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Improving Publicly Funded Human Services: Incorporating Capacity Building into the Contracting Relationship between Children's Services Councils and Nonprofit Organizations

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IMPROVING PUBLICLY FUNDED HUMAN SERVICES: INCORPORATING

CAPACITY BUILDING INTO THE CONTRACTING RELATIONSHIP BETWEEN

CHILDREN'S SERVICES COUNCILS AND NONPROFIT ORGANIZATIONS

A dissertation submitted in partial fulfillment of the

requirements for the degree of

DOCTOR OF PHILOSOPHY

in

PUBLIC AFFAIRS

by

Catherine Raymond

2010

To: Dean Kenneth Furton
        College of Arts and Sciences

This dissertation, written by Catherine Raymond, and entitled Improving Publicly Funded Human Services: Incorporating Capacity Building into the Contracting Relationship between Children's Services Councils and Nonprofit Organizations, having been approved in respect to style and intellectual content, is referred to you for judgment.

We have read this dissertation and recommend that it be approved.

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Date of Defense: October 12, 2010

The dissertation of Catherine Raymond is approved.

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ABSTRACT OF THE DISSERTATION

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CAPACITY BUILDING INTO THE CONTRACTING RELATIONSHIP BETWEEN

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by

Catherine Raymond

Florida International University, 2010

Miami, Florida

Professor Meredith A. Newman, Major Professor

This qualitative two-site case study examined the capacity building practices that Children's Services Councils (CSCs), independent units of local government, provide to nonprofit organizations (NPOs) contracted to deliver human services. The contracting literature is replete with recommendations for government to provide capacity building to contracted NPOs, yet there is a dearth of scholarship on this topic. The study's purpose was to increase the understanding of capacity building provided in a local government contracting setting.

Data collection consisted primarily of in-depth interviews and focus groups with 73 staff from two CSCs and 28 contracted NPOs. Interview data were supplemented by participant observation and review of secondary data. The study analyzed capacity building needs, practices, influencing factors, and outcomes.

The study identified NPO capacity building needs in: documentation and reporting, financial management, program monitoring and evaluation, participant

recruitment and retention, and program quality. Additionally, sixteen different types of

CSC capacity building practices were identified. Results indicated that three major

factors impacted CSC capacity building: CSC capacity building goals, the relationship

between the CSC and NPOs, and the level of NPO participation. Study results also

provided insight into the dynamics of the CSC capacity building process, including

unique problems, challenges, and opportunities as well as necessary resources. The

results indicated that the CSCs' relational contracting approach facilitated CSC capacity

building and that CSC contract managers were central players in the process.

The study provided evidence that local government agencies can serve as

effective builders of NPO capacity. Additionally, results indicated that much of what is

known about capacity building can be applied in this previously unstudied capacity

building setting. Finally, the study laid the groundwork for future development of a

model for capacity building in a local government contracting setting.

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LIST OF ABBREVIATIONS AND ACRONYMS

CSC   Children's Services Council

CSCA   Identifier assigned to one of the CSCs participating in the study

CSCB   Identifier assigned to one of the CSCs participating in the study

CSCBC   Children's Services Council of Broward County

CQI   Continuous Quality Improvement

IT   Information Technology

MIS   Management Information Systems

NPO   Nonprofit Organization

QDA   Qualitative Data Analysis

RFP   Request for Proposal

SKABs   Skills, knowledge, attitudes, and behaviors

TCT   The Children's Trust

CHAPTER I

INTRODUCTION

General Statement of the Research Problem

Federal, state, and local governments have long relied on other public agencies,

nonprofit organizations, and for-profit businesses to provide human services (Kettl, 2002;

Osborne and Gaebler, 1992). The enduring trend in privatization and the popularity of

market approaches to policy implementation means that community-based nonprofit

organizations (NPOs) are increasingly the primary providers of publicly funded human

services within many communities. This practice reflects a growing interdependence of

the public and nonprofit sectors as service delivery shifts from direct governmental

provision to contracting for the delivery of services (Kettl, 2002; Saidel 1991).

