

# Partnering for Impact

Government-Nonprofit Contracting Reform Task Forces  
Produce Results for Taxpayers



Third in a series of Streamlining Reports on solutions  
to improve government-nonprofit contracting issues



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## About This Report

This report reviews the creation, recommendations, and implementation activities of joint government-nonprofit contracting reform task forces in nine states to identify trends and insights that can be applied elsewhere. It is the latest publication in an ongoing series from the National Council of Nonprofits that identifies solutions to a national crisis: broken and antiquated contracting processes that waste limited resources and frustrate the ability of governments and charitable nonprofits to achieve their missions. This report provides proven ways for governments and nonprofits to collaborate to save money for taxpayers and donors while maintaining or even improving client-based outcomes and enhancing accountability.

## About the Project

Since at least the 1960s, all levels of government have been outsourcing delivery of various public services to charitable nonprofits via written agreements. Governments have largely found nonprofits to be good partners: mission-driven rather than profit-focused, and more efficient and effective than unwieldy government bureaucracies. In return, governments have paid late, changed contract terms mid-stream, and required increasing levels of burdensome complexity in applications and reporting requirements. Once accepted by nonprofits as the cost of doing business with government, these and other government contract and grant problems were both exacerbated and exposed by the Great Recession. But there was little empirical research documenting the extent and seriousness of the harmful practices that weaken the ability of nonprofits to serve the public.

In 2009, the National Council of Nonprofits and the Urban Institute's Center on Nonprofits and Philanthropy began a multi-year collaborative project to identify the scope and depth of the problems that charitable nonprofits face when contracting with governments. In 2010, the Urban Institute published its in-depth study, *Human Service Nonprofits and Government Collaboration: Findings from the 2010 National Survey of Nonprofit Government Contracting and Grants*.<sup>1</sup> That study provides the results of the first national survey documenting the serious and widespread problems experienced by nonprofit human service providers under contract with governments throughout the country. Specifically, the research found that many governments routinely fail to pay the full costs of the contracted services, impose unnecessary and wasteful burdens, and do not honor their legal obligations of the written contracts they signed — all of which add unnecessary costs to governments and nonprofits alike. A companion report by the National Council of Nonprofits, *Costs, Complexification and Crisis: Government's Human Services Contracting "System" Hurts Everyone*,<sup>2</sup> provides additional context to the Urban Institute's findings by identifying specific practices that contribute to the problems and proposing solutions that government officials and nonprofit leaders can adopt to improve services, restore value for taxpayers, and strengthen communities.

Using the independent data from the Urban Institute, the National Council of Nonprofits and its network of state associations have been working with governments and nonprofits to reform the broken contracting "system." Government officials and nonprofit leaders — who serve the same individuals and the same communities — know they cannot afford to do business as usual. This project is dedicated to turning this realization into an economic and pragmatic reality.

For additional information on government-nonprofit contracting issues and solutions, please visit our dedicated website at [www.govtcontracting.org](http://www.govtcontracting.org).



## **Partnering for Impact: Government-Nonprofit Contracting Task Forces Produce Results for Taxpayers**

APRIL 2013

Policymakers who want to reduce the cost of government, improve services provided to constituents, and return greater value to taxpayers should consider creating a joint government-nonprofit task force to develop and implement recommendations to reform contracting practices and procedures. That is the key finding of this analysis of task forces in nine states charged with rooting out waste while maintaining and even enhancing accountability. Importantly, elected leaders in red, blue, and purple states recently created joint task forces because they recognized that (a) contracting systems are broken to varying degrees in every state regardless of its normal partisan leanings, and (b) solutions that lower costs to taxpayers and increase services to constituents are critical to all voters.

This report is designed in part as a “heads up” regarding the proven possibilities. The task forces developed real-world, actionable solutions, including this sampling: improving audit quality, with a reduction in duplication; creating electronic information repositories (document vaults) that cut down on repeated paper filings; standardizing contracts; and soliciting input at the beginning of the contracting process, when it can save money and time, rather than at the end, when it is often too late.

