The use of performance contracts for delivery of social services

Maria P. Aristigueta

In part as a result of the New Public Management, government organizations are devolving their responsibilities for services. This includes from the national government to states to local governments, as well as from government to non-profit and for profit organizations. The phenomenon of increasingly privatized government services and its implication for an enhanced role for the nonprofit sector in the United States is well-documented throughout much of the public administration literature.

Performance contracts are viewed as a method for holding service providers accountable for outcomes. Yet, despite their increasing popularity, many questions about this emerging trend have remained largely unanswered. A team of researchers\(^1\) from the University of Delaware has been involved in studying various aspects of the relationship in the contractual arrangement between state government human service agencies and non-profit organizations.

This paper will focus on the performance contract arrangements with the research questions: What is the impetus in government and the nonprofit sector in Delaware to implement performance contracts? What agencies are involved the performance contracts? And finally, is it leadership, mandated requirements or both that promote the performance contract arrangement?

The methodology includes quantitative and qualitative data from on-line surveys conducted with nonprofit and government agencies, in person interviews with performance contract administrators and nonprofit recipients, focus group, and a workgroup that has been meeting to address issues around performance measurement and evaluation. The theoretical framework will be established through the literature on the subjects of performance contracting and leadership.

The research methods consisted of a series of 44 in-person interviews, administration of two separate online surveys for a total of 111 online responses, document analysis, and focus groups. These are discussed in greater detail in the case study.

PERFORMANCE CONTRACTS

Government contracting is not new. However, performance contracting is a relatively new phenomenon (Donahue 1989). Performance contracts with a private or nonprofit organization specify what type and level of performance the vendor is to achieve.

This performance-based contract model has proliferated in the last 10 years as the contracting regime has evolved (Smith and Lipsky 1993, 91). These authors also explain that government agencies increasingly favor performance-based contracting with nonprofit organizations for social services “as a means to spur contractor achievement” (81).

\(^1\) Forward Together Research Team* include Maria P. Aristigueta, Deborah Auger Kathryn G. Denhardt, Lynne Foote, Lauren Miltenberger, and Yimin Li University of Delaware, Center for Community Research and Service, and Institute for Public Administration. Special thanks to Lynne Foote for assistance in preparation of this manuscript. This research was made possible through the support of the Jessie Ball duPont Foundation, a research grant from the College of Human Services, Education, and Public Policy at the University of Delaware.
There have been previous cycles of shifting service provision between the government and nongovernmental sectors. In his historical review of government - nonprofit sector relations in the US, UK, Japan, and Israel, Young (2000) identifies periods in all countries in which human services were provided predominantly by government or predominantly by nongovernmental organizations, and periods in which there was a blend.

Performance contracting has been reinforced by legislation at the federal level and in some state governments. The concept of performance-based contracting was formalized in 1991 with Policy Letter 91-2 issued by the Office of Federal Procurement Policy in the US Office of Management and Budget. The Federal Acquisition Regulations of 1997 incorporated the requirement reinforcing the Government Performance and Results Act of 1993. The federal government expected that federal agencies would apply performance-based contracting to 50% of their eligible service contracts, by 2005. The State of Delaware passed the Delaware Governmental Accountability Act in July 1996 mandating the reporting of agency performance measures to the General Assembly’s Joint Finance Committee budget hearings.

The shift from regulatory contracting to performance contracting is significant (Behn and Kant 1999). “It reflects changes in the basic role of the contract, in the assumptions on which the contract is based, in the incentives that the contract seeks to create, and in the expectations of the various parties” (471). The new philosophy of performance contracting is based on the assumption that an effective way to get a contractor to help accomplish a specific public purpose is to pay that contractor only when it actually does something that contributes to achieving the purpose. The vendor is not explicitly instructed on how to complete the task but rather is given flexibility on the implementation as long as the results are achieved. This differs greatly from the regulatory contracts that seek to regulate the behavior of each vendor with the assumption that there is one best way to fulfill the purpose of the contract. Behn and Kant (1999, 474) summarize the differences in Table 1 found at the end of the document.

PERFORMANCE CONTRACTING AND ACCOUNTABILITY FOR SOCIAL SERVICES IN A CHANGING ENVIRONMENT

Donahue (1989) argues that there is an inherent tension between pay for activities and pay for results. In addition, contracting for social services is inherently more complicated than contracting for commodities for at least two reasons: One, a market for the service does not exist; if government does not buy the service, no one will.

