



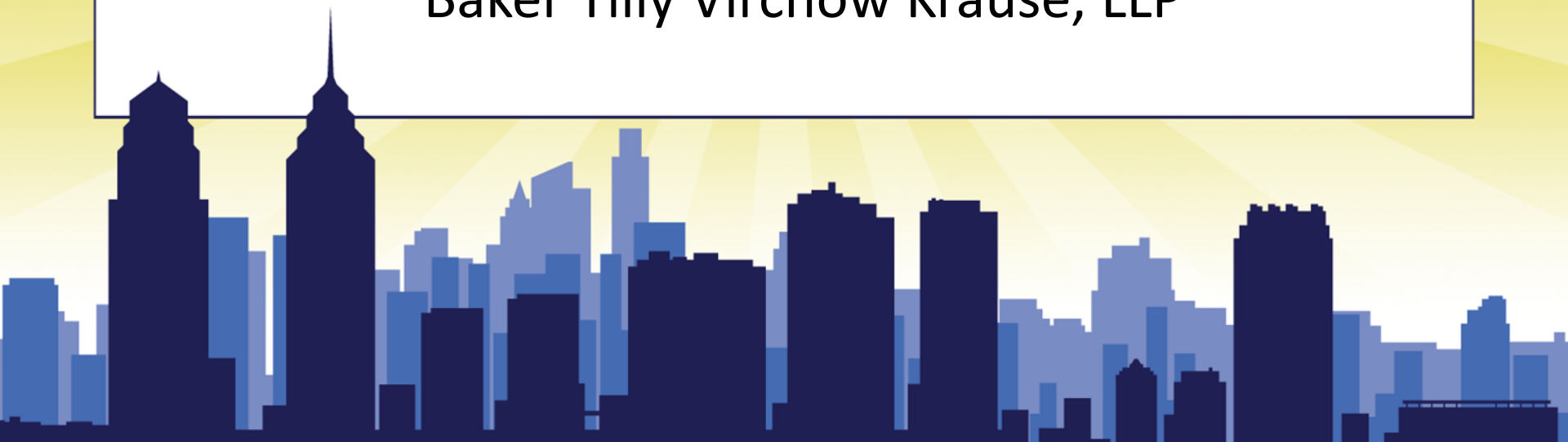
**NIGP FORUM**

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# Best Practices in Contracting for Human Services

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- Senior Consultant for the State and Local Government practice at Baker Tilly Virchow Krause, LLP.
- Provides management consulting services to government and higher education institutions on contract administration, resource allocation, internal controls, succession planning, and operational areas.
- 10 years previous experience leading large procurement organizations in higher education and state and local governments.
- Presents internal and external trainings related to contract administration and procurement.



## Session Objectives

- Illustrate the challenges public agencies face in providing delegate agency services
- Highlight best practices in contracting for human services
- Identify strategies to improve service delivery with nonprofit and community based organizations



## Content/Agenda

- The current landscape of non-profits organizations
- Common issues and strategies for providing services
- Conclusion and take-away points



## Current Landscape for Human Service Agencies

1. In 2012, government agencies contracted for approximately \$100 billion in services with 30,000 nonprofits
2. About 68% of nonprofits reported problems with governments not paying the full cost of services
3. 40% of nonprofits turned to their reserves to make ends meet
4. 25% of nonprofits reduced the number of employees on their payroll
5. 14% of nonprofits reduced the number of clients served



Issue 1: More collaboration is needed between governments and delegate agencies to fulfill their commitment to the public good.

Impact	Recommendation	Best Practice
Nonprofits do not always feel that they have an outlet to make suggestions and provide feedback on the delegate agency process	Institute formal two-way feedback opportunities through regular meetings, focus groups, newsletters, annual reports, and timely communication of organizational/policy changes	The states of Connecticut and New York have created a nonprofit liaison role to ensure nonprofits' voices are heard
The complexity of services nonprofits are asked to provide the community are increasing, while funding levels are not increasing at the same rate, making their business model unsustainable	Establish advisory committees that consist of consumers, nonprofits and government representatives that provide advice on how to best deliver services and provide recommendations on solving problems nonprofits face while delivering services	The Texas Legislature created a task force focused on improving the quality human services and creating a sustainable nonprofit sector



