What Works Toolkit

{ **A State and Local Government Policymaker's Guide to Improving Human Services Contracting and Outcomes**

RESULTS FOR AMERICA

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CONTENTS

EXECUTIVE SUMMARY

Results for America's *What Works Toolkit: A State and Local Government Policymaker's Guide to Improving Human Services Contracting and Outcomes* focuses on how governments can improve the results of their human services programs by using a more collaborative contracting process. This Toolkit is designed for use by state and local governments — as well as human services providers — to help them improve outcomes for the people they serve.

THE PROBLEM: Compliance–focused government procurement fails to deliver on outcomes.

The government contracting system for human services too often fails to achieve desired outcomes. Procurement remains a forgotten area of government practice as many state and local governments contract with the same providers year after year with little to show for their investments. This is the consequence of a system where governments routinely reissue solicitations without examining a contract's overarching outcome goals or how the contract can help achieve the high priority goals of the government. A chief reason for this lack of results is a culture that focuses on compliance with contracting minutiae and output targets rather than outcomes.

THE SOLUTION: Implement accessible, collaborative, and outcomes–focused contracting.

As innovative governments across the country have demonstrated, contract compliance is necessary but it is not sufficient to ensure results from human services contracting. Bringing accessibility, flexibility, and a focus on evidence and outcomes to the contracting process can increase collaboration between government leaders and service providers, leading to improved results. Specifically, these innovative governments have demonstrated the benefits of creating a collaborative culture by engaging human services providers, community groups, and residents as partners in designing, implementing, and monitoring human services contracts.

This Toolkit provides a framework for understanding the practices necessary to move state and local government agencies and human services providers from compliance–focused to outcomes–focused contracting. The Toolkit provides five detailed recommendations to accomplish this shift, including links to specific tools and templates for interested governments as well as examples of leading practices in states, cities, and counties that have successfully implemented these recommendations.

Taken together, the recommendations, tools, and leading practices identified in this Toolkit can help bring about significant change in human services contracting. When state and local governments and human services providers work together to implement accessible, collaborative, and outcomes–focused contracting, they can enhance positive results and better serve the young people, families, and communities who depend on them to provide the services they need to reach their fullest potential.

SUMMARY OF RECOMMENDATIONS

1. **Gather feedback and focus on outcomes:** As a first step, and well before any requests for proposals or new contracts are issued, government agencies should engage human services providers, service recipients, and community groups to gather feedback, define desired objectives, and establish outcome goals for each key contract.

2. **Break down government funding silos:** After identifying and soliciting feedback on desired outcome goals, government agencies should consider broadly — across government departments — which and how many resources to dedicate to each government procurement to accomplish the stated objectives and outcomes. By examining a wide range of potential funding sources and blending funding from separate government programs and budgets, when applicable, governments can align funding toward accomplishing shared outcomes rather than siloing funds in separate government agencies.

3. **Issue clear requests for proposals that focus on outcomes and preference evidence:** After developing outcome goals, gathering feedback, and identifying funding sources, government agencies should issue requests for proposals (RFPs) with clear outcomes and measures that prioritize evidence–based solutions and organizations. The RFP process should be accessible to a diverse array of providers.

4. **Fund outcomes and build evidence:** After selecting the human services provider(s) based on the proposals submitted in response to the RFP, government agencies should issue clear contracts that prioritize paying for outcomes, rather than outputs or process steps, while incentivizing providers to build and use evidence. Contracts should incentivize evaluation of program interventions and allow for adjustments to be made during implementation to improve outcomes. These contracts should be written in plain language and be accessible to the public.

5. **Create feedback loops:** Rather than disengage from a contract once it has been executed, only to follow up at the point of contract renewal, government agencies should use frequent data gathering and regular communication with providers to monitor implementation, identify progress, provide timely feedback, and make necessary adjustments. This process of regular feedback and continuous improvement is the best way to ensure contracts meet their outcome goals.

5 RECOMMENDATIONS

1. Gather feedback and focus on outcomes
2. Break down government funding silos
3. Issue clear requests for proposals that focus on outcomes and preference evidence
4. Fund outcomes and build evidence
5. Create feedback loops

TOOLKIT DEVELOPMENT

The development of this Toolkit was guided by *Robert Doar*, Morgridge Fellow in Poverty Studies at the American Enterprise Institute, former commissioner of New York City's Human Resources Administration (Bloomberg Administration), and RFA Senior Fellow, and *Linda Gibbs*, a principal with Bloomberg Associates, former New York City Deputy Mayor for Health and Human Services (Bloomberg Administration), and RFA Senior Fellow, as a follow–up to their policy paper entitled *Unleashing the Power of Administrative Data: A Guide for Federal, State, and Local Policymakers (2017)*. The paper lays out the barriers and solutions for better sharing and integrating administrative data to drive greater impact for clients of government–funded human services.

This Toolkit was also informed by Results for America's *Local Government Fellows* and *What Works Nonprofit Fellows*. who worked together to identify ways to enhance the working relationship between government and human services providers at their primary point of intersection—the government contracting process. These recommendations are outlined in the blog post, *"Turbocharging Government's Human Services Contracting: 5 Ways to Improve Impact at the Intersection of Government and Nonprofit Interventions"* by Matthew Klein, Executive Director of the New York City Mayor's Office for Economic Opportunity (NYC Opportunity) and a Senior Advisor in the Mayor's Office of Operations, and Lauren Sanchez Gilbert, Chief Executive Officer of BELL.

Based on the insights of Results for America's Fellows, further research, and the review of the work of leading organizations such as *Bloomberg Philanthropies' What Works Cities*, the *Government Performance Lab at the Harvard Kennedy School*, and the *Pew–MacArthur Results First Initiative*, among others, Results for America compiled this Toolkit to guide the way to more effective human services contracting in state and local government.

