

August 26, 2016

To the Honorable Members of  
The Illinois House of Representatives,  
99th General Assembly:

Today I return House Bill 581, which would create the Social Services Contract Notice Act, with specific recommendations for change.

House Bill 581 would require a State agency to provide at least 30 days' prior written notice before suspending or reducing the estimated amount of a grant agreement, service agreement, or contract, regardless of the reason. If a State agency intends to suspend, reduce, or terminate an agreement or contract because of a lack of appropriations or a reduction on the amount of available funds, the bill would require the agency to provide at least 120 days' prior written notice to the Governor and each of the four legislative leaders.

Social service providers should receive as much notice as possible regarding potential changes in State funding, particularly given the State's current fiscal climate. But although this bill's intent is laudable, its requirements would place significant restrictions on agencies' ability to practically and realistically manage State programs. For example, many State contracts pay a fee-for-service determined by reconciling the contract amount against actual service after each contract period; this bill's requirement to give 30 days' prior notice of any reduction in the contract amount would leave some agencies unable to undertake that reconciliation, resulting in under- or over-payment.

I support reasonable measures that give greater certainty to social service providers. In particular, agencies should provide at least 30 days' prior notice before suspending or reducing the amount of a contract or agreement due to a lack of appropriation. This requirement would give sufficient notice to the provider, but also permit agencies to reconcile accounts at the end of a fiscal year and effectively manage taxpayer dollars.

The 120-day notice requirement is also unworkable and should be changed to 30 days. Agencies may not be able to anticipate gaps in funding that far in advance, particularly given the circumstances caused by the recent budget impasse.

Finally, to ensure that this bill applies only to social service providers and not any vendor that contracts with the State—as is the intent of the bill—I suggest clarifying the definition of State agency to include those agencies that actually contract with social service providers.

Therefore, pursuant to Section 9(e) of Article IV of the Illinois Constitution of 1970, I hereby return House Bill 581, entitled “AN ACT concerning State government”, with the following specific recommendations for change:

On page 1, by replacing line 20 with “provider, subject to the Grant Accountability and Transparency Act, and that are and that are designed to ensure the health, safety”; and

On page 1, by replacing lines 22 and 23 with the following:

““State agency” means the Department of Aging, the Department of Children and Family Services, the Department of Healthcare and Family Services, the Department of Human Services, and the Department of Public Health, and any commission, board, or other authority within these agencies.”; and

On page 2, by replacing line 9 with the following, “agreement, service agreement, or contract, due to the failure of an appropriation or a reduction in the amount of available funds to support the program, shall be subject to”; and

On page 2, by replacing line 20 with the following, “under the designated agreement or contract or as provided under the Grant Accountability and Transparency Act.”; and

On page 3, line 15, by replacing “120” with “30”; and

On page 3, by replacing line 20 with the following, “entered on or after the effective date of this Act.”

With these changes, House Bill 581 will have my approval. I respectfully request your concurrence.

Sincerely,

Bruce Rauner  
GOVERNOR