The report also serves as a “how to” guide to fixing the broken government-nonprofit contracting and grants processes. It provides insights into lessons learned that can be replicated in other jurisdictions. It summarizes the background, process, and recommendations of task forces to help inform anyone considering reform efforts about the potential that exists and how to avoid the pitfalls that can occur.

As to methodology, “**Partnering for Impact**” focuses on recent joint task forces in nine states dedicated to streamlining broad aspects of the government-nonprofit contracting process. The National Council of Nonprofits reviewed documents creating the task forces, analyzed official reports that they produced, and interviewed participants to identify common experiences to guide and support future efforts of other task forces. It is not possible in this brief report to impart the depth of commitment reflected in these state-level collaborative efforts, so links have been provided to encourage reading the task force reports in full.

In some cases, recommendations await legislative action or adoption within the executive branch. Many states have made great progress in implementing recommendations for the very reason that scarce or declining resources dictate creative solutions that protect the public and taxpayers. This report is dedicated to those task force participants, legislators, and public servants who cast aside conventional wisdom to solve their communities’ costly problems.

## Lessons Learned from the Government-Nonprofit Task Forces

The creation of joint, collaborative government-nonprofit contracting reform task forces offers a promising first step to fix broken contracting systems that harm governments and nonprofits as well as those they serve. These collaborative task forces create an environment in which pragmatic reform efforts can be proposed, evaluated, developed, and then successfully implemented. All participants in future task forces should keep in mind several seemingly simple lessons learned from earlier task forces. Although these lessons may appear obvious, they are highlighted here at the beginning because failure to recognize them can interfere with the ability of future task forces to develop a plan that is beneficial for governments, nonprofits, and the people served. The following insights are common to all the collaborative task forces reviewed for this report.

***Collaboration means more than just cooperation. Collaboration entails exchanging information, altering activities, sharing resources, and enhancing the capacity of another for the mutual benefit of achieving a common purpose.***

- ***No one is to blame for the current condition of the government-nonprofit contracting system.*** The current condition of the government-nonprofit contracting system has developed over many decades. Typically, the “system” in each state evolved when new reporting regimes, contract clauses, and other items were added in response to a certain situation without attention to how the new components fit into the system as a whole. There is no value in focusing on blame because it prevents progress.
- ***Everyone recognizes the need for reform.*** Governments and nonprofits are hampered by the cumbersome, redundant, and antiquated processes, and all are eager for improvement, effectiveness, and cost savings.
- ***Everyone’s concerns are valid.*** One of the most important reasons that government representatives and nonprofit contractors must be equal participants is because what may make perfect sense to one could have unintended consequences for the other. These potential conflicts must be identified so solutions can be developed that are mutually beneficial.
- ***Establish clear common goals.*** Together, everyone must identify, understand, and accept the goals established in the same way in order to move forward together in the same direction.
- ***Representational diversity among both governments and nonprofits strengthens the results.*** Reviewing the composition of previous task forces reveals two trends. First, governments came to the table in a nonpartisan manner not with just one agency represented, but with several because the problems – and solutions – extend far beyond the expertise of just one governmental agency. Second, a common denominator for all the task forces was participation, directly or indirectly, of the state association of nonprofits, which by their nature are both statewide and sector-wide, allowing them access to a broader pool of insights. Also, the state associations of nonprofits can reach out through their network to import proven solutions from other states.
- ***Collaboration is a process, not an event.*** Trust is a necessary component of collaboration, and this takes time to develop. It is not uncommon for participants of any group to initially come with baggage related to their past relationship with another participant that may take time for them to overcome. However, trust can be built by sharing important information. Additionally, groups go through normal stages of development, typically referred to as *forming*, *storming*, *norming*, and *performing*. Although the “storming stage” can feel difficult, embrace it as a sign of progress because the best solutions flow from constructive conflict.