INTRODUCTION

Across the United States, policymakers are working to address our nation's pressing social challenges: income inequality, unemployment, homelessness, inadequate access to affordable housing, opioid abuse, and mass incarceration, among others. Nonetheless, while governments continue to provide the largest sources of funding to address these challenges, they often fail to move the needle toward significantly better results.

Solutions to these problems do exist. Evidence-based solutions and organizations, in particular, are making progress and demonstrating significant impact for individuals. For example, a recent randomized controlled trial (RCT) found that Per Scholas, an employer-led, tuition-free technology training and professional development nonprofit organization, increased its participants' average earnings by a remarkable *27%* compared to a control group (statistically significant at p < 0.01) using a sector-based approach. The Center for Employment Opportunities, a comprehensive employment services nonprofit organization targeted to recently incarcerated individuals, decreased the recidivism rate for its participants by *22%.*

Results from the *2018 Pathways for Advancing Careers and Education (PACE) RCT* found that Year Up — an intensive training, support, and corporate internship program for low-income young adults ages 18–24 — showed a 53% increase in initial earnings, which remained strong over time, with 40% earnings gains two years out. Urban Alliance, a youth workforce program for at-risk high school students, demonstrated through a six-year RCT that young men who have gone through the program increased their likelihood of attending college by *23 percentage points.*

However, government contracting systems are often a major barrier to investing public resources in evidence-based solutions. Most government agencies have complex, compliance-focused contracting systems that often fail to deliver on priority outcomes. Rigid, non-collaborative contracting systems have historically made it difficult to steer public funds toward human services providers that are implementing evidence-based interventions. Ultimately, a focus on compliance, accompanied by an inability to easily measure results, means that contracts are often renewed year after year regardless of whether or not they are best improving outcomes for the populations they are meant to serve.

Overcoming these barriers and improving results for residents requires a cultural change in the relationship between governments and service providers, moving from a vendor/contractor relationship to a collaborative partnership. Fortunately, innovative state and local governments across the country are making this cultural shift and achieving real progress by moving from compliance-focused contracting to a new form of contracting that is collaborative, accessible, data-driven, and focused on outcomes.

Results for America's *What Works Toolkit: A State and Local Government Policymaker's Guide to Improving Human Services Contracting and Outcomes* (Toolkit) contains five recommendations for how governments can embrace this new form of collaborative contracting to better serve their residents, and includes numerous examples of each recommendation in practice. Governments and human services providers should use this Toolkit as a learning resource as they work to deliver better outcomes for residents.

RECOMMENDATIONS, TOOLS, AND LEADING PRACTICES

Recommendation #1: Gather Feedback and Focus on Outcomes

Government agencies should engage human services providers, service recipients, and community groups to gather feedback, define desired results, and establish outcome goals for each key contract.

Actions

1. **Identify key contracts.** Government agencies should identify their most important human services contracts that either are approaching a renewal period or relate to priority government goals.

2. **Collaborate and focus on outcomes.** Government agencies should engage with human services providers, service recipients, and community groups prior to the issuance of a request for proposal (RFP) for services. By using a pre–proposal conference with providers, letters of interest, or requests for information, government agencies can validate community needs, align expectations, and collaboratively develop outcomes.

3. **Provide oversight.** Government agencies should dedicate a person or team to strategically manage a portfolio of the most important procurements across the government for the upcoming year.

Rationale

State and local government agencies play a central role in providing human services to residents. Before issuing an RFP, policymakers should engage providers and community members to clearly understand community needs and define the outcome goals for each key procurement. An upcoming contract can be an opportunity to revisit goals and align resources. By engaging human services providers, service recipients, residents, other community organizations, subject matter experts, and funders, state and local governments can use the procurement cycle to validate the community need, align expectations, and develop shared outcome goals. In sum, a true focus on outcomes requires that government leaders and human services providers treat each other as valued partners for achieving common goals of improved outcomes for their residents and clients.

Tools and Templates from the Field

- The New York City Nonprofit Resiliency Committee developed a *Guide to Collaborative Communication with Human Services* to help agencies understand their various options for communicating with key stakeholders while complying with the contracting rules.

- The Government Performance Lab at the Harvard Kennedy School has developed a portal with a collection of useful, publicly available government documents, including several *sample requests for information (RFIs)*.

Leading Practices

- **King County** implemented the *Best Starts for Kids* initiative to create a comprehensive approach to early

childhood development, which included a $65 million voter-approved investment. With the implementation of this investment, King County focused on making their new contracting process more accessible to community providers, as well as more collaborative and outcomes-focused (*Results for America, 2018, Case Study*). The County's contracting process begins by engaging with community members and local community-based organizations to jointly develop shared goals and values. County program managers have flexibility to make decisions about contracts, manage contract negotiation, and provide contract oversight. Each contract has performance measures which are developed in partnership during the contract negotiation process. County program managers and providers work together to address provider challenges and make program improvements to achieve the desired performance measures.

- **New York City** has a variety of resources to help create a more collaborative and effective relationship between government and human services providers. *The New York City Nonprofit Resiliency Committee*, comprised of city staff and providers, coalitions, academia, and philanthropies, is charged with identifying, designing, and launching solutions to increase collaboration between New York City and nonprofit human services sector. The Committee released tools including a *Guide to Collaborative Communication with Human Services* and a *Civic Service Design guide* to improve the outcomes of government programs and contracting. Examples of agency implementation include:

- New York City Administration for Children's Services (ACS), Division of Prevention Services Communities of Practice (CoP) has made communication with contracted nonprofit service partners a key part of their contracting and service delivery process. The CoP uses channels of communication that are easy and convenient for providers to access to collect program-related feedback in real time and to ensure nonprofits and key stakeholders have a voice in decision making.