Two, the technology necessary to produce the desired outcomes or outputs is uncertain, unknown, or maybe even nonexistent; neither the agency nor the vendor know precisely what a vendor should do to help to achieve the agency’s mission (Behn and Kant 1999).

The social service delivery provided by the nonprofit sector and funded by government experiences a one-way model of accountability or hierarchical accountability with the following process: governments legislate and fund programs that public servants design and oversee, nonprofit providers then carry out the activities assigned to them, as illustrated in a study on social service delivery in Nova Scotia (Brown and MacDonald 2006). Similar findings have been documented by Whitaker, Altman-Sauer, and Henderson (2004).

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2 Departments in States: Minnesota, Pennsylvania, Arizona, North Carolina, Wisconsin, Massachusetts, Oregon, Kansas, Maine, and Florida are found in the literature as utilizing some form of performance based contracts.
According to Henderson, et al. (2003, 19) “traditional accountability practices often reflect and support an adversarial rather than a cooperative relationship, diverting attention from the public services that are the reason for the partnership”. Brown and MacDonald (2006) found that government-nonprofit conversations are subject to the same tendency as board-staff conversations within nonprofits; the tendency to focus on operational issues which are more concrete and less demanding than conversations about mission, goals, outcomes, and performance. Yet, this lack of focus creates a gap in leadership and accountability visible to funders and donors. Money is then shifted to leaders who demonstrate competency in producing results through highly innovative and effective collaborations or new ventures ((Marsh 2007).

Several ingredients were found as needed for success in contracted services:

- **Leadership**

According to Marsh (2007), the talents needed for leadership in today’s environment requiring leading beyond boundaries is for people with a track record in:

2. Resourcefulness—Leaders who are creative in leveraging resources, looking for opportunities to multiply their impact through the efforts of others.
3. Communication savvy.
4. Self-awareness and humility.
5. Adaptability.
6. An appetite for continuous learning and adventure.

- **Communication**

The government-nonprofit contracting relationship requires dialogue, or more specifically, “a process of mutual understanding that emerges when participants treat each other with equality, not coercion, and when they listen empathetically to one another’s concerns in order to prove their fundamental assumptions and world views” (Robert 2002, 660). Whitaker, et al (2003, 16), view this as the “key in helping accountability move beyond surveillance and towards service quality improvements”.

Nonprofit boards are involved in the relationship between the nonprofit and government only as it is reported by the executive director. In this environment, Boards are maintained at arms length and are at the mercy of the Executive Director (Brown and Mac Donald 2006).

Partnership and teamwork is needed between the government agency staff and the contractor. This requires trust, open communication, and strong leadership (Washington State 2005).

- **Training**

Training of staff and contractors is needed for establishing performance measures. This ingredient is in keeping with what the Forward Together workgroup on performance measurement and evaluation identified as needed most in the state of Delaware. In the first workgroup meeting the pressing issues were identified, most notably:

1. The need for differentiating between program evaluation and performance measurement.
2. Stakeholder involvement in the identification of measures.
3. The need for clarification of terms through consistent definitions.
4. Training materials on performance measures and evaluations.
5. Use of the logic model to include the theory of change. For example, what changes are expected to occur as a result of participating in the program.

The committee focused its work on the last 3: the definition of terms in performance measurement and evaluation, the training materials, and the logic models.

A report from the State of Washington (2005) reinforced the selection. The Office of Financial Management did a thorough study on the use of performance contracting in Arizona, Illinois, Minnesota, Wisconsin, a variety of local agencies and the Federal Government. In summary, they found the need for a consistent language for terms used in performance measurement and evaluation. Confusion in definitions among various departments and regulations cause different interpretations of how performance based contracting is defined. Also related to the workgroup, they found the importance of training for all parties involved in contracting process, especially performance contracts.

- Planning

Government should ensure that the contractors already have a strategic plan and performance measures for its programs (Washington State 2005). In cases where this is not available, the measures may be imposed without alignment with the mission of the program.

- Internal Management

Internal management systems are necessary to support both the government agency and its contractors (Washington State 2005). Nonprofits often do not have the wherewithal to support the technology necessary to implement and maintain the data system. In the case of Delaware, the Department of Labor is able to provide technical support to its contractors.

