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## SOME ISSUES TO CONSIDER IN RESULTS-BASED CONTRACTING WITH SERVICE PROVIDERS

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September 1999*

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Managers and policy makers want organizations that receive funds to provide services and supports to children, youth and families to be accountable for results. One strategy to build that accountability is to implement results-based contracts - that is, to write agreements between the funding entity (public agency or private funder) and the service provider organization to specify the results or outcomes expected for those who receive services from the organization and to build in incentives and sanctions for the organization to encourage work toward those results. At the same time, those setting up such agreements must be aware of possible unintended negative consequences of such accountability provisions.

In particular, it is important to encourage providers to take on difficult to serve clients and to develop and try out innovative programs. Therefore, in setting up results-based contracts attention needs to be paid to avoiding incentives for "creaming" - taking on only clients who are likely to have positive outcomes. Similarly, it is important not to set up the situation so that providers take on only a few clients so that they can focus their resources to "guarantee" positive outcomes, or that they continue to repeat traditional approaches that, while successful with some, do not meet the needs of significant groups of clients.

To avoid setting up agreements that inadvertently move providers toward strategies that are counterproductive, first consider what results-based contracting is expected to do and why it is considered an appropriate strategy for achieving those ends.

- Is results-based contracting intended to encourage providers to take seriously the goal of helping clients achieve certain outcomes? It may be that most providers are already committed to this goal, and that those who are not are better identified and dealt with through traditional accountability systems.
- Is it to encourage providers to more critically assess the relationship between their programs - as designed and as implemented - and the outcomes they expect to help their clients achieve? This goal might be helped by results-based contracting but there are other technical assistance and program development approaches that might be just as effective, given the good will and strong capacities of the providers involved.
- Is it to encourage or require that providers collect and report information on outcomes, and use that information to refine program design and implementation? The requirement for data collection and reporting can certainly be built into contracts, and proposals for continuation contracts could also require an assessment of previous outcomes results and implications for continued work.
- Is it to weed out ineffective programs and providers? In the absence of really good data collected under a rigorous evaluation design, it may be difficult to do this fairly. With threat of losing a contract as motivation, providers may find it easier to "game the system" in the ways mentioned above. "Good" providers - those who continue to work with difficult clients and develop innovative approaches - may suffer under a strict results-based contracting system, without necessarily weeding out poor ones.

Given these considerations, it seems that provider contracts can and should include some elements of results accountability - specifically, requirements for clear statements about and data-based documentation of the relationship between program activities and services and client outcomes. However, before proceeding further careful thought must be given to the issues raised above. Possibly other strategies, including technical assistance and support for strategic planning and assessment, might be as powerful in keeping the focus on accountability for results.