- New York City Mayor's Office of Immigrant Affairs (MOIA) solicited targeted community feedback by sending a survey to a pre-qualified list of vendors as well as posting the survey to their website and sharing with a community committee. By developing a survey that asked specific questions about their service concept, they were able to solicit highly specific feedback that could be easily incorporated into the RFP draft. They found the survey lowered the barriers for providing feedback by making it a clear, straightforward process. With this more user-friendly strategy, MOIA received input from over 40 New York City nonprofits and advocacy groups.

- **Washington, D.C.'s** *Procurement Practices Reform Act of 2010* requires each city government contract to include performance standards and expected outcomes of the proposed contract.

RECOMMENDATIONS, TOOLS, AND LEADING PRACTICES

Recommendation #2: Break Down Government Funding Silos

Government agencies should allow for funding flexibility to permit human services providers to align programs and focus on holistic outcomes for the target populations.

Actions

1. **Review funding streams.** Government agencies should proactively review which and how many resources to dedicate to each government procurement in order to accomplish its stated objectives and outcomes.

2. **Blend funds.** When appropriate, government agencies should bring multiple funding sources together into one solicitation, which allows providers to focus on outcome-oriented services rather than recordkeeping for disparate grants. By examining a wide range of potential funding sources and combining funding from separate government programs and budgets, governments no longer limit funding for human services to any one government program or agency and can align disparate funding sources toward accomplishing shared outcomes.

3. **Streamline allowable uses.** Currently, most government funding streams have their own restrictions on allowable uses of funds. When feasible, government agencies should streamline allowable uses across each contract to minimize the administrative compliance burden on human services providers and for ease of government oversight.

4. **Focus on the long term.** Government agencies should provide incentives for multiyear contracts that enable a focus on sustainable, long-term change.

Rationale

Government contracts that focus on outcomes align all stakeholders toward achieving results for the client. However, program-specific fiscal restrictions often make it difficult for government to provide funding that is focused on achieving holistic outcomes. Breaking down these silos aligns program and funding streams, increasing results for target populations. Thus when government agencies can provide funding flexibility by combining funds from multiple funding sources and streamlining allowable uses, they reduce compliance technicalities for providers and allow more resources to be devoted towards achieving long-term outcomes at scale.

Tools and Templates from the Field

- *Performance Partnership Pilots (P3)* is a federal initiative designed to help improve outcomes for disconnected youth by giving state, local, and tribal jurisdictions additional flexibility in using and blending existing discretionary funds across multiple federal programs. In Fiscal Years 2014–2016, this flexibility was granted to ten high-performing jurisdictions per year with the expectation that pilot sites achieve a set of cross-agency, data-driven outcomes and build the evidence base about what works for vulnerable youth.

Leading Practices

- **Bernalillo County, New Mexico**, with pro bono technical assistance from the *Government Performance Lab at the*

Harvard Kennedy School, reformed its procurement practices to ensure that the right services are reaching the right people. In response to growing community concern about ineffective behavioral health care services, the voters of Bernalillo County and the County Commission approved an additional $17 million per year for the County to spend on providing high-risk populations with targeted behavioral health services. To ensure funds were used effectively and not siloed in agencies, and to meet the intended outcomes, a joint city and county governing structure was developed. It included subcommittees that were each staffed by a city or county employee and were also chaired by and made up of community members. Bernalillo County issued a new problem-based request for proposal (RFP) and used the new contracting process as an opportunity to transform its service delivery system to focus on collaboration, behavioral health best-practices, real-time data sharing, evaluation, and program improvement. This procurement approach is now being adopted more broadly throughout the county government (Harvard Kennedy School Government Performance Lab, *Project Feature*, 2017b).

- **San Francisco, Office of Economic and Workforce Development (OEWD),** with support from the *Government Performance Lab at the Harvard Kennedy School* through *Bloomberg Philanthropies' What Works Cities* initiative, worked to both better align services, funding, and contracting across departments and incorporate performance-based payments. Recommendations for improving

system alignment included conducting joint procurements, reducing service overlaps and gaps to make sure that the array of services corresponds to the needs of the population, and coordinating outreach to participants to match them to appropriate programs regardless of departmental entry point (Harvard Kennedy School Government Performance Lab, *Solutions Book*, 2018b, p. 5).

- **Seattle's Human Services Department**, with support from the *Government Performance Lab at the Harvard Kennedy School* through *Bloomberg Philanthropies' What Works Cities* initiative, consolidated and streamlined homeless services contracts. By merging 26 disparate contracts into eight portfolio contracts, Seattle was able to increase flexibility for their five human services providers allowing them to shift funding between their programs as needed. This streamlining facilitated the City's move towards a performance tracking system to consistently measure outcomes across similar programs. By establishing baselines and introducing performance targets, Seattle improved collaboration so that city and provider staff can identify challenges to service provision in real-time and implement solutions to drive better performance and ultimately outcomes (Harvard Kennedy School Government Performance Lab, *Solutions Book*, 2018b, p. 5).

RECOMMENDATIONS, TOOLS, AND LEADING PRACTICES

Recommendation #3: Issue Clear Requests for Proposals that Focus on Outcomes and Preference Evidence

Government agencies should issue requests for proposals (RFPs) with clear outcomes and measures that meet validated community needs and preference evidence-based solutions.

Actions

1. **Use outcomes-focused RFPs.** Government agencies should incorporate outcome goals into their RFPs. These outcome goals should reflect feedback from human services providers, service recipients, and community groups gathered during the pre-proposal feedback phase.

2. **Preference evidence.** Government agencies should define the evidence requirements that human services providers need to include in their proposals. As part of the RFP scoring system, government agencies should award points for the use of evidence-based interventions.

3. **Promote a more accessible process.** Government agencies can improve efficiency by using simple RFP language, creating a central repository for RFPs, and establishing consistent RFP timelines.