STATE OF DELAWARE AS A CASE STUDY

In order to achieve a deeper understanding of an existing set of relationships, this work focused exclusively on human services provided in the State of Delaware. Delaware is a small state with a population of approximately 850,000 located in the eastern seaboard of the United States. Because of its size, human services are provided, by or through State agencies, with very little involvement of county or municipal governments. Within State government, attention is focused on the most critical state agencies responsible for providing social services: the Department of Health and Social Services (DHSS), the Department of Labor, and the Department of Services for Children, Youth and their Families (DSCYF). Among the nonprofits, attention is focused on only those nonprofits that currently have contracts with DHSS and DSCYF to provide human services.

Between September 2005 and May 2006, a variety of strategies were used for gathering data on the current status of nonprofit - state government relationships in delivering human services in Delaware, including:

- Focus groups of
  – Nonprofit Leaders
  – State Government Leaders
  – Foundations and Funders of nonprofits
- Structured in-depth Interviews with nonprofit and government staff who deal with contracts between the state and nonprofits
Web surveys of both nonprofit and state government personnel
Document analysis (budgets, requests for proposals (RFP), websites, contracts)

The sample of interview subjects was developed with consideration given to ensuring the many diverse services supported by the state were represented and the number of respondents in a given field was proportional to the level of contract dollars appropriated. Respondents were either state contract administrators or leaders of nonprofit organizations (i.e. executive directors) that hold significant state contracts. Although the work was carefully undertaken, due to the small sample size, and its nonrandom nature, the results of the interview and survey are not considered statistically significant and, therefore, not meant to provide replicable results; rather they informed the research project and provided qualitative and quantitative data to gain better understanding of the state-nonprofit relationship.

Initial meetings with key leaders from each sector guided the impetus of the project, and led the project team to devise the survey instruments around four broad areas of concern: administrative, reporting and technology matters; costing and financial matters; level of partnership; and performance measurement. These four areas were the basis not only for the initial instruments, but as predominant issues became more defined within each area, they formed the foundation for four working groups. The working groups were formed for the purpose of identifying and finding solutions to improve the working relationship between Delaware state government and nonprofit organizations. The following pages will explore the literature, assess the status of performance-based contracting in Delaware’s public-nonprofit contracting relationship, and analyze the results of the working group devoted to performance measurement.

Findings On Performance Contracts In Delaware

Within Delaware, performance measurement and performance-based contracting are not well developed. In the two major state departments reviewed, contracting decisions are made - for the most part - at the division level; often times even more minutely, at the contract manager level. Within DSCYF, four separate divisions and two distinct offices exist, while DHSS boasts twelve separate divisions. Thus, although the level of coordination is somewhat greater within DSCYF, the smaller of the two departments, state contracting is more or less fragmented and decentralized. Individual contract managers and division leaders are able to exercise a great deal of discretion in contract design, accounting for the wide variation in service arrangements.

Perhaps as a result of the absence of a more centralized system for contracting, the state as a whole has not placed a priority on performance-based contracting. Although many respondents indicated their inclination to move toward paying for results, only three specific divisions were identified that held true performance-based contracts: the Division of Vocational Rehabilitation (DVR), the Division of Substance Abuse and Mental Health (DSAMH), and the Division of Family Services (DFS). More details about these specific cases will be presented later.

Other respondents noted a statewide trend involving the increasing use of what is referred to as “unit cost” contracts. Unit cost contracts require service providers to propose a single cost such as a per diem or per person rate, and service providers are then paid according to the number of units of service provided. These contracts differ from “cost reimbursable” contracts, wherein service providers submit their total program budgets to their state contractors for reimbursement. The motivation for such a change is ensuring that adjustments are made so that nonprofit service providers are paid for the quantity of service actually rendered.
Both of these contract types are examples of traditional, regulatory contracts as noted by Behn and Kant (1999). Although the state is trying to enforce accountability, neither ties pay to performance; rather, pay is tied to service delivery with process measures, not outcomes. In an early meeting, high level state officials reported that they felt confident in being able to identify malfeasance through annual site visits and other formal and informal communications with providers, but less confident about ensuring that clients received quality service. Annual site visits were reported by virtually all state and many of the nonprofit respondents as conducted as a matter of routine or when necessary, such as in the event of a “critical incident.” When combined with the state’s requirement for providers bidding on services through the RFP process to meet specific budget allocations regarding operating and administrative costs, these two functions of state monitoring serve primarily to assess utilization of inputs and processes, precisely as described by Romzek (1998).

Conversely, nonprofit service providers felt that their state counterparts were too far removed from the programs to share a deep understanding. For example, in interviews nonprofits indicated that they were often unsure of why the state was collecting certain pieces of data and wary about the manner in which it would be interpreted. Such statements are characteristic of the adversarial relationship predicted by Behn and Kant (1999) of regulatory contracting.

