Department of Human Services. Totals incorporate contracts from Department of Human Services, Department of Public Health, Department of Child and Family Services, and Department on Aging. Note: all numbers approximate

## Fair

The project aimed to discover outcome and measurement capacity gaps within both providers and state agencies, build consensus regarding data-based measurement practices that move beyond outputs, towards outcomes, and create shared goals and priorities inside the BFR framework.

In order to approach this pilot from a point of fairness, Donors Forum felt it critical to match state agency voices with provider voices, and to find points of commonality from which a shared system could be constructed.

Beginning with two youth development programs, TeenREACH and Community Youth Services, Donors Forum commissioned a comprehensive review of the youth development literature to establish an evidence base for

state outcomes and uncover promising models the state could adopt and providers embrace. They then surveyed 300 providers on the ground to understand how many were currently measuring their work at the caliber required by BFR, and gauge their readiness to adopt a shared measurement framework.

The success of the pilot's attempts at fairness shone through in Chicago and Springfield focus groups, when providers complemented survey results with frank, constructive, and rich input. Likewise, interviews with state agency staff demonstrated trust in the process as they risked vulnerability to help uncover internal capacity gaps.

## Accountable

### Mutual accountability is critical for the state and providers to fulfill a shared commitment to the common good

The current contracting landscape is a difficult one in which to find common ground. Funding cuts to health and human services over the last three years have totaled \$3 billion, while chronic late payments have threatened providers' ability to fulfill promised outcomes. This turmoil has strained the provider/state relationship and stretched capacity on either side.

Nevertheless, mutual accountability is critical for the state and providers to fulfill a shared commitment to the common good—and the key to higher quality services, maximizing limited government funds, and more creative solutions to complex community problems. Relying upon a working group of health and human service agencies, key state representatives, and philanthropic leaders, Donors Forum solicited mutual accountability by inviting a broad spectrum of participants and diverse set of voices.

While many partners participated actively, other providers, in particular those who were smaller and/or community based, did not know the project existed. Some were omitted unintentionally from the lists the state provided; others didn't contract with the state, yet held a perspective on positive youth development that was important to include. Donors Forum felt a report that didn't reflect their voices, and didn't take into account the impact BFR would have on their work, would not be useful as a BFR model for stakeholder engagement.

Ultimately, this issue strikes at the heart of what *Building a Stronger Illinois* means by partnership. Who are the 'right' voices to join a leadership team—and who defines what 'right' means in the first place? How do we navigate the differences between what may be 'right' for philanthropy versus what is 'right' for providers? Without a mutual accountability that allows a broad group of participants to define 'right' for the group as a whole, the issue of who 'belongs' at the table becomes divisive.

The partners began the pilot with a process designed to meet inclusivity goals. But in retrospect, deep stakeholder engagement requires more quality assurance in assembling participant lists to ensure diverse voices don't fall through the cracks, more work to build relationships directly with 'shadow partners'—those whom you don't directly know, but whose voices you need—and a flexible timeline to allow for extensive and repeated outreach.

Creating space for diverse voices to intersect with the project sometimes meant stepping back oneself—and Donors Forum took a step back when it realized how difficult it was to build mutual accountability without a shared definition of the 'right' voices to include. Re-fielding surveys a second time and expanding focus groups helped solve representation challenges, but shouldn't be necessary in future projects that begin with more clearly delineated accountability to define and include the 'right' voices from the beginning.

## Efficient

When government dollars are used efficiently, recipients ultimately receive more comprehensive, higher quality services. But efficiency is critical to partnership as well—a lumbering partnership that duplicates work and doesn't maximize the time of all participants is not, ultimately, an effective one.

The pilot encountered efficiency challenges when assembling provider information for its survey. Donors Forum asked the state for provider contact information, program type, size, and a rough assessment of provider readiness. However, state agency databases didn't connect to one another, so the information took three weeks to compile, and was often assembled by hand. In the end, one third of all provider emails failed to reach their intended recipients. Without a good mechanism to filter the lists, or good quality data in the first place, it was much harder to meet inclusion goals.