Rationale

Rather than mandating specific process steps, government agencies should insist that service providers focus on achieving outcomes. As government agencies move away from short-term output measures, they should require the use of evidence-based models. When government agencies allow human services providers more latitude to achieve outcomes, they must have assurances that providers' program models have a high likelihood of succeeding. In combination with regular performance monitoring (discussed in recommendation #5), implementing programs with evidence of effectiveness, such as those found in evidence-based clearinghouses, is the best way for government agencies to increase the likelihood that interventions will achieve the desired outcomes.

Government agencies should also incentivize providers to build more evidence about what works and to use data to improve their models. As a starting place for this approach, the RFP should contain a clear definition of what "evidence-based" means. This definition should allow providers to use evidence-informed promising practices with the condition that these practices receive ongoing evaluation. One strategy used at the federal level is to implement tiered evidence systems that award points to applicants along an evidence continuum from promising to proven practices.

To achieve the best results, both nonprofits and governments should commit themselves to a culture of learning in order to improve the effectiveness of human services programs. Finally, developing consistent RFP language, processes, and timelines provides greater consistency and efficiency for both government and human services providers.

Tools and Templates from the Field

- Results for America's *9 Ways to Make Federal Legislation Evidence-Based: 2017 What Works Guide for Congress* describes various definitions of "evidence-based" and provides examples of how these definitions can be applied. Simply including the word "evidence-based" in RFPs and contracts will not improve outcomes, since evidence can mean anything from an anecdote to the most rigorous randomized control trials. Defining "evidence-based" is the critical first step towards the effective implementation of proven program models.

- State and local governments can use the *Results First Clearinghouse Database*, a tool from The Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation, to identify appropriate evidence-based interventions.

- The Government Performance Lab at the Harvard Kennedy School has developed a portal for a collection of useful, publicly available government documents, including *several sample RFPs*.

Leading Practices

- **The Florida Department of Juvenile Justice** requires the use of evidence in the RFP process (*Pew-MacArthur Results First Initiative*, 2016, p. 4). The Office of Program Accountability monitors contracted providers using real-time data uploaded to its Juvenile Justice Information System, which shows whether a program is being implemented with fidelity to its model. The Department also provides technical assistance to providers to support training on evidence-based program models.

- **New York City Mayor's Office of Contract Services** *has created a variety of standardized materials* to improve its human services contracting and payment process, including a standardized audit guide, a streamlined claims verification process, and a payment advance policy that allows a provider to request an advance of 25% of its annual budget. New York City's *Procurement and Sourcing Solutions System (PASSport)* provides a central access point for submitting contracting documents, improving the efficiency and consistency of the contracting process.

- **The Santa Cruz Probation Department** *requires 100%* of providers receiving grant funding to offer evidence-based programming (*Pew-MacArthur Results First Initiative*, 2016, p. 7). The Results First report highlights how the Department works with service providers to develop a common set of outcome measures, which are tracked and reported quarterly. The report highlights how the Department collects data for program evaluations and monitors implementation to ensure fidelity.

RECOMMENDATIONS, TOOLS, AND LEADING PRACTICES

Recommendation #4: Fund Outcomes and Build Evidence

Government agencies should issue clear contracts that pay for outcomes, not outputs or process steps, while incentivizing providers to build and use evidence.

Actions

1. **Use outcome measures in contracts.**
   Government agencies should ensure that contracts include outcome measures that reflect the community-level goals identified in the request for proposals (RFP).

2. **Tie payments to outcomes.**
   Government agencies should connect payments to the achievement of measurable outcomes including exploring innovative contracting models (such as Pay for Success, outcome rate cards, and outcome bonus payments).

3. **Include data use in contracts.**
   Government contracts should include provisions for collecting, integrating, and sharing data across agencies and service providers.

4. **Incentivize evidence building.**
   Government agencies should incentivize funding what works by including funds for rigorous, independent evaluation of programs.

5. **Use a consistent payment process.**
   Government agencies should use consistent invoicing, payment systems, and standardized payment timelines to allow staff to focus on outcomes, not payment processing.

Rationale

When government agencies pay for outcomes – not outputs – they can measurably improve the lives of people most in need by shifting dollars toward better, more effective programs. Governments can achieve this goal through outcomes-based contracts that tie a portion of the payment to measuring and achieving outcomes rather than inputs or outputs. These contracts may contain bonus payments for the achievement of specific intermediate process and long-term outcome goals. Outcomes-focused contracts provide a clear framework for monitoring progress and ensuring the program achieves its intended result.

Two other innovative models of outcomes-based contracting that governments should explore are Pay for Success financing and outcome rate cards. Pay for Success is a public-private partnership in which investors provide upfront capital to scale prevention-focused social interventions and government repays the upfront capital in addition to a modest return, only if the intervention produces identified impact. Outcomes rate cards provide a menu of outcomes that government seeks to achieve at the prices they are willing to pay. While moving to 100% outcomes-based payments may not be advisable for most government contracts, moving towards more outcomes-focused contracting models enable governments to provide more effective and evidence-based programs to residents.

These outcomes-focused contracts should have mechanisms (such as setting aside funds for data collection, evaluation, and provider capacity building) to continually grow the

evidence–base and allow for innovation. Without this kind of ongoing data collection and evaluation, policymakers lack basic information about the effectiveness of the programs they fund.

Government agencies should also create a consistent payment process for contracts. This payment process should utilize standardized systems and templates for invoicing and payment as a way to increase efficiency. Standardized payment processes reduce the administrative burden on staff and allow procurement officers to focus on ensuring that contracts are achieving their desired outcomes. Taken together, these efforts elevate the role of contract managers and procurement officers by providing them with consistent, user–friendly tools, which allows them to spend more time on active contract management and less time on invoice review, data processing, and other technical compliance tasks.

Tools and Templates from the Field

- The Government Performance Lab at the Harvard Kennedy School has developed a portal for a collection of useful, publicly available government documents, including *several sample contracts*.