- **A collaborative effort needs public support from government leaders.** At a minimum, the heads of the affected government agencies must be willing to support the task force if recommendations are to be implemented effectively.
- **The successful implementation of any plan includes changes to the organizational culture.** The reason so many reform efforts in other contexts fail to reach their potential is because implementation efforts usually focus only on the mechanics of the change and not on investing meaningful effort in changing the surrounding culture.
- **Everyone must be open to doing things differently.** Participants must be willing to make adjustments mid-stream because nothing ever goes exactly as planned.
- **Meaningful change takes time.** Decades of evolving problems cannot be solved overnight.

### Considerations for Developing Task Forces

**Formation:** There is nothing magical in how these collaborative task forces get formed. Sometimes legislatures create them (Connecticut, Hawai'i, Illinois, Maryland, and Texas), other times via a Governor (New Jersey) and Attorney General (New York), and other times they flow from shared efforts of state agency heads and nonprofit leaders (Maine and North Carolina). Regardless of how a task force is created and structured, it is vital to include both government officials and nonprofit leaders with the necessary knowledge and experience of government-nonprofit contracting to add to the discussion and assessment of recommendations. Other important considerations for establishing an effective group are the selection of its participants and their levels of authority.

***Regardless of how a task force is created and structured, it is vital to include both government officials and nonprofit leaders***

**Participation:** A key element in selecting participants is their ability to participate on a regular basis. Without consistency, the process will be slowed by having to catch up participants who missed a meeting and new people serving as temporary replacements. Such inconsistency causes frustration and delay, making it difficult to obtain direction and maintain momentum.

**Authority:** Task force members must be authorized to make decisions regarding proposed recommendations without having to delay the process by seeking permission from superiors. Likewise, some task forces have found value in forming subcommittees to serve as workgroups of the larger task force to obtain more detailed knowledge and expertise in a specific subject area from individuals who are more informed on real issues and pragmatic solutions. But they also need to be given the authority to approve recommendations within their workgroups. The progress of both the workgroups and task force is delayed considerably if each participant must seek permission from another authority before proceeding. Once workgroup recommendations reach the task force, a final opportunity exists to make changes, if they are seen as necessary by the task force.

## Review of State Contracting Reform Collaborative Task Forces

Several states are in various stages of reforming their government-nonprofit contracting systems, but no two have approached it exactly the same way. There is no one-size-fits-all method. The following examples offer ideas that states can adapt based on their particular needs.

### Connecticut

In 2010, Connecticut's General Assembly recognized that "efficiency and streamlining processes is a mutual goal of [governmental agencies] and service providers" and that "quality and effectiveness of services are predicated upon a viable and sustainable nonprofit sector." The General Assembly created a 28-member task force ("Commission") of legislators and nonprofit human service providers, including the Connecticut Association of Nonprofits.<sup>3</sup> Their charge was to "analyze the funding provided to nonprofit providers of health and human services" under state contracts. The government and nonprofit members of the Commission examined the costs of institutional versus community-based care, the financial condition of the system, cost increases to private providers, cost comparisons of private providers versus state-provided services, and administrative efficiencies that could be achieved.

The Commission prepared a report with 49 recommendations. In addition to the individual recommendations discussed in greater detail below, the Commission proposed improved coordination between government agencies, reimbursement of full costs, prompt payment and prompt contracting reforms, simplified application and reporting processes, standardization of audits and monitoring, use of multi-year contracts, and more. The report also adopted the *Fair and Accountable: Partnership Principles for a Sustainable Human Services System*,<sup>4</sup> created by Donors Forum in Illinois (discussed below) as part of its collaborative efforts to improve government-nonprofit contracting.