Understanding the context of Delaware social service contracting leads to the question: why has the state failed to embrace performance-based contracting on a broader scale? Several explanations seem to prevail. Many state contract managers, and nonprofit leaders alike, are uncomfortable with the concept of performance-based contracting, for different reasons. State contract managers are not sure precisely how to tie pay to performance, or which measures are the best to use, while still cost efficient to track. Determining outcomes for most social services can be less than straightforward, to say the least. One state respondent was quoted as saying “The services we’re offering are meant to improve the end of a person’s life. How can we measure if we’ve done this?” Thus, problems with current attempts to measure contract performance abound. The development of effective performance measures for human services has evolved slowly over more than a decade of efforts by governments creating contracts for those services. Performance-based contracting, which relies more on evidence of achieving performance outcomes than on evidence of inputs or processes, has evolved even more slowly.

During interviews, many respondents actually chuckled before replying to questions about whether or not they received or were able to include performance incentives or bonuses in contracts. To be done effectively, real incentives must be in place, so performance-based contracting requires a commitment to ample funding (Hatry 2006). Only 44% of state respondents and a mere 14% of nonprofit respondents indicated that the state always pays for the full cost of services contracted. This creates an environment where it is clear that the state expects nonprofits to at least partially subsidize state funded services with grants or funding from other sources.

Despite the challenges associated with performance measurement and performance-based contracting, when asked during in-person interviews how the state’s performance expectations of nonprofit service providers have changed in the last five years, the overwhelming response was that they have become higher. More specifically, nonprofit and state respondents tended to feel that the state continues to demand more from nonprofits for the same or less funding, and there is an urgent sense among state respondents that the state needs to ensure they “are getting what we pay for.” As a result, state contracts increasingly demand more evidence based programming and are more likely to include aspects of performance measurement.
Among respondents in both nonprofits and state government, it is a widely held perception that performance measurement will—and should—be expanded in the near future. It is expected that more contracts will be performance-based. Neither sector appears to be well prepared for the transition. As previously noted, influence from the Federal government has been strongly in favor of moving toward measuring and reporting outcomes. Particularly of interest is the Government Performance and Results Act of 1993 (GPRA), which has mandated the use of outcomes measurement in programs that are funded by the federal government. Often, this responsibility is passed on to state and local governments responsible for implementing programs with Federal or joint funding. Thus, the Federal government has played an important role in introducing performance-based contracting at the state level, as will be exhibited by the Division of Vocational Rehabilitation found later in this paper.

Sixty-five percent of nonprofit respondents disagree or strongly disagree with the statement that nonprofit service providers currently have adequate capacity to effectively measure and report performance outcomes (see Table 2). State respondents share their concern about the capacity of nonprofits with whom they contract.

State respondents are no more confident of their own abilities to develop and manage performance-based contracts. State respondents know this is necessary and valuable, but that they have not yet developed effective performance measures and do not have a staff of contract managers who are prepared to manage such contracts. In fact, the state respondents do not express strong confidence in the degree to which they train contract managers to deal with the current contracting arrangements (see Table 3).

These findings are not particularly surprising. Much of the relevant research has identified weaknesses in contract management, the development of performance measures, and the ability to focus on outcomes rather than inputs. In an effort to understand the possible reasons for slow progress in the performance management arena, we asked our respondents about the degree to which nonprofit service providers are involved in determining appropriate performance measures. In interviews, half of the state respondents indicated that nonprofits are consulted when setting performance standards (see Table 4). In a related (but not identical) question on our nonprofit web survey, 40% of nonprofit respondents agreed or strongly agreed that their organization is involved in helping craft performance measures and outcomes applied to state contracts (see Table 5). It is the responsibility of the state to make final determinations about the performance and outcomes measures to include in state contracts, and to enforce those measures equitably in all similar contracts.

When contemplating the role of Delaware’s state government in promoting performance-based contracting, the state appears to fall short. None of the interview respondents were aware of, or able to articulate, the role of Delaware’s Office of Management and Budget (OMB) in setting performance standards. Unlike Minnesota, Florida, Virginia and other states, Delaware does not have a central office responsible for evaluation and performance monitoring. It is important to note here that while performance-based contracting can, and has occurred as a result of governmental mandates, it has also arisen in the absence of such requirements. Thus, we would infer that in such instances, leadership has provided the necessary momentum to make performance-based contracting a reality.