An efficient partnership is more than just integrated technology and data systems—it also means striking the right pace. A rapid implementation timeline was quickly derailed by changes in leadership and within participating partners.

While Donors Forum urged speed, government partners moved much more slowly—Illinois has the fewest per capita state employees in the nation<sup>1</sup>, and staff capacity played a large role in slowing the project. This series of early delays resulted in a compounded timeline, and what was once a nine-month project had, eventually, to be executed in four.

BFR implementation is a hefty project—this pilot included just 2 youth development programs and 300 providers. Once that work is extended to 400 programs and thousands of providers in the system at large, partners will have to pay careful attention to integrate data systems and set a reasonable pace. This pilot was successful because it created a timeline that forgave these challenges—but more efficient implementation will require the systems in place to support a more rapid pace.

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

## Responsive

For a partnership to work, participants must be responsive to each other's concerns, questions and, at times, deepest fears.

Without a clear, shared measurement framework, BFR runs the risk of repeating historical difficulties, wherein providers felt their outcomes 'disappeared' into a vacuum, and were delivered to state audiences with no context or meaning. This pilot successfully bridged the traditional divide between administering agencies and provider work on the ground by asking providers to help build the very outcomes on which they would report. Without this intentional give and take, BFR

could become polarizing as performance based funding decisions begin to translate into allocation losses and gains.

Simultaneously, the pilot allayed fears and confusion about BFR by providing a thoughtful, timely road map to reach an information-based consensus. By committing 3-4 months of work to each program area, and following the suggested model for stakeholder engagement, state agencies and providers can break an overwhelming project into smaller pieces, and, critically, commit the resources to get it done.

## Transparent

Transparency among partners is important, but so is transparency with the public. The impact of health and human services on neighborhoods and communities is key to understanding the role of government in society—budgeting for results takes concrete steps in the right direction to capture and convey that impact. But it cannot be accomplished alone.

The project's final recommendations lay out the ways in which partners can play a role in building a transparent system that is embraced by all parties and easily understood by the public at large:

- Philanthropy has a crucial role to play as the only entity with the potential to build provider capacity outside the scope of government contracts, and to offer a research base, best practices, and thought leadership

- Providers must become more fully engaged to ensure state performance measures will truly support the most effective programs on the ground—yet still seed innovative and promising practices
- The state must commit resources towards implementation, offer training and capacity building of its own, and model the partnership principles outlined here

Ultimately, Donors Forum advocates a prolonged, public conversation between state government, philanthropy, and nonprofits as the best means to build a thriving health and human service sector. To that end, Donors Forum has activated transparency communication principles as it offers public testimony, publishes research, performs direct outreach to officials, and crafts this case study.

## Conclusion

### Donor's Forum advocates a prolonged, public conversation between state government, philanthropy, and nonprofits as the best means to build a thriving health and human service sector.

The BFR partnership paints a portrait of many committed and talented people who believe in the power of their programs to change lives in Illinois. With aligned impact measurement and shared goals, this movement becomes even more powerful—but only when built with a spirit of fairness, accountability, efficiency, responsiveness, and transparency. While the partnership had to resolve challenges in the accountability and efficiency arenas, its success with fairness, responsiveness, and transparency created the trust and patience necessary to alter timelines and approaches in order to do so.

As a result, there are tangible signs of progress underway. Providers expressed a heightened awareness of BFR, and an eagerness to get started. In turn, the state heard provider voices and initiated an outcomes development process that reflects their feedback.

This stakeholder engagement is built on a foundation of data-supported outcome models—the review of research in the youth development field uncovered five externally validated, promising models that could become a starting point for a shared framework. Providers expressed excitement about these models and offered valuable guidance in adapting them to their work on the ground.

Finally, the project helped all parties better understand and target capacity gaps within the state and provider community—and begin to identify the right human capital, technology, and funding resources to fill them. When these resources are secured and, ultimately, aligned, Budgeting for Results will become a cornerstone in a stronger Illinois, and a key to increased public trust.



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