In response to the Commission's recommendation that a body be created to provide both ongoing and focused commitment to implementation of the report's recommendations, Connecticut's Governor established a Cabinet on Nonprofit Health and Human Services. The Cabinet is made up of the Commissioners of state agencies overseeing human services programs and the representatives of several nonprofits and nonprofit associations representing human services providers. The Cabinet has built on the Commission's work by focusing on recommendations that enhance client outcomes and the cost-effectiveness, accountability, and sustainability of the partnerships between the state and nonprofit health and human service providers. In October 2012, the Cabinet submitted its first report to the Governor.<sup>5</sup>

***"[The] quality and effectiveness of services are predicated upon a viable and sustainable nonprofit sector"***

Connecticut's Governor also established the nation's first Cabinet-level position of Nonprofit Liaison to facilitate the work of the Cabinet on Nonprofit Health and Human Services, serve as the Governor's advisor, build relationships with the nonprofit community, and guide the implementation of recommendations. The Nonprofit Liaison serves as co-chair of the Nonprofit Human Services Cabinet along with a nonprofit service provider.

In 2012, Connecticut launched its statewide online document vault through which nonprofits and other state contractors can upload standard contracting documents to reduce paperwork and processing costs.<sup>6</sup> The new electronic system facilitates and streamlines the government contract reporting process for nonprofits and alleviates the burden on state agencies of receiving, cataloguing, storing, and then retrieving mountains of paperwork by hand.

## Hawai'i

In 2011, the Hawai'i Legislature, expressly citing the Urban Institute's research, created a Prompt Pay Task Force to look into the recurring problem of late payments to nonprofits.<sup>7</sup> In 2012, the Legislature expanded the scope of the initial task force to address the broad array of problems in the broken contracting system, specifically empowering the task force to "examine state contracting from the initial planning phase through service delivery, and issues relating to payment when invoices are submitted."<sup>8</sup> The expanded-scope Government Contracting Task Force, which includes the Hawai'i Alliance of Nonprofit Organizations, representing Hawai'i nonprofits, is also charged with identifying "areas that can be simplified and standardized between government agencies." Additionally, the legislation directed the Task Force to develop a "dashboard" demonstration project "to test business process improvements or other approaches to streamline the contracting process, with the goal of clarifying problem areas and solutions for government agencies and the parties contracted to provide services." Significantly, the state's new Chief Information Officer is helping to spearhead the work of the Task Force by creating these dashboards to measure progress and align the work with a wholesale transformation of government technological and business practices.

The Task Force issued an interim report<sup>9</sup> in December that identified numerous recommendations under consideration, including the standardization and simplification of best practices, interpretation requirements across contracts, invoices, deliverables, reporting, and processes, as well as the development, implementation, and sharing across governmental departments and among nonprofits of contracting best practices. Significantly, the Task Force report discusses the need for a governing entity – either already in existence or a new position or council – to oversee the contracting functions (as opposed to the procurement functions) of three state Departments: Human Services, Health, and Public Safety.

## Illinois

In 2010, the Illinois General Assembly created a bi-partisan task force to address the state contracting system's "redundant monitoring and reporting requirements which divert time and resources away from client service delivery."<sup>10</sup> The group's Steering Committee included representation from providers, trade associations, and the state's four human services departments. In December 2010, the group submitted its report, *Streamlined Auditing and Monitoring of Community Based Services: First Steps Toward a More Efficient System for Providers, State Government, and the Community*.<sup>11</sup> The report established a series of priorities with proposed goals reflecting efforts to focus primarily on accreditation and deemed status reforms, single-audit requirements and standardization of audits, and appointment of a lead audit agency. It also called for centralizing contracting and monitoring functions, crafting clear and consistent definitions, creating an integrated electronic procurement system, establishing a document vault (which was launched in 2012), standardizing contracts, streamlining financial reporting, and using multi-year contracts.

In its cover letter to the General Assembly, the group indicated that even though it had completed its official charge by submitting the report it would continue to meet to discuss implementation. Most notably, the report provided clear timetables and identification of responsibility for making sure that recommendations were put into place.