Leading Practices

- **The Illinois Department of Children and Family Services** uses a *data–driven performance management approach to contracting* (The Pew Charitable Trusts, 2018, p. 15). The Department incorporates specific performance goals into service contracts with private providers that specify both incentives and penalties based on outcomes.

- **King County** is making their contracting process more collaborative, outcomes–focused, and accessible to community providers in conjunction with the

implementation of the Best Starts for Kids Initiative (*Results for America, 2018, Case Study*). This redesigned contracting process promotes evidence–based preventive services, while simultaneously allowing the County to test innovative and community–based approaches. Best Starts for Kids recognizes that existing evidence–based and evidence–informed models do not work for all communities, and they place equal value on innovative, community–based programs, providing them with the support they need to evaluate their impact and build a base of evidence for new approaches.

- **The Pennsylvania Department of Corrections** uses *data in its contracting processes*. Community corrections programs that serve recently paroled or soon–to–be paroled inmates must meet performance targets based on the recidivism rates of their clients (*The Pew Charitable Trusts, 2018, p. 16*). Agencies whose clients attain a better–than–expected recidivism rate earn an increase of 1% in the Department's per diem rate (Chieppo, 2015). Agencies with recidivism rates that are worse than expected for two consecutive contracting periods may have their contract terminated. Department officials credit this system with an 11.3% reduction in recidivism rates for 2014 – 2015.

RECOMMENDATIONS, TOOLS, AND LEADING PRACTICES

Recommendation #5: Create Feedback Loops

Government agencies should use frequent data gathering and regular communication with providers to monitor implementation, identify progress, provide timely feedback, and make necessary adjustments to ensure contracts meet their outcome goals.

Actions

1. **Regularly monitor progress.** Government agencies should establish clear procedures and mechanisms to monitor progress toward outcomes and make programmatic course corrections as necessary.

2. **Implement data systems.** Government agencies should set up integrated data systems to provide easy access to all relevant sources of information and data related to achieving outcomes.

3. **Use data-sharing agreements.** As part the contracting process government agencies should put into place data–sharing agreements to provide human services providers with access to relevant operational and outcome data.

4. **Share performance data.** Government leaders and human services providers should regularly exchange data to measure progress against goals, provide timely feedback, and make necessary adjustments.

Rationale

Today, government agencies often view a finalized contract as the end of their work until the next renewal cycle. However, in an outcomes–focused world, the final contract is just the beginning of government's work; consistent communication with and oversight of human services providers should be ongoing. Collaboration is key in designing programs, but it is also the best way to improve program implementation. Active contract management provides this coordination and closes the feedback loop, with governments soliciting and nonprofits providing frequent updates on program progress and interim goals.

A necessary component of this feedback loop is a centralized data system which gathers all the necessary program data. Building on this data system, government contracts should include provisions for ongoing information sharing, including (but not limited to) data–sharing agreements. These data–sharing agreements outline the provisions for collecting, sharing, and making decisions based on real–time data. This shared performance management can be accomplished through dashboards, regular meetings, and site visits. Feedback loops allow government and human services providers to make course corrections and program improvements. By comparing current and past performance, government agencies can power continuous learning, improve services, and meet desired outcomes. To make this process of actively managing contracts effective, governments must also work to create a culture of learning and a community of practice to support contract managers in executing this significant change.

Tools and Templates from the Field
- The Government Performance Lab at the Harvard Kennedy School's 2017 policy brief *Active Contract Management: How Governments Can Collaborate More*

Effectively with Social Service Providers to Achieve Better Results, describes how active contract management has been applied in New York City, Seattle, Rhode Island, and Illinois.

- In January 2018, Robert Doar and the Evidence-based Policymaking Collaborative developed the *Data Access and Integration Toolkit* to provide the background, definitions, strategies, and examples a policymaker would need to effectively integrate and provide access to administrative data.

- *Actionable Intelligence for Social Policy* is an initiative that focuses on the development, use, and innovation of *integrated data systems (IDS)* for policy analysis and program reform. Among the resources they provide are *legal agreements and other supporting documents* that can help facilitate the sharing of administrative data.

- In 2014, the Administration for Children and Families within the U.S. Department of Health and Human Services created a *Confidentiality Toolkit* designed to promote appropriate, confidential data sharing across human services agencies. The initiative has two goals: (1) to help state and local leaders provide more effective services, and (2) to provide greater clarity regarding the rules governing confidentiality.

- In 2016, a memorandum of understanding was signed between All Home, King County, and United Way of King County committing the agencies to aligning community priorities across the entire network and tying funding to outcomes that improve the effectiveness of the homeless system. The data sharing needed to facilitate this work was enabled by the *Homelessness Partner Agency Privacy and Data Sharing Agreement.* This agreement clarifies the rights and responsibilities of the parties regarding access to and use of Homeless Management Information System data by the partner agencies. Seattle consolidated and streamlined the data collection process by using one system, the federally mandated Homeless Management Information System, and collaborated with providers to increase data collection accuracy. The *Washington Homeless Client Management Information System Law* made this effort possible.

- New York City created a *simple form* to accelerate internal data sharing.

Leading Practices

- **Connecticut's Department of Children and Families** with pro bono technical assistance from the *Government Performance Lab at the Harvard Kennedy School* piloted improvements to the way the agency matches families to services (Harvard Kennedy School Government Performance Lab, *Project Feature*, 2018a). Among other innovative practices, the Department is using collaborative, data-driven conversations between the agency and providers to resolve problems with service delivery and identify opportunities for systems reengineering. This active contract management approach is being tested on intensive family preservation services across the state with the goal of expanding it to other service types.