Since nonprofits are frequently not consulted on appropriate performance measures as noted above, nonprofits not presently involved in performance-based contracting may see implementation as a threat. Cost considerations have also undoubtedly hampered performance-based contracting from becoming a reality in Delaware. It is no secret that state government spending has been a source of tension in recent years, especially as the federal government has made efforts to further reduce expenditures, cutting aid to states through the Deficit Reduction Act.
Examples Of Contracts In State Government

Despite the intentional proclivity of state government to be slow to respond to change, a few strong examples of performance-based contracting exist and provide examples for duplication and precedent. Each of the examples shares some common characteristics, which will be explored further in the coming pages. Particularly, in each instance client outcomes are well defined and articulated in addition to being accepted as appropriate by both parties involved in service delivery. Additionally, the implications of introducing the new method of contracting seem to have a resoundingly more positive effect on the relationship between state government and nonprofit service providers than expected.

DIVISION OF VOCATIONAL REHABILITATION

The U.S. Department of Labor's Employment & Training Administration (ETA) funds job training programs to improve the employment prospects of adults, youth, and dislocated workers. These programs are delivered primarily by states including Delaware through the One-Stop Career Center System. Training programs can vary from state to state depending on the skills that are needed to compete for jobs in the local area. All programs are aimed at boosting workers' employability and earnings.

Delaware’s state Division of Vocational Rehabilitation (DVR) within the Department of Labor is responsible for administering the Federal job training programs associated with Temporary Assistance for Needy Families (TANF) funding. Nationally, the process of developing outcomes for job training programs is relatively straightforward, when considered within the context of other social services. In fact, the outcomes associated with job training - in this case, improved employability and/or increased earnings - are so widely undisputed that the Federal government has mandated a set of performance standards to be implemented by state agencies. The performance standards which states must report on include: “participant program completion rates; participant job-placement rates…; participant wages at placement; retention rates at six months after job placement…” (Henrich, 2002).

Despite the seeming inflexibility imposed by mandated outcomes requirements, the state is ultimately given “considerable discretion to shape their own performance-incentive policies and training-service strategies to achieve performance goals,” (Heinrich 2002, 715), DVR represents an example of performance-based contracting that exists because of government mandates, and when asked for their opinion on how effective performance measures are in producing positive outcomes for clients, both the state respondents and the nonprofit respondents that hold contracts with DVR agreed that in this instance, performance measures are very effective. In a personal interview in 2006, one nonprofit that holds performance-based contracts with DVR pointed out that the arrangement allowed for a better working relationship with the state because of the clarity of the contract terms, noting “we know exactly what is expected of us.”

DIVISION OF SUBSTANCE ABUSE AND MENTAL HEALTH

The Division of Substance Abuse and Mental Health (DSAMH) is located within Delaware’s Department of Health and Social Services. The division functions with two directors, one for substance abuse services, and the other for mental health services.

Although the division’s two subsections may experience an overlap in clientele, services are contracted out separately. Additionally, within DSAMH, there is a disparity in the use of performance-based contracting: many of the substance abuse contracts are performance-based, but the mental health
contracts are not. However, both components of the division are moving in the direction of requiring evidence based programming for contracts although they are not required to by federal mandates.

For substance abuse contracts, the state has tied pay to performance targets such as attendance and graduation rates. Similar to what was seen in DVR, in this instance, the state sets forth a payment amount and pays the provider a percentage of that amount based on the nonprofit providing the service to a person. While attendance rates are typically thought of as an input or process measure, in this case they are used as a proxy for the outcome. Additionally, when a person successfully completes the program, the service provider is eligible for a “graduation bonus.”

Again, both the nonprofit and state interview respondents indicated that a predetermined limit on the amount of money to be paid out could serve to minimize the incentive. In the words of one nonprofit respondent that holds this type of substance abuse contract “…they capped the graduation bonuses so you could only get paid for 15 a year, but in fact, hundreds of people graduate, so, it’s not really an incentive.” Another nonprofit service provider indicated that using attendance rates as an outcome measure posed an unfair challenge since, ultimately, the client’s decision to attend the program or not on any given day is out of the nonprofit’s control.

Interview respondents from mental health indicated that they were interested in implementing performance-based contracting, but they had not yet been able to determine an appropriate funding mechanism. They also indicated that one of the outcomes under consideration would be the number of hospitalizations a client experienced. Avoiding hospitalization is one of the major goals of mental health services since it tends to be relatively costly and invasive.

