

UNWISE AND UNFAIR

CUTS AND LATE PAYMENTS JEOPARDIZE ILLINOIS HUMAN SERVICES SAFETY NET

Human services are essential supports that enhance the well-being and quality of life of people, families, and communities throughout Illinois. They affirm human dignity and avert more costly approaches to addressing individual and societal need. Such programs are among the wisest of public investments. The majority of human services provided in Illinois are delivered by organizations at the community level. The State's failure to provide timely payment to providers who are serving in this role is unfair, forcing providers, in effect, to serve as lenders to the state. As the following survey results and data indicate, continued cuts and late payments are damaging Illinois' human services safety net with negative ripple effects throughout individual lives and local communities.

OVERVIEW:

\$3,294,300,000: Amount of unpaid state bills

26%: Percent of total unpaid state bills owed to contracts held with the state's core human service agencies (Departments of Aging, Children and Family Services, Human Services, Healthcare and Family Services, and Public Health)

1,755: Number of state contracts with nonprofit organizations awaiting payment

\$20,912: Median amount owed by the state on contracts with nonprofit organizations

321: Number of contracts with nonprofits where the state owes over a quarter million dollars (with 192 owed over half a million and 106 owed over one million dollars)

118: Number of days it takes Illinois to pay a bill after the paperwork is completed

1st: Where Illinois ranks nationwide when it comes to late payments

4,341,711: Number of clients served last fiscal year by organizations that responded to survey on the impact of the state budget cuts and late payments

56,627 and 14,569: The number of full-time and part-time workers currently employed by responding organizations

93% and 88%

The percent of responding organizations that have been negatively impacted by state budget cuts and by delayed payments, respectively. 87% of those impacted have been simultaneously hit by both state budget cuts and late payments.

October, 2011. Information in this fact sheet comes from three sources: data on late state payments from the Illinois Comptroller's Office, information published by the Associated Press, and a survey of human service organizations in Illinois.

State Payment Data

State payment data were obtained via a Freedom of Information Act Request submitted to the Illinois Office of the Comptroller. Data reflect a point in time snapshot as of October 12, 2011 of cleared bills awaiting payment.

Associated Press Analysis

The Associated Press analyzed state documents on unpaid bills and published its findings in a series of stories, available on Illinois Partner's website.

Survey Data

The survey was conducted in September 2011. 238 organizations responded, though not all answered every question. The most common services provided by the responding organizations were: youth (46%) mental health (44%), employment and training (39%), homeless/housing (32%), adult education (25%), disability (25%), and early childhood education (25%).

Responding organizations provide services throughout Illinois: 56% in Cook County, 32% in Northern Counties, 12% in North-Central Counties, 10% in South-Central Counties, and 8% in Southern Counties.

The survey was conducted by the Social IMPACT Research Center at Heartland Alliance on behalf of Illinois Partners for Human Service.

More information, including the state payment data, the AP stories, and regional fact sheets, is available at www.illinoispartners.org

IMPACT OF STATE BUDGET CUTS:

93% of responding human service organizations have been negatively impacted by state budget cuts in the last year. As a result of state budget cuts, 3 out of 5 responding organizations increased their private fundraising efforts in an attempt to fill holes. Even with these efforts, 46% had to reduce hours or levels of service, 46% laid off staff, 41% increased waiting lists for services, and 41% referred clients elsewhere for services. State budget cuts forced the closure of programs at nearly 40% of responding organizations.

Human service organizations have been suffering from budget cuts for years. 56% of responding organizations have been impacted by state budget cuts for 4 years or longer. Less than 10% have not been impacted or have only been impacted in the past year.

Actions Taken in the Last Year by Human Service Organizations as a Result of State Budget Cuts

n=168	Percent
Increased private fundraising	62%
Reduced hours or levels of service	46%
Laid off staff	46%
Increased waiting lists for services	41%
Referred clients to other service providers	41%
Closed programs	38%
Positions left vacant or frozen	9%
Have not been affected by cuts	7%
Reduced staff hours, benefits, and/or pay	5%
Froze wages	4%

percents do not add up to 100 because respondents could choose more than one answer

IMPACT OF LATE PAYMENTS:

Actions Taken in the Last Year by Human Service Organizations as a Result of Late State Payments

n=168	Percent
Tapped into cash reserves	54%
Increased private fundraising	53%
Tapped into lines of credit	42%
Laid off staff	30%
Have not been affected by late payments	13%
Implemented staff furlough days	10%
Skipped payroll	8%
Reduced staff hours, benefits, and/or pay	4%
Late payments to vendors	3%
Positions left vacant or frozen	3%
Froze wages	2%

percents do not add up to 100 because respondents could choose more than one answer

88% of responding human service organizations have been negatively impacted by late state payments. Human service organizations have had to implement a variety of strategies to mitigate the effects of delayed payments on state contracts. Over half (54%) of responding organizations had to tap into cash reserves, 53% increased private fundraising, 42% tapped into lines of credit, and 13% have had to implement staff layoffs.

Among organizations that implemented layoffs, the average organization now has 13% fewer staff than it had a year ago. Staff layoffs, program closures, and service changes have resulted in 11% fewer clients being served, on average, and 18% of clients served less (with fewer services or less often).

87% of impacted human services organizations have been simultaneously hit by both state budget cuts and late payments. The cumulative impact is a significant reduction in the availability of human services in all parts of the state. These reductions come at a time when need is increasing and by all indications the pressure on providers will be even worse in the coming year. This poses a threat not only to the immediate health and well-being of Illinois residents, but also to the foundational safety net available to Illinoisans in their time of need.