In May 2011, the Illinois General Assembly approved legislation to simplify the contracting process<sup>12</sup> between human service providers and the state by consolidating a pre-qualification process, developing a cross-agency master service agreement, and codifying common service taxonomy across agencies. This legislation paved the way for true cross-agency collaboration. In August 2011, additional legislation created a Management Improvement Initiative Committee (MIIC) that was tasked with implementing the priorities established in the December 2010 *Streamlined* report.<sup>13</sup>

Those legislatively-mandated streamlining processes were preceded by the Public/Nonprofit Partnership Initiative led by Donors Forum and funded by the Wallace Foundation that began in the fall of 2008. The Initiative's participants crafted "a vision of a system that is responsive and efficient in meeting the needs of the community, and in which the interaction between government and human services providers reflects fairness and mutual accountability."<sup>14</sup> The Initiative conducted extensive interviews, research, and analysis, plus convened a Policy Forum of 41 leaders and experts with an interest in human services and public-nonprofit partnerships. After extensive work, the collaboration published *Fair and Accountable: Partnership Principles for a Sustainable Human Services System*.<sup>15</sup> The "Partnership Principles" identifies six guiding principles for improving both the contracting process and the relationship between government and nonprofit service providers. Collaborative efforts in other states have adopted elements of these principles.

The Public/Private Partnership continues to promote an understanding and adoption of *Partnership Principles* by key leaders in the for-profit, nonprofit, and government sectors. In March 2012, Donors Forum completed an assessment of the progress of integrating the partnership principles across all agencies and sectors.<sup>16</sup> The study's findings emphasize the importance of state agencies, the Governor, and legislators working with nonprofits to ensure that the state budget reflects the true cost of delivering public services, including indirect costs. Donors Forum is partnering with the Department of Human Services (DHS) to implement the Management Improvement Initiative to "increase the priority and accountability for implementation" of contracting streamlining, with "leadership responsibility resting with the Governor."<sup>17</sup> A new centralized repository saved \$40,000 dollars in first quarter of FY 2012 alone.<sup>18</sup> Donors Forum's experience in over two years of partnering with DHS has demonstrated that there is willingness within government to partner and that it often takes an external advocate to get a reform process started.

***Participants crafted "a vision of a system ... in which the interaction between government and human services providers reflects fairness and mutual accountability."***

In October 2012, the Illinois Comptroller announced at the Donors Forum's Annual Policy Institute her intention to create a Nonprofit Advisory Council within her Office to work together with the Donors Forum in an effort to address the \$1.1 billion in delayed reimbursements that Illinois still owes to contracting nonprofits.

## **Maine**

In 2010, with the support of Maine's Commissioner of Health and Human Services, the Maine Association of Nonprofits convened the Partnerships for Health and Human Services Steering Committee to develop recommendations designed to improve the relationship between the Department and the provider community that would, in turn, improve outcomes for people served. The Partnership effort resulted in more than 150 recommendations, culled from over a decade of reports created by various in-state and national groups. The initial emphasis focused on recommendations which could streamline processes and procedures to save money for the state and the nonprofit community. One such example includes the vigorous and timely implementation of the recently-passed deemed status law for behavioral and developmental service providers.<sup>19</sup>

Recognizing the size and complexity related to addressing 150 recommendations, the decision has been made to approach implementation in stages. The Commissioner of Health and Human Services has asked the Maine Association of Nonprofits to continue to serve as the convener for the group, which includes both nonprofit providers and senior-level managers from DHHS.

## Maryland

In 2008, Maryland's General Assembly created a Task Force to Study the Procurement of Health and Social Services by State Agencies in an effort to create a procurement system that is transparent, competitive, fair, and flexible.<sup>20</sup> It was recognized from the outset that Maryland's existing service system often falls short in terms of efficiency and effectiveness. The Task Force, composed of state agencies contracting for services, state agencies involved in managing state funds, legislators, representatives from the Governor's Office, and nonprofit providers, surveyed Maryland nonprofits and focused on each stage of the procurement process.

In late 2011, the task force issued a report<sup>21</sup> recommending practical steps such as including provider input when drafting specifications, learning from other jurisdictions by obtaining copies of their requests for proposals, and standardizing contracting processes among and within state agencies. The Task Force embraced changes to promote prompt payments to contractors, such as expanding electronic invoicing and payments, as well as allowing contracted providers to draw funds to pay for items in advance of services. Further recommendations include streamlining the contract monitoring processes, with an emphasis on setting reasonable standards for requiring audits, and the creation of an Internet-based data warehouse (document vault) that would "eliminate the need for providers to submit the same documents to multiple agencies."

