

Fair and Accountable: Partnership Principles for a Sustainable Human Services System



We invite you to join other leaders in the private, public, and nonprofit sectors in affirming a vision of a system that is responsive and efficient in meeting the needs of the community, and in which the interaction between government and human services providers reflects fairness and mutual accountability.

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Donors Forum is pleased to present *Fair and Accountable: Partnership Principles for a Sustainable Human Services System*. This seminal document recommends practices that should be followed when the City of Chicago or State of Illinois contract with nonprofits to provide human services. The practices are designed to help ensure that Illinois residents have access to high-quality human services that meet their needs.

Donors Forum undertook this effort as part of its mission to strengthen Illinois philanthropy and the nonprofit community. Central to this mission is leadership on matters of public policy. In fact, one of the five main concepts underlying the policy work of Donors Forum is a commitment to promoting efforts that “secure adequate public resources and achieve equitable fiscal policies and practices for vital [nonprofit] programs and services that sustain and enhance our communities.”

While the *Partnership Principles* focus on human services, the ideas have broad implications for other services provided by nonprofits and for other partnerships between the public and nonprofit sectors. Many of the concepts could be well applied to other nonprofit services and programs that receive government funding, including – but not limited to – the arts, economic development, health care, and programs that promote volunteerism and community service.

Ensuring maximum benefit: In a climate of scarce resources, the *Partnership Principles* are vital to ensuring that every dollar spent on human services has maximum benefit for the people of Illinois. The current recession, combined with insufficient investment in human services over many years, has put the entire human services system at risk. According to another report from Donors Forum, *Economic Outlook 2010*, delays in reimbursements from the government are posing as many problems for nonprofits – which provide the bulk of human services to Illinois residents – as funding cuts.

Of all challenges facing nonprofits, grantmakers responding to the *Economic Outlook* survey were most likely to be “very” concerned about the impact of delayed state payments. To cite one grantmaker: “Given the combination of increased demand for services and reduced funding, particularly public resources, I am most concerned about the possible shutdown/failure of even the most capable, responsible organizations.”

The Public/Nonprofit Partnership Initiative: The publication of *Partnership Principles* is part of a broader initiative called The Public/Nonprofit Partnership Initiative. Funded by The Wallace Foundation, the Initiative began in the fall of 2008. Activities to date have included extensive interviews, research, analysis, and the convening of a Policy Forum representing 41 leaders and experts with an interest in human services as well as public and nonprofit partnerships (see page 3 for more on the process and page 15 for a roster of the Policy Forum). The Initiative will continue through the fall of 2011 as Donors Forum promotes understanding and adoption of *Partnership Principles* by key leaders in the private, nonprofit, and public sectors.

Please join us in an endorsement: Our communities cannot afford the real costs to society of not having a strong human services system. We invite you to join Donors Forum (please see page 14) and many other leaders in affirming a vision of a system that is responsive and efficient in meeting the needs of the community, and in which the interaction between government and nonprofit providers reflects fairness and mutual accountability.

Handwritten signature of Bob Glaves in black ink.

Bob Glaves
Chair, Board of Directors
Donors Forum

Handwritten signature of Valerie S. Lies in black ink.

Valerie S. Lies
President and CEO
Donors Forum

Introduction

A strong human services system is critical to the well-being of a community, its residents, and society at large. Human services not only improve the quality of life for consumers of those services, but in doing so contribute to the safety and vitality of communities and the State. When services are available and working well, people are able to learn, remain healthy, and work. The hallmark of a strong human services system is that residents and communities can access high-quality services that meet their needs. However, over the course of many years, a lack of sufficient investment in human services, exacerbated by a severe economic recession, has put the system at risk of not being able to provide high-quality services. As a result, there are many who believe the system neither operates effectively nor supports quality overall, and that it is time to revisit the shared commitment and responsibility that government and nonprofit human services providers have to the well-being of the people they serve.

The Public Trust: Both government and nonprofit providers must uphold the public trust by exercising wise stewardship of taxpayer dollars in the development and delivery of services. This notion of “preserving the public trust” was the impetus behind the development of a set of guidelines around nonprofit governance, leadership, and effectiveness. Titled *Illinois Nonprofit Principles and Best Practices*, the guidelines were first published by Donors Forum in 2004 and subsequently adopted by the Illinois Attorney General’s Charitable Advisory Council.

This document, *Fair and Accountable: Partnership Principles for a Sustainable Human Services System*, builds upon the *Nonprofit Principles* to define more specifically the components of mutual accountability between government and human services providers, and, by extension, between government and nonprofit providers of services of any kind. Whereas the *Nonprofit Principles* define the optimal operational components of a well-functioning nonprofit organization, the *Partnership Principles* define the contracting relationship between government and human services providers that is essential to a well-functioning human services system.