**DIVISION OF FAMILY SERVICES**

The Division of Family Services (DFS) is located within the Department of Services for Children Youth and Their Families, the smaller of the agencies considered by the Forward Together project. DFS utilizes performance-based contracts for many of their family support programs, which encompass an array of support and counseling services. One such example are contracts for “reunification services” in which the service provider’s main objective is to bring children that have been separated from their families back into their homes. The state sets an objective such as “80% of families will be successfully reunified.” Providers are then paid regularly according to rates established for the service within the contract, but the performance-based incentives are not earned until nine to twelve months after reunification occurs. This is done with the intentions of “…addressing problems at a deeper level so that there is no reentry into the system, because if there is, you don’t qualify for the incentive. Providers work very hard to achieve all of the outcomes…” Again, this is an example where the support to implement performance-based contracts grew not from federal or state mandates, but rather, out of leadership at the division level.

Both state and nonprofit interview respondents described Delaware’s present system as having components that withhold pay when outcomes are not met as well as providing incentives or bonuses for higher levels of performance. Challenges and obstacles raised by both sides of the contracting arrangement include: the amount of time spent collecting data; targets that may be more or less appropriate for the populations being served; and the challenges associated with having pay withheld prior to outcomes being reached.

**CONCLUDING REMARKS**

The potential for performance measurement and performance-based contracting to be further utilized
within Delaware state government is evident. It appears that their implementation has occurred when governmental mandates are present, as well as when they are not. Additionally, performance measurement and contracting have taken on a negative connotation among groups within the state that have not moved toward their implementation, producing a level of unnecessary anxiety around the issue that may hinder their further spread.

The nature of today’s problems is not solvable by a single government institution. Added to this dilemma is the requirement for management that expands not only agencies, but also sectors calling for leadership to focus on results when no one is in charge. These findings seem to imply that strong leadership is necessary - not only within each sector, but also across sectors - to produce a social service delivery system that is better informed on the subject and thus positioned to reap the possible benefits. Leadership needs to be able to connect results with policy while working with the understanding that leaders cannot control performance. It is in communicating information that leaders may be able to exercise authority to get things done.

The findings from the Forward Together project can not tell us positively whether performance measurement and contracting produce more effective and efficient service delivery, the ultimate goal and a point that is often debated in the literature (see for example Pollitt and Bouckaert 2004). However, they do point to expanded performance-based contracting as a possible solution for improving accountability and the service delivery relationship between state government and nonprofits.

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3 This conclusion was greatly enhanced by Don Kettl’s presentation at the University of Delaware on 13 April, 2007.
References


Biographical sketch

Maria P. Aristigueta is Director, Professor, and Associate Policy Scientist with the School of Urban Affairs and Public Policy and the Institute of Public Administration at the University of Delaware. Her teaching and research interests are primarily in the areas of public sector management and include topics around the issues of performance measurement, strategic planning, civil society, and organizational behavior. She is the author of *Managing for Results in State Government, Quorum Books* and co-author of *Managing Behavior in Public and Non-Profit Organizations, Sage* (with R. Denhardt and J. Denhardt). Other publications include the use of performance measurement, teaching of intrapersonal skills, and the use of strategic planning for economic development, among others found in scholarly journals or book chapters. She has a doctorate in public administration from the University of Southern California. She may be contacted by e-mail-- mariaa@udel.edu
Table 1: Differences between regulatory and performance contracting

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<thead>
<tr>
<th>Regulatory Contracting</th>
<th>Performance Contracting</th>
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<tbody>
<tr>
<td>Pay for inputs, processes, and technologies</td>
<td>Pay for results</td>
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<tr>
<td>Adversarial relationships</td>
<td>Cooperative relationships</td>
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<tr>
<td>Regulations drive behavior</td>
<td>Payments for results drive behavior</td>
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<tr>
<td>High certainty</td>
<td>Low Certainty</td>
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<tr>
<td>Low responsibility</td>
<td>High responsibility</td>
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Table 2: Nonprofit Respondents: Nonprofit service providers currently have adequate capacity to effectively measure and report outcomes

![Bar chart showing percentage of responses for measuring and reporting outcomes](chart)

Table 3: State Respondents: There is adequate training for State Contract Managers

![Bar chart showing number of responses for training](chart)
Table 4: State Respondents: Nonprofits are consulted when setting performance standards

Table 5: Nonprofit Respondents: My organization is involved in helping to craft performance measures and outcomes State applies to contracts