In 2012, the Maryland General Assembly enacted two bills based on Task Force recommendations to improve the way certain state agencies work with nonprofit and other service providers. The first measure created a permanent Council for the Procurement of Health, Educational, and Social Services with state agency and nonprofit provider representatives to implement numerous procurement reforms recommended by the Task Force study, report on progress, and monitor these issues in the future.<sup>22</sup> The second measure allows government agencies to receive input and comments from provider groups on draft versions of requests for proposals (RFP) that relate to human service procurement. This approach will allow nonprofits to identify potential issues and redundancies so that agencies can correct problems before releasing the finalized RFP, saving time and money by removing a significant barrier to prompt contracting.

## New Jersey

In September 2010, New Jersey's Governor signed Executive Order 41,<sup>23</sup> establishing a standing bi-partisan Red Tape Review Commission to assess government interaction with the private sector. The Commission was ordered to make both detailed findings (including an analysis of existing rules, regulations, and legislation that are burdensome to the state's economy) and related recommendations (such as suggesting ways to improve the regulatory process of state government). The Commission was originally conceived to focus solely on for-profit entities, but the Center for Non-Profits and other advocates persuaded the Administration to broaden the Commission's focus to include nonprofit concerns as well. The Center and nonprofit allies provided testimony and submitted comprehensive policy recommendations to the Commission in July 2011<sup>24</sup> and have been meeting regularly with the Lieutenant Governor's policy advisors to advance these suggestions.

In February 2012, the Commission issued a report calling for implementation of several recommendations offered by the nonprofit community to lighten the regulatory burdens on local nonprofits.<sup>25</sup> These recommendations include increasing stakeholder input prior to the issuance of proposals, implementation of electronic bidding and procurement systems, and improved coordination between human services agencies of government.

A year following their original report and testimony, the Center for Non-Profits, on behalf of a coalition of nonprofits and provider organizations across the state, presented additional recommendations to the Red Tape Review Commission on a wide array of contracting problems that burden nonprofits and have significant implications for program and service delivery.<sup>26</sup> Since then a small working group composed of Red Tape Commission staff and nonprofit provider representatives has continued meeting regularly to explore solutions to the broader issues presented.

## New York

In 2011, New York's Attorney General created a Leadership Committee for Nonprofit Revitalization, appointing 32 nonprofit leaders, including those of the New York Council of Nonprofits and the Nonprofit Coordinating Committee of New York. Committee members were tasked with finding solutions on "how to reduce regulatory burdens and more effectively address regulatory concerns; developing legislative proposals to modernize New York's nonprofit laws that would eliminate outdated requirements and unnecessary burdens while strengthening accountability; and proposing measures to enhance board governance and effectiveness, including new programs to recruit and train nonprofit board members."<sup>27</sup>

The Leadership Committee's report,<sup>28</sup> released in February 2012, found that New York laws "and regulatory practices have placed unnecessary and costly burdens on the nonprofit sector," and that "redundancies throughout the system waste scarce taxpayer and nonprofit dollars, and bury nonprofits in duplicative paperwork and audits." Its findings recognized "the need for government to treat nonprofits as essential business partners and makes recommendations to reduce burdens to conserve nonprofit and taxpayer dollars." The report also noted "outdated and burdensome requirements that result from a regulatory scheme that has not been meaningfully updated in decades. It further suggested modernizing laws and eliminating regulatory burdens so that the state remains home to the country's strongest and most vibrant nonprofit sector." It goes on to offer 38 specific recommendations to streamline current practices.

***"[The report] recognized the need for government to treat nonprofits as essential business partners"***

The recommendations included suggesting that the Governor appoint a single official with significant authority to begin the work of streamlining the state contracting process. As envisioned by the Leadership Committee, the new Nonprofit Liaison to the Governor would strengthen the state's partnership with nonprofits by serving a dual role: begin to implement recommendations to improve contracting processes and serve as nonprofits' point-person and troubleshooter within government.

