

The Environment for Social Services in Illinois

Lutheran Child and Family Services of Illinois (LCFS) and Lutheran Social Services of Illinois (LSSI) have been providing faith-based human services to people in need in Illinois since shortly after the American Civil War. We began our ministries in a time and culture in which private benevolent organizations--often with a religious and sometimes ethnic identity--principally cared for their own. Through the past century governments at many levels assumed increasing and eventually leading roles in providing for the common good. A government-guaranteed "safety net" for all people was established. Faith-based agencies began caring for all people, regardless of their religion or ethnicity.

In the final decades of the twentieth century and continuing into the present, popular support for safety net programs--and especially for government-run social programs--has seriously eroded. As a result, governments at all levels have sought to withdraw from direct care of people in need. Instead, under the rubric of "privatization," governments have looked for ways to enter into partnerships with private, usually not-for-profit and often faith-based social service organizations to address the needs of vulnerable populations. There were several foundational understandings that undergirded the concept of privatization:

1. Government has primary responsibility to provide for the care and support of the neediest people in our society.
2. Government (whether federal, state, county or municipal) through its taxing power, is the sole institution capable of raising a sufficient amount of money to pay for social services.
3. Faith-based, not-for-profit organizations have a vast amount of experience and expertise in addressing human needs.
4. Voluntary agencies add value to human services as they attract and involve volunteers in service delivery and governance, as a means of carrying out their civic responsibility in a democratic society.
5. The mission of government human service agencies and the mission of faith-based human service organizations, *while proceeding out of different motivations*, coincide in their commitment to serve the common good.

The privatization movement has been underway for more than three decades. It has been public policy in Illinois since the inception of the Child Care Act of 1964, which legislated that the State should purchase services from nonprofit agencies whenever possible. Implicit in the relationship between government agencies and voluntary, not-for profit organizations--including faith-based organizations--was the understanding that the government would provide funding and necessary oversight regarding the effectiveness of privately provided services and that voluntary not-for-profit organizations would carry out the actual provision of services and would enhance such services by bringing their own sense of mission to the enterprise. This is the value-added capacity of mission-driven social service organizations. Because many of the leading not-for-profits are faith-based organizations, it is important to acknowledge the occasional tension inherent in any

government-subsidized activity by such organizations. This potential has normally been addressed by including restrictions on any overtly religious activities that could be conducted by the faith-based organizations using government money. (Some of those restrictions are currently being reconsidered under the concept of "charitable choice" or a "faith-based initiative.")

The Current Context

In the past decade, the partnership between government agencies and private human service agencies has become seriously strained and is now in danger of breaking down. The most obvious indicator of the breakdown of the relationship has been the lack of adequate government funding for human service grants and contracts. State government--even in the flush years of the last decade--has allowed a large gap to develop between the costs that private human service providers incur to provide services and the rate of reimbursement covered by the state. The most obvious and critical example of this phenomenon is the lack of an adequate cost of doing business (CODB) increase in grants and contracts in most years. Over the past decade--a decade that enjoyed relatively low inflation, the Consumer Price Index (CPI) rose by approximately thirty percent (30%). During that same period the CODB rose only about fifteen percent (15%). That means that human service providers are being asked to provide similar levels of service to needy people with a *net fifteen percent (15%) decrease in funding*. And even this discrepancy fails to take into account that the personnel-intensive human service enterprise has experienced a rise in human resources costs that far exceeds the rise in the CPI.¹ Meanwhile, the state's FY '02 budget provided for a mere one-half of one percent cost of doing business increase compared to the previous year. And now, even that small increase, scheduled to begin on April 1, 2002, is expected to be eliminated. At the same time that funding has not nearly kept pace with the increase in costs, the regulatory burden of government oversight--especially, but not exclusively in terms of paperwork--has mushroomed, causing further strain on the budgets of service providers.

In addition voluntary contributory dollars of private human service providers--resources that used to be devoted to identifying and responding to unmet human needs--are being used by service providers to subsidize their contracts and grants with government agencies.

As a result, private human service providers are hesitant to enter into or even extend their relationships with government agencies. In recent years many providers have either been forced to or have chosen to give up state government grants and contracts. Many others

¹ As an example, the increased cost for LSSI's employee health insurance from FY 2001 to 2002 was 13.6%. That alone resulted in a net increase in compensation costs of 2+%. (Health and dental are 15% of compensation for our employees. 15% times 13.6% = 2.04% the increase in cost to the agency.) In short, the proposed one-half of one-percent CODB for FY '02 would have covered only one fourth of the actual cost increase for our benefits package. The possibility of offering an increase in spendable income for our employees-- an actual cost of living adjustment -- was, therefore, out of the question.

have committed to scraping by for another year or two, subsidizing their government contracts with other sources of revenue while working diligently to rebalance their relationship with the state.

We earnestly desire to continue to play an important mediating role in partnership with the state in caring for people in need. We hope that the government of the state of Illinois--both the executive and legislative branches--will recognize the wisdom of strengthening the partnership and collaboration between the state and voluntary, not-for-profit human service providers. In the present environment it is extremely difficult for human service provider organizations to attract and retain the very highest quality of employees to serve people in need. In addition it is one of the hidden shames of Illinois' current human services delivery system that many of the workers who provide care for people in need are themselves eligible for services for economically disadvantaged persons. Workers who provide direct care for needy people in our state deserve to be paid at a level that assures their own economic viability.

The focus of our advocacy effort is not the self-preservation of our agencies for their own sakes. Rather, we believe that our agencies are part of the solution to one of the major challenges of the people of Illinois: caring for the most vulnerable members of our society. Children and youth at risk of failure or in danger of violence or other abuse, people with chronic mental illness or developmental disabilities, frail elderly men and women, people in prison and their loved ones back home, people needing assistance to negotiate traumas and transitions in their lives, families who need safe, affordable and developmentally appropriate child care for their children so that the parents can work, *all people served by the public-private partnership for human services are the reason for our effort.*