## Issue 2: There is not always a formalized process to determine fiscal priorities for program funding levels.

Impact	Recommendation	Best Practice
Due to increased consumer needs and reduced budgetary funding, government priorities are not always aligned with community needs	Establish an advisory board consisting of Human Service staff, consumers and POS agencies to provide input on fiscal priorities and create a management plan when there is not sufficient funding for programs	Five eastern Iowa counties, including Scott County, IA, came together to create a regional MH/DS funding model to pool resources, establish fund balances, cover service level deficits and establish new regionally based programs
Governments are not clear with nonprofits on what their annual priorities are, which can lead to inadequate planning	Governments should prioritize how services are funded each year based on core services, existing service levels, and/or mandated services to help nonprofits develop their future business model	The Fairfax County, VA Department of Health and Human Services publishes an annual “Priorities for the Consolidated Community Funding Pool” report



Issue 3: Delegate agencies are not always held accountable for the delivery of services and it can be difficult to measure performance.

Impact	Recommendation	Best Practice
It can be challenging to adequately evaluate contractor performance/ quality of services provided and justify future services	Implement performance-based contracting (PBC) to improve contractor performance by tying contractor payment to a specific, measurable performance standard for services	The State of North Carolina Department of Health and Human Services ties a portion of a vendor's payment to milestone deliverables in employee training and placement programs
It is difficult for public agencies to develop and track meaningful performance indicators	Clearly define performance indicators in contracts and differentiate between performance outputs vs performance indicators. Then create a plan where you: <ol style="list-style-type: none"><li>1. Create a base-line</li><li>2. Measure against the baseline</li><li>3. Use performance metrics to drive decision making</li></ol>	The Fairfax County, VA Department of Human Services is implementing <i>Results Based Accountability (RBA) Program</i> .





## Sample List of Performance Measures

Performance Indicator	Performance Output
Percentage of priority populations admitted to voluntary residential programs	Unduplicated count of consumers receiving mental health services
Percentage of people being served in outpatient therapy	Number of 48-hour holds
Percent increase/decrease in mental health commitments from the previous year	Number of therapists available (i.e., psychiatrist, clinical social worker, licensed professional counselor)
Percent of persons with developmental disabilities that are employed in the community from the previous year	Number of incidents where assistance was used with local fire, police or hospitals



Issue 4: Time compression and contract inconsistencies can lead to future contracting problems.

Impact	Recommendation	Best Practice
Pressure to meet internal deadlines to award contracts does not always provide sufficient time for contract negotiation	Use email and electronic workflow to expedite the execution of contracts and allow more contract review time for POS agencies	Milwaukee County, WI Department of Health and Human Services uses DocuSign to obtain electronic signatures from county officials and POS agencies
Inconsistent practices and terminology leads to future contract changes and modifications	Develop a system to uniformly describe services and use consistent terminology in the budgeting, contracting and program evaluation processes.	The State of Arizona created The “Arizona Dictionary of Taxonomy of Human Services”



Issue 5: The enrollment, application and reporting processes can be highly paper driven and inconsistent.

Impact	Recommendation	Industry Leader
Consumers may not receive critical services in a timely manner due to paper-based enrollment and application processes	Use technology to allow consumers to apply for services and use the system to screen the applications and determine program eligibility	The State of Virginia established the eHHR (electronic Health and Human Resources) system to allow online, self-service for health and social services
Technology is not leveraged to reduce the amount of duplicate data POS agencies are required to provide	Streamline forms and documents across your organization and allow them to be submitted electronically by providers	The City of New York utilizes the Health and Human Services (HHS) Accelerator to allow providers to upload frequently requested documents and submit reports to a data vault



Issue 6: There tends to be a greater focus on the delivery of human services versus contract management.