Focus: The *Partnership Principles* focus on contracts because contracts serve as a primary mechanism for implementing policies and practices. They are directed at all who have an interest in the strength of our communities, and thus play a critical role in defining and reforming the system. This includes legislators, policy makers, advocates, human services professionals, nonprofit board leaders, researchers, philanthropists, civic leaders, private sector leaders, and human services consumers.

Fair and Accountable: Partnership Principles for a Sustainable Human Services System is organized into six main categories:

- 1. SERVICES: Based on a dynamic, data-driven system**
- 2. PROVIDERS: Transparent and competency-based selection processes**
- 3. CONTRACT RENEWAL: Conditioned on community best interest and performance**
- 4. PAYMENT: Maintaining a viable system**
- 5. REPORTING AND MONITORING: Promoting efficiency and accountability**
- 6. COMMUNICATION AND INTERACTION: Fostering shared commitments on behalf of the public good**

The principles have broad implications for how resources are allocated, presupposing a rational system driven by dynamic community needs and an understanding of practices that lead to positive outcomes. They call for transparency and accountability between government and human services providers, and also on behalf of the public.

Process

Donors Forum is grateful for the input and review of many stakeholders in creating the *Partnership Principles*. The process for developing the document included Donors Forum conducting interviews with nearly 50 City and State officials, human services providers, and civic and philanthropic leaders. In addition, Donors Forum convened focus groups of select providers and conducted research of similar efforts in Illinois and other states. Donors Forum also analyzing studies, reports, and similar processes in other states. These efforts culminated in the convening of the Policy Forum (see page 15) comprising 41 experts representing a wide range of perspectives, including those of human services providers, private philanthropy, civic groups, private business, trade associations, policy advocates, and academics. A sub-group of the Policy Forum drafted the principles and practices, which were then discussed and affirmed by the Policy Forum as a whole.

¹Practices recommended here reflect a synthesis of many sources. Several were adopted from other initiatives, including The Arizona Department of Economic Security's efforts to create a human services taxonomy (see practice 1.2.a.), Minnesota's Grants Management Business Transformation Area Case for Change (see practice 1.2.b. and 2.1.b.), and The Illinois After-School Partnership's Report and Recommendations of the Illinois After-School Funding Policy Task Force (August 2008) (see 2.1.a and 5.1.a.).

Timing is Everything

In a focus group of out-of-school-time (OST) providers convened by Donors Forum, providers strongly voiced the problem of lack of alignment between the timing of grant receipt and program delivery schedules or fiscal years. For instance, summer program funding cuts across two fiscal years for nonprofits whose fiscal years run from July to June. In addition, final notification of funding or grant amounts may come after the necessary start date for an effective program – in July for summer programs or December for school year programs. Providers may need to “front load” the funding with their own resources in order to get programs up and running on time. This creates cash flow problems and may impede the operation of other programs.

A Glossary of Terms

Human Services

By human services, we mean the full range of services that help people at each life stage maintain or reach their full potential. Examples include, but are not limited to, services related to early childhood education and development, child welfare, out-of-school-time and youth services, developmental disabilities, physical disabilities, mental health, employment and training, sexual and domestic violence, alcohol and substance abuse, immigrants and refugees, homelessness and affordable housing, ex-offenders, food and nutrition, and older adults.

Human Services Provider

This term refers to any organization that delivers human services, including nonprofit, for-profit, and government entities. These are sometimes referred to as service providers, or, more simply, providers. Others sometimes refer to them as vendors.

Human Services Sector

This term refers collectively to all human services providers. In this paper, it is sometimes referred to as the sector.

Human Services System

The human services system is made up of 1) the human services sector (i.e., all service providers) combined with 2) those who fund the sector—government funders at all levels and private funders, including foundations, corporations, other organizations, and individuals. While the initiative is intended to focus on the relationship between government as a funder and nonprofit organizations as human services providers, the principles and practices should also extend to government entities and for-profit organizations that deliver human services.

A Strong Human Services System

“A Report on the Chicago Region’s Health and Human Services Sector,” sponsored by United Way of Metropolitan Chicago and The Chicago Community Trust (March 2007), offered characteristics of effectiveness and efficiency for the human services sector:

- Focuses on the best interest of the community and consumers
- Responds to ongoing and emerging needs
- Has measurable impact on human lives and community issues
- Provides appropriate, easily accessible services
- Sustains efforts over time

- Aligns locations of services with needs
- Maximizes resources invested in direct services
- Delivers the right amount of service in the least amount of time to achieve outcomes

In sum, these characteristics describe a sector that is responsive, accountable, and efficient. As we consider providers and funders working together to meet community needs, these characteristics could be extended to include the concept of fairness, reflecting a system where the burdens and benefits are shared by both providers and funders on behalf of the common good.

