

# How the State of Illinois Can Improve Equity and Well-Being through Improvements to Contracts, Payments, and Court of Claims

May 2023

The Health and Human Services Coalition of Illinois conducted a statewide survey to assess government contracting challenges for our sector and inform an appropriate policy response.

## Key Findings :



### Contract Delays

The State issued late contracts more than 50% of the time, which disproportionately and negatively impacted services in Cook County, services in rural areas, and organizations with the smallest budgets.

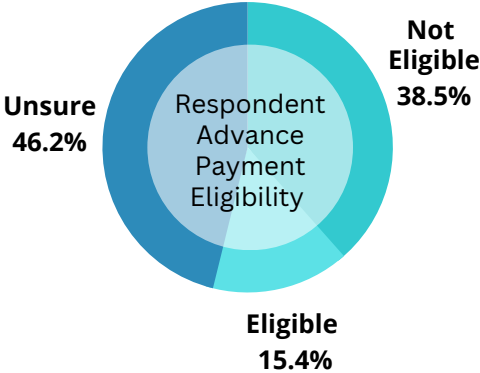


### Timely Payments

At least 25% of state contracts are not paid on a timely ongoing basis. Organizations with the smallest budgets and those serving BIPOC communities are more likely to be paid late.

### Advance Payments

Fewer than half of surveyed contractors are eligible for advance payments. Those with the smallest budgets and those with BIPOC leadership are the least likely to receive them.



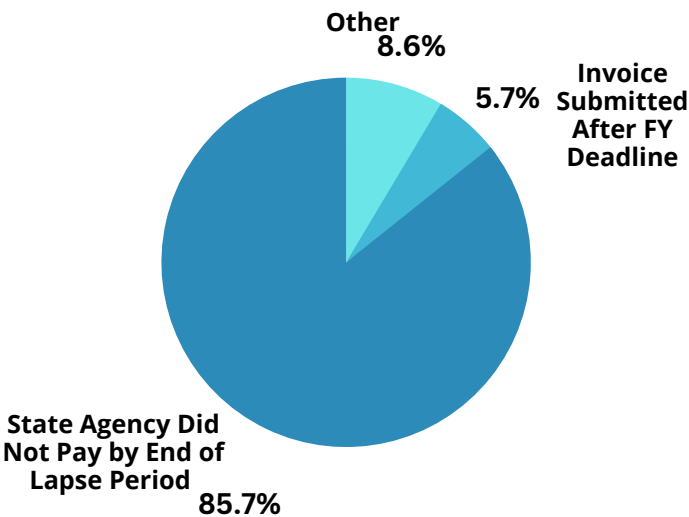
### Prompt Payment Act

Almost half of all respondents were unclear how the Prompt Payment Act applies to their contracts. Services for rural populations, people living with disabilities, and led by BIPOC leaders were less likely to be eligible.



### Court of Claims

Over 85% of the pending Court of Claims reported resulted from the State not paying invoice(s) before the end of the lapse period. Claims ranged from ~\$1,000 to ~\$600,000 and the oldest claim is almost seven years old.



### Accruing Receivables

At any given time, the State owes millions of dollars to HHS contractors; the average receivable is almost \$350,000 and over 6 months old and more than half of receivables reported are owed to BIPOC-led/serving organizations.

## Recommendations:



### **Issue Timely and Multi-Year Contracts**

The State should be required in statute to issue contracts within a reasonable period of time and should issue multi-year contracts to the greatest extent possible.



### **Make Predictable and Timely Ongoing Payments**

State contracts should have specific payment deadlines and the State should be held to the same standard for timely payments to which state contractors are held for payments to subcontractors.



### **Expand and Clarify Prompt Payment Act Eligibility**

The State should invest in education about PPA eligibility during the application and contracting process, update PPA statutes, expand the list of eligible critical services, and clearly define timeframes.



### **Expand and Clarify Advance Payment Eligibility**

State contracts should clearly stipulate whether a contract is eligible for an Advance Payment. The State should invest in education about Advance Payment eligibility, conduct an audit of eligible contractors participating and not participating in the program, review and revise eligibility criteria to automatically include capital projects and payments on contracts for which first payments were issued late.



### **Mitigate the Impact of Accruing Receivables**

The State should identify a source of bridge funding to help mitigate contracting and payment delays and to support contractors with a large percentage of receivables. The Charitable Trust Fund, the Budget Stabilization Fund, and unspent ARPA funds are examples of possible sources.



### **Expedite and Simplify Court of Claims**

The Court of Claims process should be simplified and expedited to save personnel time, reduce administrative burden, and improve financial stability among smaller, BIPOC-led and serving organizations. The lapse period should be consistent and predictable year over year and claims should be prioritized based on what % of the claimant's budget they represent.



### **Strengthen Public-Private Collaboration**

The State should convene a permanent Interagency Task Force or Advisory Board, comprised of both public officials and operating-nonprofit stakeholders, to formulate a coordinated and comprehensive response and provide oversight.

## The Bottom Line

State health and human services contractors save lives and build well-being across their communities. Often, they are led by and serve historically marginalized and underfunded populations.

**The State must prioritize reforming its contracting and payment policies to protect life and well-being and advance equity in Illinois**