- **Washington, D.C.'s Department of Employment Services (DOES)**, with support from the *Government Performance Lab at the Harvard Kennedy School* through *Bloomberg Philanthropies' What Works Cities* initiative, employed results-driven contracting procedures to procure a new one-stop workforce development services provider and address the disproportionate employment rates

across wards (Harvard Kennedy School Government Performance Lab, *Solutions Book*, 2018b, p. 3). The goal was to better connect unemployed residents with jobs. The District defined specific objectives for the provider and invited vendors to explain how they were going to meet the identified goals and provide the outlined services. As a result, Washington, D.C. developed an RFP that defined key process and outcome metrics. This helped them assess the performance of the provider and the overall workforce development system.

Having established an active contract management approach, Washington, D.C. contract administrators meet bimonthly with vendors to review performance indicators and flag any issues in real time. These meetings allow vendors and the District to brainstorm solutions together and foster a shared understanding of the program. To incentivize results rather than just compliance, Washington, D.C. plans to renew contracts with vendors based on performance reviews using a combination of process metrics, outcome metrics, and the vendor's level of collaboration with the District.

CONCLUSION

State and local governments are in a position to meet the key social challenges of our time, including: income inequality, unemployment, homelessness, inadequate access to affordable housing, opioid abuse, and mass incarceration. While these are big challenges, if government agencies can make smarter use of public resources, they can scale solutions that work and make significant progress. Policymakers are increasingly turning to evidence-based solutions to get better results and lower costs.

The *What Works Toolkit: A State and Local Government Policymaker's Guide to Improving Human Services Contracting and Outcomes* is designed to help state and local government agencies build on these trends to achieve better outcomes for residents by moving from compliance to outcomes-focused procurement.

To achieve these better outcomes, a cultural change is needed in the way that governments and human services providers interact. To that end, all five recommendations in this Toolkit are built on the idea that better results can be achieved when government and human services providers create a collaborative culture that is focused on achieving overarching outcomes through the use of evidence-based approaches. This work starts with government gathering feedback and collaboratively developing outcomes-focused goals (recommendation #1). When combined with a more holistic approach to contracting that breaks down government program and budget silos (recommendation #2), this collaboration can result in RFPs that are clear, evidence-based, and outcomes-focused (recommendation #3). Making sure this outcomes-focused approach is executed through contracts that build evidence (recommendation #4) and connected to feedback loops with strong performance monitoring systems (recommendation #5), creates a human services procurement system that is focused on delivering outcomes and continually improves to get better results. If implemented, these five recommendations can create a win-win situation for government and service providers and, most importantly, for the people they serve.

For more information and to explore the training opportunities, please contact info@results4america.org.

WHAT WORKS TOOLKIT IN ACTION

Rhode Island Department of Children, Youth, and Families Use Outcomes-focused Contracts to Expand Family-based Services

The *Government Performance Lab at the Harvard Kennedy School* began providing pro bono technical assistance to Rhode Island's Department of Children, Youth & Families (DCYF) as part of a system-wide turnaround in March 2015 (Harvard Kennedy School Government Performance Lab, 2017c). To identify areas of budget overrun, DCYF compiled prior year invoices and service provider contracts into a single database and analyzed them to project future cost and service trends. Some 5,000 pieces of unique input were collected from DCYF frontline caseworkers, department supervisors, and direct care providers on service needs and historical gaps, referral and matching strategies, and potential contract structures for a new array of services.

Next, DCYF structured its services around fifteen outcome categories and linked those to specific performance objectives. The department completed a results-driven contract process that resulted in 116 new contracts collectively representing approximately $90 million in services per year. Unlike conventional solicitations, which request that vendors deliver a predetermined service model, the new procurement process asked providers to propose the services, supports, and resources that would best enable children and families to achieve the outcome categories prioritized by the department. The flexible nature of the solicitation allowed DCYF to leverage the expertise of local experts and community providers and offer programs they had not previously considered.

New and innovative programs have proliferated, with results that include a 50% expansion of foster care resources for children with the highest need since 2015, a two-fold increase in the capacity of high-quality family visitation and reunification services, and start-up investments of $1.2 million in nonprofit community organizations to support new and expanded programming. To institutionalize performance feedback loops, DCYF integrated small performance-based payment opportunities into all new contracts for family-based and residential services. Linking payment to the measurement of administrative data ensures that throughout the duration of the multiyear contract, providers will receive data from DCYF that will enable them to learn what happens with clients exiting the program. This data will also help inform DCYF's future referral and contracting decisions.

DCYF piloted an active contract management system with four providers and has since expanded the process agency-wide. Active contract management allows the DCYF program staff and service providers to track outcomes and quickly intervene if performance starts to drop. As a result, DCYF has reduced the number of children in group care by nearly 20% since 2015, dramatically expanded its portfolio of family-based services and supports, strengthened the department's financial controls and contract management practices, and reduced the number of children entering state custody due to the improved performance of preventative services.

WHAT WORKS TOOLKIT IN ACTION

King County, Washington Applies an Equity Lens to Design More Accessible, Collaborative, and Outcomes-Focused Contracting Processes

In 2014, King County, Washington began to re-evaluate its approach to delivering health and human services for children and families to achieve its strategic goals for enhancing equity, health, and wellbeing outcomes among county residents. Their goal was to create conditions under which many more people—particularly communities that have been historically disadvantaged and underrepresented—can achieve their full potential. In November 2015, King County voters passed the Best Starts for Kids levy (*Ordinance 18088*), considered the most comprehensive approach to early childhood development in the United States. The levy now generates an average of $65 million per year in new funding to invest in the health and wellbeing of all King County residents. Grounded in early childhood and youth development research, Best Starts for Kids invests in promotion, prevention, and early intervention strategies that promote healthier, more resilient children, youth, families, and communities.

As an entirely new investment, Best Starts for Kids allowed the County to build its equity-driven approach into the initiative from the ground up and led to major shifts in the King County contracting process. King County's new contracting practices support services for historically underserved communities by increasing provider diversity and ensuring the County contracts with community-based organizations that are led by and reflect the communities they serve. King County's new contracting

process is more accessible, collaborative, and outcomes-focused.