Model Human Services System

GOAL: Illinois residents are able to reach their full potential based on their life stage and to contribute to the vitality of their community and the state/city.

RESPONSIVE:

- ▶ Focuses on the best interest of the community and clients
- ▶ Responds to ongoing and emerging needs
- ▶ Fosters creativity and innovation

FAIR:

- ▶ Balances financial risk to promote stable service delivery
- ▶ Allocates resources according to relative need



EFFICIENT:

- ▶ Aligns service location with needs
- ▶ Maximizes resources invested in direct services
- ▶ Delivers right amount of service in least amount of time to achieve outcomes

ACCOUNTABLE:

- ▶ Transparent process for decision making around allocation of resources and service procurement
- ▶ Has measurable impact on human lives and community issues

A Glossary of Terms

Contracting Relationship

The City of Chicago and the State of Illinois both pay, or contract with, nonprofit organizations to provide human services. The contracting relationship refers to the ways in which human services are defined and delivered, funding is allocated, providers are paid, and results are measured and reported. The contracting relationship also refers to how providers and government collaborate and cooperate on these matters. Given the significant numbers of contracts between the government and nonprofit services providers, the contracting relationship has a profound effect on the human services system as a whole. Thus, reforms to the contracting relationship can be a key driver for change, positively affecting the human services system overall.

Government

There are various levels (municipal, township, county, state, federal) and numerous divisions and departments within government that contract with nonprofit providers to deliver human services. Within the human services system, government may act as both funder and service provider. Practices vary widely between and across levels. Contracts at lower levels of government reflect not only their specific requirements, but also those passed down from higher-level government sources of funding. For example, a city may contract with a nonprofit services provider using funding the city receives from the federal government. The Public/Nonprofit Partnership Initiative was created to address the contracting relationship between nonprofit

services providers and both the City of Chicago and the State of Illinois. Unless otherwise stated, the term “government” in this document refers to both the City and the State.

Consumers

The people who use the human services. Others sometimes refer to consumers as clients, program participants, service recipients, or recipients of services.

A Model from Arizona

“By Executive Order, the Governor of Arizona created the Arizona Taxonomy Committee (ATC) comprising members from seven different state agencies, local and regional agency representatives, United Ways, and planners with the councils of government, with a ‘goal to have all relevant state, county, city, and local agencies [use the taxonomy] as a means of a common language for use in planning, budgeting, contracting, reporting, and evaluation.’ Designed ‘to ensure consistent delivery of services on a statewide basis,’ the taxonomy is a ‘living’ document with an established process for proposing changes and additions. Among its benefits, an established taxonomy and a process for using it helps the public and nonprofit sectors understand expectations for services provided, promote best practices, and compare outcomes.”

Source, Arizona Department of Economic Security https://egov.azdes.gov/cmsinternet/main.aspx?menu=48&id=656&kmensel=15074e5e_48_0_656_1; viewed November 4, 2009.

Partnership Principles for a Sustainable Human Services System

PREAMBLE

In order to ensure that Illinoisans reach their full potential and contribute to the vitality of their communities and beyond, residents must have access to quality human services that effectively address their needs.

The authors of Illinois' 1970 Constitution recognized that the state had a responsibility to meet this need. Among other intentions, Illinois established its Constitution "to provide for the health, safety and welfare of the people; ...eliminate poverty and inequality; assure legal, social and economic justice; [and] provide opportunity for the fullest development of the individual...." Though the State provides some services directly, government works primarily with and through nonprofit human services organizations to achieve these aims.

To create the human services system that can best serve the needs of Illinois residents, this document, *Fair and Accountable: Partnership Principles for a Sustainable Human Services System*, establishes principles and practices to inform the working relationship of the partners in service provision and to maximize the quantity and quality of services delivered.

It is understood that human services programs are established based on a wide variety of factors, including federal and state policies and laws, community priorities, and local and cultural needs and practices. In addition to the adoption of the ideas outlined in the *Partnership Principles*, a constellation of factors is necessary to succeed:

- Government leaders who make human services a priority through policy and budget decisions
- A quality workforce to deliver services and administer the system
- An understanding of what services are needed, where they are needed, and in what amounts
- Best, informed, and promising practices; quality standards; and defined outcomes
- Sufficient and flexible funding
- Access to information
- A collaborative environment

Step by step, practice by practice, we must strive for this ideal system together, adopting and implementing the principles and practices to ensure an efficient human services system that is fair, responsive, and accountable to the people of Illinois.

