

**Administering Services and Managing Contracts: The Dual Role of Government  
Human Services Officials**

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Government's increasing utilization of nonprofit service providers across a wide spectrum of publicly supported functions, as noted by S. Smith and Sandfort, draws the attention of public officials and administrators to the consequences of these relationships for policy and management. Just as government administrators address the management and performance of direct public services—discussed by Richard Nathan, Dennis Smith, and Beryl Radin in *JPAM* 28(3)—they must also take into account the management of services and systems that they have contracted to nonprofit organizations.

Focus by government on the performance of nonprofit organizations is becoming especially evident in the delivery of human services. To be effective, the relationships and practices that develop cannot be straightforward principal-agent arrangements in which government holds its contractors accountable, but rather involves more complex interactions between government departments and nonprofit service providers. The pressures on nonprofit leaders are discussed by Ebrahim, but government officials, too, are pulled in conflicting directions.

Performance contracting between government agencies and nonprofit service delivery organizations is still a relatively young endeavor, but it is growing, and it is appropriate to reflect on some of the broader implications of this important form of government contracting. Much of this contracting, especially in the multiple program areas that are generically called "human services," involves program objectives and functions in which the government is also involved as a provider of services that are related to the purposes of the contracts with nonprofit service providers.

Government plays a dual role of contract manager and of service operator of related human services. Government agencies set policy, determine available resources, manage the contracting process, and measure results by nonprofit service providers through oversight, reporting, and payment for accomplishment of specific milestones. But government also directly provides some key services that are, or should be, closely connected to those provided through contracts.

The implications of this dual system of service provision are important. Both government managers and nonprofit executives should see themselves and their organizations as parts of common systems that share goals, operating procedures, and measures of accountability and accomplishment. It is not enough for government managers to hold private nonprofit contractors accountable for meeting particular programmatic objectives and milestones. Nonprofit organizations are vendors of explicit services, but they are also participants in a larger human services system that engages them and the clients they serve in goals that should be held in common with the government agencies that set policy.

In other words, government departments manage eligibility and other services that are integral to the performance of its service delivery contractors. This dual role of government requires an outlook that can hold contractors at arm's length for accountability purposes and embrace and collaborate with them for program development and operations. Can this dilemma of duality be understood and resolved through government organization and management?

Some examples of this system at work in New York City are the following. The welfare system has a goal of moving public assistance recipients into work and toward self-sufficiency. Contractors screen, counsel, and assist clients to get hired by employers and ensure retention. Under the New York City Human Resources Administration, "Back to Work" contractors are paid based on those placements and retention milestones being met. But the Human

Resources Administration also determines policy and eligibility for public assistance, food stamps, Medicaid, and (with another city agency) child care for children that enables parents to work.

These eligibility determination functions are direct city operations that affect the same clients that the contractors are training, counseling, and placing in jobs. Policies and procedures affecting eligibility for these public benefit programs are governed both by law and by administrative discretion and practice. The extent of education and training permitted and provided has long been in contention, as has the degree of sanction for noncompliance with eligibility documentation and other requirements. Whether the system accomplishes its larger goals of work and self-sufficiency depends on how these policy issues are determined and implemented.

Similarly, in the child welfare system, some measures of foster care and family services are the responsibility of nonprofit child welfare agencies, while other vital functions are performed directly by city staff in the Administration for Children's Services. For example, Family Team Conferences are a high priority for case planning shortly after a child is placed in foster care to determine the best and quickest means to achieve permanency for the particular child. These teams are comprised of staff from both government and nonprofit agencies, as well as natural and foster parents, with the joint objective of reaching the best choices of outcomes. The city department holds the nonprofit providers accountable for performance, but also participates with them in making these and other decisions about delivery of services.

A further example comes from response to disasters, including a set of first responders that include police, fire, emergency medical services, and other government workers along with relief and shelter providers that are largely nonprofit organizations. As first response gives way over time to medium- and long-term recovery, different sets of public and nonprofit organizations come into play. Government funds from the Federal Emergency Management Agency and other sources support disaster centers where government and nonprofit workers serve jointly and interact frequently. Some of these same government agencies will ultimately also be responsible for the accountability of public funds that these nonprofit providers administer.

Other examples of mixed service delivery systems can be found in other human services programs. The broad question from these service areas is how both accountability and systems development and operational coordination can be achieved in such settings. Some principles can be applied.

First, there should be joint planning at the outset that includes both government policymakers and nonprofit services providers. While the public sector is ultimately in charge, it is important to have agreement on program goals and the objectives that will achieve them.

Second, performance measurement should be a commitment made by both government departments and nonprofit providers in areas where appropriate milestones can be set. The "technology" of determining measurable indicators is more advanced in some areas of services than in others. Putting a person to work and measuring retention is fairly objective, while determining what represents permanency and family stability can be harder to establish in payment milestones. It is important for the service providers to be included in the determination of indicators and to agree to their reasonableness.

Third, there is a need to recognize that these complex systems will evolve, and the means to measure performance should evolve with them. There should be a process for reviewing the record of measurement and a willingness on both sides, government and nonprofit, to adapt where necessary.

Finally, the program areas in human services overlap and interact at both policy and operational levels. Whatever processes are established for decision making and indicator determination, they should not be purely agency- or program-specific. As an example, public assistance decisions can affect homeless and child welfare outcomes, and vice versa.

Creating workable formats for such dialogues will often be difficult because of the number and diversity of services providers. Fortunately, there are strong coalitions and federations in most areas of human services that can represent their sectors in discussions with government.

For government officials, the nonprofit sector has become more than either a set of interest groups or a list of services vendors. These organizations do and must play an important

role in policy development, as indicated by Sandfort and Ebrahim. They administer services in jointly operated systems together with government departments.

Experienced government managers will develop and test their plans and strategies with the leaders of coalitions and associations of nonprofit service providers. Such coalitions can provide settings for leaders of nonprofit service organizations to identify problems and pitfalls before a new program or request for proposals is launched. More formally, concept papers can be published to precede the RFP and allow for broad and public response, as is sometimes done in New York City contracting procedures.

Within government departments, there should be opportunities for the direct services managers to confer regularly with contract managers to ensure they each have a full view of operational issues in the field and can advise policymakers. From the nonprofit service provider perspective, there should be an open channel to government managers for discussion of issues during program implementation, well before the contract renewal stage.

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