Best Starts for Kids used an equity lens to design its contracting process and focused on building trust between service providers and King County government agencies. The County's contracting process begins by engaging with community members and local, community-based organizations to jointly develop shared goals and values. County program managers have flexibility to make decisions about contracts, manage contract negotiation, and provide contract oversight. Each contract has performance measures which are developed in partnership during the contract negotiation process. County program managers and providers work together to address provider challenges and make any necessary program improvements to achieve the desired performance measures.

This new contracting process also promotes evidence-based preventive services, while simultaneously allowing the County to test innovative and community-based approaches. Best Starts for Kids recognizes that existing evidence-based and evidence-informed models do not work for all communities, and they place equal value on innovative, community-based programs, providing them with the support they need to evaluate their impact and build a base of evidence for new approaches.
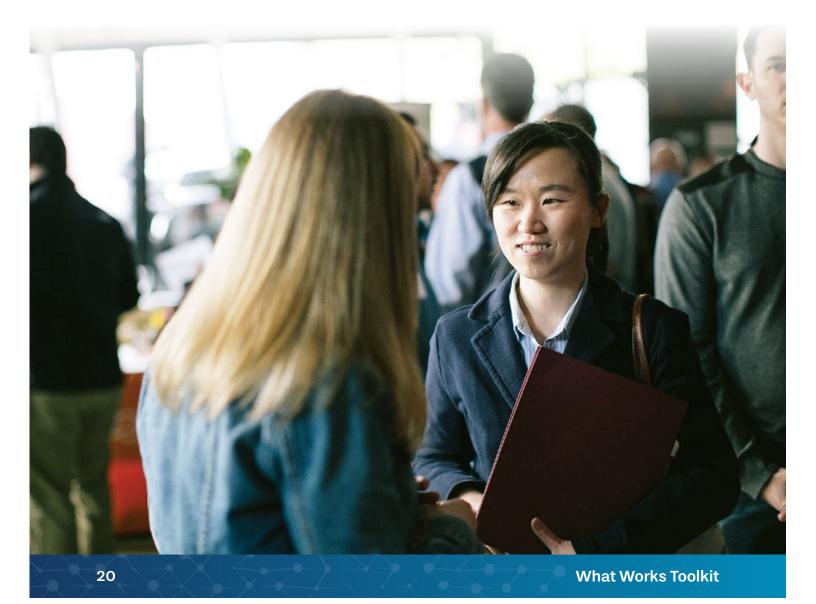
To support this effort, King County developed Best Starts for Kids' *comprehensive data and*

evaluation plan, which is used as a learning agenda informing all of their work. The data and evaluation plan guides which services should have a deep-dive evaluation and builds knowledge of what works to improve outcomes for county residents.

King County requires Best Starts for Kids to set aside at least 1% of funding for *technical assistance* and capacity building. Technical assistance provides critical support to smaller community-based organizations as they apply for funding. Preliminary results from one of Best Starts for Kids' RFPs show that 124 organizations have accessed technical assistance resources such as data analytics. Of those organizations, 52% had never applied for King County funding and 33% had never applied for any kind of grant.

By focusing on equity and re-evaluating contracting processes, Best Starts for Kids demonstrates how innovative thinking and new approaches can lead to a more accessible, collaborative, and outcomes-focused contracting process in order to improve the wellbeing of residents.
To read the full case study go to: *https://results4america.org/local-government-fellowship-case-studies/*

KEY TERMINOLOGY

Active Contract Management	Frequent use of data and regular communication with providers to monitor implementation and progress. [1]
Administrative Data	Data collected by government for record keeping or to meet the needs of a specific program or regulation, not research purposes. [2]
Blended Funding	When governments bring multiple funding sources (from different programs or budgets) together in a single solicitation. Also known as braided funding.
Continuous Improvement	Ongoing iterative process of using performance and other data to continually improve a program or service.
Compliance-based Contracting	Government contracting focused on inputs and outputs rather than outcomes. It focuses on the manner in which services are delivered, rather than the broader outcomes achieved for the target population.
Contract Flexibility	A technique used in contracting to blend funding, reduce compliance technicalities, and emphasize outcomes over a specific service delivery model or fixed set of outputs, including an ability to make mid-course corrections.
Data Access	Granting partners access to government data for research and evaluation purposes. [3]
Data Integration	Data integration involves merging and layering information from different datasets through processes such as data matching. [4] Integrated data allows for a more complete picture of programmatic and user activities and is typically captured in a single integrated data system (IDS).
Data Sharing Agreement	A formal contract to share data between two entities that clearly documents the data to be shared, acceptable uses of the data, and the means by which the sharing will occur. [5]
Data-driven	An agency, program, or budget that uses data to inform decision-making.
Data Privacy	The regulation of the collection, maintenance, use, and dissemination of personal information to balance the government's need to maintain information about individuals with the rights of individuals to be protected against unwarranted disclosure of personal information (i.e., any data element that can be used to identify the individual like names, Social Security numbers, and addresses).
Effectiveness	The degree to which a process yields the desired outcome/result, regardless of cost.
Efficiency	The degree to which a process yields the desired output at minimum cost.
Evaluation	A systematic approach to collecting and analyzing program data in order to determine whether a program is producing the desired results and to identify areas for improvement, test innovations, measure key outcomes, and make more informed decisions. [6]

[1] "2018 Invest in What Works State Standard of Excellence", Results for America. https://results4america.org/tools/state-standard-of-excellence-2018-invest-in-what-works-state-standard-of-excellence/

[2] Robert Doar, "Data Access and Integration," Evidence-Based Policymaking Collaborative, January 2018. https://www.evidencecollaborative.org/toolkits/data-access-and-integration

[3] Doar, "Data Access and Integration"

[4] Doar, "Data Access and Integration"

[5] "Data-sharing Agreements," University of Chicago, University Research Administration. https://ura.uchicago.edu/page/data-sharing-agreements