Payment Delays Cause Big Problems

*According to a survey in late 2009, delays in government funding posed as many concerns for nonprofits as did cuts in government funding. Results were published in **Economic Outlook 2010**, the most recent in a series of reports that Donors Forum has issued since 2002 about the economy. The 2010 report shows that 40 percent of nonprofit respondents experienced delays in receiving government payments during 2009; most frequently, from the State (91 percent of all those affected by late payments). In 2009, 36 percent of respondents reported delays, compared to 27 percent in 2007 and only 20 percent in 2006. Of those affected by late payments from the State, 97 percent indicated that the delays have caused cash flow problems, and 75 percent reported waiting longer this year than last. Nonprofits' most frequent responses have been to increase their lines of credit, take out short-term loans, and/or reduce spending and services.*

Partnership Principles for a Sustainable Human Services System

1

CONTRACTED SERVICES: Based on a dynamic, data-driven system

In order to effectively meet the needs of communities and their residents, the human services system must be dynamic and responsive to demographic changes as well as to emerging and changing needs. From information gathered through a comprehensive planning process, a “blueprint” should be developed for which services are needed where, and in what amounts. Such a process should be coordinated across service and funding areas, and it should reflect a partnership between government and human services providers. While federal, state, county, township, and municipal laws mandate particular services for defined populations, local communities and geographic regions can provide information to help prioritize which services are most needed beyond what the law requires. In some cases, communities or providers may not have the capacity to deliver the determined level or types of services, and it may be in the best interest of the people served as well as more cost effective for government to invest in building the infrastructure and capacity of providers to support effective services. Overall, the focus should be on contracting for services that are effective in achieving consumer outcomes and that support the interests of the public good.

1.1 Contracted services are based on a comprehensive and transparent planning process that defines and prioritizes services.

- 1.1.a. Planning includes local and regional input.
- 1.1.b. Planning is coordinated across service and funding areas.
- 1.1.c. Planning is conducted at a minimum of every 10 years based on the most recent census data, and no more frequently than every five years.
- 1.1.d. Public funding is allocated across services, geography, and populations based on existing and emerging needs, service gaps, and disparities.

1.2 Contracted services balance best practices and good stewardship of public dollars with given resources.

- 1.2.a. There is a system to uniformly describe services and identify consistent terminology for use in budgeting, contracting, reporting, and evaluating.

1.2.b. Government and service providers participate in a formal process to identify, define, and communicate best, informed, and promising practices for contracted services.

1.2.c. In determining contracted services, government considers short- versus long-term benefits to consumers and communities, given available resources.

1.2.d. Contracted services are assessed according to the relative benefits to the consumers and communities, the number of potential beneficiaries, and the severity of need.

1.2.e. Where communities do not have the infrastructure to deliver the necessary level or types of services, public dollars may be invested in building the capacity of providers to deliver effective services.

1.2.f. Government invests in innovative services and service models in order for providers to achieve desired results.

It Would be Amazing

When one leader in a large organization focused on children asked staff to review the principles, they highlighted several of them as particularly promising, agreeing, “If you could accomplish 1.2 that would be amazing.”

Partnership Principles for a Sustainable Human Services System

2

CONTRACTED PROVIDERS: Transparent and competency-based selection processes

To ensure that consumers receive the most effective services, contract bidding processes should be open to all qualified providers, and services procured from those providers must demonstrate providers' ability to achieve consumer outcomes, based on clear criteria and objective scoring systems.

2.1 There is a transparent and streamlined decision-making process for the procurement of human services.

- 2.1.a.** Government establishes grant criteria and contract award processes in advance and adheres to request for proposal (RFP) processes.
- 2.1.b.** Government consistently applies standards and policy to determine contract awards across providers.
- 2.1.c.** Potential bidders receive adequate notice of funding opportunities and deadlines.
- 2.1.d.** Each request for proposal includes explicit guidance on eligibility qualifications for service providers, and all qualified, interested providers have the opportunity to apply.

2.2 Contracts are awarded to providers that best demonstrate an ability to achieve desired outcomes through delivery of quality services.

- 2.2.a.** Criteria for selecting providers include experience with service delivery, utilization of appropriate best practice or innovative models, and a track record of delivering the agreed-upon outcomes.
- 2.2.b.** Selected providers demonstrate specific experience with, or knowledge of, the target population, community, or region; community and consumer support; and cultural competency.

Reporting is Burdensome and Costly

Providers told Donors Forum that lack of a unified reporting system across state agencies means service providers, regardless of the number of contracts with the state, must report the same or similar data to multiple agencies in multiple formats and systems. Because these systems don't let providers retrieve their own data, many providers then invest in and maintain a separate organizational database in order to merge information, track progress toward their own budget and planning goals, report to the board, and plan for the future. At the same time, it seems state agencies do not have the mechanisms required to track connections between their funding streams across service providers, issue common RFPs, or seek opportunities to streamline the reporting process.