Impact	Recommendation	Best Practice/Comparable
Contract management is not always perceived as a significant component of program management	Establish an internal audit unit and compliance unit to ensure policy and procedures are being adhered to and that contract management is being performed.	The State of North Carolina Department of Health and Human Service has an office dedicated to compliance monitoring and ensuring Contract Administrators properly monitor contracts
Program Managers need competencies in financial management	Implement a formal training program for Program Managers that focuses on financial management so that they are proficient at rate setting, evaluating financial/audit reports and reviewing program budgets	The State of North Carolina Department of Health and Human Services partners with the UNC Chapel Hill School of Government to provide training on post award and monitoring for Program Managers



Issue 7 : Delegate agencies are focused on providing daily services and may not always look towards future sustainability.

Impact	Recommendation	Best Practice
Delegate agencies need tools for capacity building and sustainability	Develop training and networking opportunities for delegate agencies that cover the competitive procurement process, proposal writing, raising capital, shared-services, developing long-term strategies and managing their contract awards	The City of New York Mayor's Office of Contract Services established the Capacity Building and Oversight initiative. The program offers free training and helpdesk assistance to nonprofits
Government agencies and nonprofits do not always work together to share risks associated with performing services	Governments and delegate agencies should work together to agree on funding models where risk is appropriately shared between nonprofits and government agencies	Milwaukee County, WI allows POS agencies participating in the "Birth to Three" program to keep all revenues because this program is not fully funded, but is federally mandated



## Issue 8: Services are not always procured and managed in the most efficient manner.

Impact	Recommendation	Best Practice
There is not a clear strategy on when to go to market for new and existing services as well as the best method to obtain the services	Where possible, consolidate services to maximize government resources and provider resources. Prior to initiating the RFP process, perform a risk assessment to identify areas of improvement for how services can be provided	Multnomah County, OR Department of Human Services requires that a risk assessment be completed prior to contracting to determine if services should be contracted out or performed in-house
There are conflicting views on where human service contracts should be managed – within purchasing divisions or human service departments	Ensure that staff who manage human service contracts have the requisite competencies required to manage services, including an understanding of the programmatic, fiscal, procurement and contract management aspects	The U.S. Department of Health and Human Services (HHS) has developed a series of competencies and aligned skills for Contract Managers



## Take-away Points

- Human service organizations represent a sector that strive to serve the neediest and hardest to serve communities.
- The needs of consumers are becoming more complex and challenging. The support they need vary from mental illness, homelessness, substance abuse, and poverty for new born babies to the elderly.
- Public organizations must have a strategy to deliver human services that looks towards enhancing the future and managing limited resources.
- Given the multidimensional needs of consumers, it is important that technology is used to leverage information and strengthen the decision-making process.
- Nonprofit organizations must be part of the dialogue on developing solutions.



## Resources

- City of New York, Mayor's Office of Contract Services, *Agency Procurement Indicators: Fiscal Year 2013* (2013).  
[http://www.nyc.gov/html/mocs/downloads/pdf/Fiscal%202013%20Procurement%20Indicators%20complete%20text%2010%2021\\_for%20web.pdf](http://www.nyc.gov/html/mocs/downloads/pdf/Fiscal%202013%20Procurement%20Indicators%20complete%20text%2010%2021_for%20web.pdf)
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<https://donorsforum.org/sites/default/files/files/pages/Orange%20book.PDF>
- National Council of Nonprofits, *Costs, Complexification and Crisis: Government's Human Service Contracting "System" Hurts Everyone* (2010).  
<http://www.govtcontracting.org/sites/default/files/Costs%20Complexification%20and%20Crisis.pdf>
- National Council of Nonprofits, *Toward Common Sense Contracting: What Taxpayers Deserve* (2014).  
<http://www.councilofnonprofits.org/files/downloads/toward-common-sense-contracting-what-taxpayers-deserve.pdf>
- Urban Institute, *Nonprofit-Government Contracts and Grants: Findings from the 2013 National Survey* (2013)  
<http://www.urban.org/publications/412962.html>
- Urban Institute, *Contracts and Grants between Human Service Nonprofits and Governments* (2010).  
<http://www.urban.org/publications/412229.html>
- State of Connecticut, *The Partnership Between the State of Connecticut and Nonprofit Providers*, (2013)  
<http://www.ct21.org/attachments/article/6/nonprofits-report-executive-summary1.pdf>





## Questions and Answers



## Presenter Contact Information

Thank you for participating today!

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