In May 2012, the Governor did in fact create the position and appointed an InterAgency Coordinator for Not-For-Profit Services. Only a few months into the position, the InterAgency Coordinator had developed a standardized contract that was reviewed for comment by nonprofits and was recently released for use by all grant-making State agencies.<sup>29</sup> In December 2012, another recommendation, E-File, was launched, allowing New York nonprofits to file their annual reports electronically.<sup>30</sup> Also, the New York State Grants Gateway will go live in April 2013,<sup>31</sup> allowing nonprofits to upload key documents (document vault) and identify the types of services they offer. Over the course of the year, the State anticipates that government agencies will begin processing grant and contract applications online through this new Gateway, as well as upload monitoring and reporting requirements.

## North Carolina

In response to the Urban Institute report and the National Council of Nonprofits' *Complexification* report, the North Carolina Center for Nonprofits arranged meetings with nonprofits and multiple state agencies to address concerns specific to their offices. After a contingent of 35 nonprofit leaders met with the Secretary of the Department of Health and Human Services, a Department of Health and Human Services/Nonprofit Task Force was formed to develop solutions to 10 specifically identified inefficiencies that nonprofits were experiencing in their contracts.<sup>32</sup> The identification of problems led to recommendations for reform, including prompt payment and reimbursement of full costs of performing contracted services, crafting clearer definitions to avoid confusion and delays, standardization of contracts and of monitoring processes, and shared training.

Efforts in North Carolina to end contracting abuses, ensure taxpayer value, and improve services provided through nonprofits saw mixed results in 2011, according to a report by the North Carolina Center for Nonprofits.<sup>33</sup> On the positive side, the report notes collaborative efforts have been successful in reducing red tape and streamlining some operations. However, the report also found that governments were continuing to pay nonprofits late or less than the costs for services provided under contracts. The North Carolina Center identified 34 specific steps<sup>34</sup> that policymakers can take to improve contracting and services for the state's citizens and nonprofits. These steps include designating nonprofit liaisons in each government agency and providing funding for audits, training, and accreditation required of nonprofits that perform services on behalf of the state. In the spirit of collaboration, the Center has called on government to seek input from nonprofits about possible improvements to departmental policies and procedures and to set up regular meetings between agency heads and nonprofits to exchange ideas to improve North Carolinians' lives.

## Texas

In 2010, the Texas Legislature established a task force to develop “recommendations for strengthening the capacity of faith- and community-based organizations (FCBOs) for managing human resources and funds and providing services to Texans in need.”<sup>35</sup> The Task Force, composed of government and nonprofit leaders, including the Texas Association of Nonprofit Organizations, held a series of public meetings to obtain information from the nonprofit sector, in addition to soliciting written comments and conducting a survey to collect input for the Task Force to generate recommendations in their first report to the Legislature in 2010.

In November 2010, the Task Force on Strengthening Nonprofit Capacity issued a series of recommendations to improve the public-private partnership, expand capacity, and improve government contracting. The Task Force specifically recommended that the Legislature instruct state officials to develop standard contract and grant language that provide “common application, metrics/reporting, compliance, and payment processes;” coordinate audit functions; establish “reasonable and appropriate indirect and administrative cost structures;” and promote the creation of a single web portal for contracting access and information. In addition, the report recommended that the Interagency Coordinating Group (ICG), created through legislation in 2009, lead a multi-agency effort to simplify and standardize contracting practices including common application, reporting, and audit processes, and prompt payment provisions.<sup>36</sup>

Additionally, the Texas Legislature established another Task Force on Improving Relations with Nonprofits which is working closely with the ICG to implement their earlier recommendations. The CEO of the Texas Association of Nonprofit Organizations co-chairs the new Task Force, which issued its first report to the Legislature in December 2012,<sup>37</sup> and is scheduled to continue its efforts through September 2013.