Partnership Principles for a Sustainable Human Services System

3

CONTRACT TERMS AND RENEWALS: Conditioned on community best interest and performance

The opportunity and process for contract renewal should be based on serving the best interest of consumers and communities. If delivering or administering a service requires a significant investment of resources and time, contract renewal will allow for more service continuity and more money to pay for direct services for the consumer, rather than for the costs incurred (e.g., for new buildings that must meet specific codes or for the purchase of special computer systems) when a new provider is engaged. As long as a provider is demonstrating positive outcomes and meeting other agreed-upon contractual requirements, it benefits not only the provider and government, but also the consumers, to renew the contract. However, it is also in the best interest of consumers for government to terminate contracts with providers that fail to meet standards of satisfactory performance. In those cases, government and providers have a responsibility to consumers to provide for continuity of care when transitioning to new providers.

3.1 Contract renewal is based on provider performance and demonstration of continued ability to deliver contracted services.

- 3.1.a. There is a system for defining and measuring acceptable and excellent performance, including consumer satisfaction.

3.2 Decisions to conduct open bidding processes rather than contract renewals consider investments required to apply for, start up, deliver, administer, and evaluate services.

- 3.2.a. The renewal process minimizes duplicative paperwork by allowing providers to certify where there are no changes to corporate legal and organizational status.

3.3 When contracts are not renewed, the transition process takes the best interests of consumers and communities into account.

- 3.3.a. Timeframes for government communication about the non-renewal of a contract allow for coordination between terminated and new providers to provide continuity of care for consumers.

A Model for System Development

"...[P]erhaps most impressive from a policy standpoint is how early education in Illinois works as a system. Illinois has a strong coordinating body called the Early Learning Council, which is responsible for collaboration between the three principal early education programs in the state: the federally funded Head Start programs, the state-funded Preschool for All, and a childcare voucher program.... The state also has a quality rating system to provide parents information about program quality, and is building a strong early education database with statistics on providers, the programs they offer and how much demand exists for available slots. Under the leadership of the council, each of these components work together to provide an array of early education opportunities that are of high-quality and aligned with curricula and standards in the elementary grades."

Christina Satkowski, "All Eyes on Illinois." The Early Ed Watch Blog, New America Foundation. Entered February 17, 2009. Viewed November 3, 2009. <http://www.newamerica.net/blog/early-ed-watch/2009/all-eyes-illinois-10144>

Partnership Principles for a Sustainable Human Services System



PAYMENT AMOUNT AND TIMING: Maintaining a viable system

Timely payment at sufficient amounts for quality service delivery is critical to an effective system that meets consumers' needs. Nonprofit human services providers face rising costs, and are required to provide the same or higher levels of service, incorporate higher quality standards, and carry out unfunded mandates—all with funding that does not increase at a rate to match these demands. At the same time, government faces a structural deficit and cash flow constraints, which create chronic shortfalls in revenue that are passed along to the human services providers. The cumulative impact over a number of years has been to weaken the human services infrastructure, reducing the quality, range, and accessibility of services for consumers. A financially viable human services sector is critical to the quality of life, productivity, and economic vitality of the state of Illinois. In order to maintain a set of healthy, high-performing nonprofit providers, government should bear the financial responsibility of compensating providers in a timely manner, and for mid-term contract changes. The full cost of services, efficiency, and acceptable level of service quality are concepts that should be considered together to determine the amount of payment for services and whether the payment mechanism should be fee-for-service, grant-based, cost-reimbursement, or consumer vouchers.

4.1 Payment is based on the full cost of efficient service delivery consistent with agreed-upon quality standards.

- 4.1.a. Payment for services is set in a fair and transparent fashion with clear methodology for assessing the full costs of service delivery and with the opportunity for providers to provide input on the methodology.
- 4.1.b. Baseline payment may be adjusted to reflect differences of geography and consumer population characteristics, to the extent that they impact the cost to deliver service.
- 4.1.c. Payment may be adjusted to reflect a level of quality or performance above a defined baseline.
- 4.1.d. Rates are adjusted annually to reflect changing costs of service delivery.
- 4.1.e. Services and other requirements to receive payment, and payment terms, are established at the beginning of the contract and renegotiated only in accordance with pre-established parameters and timeframes.

4.2 Contracted providers do not bear financial risk of late payment.

- 4.2.a. Payments to providers adhere to agreed-upon timeframes.
- 4.2.b. Government pays interest on late payments.

4.3 Payment mechanisms maximize federal dollars for the State of Illinois and local municipalities.

Rising Costs and Flat Funding

Service providers told Donors Forum that they face rising costs, yet are required to provide the same or higher levels of service, incorporate higher quality standards, and carry out unfunded mandates, all for funding that does not increase at a rate to meet these demands. At the same time, government faces budget and cash flow constraints that create the challenges which are passed along to the human service providers.