[6] CDC Program Performance and Evaluation Office. https://www.cdc.gov/eval/index.htm

Evidence	Information, facts or data supporting (or contradicting) a claim, assumption or hypothesis. Evidence may come from scientific research suggesting generally applicable facts about the world, people, or organizational practices. [7]
Evidence-based Policy	The process of using the best available evidence of impact to inform government policy making and program administration.
Evidence-based Program	A program is evidence-based if evaluation research shows that it produces the expected results. Evidence-based programs can also be defined in tiers based on their level of supporting evidence (including the rigor of study conducted and the significance level of findings from the study).
Evidence-building	The process of continuous data use, learning, and evaluation to improve understanding of which programs and services are most effective.
Impact	The net effect of a program relative to the program never existing (or changes that are attributable to the program or to which it measurably contributed). Most typically, impact reflects long-term outcomes, such as persistent changes in participants' situations or behavior. [8]
Intervention	A program or set of other actions aimed at providing services or support to individuals or populations.
Key Procurements, Contracts, and Grants	Procurements, contracts, and grants that are either tied to high priority goals or represent large dollar amounts.
Memorandum of Understanding	An agreement between two or more parties outlining the terms and details of an understanding, including each parties' requirements and responsibilities. Often the first stage in the formation of a formal contract.
Outcome	A goal or long term result for an individual or population, such as entering permanent housing or receiving a college degree.
Outcomes-based Contract	A contract where the payment is tied to measuring and achieving outcomes rather than inputs or outputs; may contain bonus payments for the achievement of specific goals.
Outcomes-focused Contract	A contract where outcome goals are measured and tracked but not specifically tied to payments.
Outcome Rate Cards	A type of outcomes-based contracting that includes a menu of outcomes that government seeks to achieve and the prices they are willing to pay for each outcome achievement. [9]
Output	A direct and tangible product from activities of an intervention, such as number of workshops held, number of therapy sessions, etc.
Pay for Success Financing	A public-private partnership in which investors provide upfront capital to scale prevention-focused social interventions. Government repays the upfront capital plus a modest return only if the intervention produces measurable social impact. [10]
Performance Standards	An objective measure of the level of achievement that must be met. Often used in government contracts.

[7] "What is Evidence-Based Management?" The Center for Evidence Based Management. https://www.cebma.org/faq/evidence-based-management/

[8] Peter A. Tatian, "Performance Measurement to Evaluation," Urban Institute, March 2016. https://www.urban.org/research/publication/performance-measurement-evaluation-0

[9] "Outcomes Rate Card", Social Finance, 2018. http://socialfinance.org/how-pay-for-success-works/outcomes-rate-card/ http://socialfinance.org/how-pay-for-success-works/outcomes-rate-card/

[10] "Glossary," Pay for Success Learning Hub, Nonprofit Finance Fund, 2018.

Performance Measure/ Performance Management	Data about a program's operations and outcomes that are collected and analyzed, usually by program staff, to aid in improving the results of a program, process, or service. [11]
Preference Points	Extra points awarded to proposals that meet a certain criteria as part of an overall scoring system. When reviewing proposals, governments may grant preference points for evidence-based interventions.
Randomized Control Trial	A quantitative, comparative evaluation method that randomly assigns participants into an experimental group or a control group. Under this design, the variable under study can be isolated as the factor causing the differential outcomes between the treatment and control group.
Result	A consequence, effect, or outcome of an activity or intervention.
Requests for Information (RFIs)	A common form of government solicitation to gather information for planning purposes at the beginning of the procurement process. Governments use RFIs to gather provider feedback from stakeholders when exploring a new initiative or preparing to issue a Request for Proposal (RFP).
Request for Proposal (RFP)	A solicitation that outlines specific requirements and requests bids for a government's specific programmatic expenditure.
Service Delivery Improvement	The process of developing and implementing changes to a process to enhance the delivery of services to customers.
Service Provider	A community-based, nonprofit or private provider of services to customers that frequently contracts with government to deliver services to residents.
Systems Alignment	The coordination of goals, resources, and services across agencies and programs.
Tiered Evidence	A system of ranking evidence on a continuum from a lower level of evidence (such as a program with an evidence informed theory of change) to a higher level of evidence (such a program with results that have been proven through a randomized control trial).

[11] Referenced in Peter A. Tatian, "Performance Measurement to Evaluation," Urban Institute, March 2016. https://www.urban.org/research/publication/performance-measurement-evaluation-0

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ADDITIONAL RESOURCES

Coalition for the Homeless of Houston/Harris County. *http://www.homelesshouston.org/continuum-of-care/*

Harvard Kennedy School Government Performance Lab. *govlab.hks.harvard.edu/*

HUD Exchange Continuum of Care (CoC) Program. *www.hudexchange.info/programs/coc/*

NYC Nonprofits: Nonprofit Resiliency Committee. *www1.nyc.gov/site/nonprofits/nonprofit-resiliency/nonprofit-resiliency.page*

NYC Mayor's Office for Economic Opportunity: Civic Service Design: Tools and Tactics. *www1.nyc.gov/assets/servicedesign/index.html*

NYC PASSPort: Procurement and Sourcing Solutions Portal. *www1.nyc.gov/site/passport/index.page*

Nonprofit Finance Fund: Pay for Success. *http://www.payforsuccess.org/learn/basics/#what-is-pay-for-success*

P3: Performance Partnership Pilots for Disconnected Youth. *https://youth.gov/youth-topics/reconnecting-youth/performance-partnership-pilots*

The Pew Charitable Trusts. *www.pewtrusts.org/en*

Pew-MacArthur Results First Initiative. *www.pewtrusts.org/en/projects/pew-macarthur-results-first-initiative*

Memorandum of Understanding. *erdc.wa.gov/research-partners/our-partners/memorandum-understanding*

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