## Conclusion

Each of the reports of government-nonprofit task forces speaks to the considerable and ongoing strain being put on state agencies and nonprofit providers by cumbersome, redundant, and time-consuming contracting practices that cost both the government and nonprofits scarce resources. Just the number of recommendations flowing from the various reports (such as 49 from one, 150 from another, and 38 from yet another) reveals that this is a fertile field for reform.

While each task force report may vary to some degree in terms of ways to implement the recommendations developed, the themes are quite consistent. Each highlights the need for ongoing collaborative efforts between government and nonprofits to create more effective, efficient, and accountable contracting systems through the coordination and standardization of practices across agencies. Each focuses on the elimination of redundant application and reporting processes and procedures, and all encourage utilization of technology as a necessary step in order to do so.

These reports further emphasize that the inclusion of certain elements in developing a collaborative task force is critical to their success, regardless the model ultimately used. The following common features provide the opportunity for these collaborations to be effective and offer important guidance to future efforts.

- **Leadership:** Someone in a governmental leadership position has initiated the collaborative — a Legislature, Governor, Attorney General, or head of a state agency.
- **Collaboration:** The members of the collaborative task forces include government officials on a bipartisan basis and nonprofit leaders.
- **Goal Oriented:** Each task force started with a specific goal in mind or charge that offered benefits to both government and nonprofits.
- **Pragmatic:** The reports and their recommendations were based on consensus and were specific and pragmatic, rather than vague and aspirational.
- **Ongoing Improvement:** Each task force came to the conclusion that its efforts were only one step in a larger ongoing process. Even if the same group stayed intact to continue their work, there was recognition of being in a new stage of the improvement process.

*Each highlights the need for ongoing collaborative efforts between government and nonprofits to create more effective, efficient, and accountable contracting systems.*

# Government-Nonprofit Task Force Recommendations

	Connecticut	Hawai'i	Illinois	Maine	Maryland	New Jersey	New York	North Carolina	Texas
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## General Management, Oversight, and Streamlining

Nonprofit Liaison	✓						✓	✓	
Government-Nonprofit Task Force	✓	✓	✓	✓	✓	✓	✓		✓
Contractor Capacity Building	✓			✓		✓			✓
Centralized Contracting and Monitoring			✓			✓	✓		
Coordination Between Agencies	✓	✓			✓				✓

## Governments Pay Full Cost of Contracted Service

Reimbursement of Full Costs	✓					✓		✓	✓
Clear Consistent Definitions		✓	✓	✓				✓	
No Fee Electronic Fund Transfers		✓			✓	✓			

## Governments Pay Timely

Prompt Payment	✓	✓			✓	✓	✓	✓	✓
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## Simplified Application and Reporting Processes

Integrated Electronic Procurement System	✓	✓	✓		✓	✓	✓		
Prompt Contracting	✓				✓	✓	✓	✓	
Accreditation/Deemed Status	✓		✓	✓	✓	✓	✓	✓	✓
Standardization of Contracts	✓	✓	✓	✓	✓	✓	✓	✓	✓
Document Vault	✓	✓	✓	✓	✓	✓	✓	✓	
Single Audit Requirements / Standardization of Audits	✓	✓	✓	✓	✓	✓	✓		✓
Lead Audit Agency			✓	✓		✓	✓		
Standardization of Monitoring	✓	✓	✓	✓	✓	✓	✓	✓	

## Other Contracting Issues

Multi-Year Contracts	✓		✓			✓	✓		✓
Selection is Transparent and Competency-Based	✓			✓	✓	✓	✓	✓	
Shared Trainings	✓	✓		✓	✓				
Allow Capital Reserves	✓					✓			
Partnership Principles	✓		✓			✓			
Provider Input	✓	✓	✓	✓	✓	✓	✓	✓	✓

## End Notes

- <sup>1</sup> Elizabeth T. Boris, Erwin de Leon, Katie Roeger, Milena Nikolova, *Human Service Nonprofits and Government Collaboration: Findings from the 2010 National Survey of Nonprofit Government Contracting and Grants* (Urban Institute Center on Nonprofits and Philanthropy) (2010).  
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