Partnership Principles for a Sustainable Human Services System

5

REPORTING AND MONITORING: Promoting efficiency and accountability

There are two primary kinds of reporting and monitoring for government contracts: one is related to program and service delivery, and the other to organizational issues, including financial and legal status. Human services providers must be accountable for the services they deliver, and government must institute efficient data collection and compliance monitoring processes. The emphasis should be on service quality and consumer outcomes. Government should direct more attention toward meeting the human services needs of consumers, rather than on managing service providers. Service providers should spend more resources and attention on meeting the human service needs of consumers, rather than on paperwork.

5.1 Reporting and monitoring systems emphasize the level and efficacy of services for consumers.

- 5.1.a. Providers and government agree in advance and adhere to evaluation methods, which may include assessments by staff and consumers as well as other performance measures, and providers report on these annually.
- 5.1.b. Providers and government agree in advance to program activity measures that provide pertinent information about the services.

5.2 Reporting, billing, and monitoring systems are efficient and standardized across services and government agencies.

- 5.2.a. Reporting requirements are scaled to the amount of funding provided.
- 5.2.b. Compliance requirements related to financial management are consistent with generally accepted accounting standards.
- 5.2.c. Government monitoring procedures for financial and organizational compliance are standardized and accepted across government agencies, with the objectives to reduce paperwork and eliminate redundant monitoring.

5.3 Technology efficiently serves the information needs of government and service providers, including the input, reporting, and analysis of service and billing information.

- 5.3.a. Government agencies use common systems for provider reporting and billing to avoid duplicate entry.
- 5.3.b. Government reporting systems allow providers to access the data that they, the providers, have reported to the government.
- 5.3.c. Government reporting systems allow interface with provider information systems.
- 5.3.d. Government invests in current technology including its own systems, systems that government requires providers to use, and the related costs of providers' systems.

Consolidation Could Reduce Costs

"[I wish] we could consolidate databases to create efficiency... We have to enter meals for child care into different systems for different funders even though it's the same variable."

Multi-service provider

Partnership Principles for a Sustainable Human Services System

6

COMMUNICATION: Fostering shared commitments on behalf of the public good

Mutual accountability and an environment that encourages open communication are critical for government and providers to fulfill their shared commitment to the public good. Communication and interaction that foster partnership can lead to more information shared about consumers and communities, a better understanding of their needs, smoother transitions, higher-quality services, and more creative and effective solutions to problems. Government agency advisory committees create one opportunity to build mutual commitment toward these end results. In addition to communication between government and providers, government agencies should coordinate planning, monitoring, and other activities in order to streamline processes and strengthen results. Finally, transparency and accountability to the public should be a priority and partially fulfilled when government communicates information to the public about human services and their impact on consumers and communities.

6.1 Government and providers are proactive and responsive in their communications around all aspects of the contracting relationship, including opportunities and problems.

- 6.1.a. Government seeks input from providers about potential contract changes and requirements, as well as realistic timeframes to implement these activities.
- 6.1.b. Government provides information about contract changes, requirements, and deadlines within reasonable timeframes to provide for thoughtful planning and to minimize negative consequences for consumers.
- 6.1.c. Government engages providers in developing and implementing quality standards, outcome measurements, and reporting and billing systems.
- 6.1.d. Specific individuals within the government and provider structures are designated as contacts for the other party for problem solving and other communication.
- 6.1.e. In addition to informal communication, there are specific mechanisms that provide opportunities for regular dialogue between government and providers.

6.2 Government coordinates human services contracting activities across departments and agencies in order to enhance efficiency and effective service delivery for consumers.

6.3 Government regularly makes information on human services and their results available to the public.

Providers Would Like an “Opportunity to Talk”

About the frustration of not having a common understanding of services, an out-of-school-time provider points out, “[The public funding was] so regimented. It wouldn’t allow any flexibility in how service was delivered. We were talking different languages with no opportunity to talk about how things really work, and can work.”

Opportunities for Engagement

The challenge of reforming the human services system may seem daunting, and there are any number of barriers that stand in the way of change. However, the growing and shifting needs of the people of Illinois—as well as the severe financial challenges faced by government and nonprofit human services providers—demand a change in the status quo. In order for the human services system to deliver high-quality services that achieve positive results for consumers and communities, all stakeholders in the human services system should take action to support and create a system that is responsive, accountable, efficient, and fair. We invite you to join in the dialogue and make a commitment to work toward the implementation of *Fair and Accountable: Partnership Principles for a Sustainable Human Services System*.

Everyone:

- ▶ Endorse the *Partnership Principles*. By completing and submitting the form on page 14 your name or your organization's name will be included as a public supporter of the principles on a continuously updated list that will be posted on the Donors Forum website.
- ▶ Make this a living document. Log on to the Donors Forum's website (www.donorsforum.org) to express your interest in working on a particular area or to recommend additional practices.

Service Providers:

- ▶ Host a candidate forum in your community to help focus attention on the issues residents face locally and to highlight the importance of a strong human services system in addressing those challenges.
- ▶ Start a conversation with your local legislators about ways that the principles and practices could be addressed, and what the implications may be for human services in your community.

Legislators, Other Elected Officials, and Legislative Staff:

- ▶ Develop or support legislation that is consistent with the principles and practices in the *Partnership Principles*.
- ▶ Refrain from decisions and actions that conflict with principles and practices in the *Partnership Principles*.
- ▶ Encourage a culture that is responsive, accountable, efficient, and fair.

Executive Branch:

- ▶ Seek ways to streamline and standardize processes across government agencies.
- ▶ Create an integrated approach to comprehensive community planning for human services.

Government Agencies:

- ▶ Identify opportunities for administrative changes to policies and practices and allocate staff resources to implement the principles and practices in the *Partnership Principles*.
- ▶ Create and maintain mechanisms such as advisory councils and encourage open dialogue with service providers.

Advocates, Coalitions, and Networks:

- ▶ Identify particular principles and practices of interest to your stakeholders, and mobilize resources to define and advocate for solutions that further their implementation.

Foundations and Other Private Funders:

- ▶ Recognize that private philanthropy is a key component in the human services system, join the dialogue, and support systems change.

Endorsement of *Fair and Accountable: Partnership Principles for a Sustainable Human Services System*

We believe that a strong human services system is critical to the well-being of a community, its residents, and society.

We acknowledge that government entities and human services providers must work together in order for consumers and communities to access high-quality services that meet their needs.

We recognize the contracting relationship between government entities and human services providers as a mechanism to improve the human services system.

We support *Fair and Accountable: Partnership Principles for a Sustainable Human Services System* and pledge to work, on behalf of the people of Illinois, toward the implementation of the *Partnership Principles* in order to help create a human services system that is responsive, efficient, accountable, and fair.

Organization

Name/Title

Date

Return a signed copy of this form to:

Public/Nonprofit Partnership Initiative
Donors Forum
208 S. LaSalle St., Suite 1540
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Donors Forum is the premier resource for networking and education, information and knowledge, and leadership on behalf of philanthropy in Illinois. As a nonprofit membership association of grantmakers, individual donors, and advisors, Donors Forum advances philanthropy by serving its members and by promoting an effective and informed nonprofit sector.

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Abridged Version of *Fair and Accountable: Partnership Principles for a Sustainable Human Services System*

Donors Forum (www.donorsforum.org) developed *Fair and Accountable: Partnership Principles for a Sustainable Human Services System* with the involvement of dozens of thought leaders in Illinois. The *Partnership Principles* are intended to promote fair, responsive, transparent, and accountable partnerships between nonprofit providers of human services in Illinois and their government funders.

1 **CONTRACTED SERVICES: Based on a dynamic, data-driven system**

1.1 **Contracted services are based on a comprehensive and transparent planning process that defines and prioritizes services.**

- 1.1.a. Planning includes local and regional input.
- 1.1.b. Planning is coordinated across service and funding areas.
- 1.1.c. Planning is conducted at a minimum of every 10 years based on the most recent census data, and no more frequently than every five years.
- 1.1.d. Public funding is allocated across services, geography, and populations based on existing and emerging needs, service gaps, and disparities.

1.2 **Contracted services balance best practices and good stewardship of public dollars with given resources.**

- 1.2.a. There is a system to uniformly describe services and identify consistent terminology for use in budgeting, contracting, reporting, and evaluating.
- 1.2.b. Government and service providers participate in a formal process to identify, define, and communicate best, informed, and promising practices for contracted services.
- 1.2.c. In determining contracted services, government considers short- versus long-term benefits to consumers and communities, given available resources.
- 1.2.d. Contracted services are assessed according to the relative benefits to the consumers and communities, the number of potential beneficiaries, and the severity of need.
- 1.2.e. Where communities do not have the infrastructure to deliver the necessary level or types of services, public dollars may be invested in building the capacity of providers to deliver effective services.
- 1.2.f. Government invests in innovative services and service models in order for providers to achieve desired results.

2 **CONTRACTED PROVIDERS: Transparent and competency-based selection processes**

2.1 **There is a transparent and streamlined decision-making process for the procurement of human services.**

- 2.1.a. Government establishes grant criteria and contract award processes in advance and adheres to request for proposal (RFP) processes.
- 2.1.b. Government consistently applies standards and policy to determine contract awards across providers.
- 2.1.c. Potential bidders receive adequate notice of funding opportunities and deadlines.
- 2.1.d. Each request for proposal includes explicit guidance on eligibility qualifications for service providers, and all qualified, interested providers have the opportunity to apply.

2.2 **Contracts are awarded to providers that best demonstrate an ability to achieve desired outcomes through delivery of quality services.**

- 2.2.a. Criteria for selecting providers include experience with service delivery, utilization of appropriate best practice or innovative models, and a track record of delivering the agreed-upon outcomes.
- 2.2.b. Selected providers demonstrate specific experience with, or knowledge of, the target population, community, or region; community and consumer support; and cultural competency.

Abridged Version of *Fair and Accountable: Partnership Principles for a Sustainable Human Services System*

3 **CONTRACT TERMS AND RENEWALS: Conditioned on community best interest and performance**

3.1 Contract renewal is based on provider performance and demonstration of continued ability to deliver contracted services.

3.1.a. There is a system for defining and measuring acceptable and excellent performance, including consumer satisfaction.

3.2 Decisions to conduct open bidding processes rather than contract renewals consider investments required to apply for, start up, deliver, administer, and evaluate services.

3.2.a. The renewal process minimizes duplicative paperwork by allowing providers to certify where there are no changes to corporate legal and organizational status.

3.3 When contracts are not renewed, the transition process takes the best interests of consumers and communities into account.

3.3.a. Timeframes for government communication about the non-renewal of a contract allow for coordination between terminated and new providers to provide continuity of care for consumers.

4 **PAYMENT AMOUNT AND TIMING: Maintaining a viable system**

4.1 Payment is based on the full cost of efficient service delivery consistent with agreed-upon quality standards.

4.1.a. Payment for services is set in a fair and transparent fashion with clear methodology for assessing the full costs of service delivery and with the opportunity for providers to provide input on the methodology.

4.1.b. Baseline payment may be adjusted to reflect differences of geography and consumer population characteristics, to the extent that they impact the cost to deliver service.

4.1.c. Payment may be adjusted to reflect a level of quality or performance above a defined baseline.

4.1.d. Rates are adjusted annually to reflect changing costs of service delivery.

4.1.e. Services and other requirements to receive payment, and payment terms, are established at the beginning of the contract and renegotiated only in accordance with pre-established parameters and timeframes.

4.2 Contracted providers do not bear financial risk of late payment.

4.2.a. Payments to providers adhere to agreed-upon timeframes.

4.2.b. Government pays interest on late payments.

4.3 Payment mechanisms maximize federal dollars for the State of Illinois and local municipalities.

5 **REPORTING AND MONITORING: Promoting efficiency and accountability**

5.1 Reporting and monitoring systems emphasize the level and efficacy of services for consumers.

5.1.a. Providers and government agree in advance and adhere to evaluation methods, which may include assessments by staff and consumers as well as other performance measures, and providers report on these annually.

5.1.b. Providers and government agree in advance to program activity measures that provide pertinent information about the services.

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5.2 Reporting, billing, and monitoring systems are efficient and standardized across services and government agencies.

- 5.2.a. Reporting requirements are scaled to the amount of funding provided.
- 5.2.b. Compliance requirements related to financial management are consistent with generally accepted accounting standards.
- 5.2.c. Government monitoring procedures for financial and organizational compliance are standardized and accepted across government agencies, with the objectives to reduce paperwork and eliminate redundant monitoring.

5.3 Technology efficiently serves the information needs of government and service providers, including the input, reporting, and analysis of service and billing information.

- 5.3.a. Government agencies use common systems for provider reporting and billing to avoid duplicate entry.
- 5.3.b. Government reporting systems allow providers to access the data that they, the providers, have reported to the government.
- 5.3.c. Government reporting systems allow interface with provider information systems.
- 5.3.d. Government invests in current technology including its own systems, systems that government requires providers to use, and the related costs of providers' systems.

6

COMMUNICATION: Fostering shared commitments on behalf of the public good

6.1 Government and providers are proactive and responsive in their communications around all aspects of the contracting relationship, including opportunities and problems.

- 6.1.a. Government seeks input from providers about potential contract changes and requirements, as well as realistic timeframes to implement these activities.
- 6.1.b. Government provides information about contract changes, requirements, and deadlines within reasonable timeframes to provide for thoughtful planning and to minimize negative consequences for consumers.
- 6.1.c. Government engages providers in developing and implementing quality standards, outcome measurements, and reporting and billing systems.
- 6.1.d. Specific individuals within the government and provider structures are designated as contacts for the other party for problem solving and other communication.
- 6.1.e. In addition to informal communication, there are specific mechanisms that provide opportunities for regular dialogue between government and providers.

6.2 Government coordinates human services contracting activities across departments and agencies in order to enhance efficiency and effective service delivery for consumers.

6.3 Government regularly makes information on human services and their results available to the public.



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