Devolution is also an enduring trend resulting in increased reliance on state and

local governments for policy development and implementation. At the same time, there is

an increased focus on fiscal and programmatic accountability for use of public funds,

requiring providers of services to demonstrate outcomes and manage complex contract

requirements. Taken together, privatization, devolution, and increasing accountability

standards place a strain on governments and NPOs to effectively provide human services

(Light, 2004; Salamon, 2005).

A number of studies highlight the limited capacity and weak organizational

infrastructure of many community-based NPOs which diminish their ability to meet

accountability and outcome standards, satisfactorily perform their contracts, and

contribute to the achievement of public policy goals (Alexander, 1999; Anderson 2004;

Carrilio, et al., 2003; Devita and Fleming, 2001; Donors Forum, 2003; Frederickson and

London, 2000; O'Looney, 1998; Smith and Lipsky, 1993). Capacity building (also referred to as technical assistance or implementation support) provided by government agencies to contracted NPOs is prescribed as a means to address these weaknesses and improve NPOs' contract performance (Austin, 2003; Collins, Phields, and Duncan, 2007; DeHoog and Salamon, 2002; Mann et al., 1995; Peat and Costley, 2001; Reiner, 1998; Yang, Hsieh, and Li, 2009).

However, the knowledge base on capacity building is minimal. As a relatively new area of inquiry, there is a lack of agreement on terms and concepts and only initial development of frameworks and models (Backer, Bleeg, and Groves, 2010). Review of the scholarly literature identified few empirical studies on capacity building. Most of what is known about capacity building comes from the practitioner literature and tends to be descriptive in nature—providing information about "promising practices," "lessons learned," and general guidelines and principles. The preponderance of capacity building is funded by private foundations and, to a lesser extent, federal government agencies. As such, the literature primarily addresses capacity building occurring in those settings. Foundations and federal agencies operate within unique internal and external environments, possibly limiting the ability to generalize results of other studies to a local government setting. In the context of capacity building in a local government contracting setting—the subject of the present study—the knowledge base is scarce. Consequently, while the recent contracting literature is replete with capacity building prescriptions for government agencies, policy makers and public administrators, particularly those in local government, have little to guide them.

Statement of Purpose

The present study seeks to address a critical gap in the literature by increasing knowledge of capacity building in the context of contracting for human services at the local government level. The study is similar to previous research in that it examines the implementation of capacity building practices. It differs from previous research in that it examines capacity building practices provided in the context of local government contracting for human services. Although there are studies of local government contracting *and* studies of capacity building, this researcher could locate only one small descriptive article in the scholarly literature concerning the implementation of capacity building practices in local government contracting (Rivenbark and Menter, 2006). For this reason, descriptive studies are needed as well as studies that contribute to the development of a model for capacity building in this setting. To this end, the study examines the capacity building practices of two Children's Services Councils (CSCs) in South Florida. Each of the CSCs is an independent, county-level government agency that funds services for children and families through contracts with NPOs.

The purposes of the study are twofold: (1) to contribute to the development of a capacity building model applicable to local government contracting, and (2) to understand the extent to which staff from CSCs and contracted NPOs correspond in their perceptions of NPOs' capacity building needs and the value of CSC capacity building practices.

Research Questions and Methodology

Given the scarcity of research on this topic, a two-site case study design using a qualitative grounded theory approach was selected as the present study's research strategy. The study was guided by three research questions:

Research Question 1: What are the perceived capacity building needs of contracted nonprofit organizations?

a. as perceived by nonprofit organization staff

b. as perceived by Children's Services Council staff

Research Question 2: What capacity building practices are perceived to contribute to contract performance?

a. as perceived by nonprofit organization staff

b. as perceived by Children's Services Council staff

Research Question 3: What are the major factors[1] that are perceived to impact capacity building practices, and what are the relationships among them?

Details regarding the research methodology are presented in Chapter III and summarized here. Through individual interviews and focus groups, data were collected from professional staff at the two CSCs as well as professional staff from a sample of 28 contracted NPOs. A sampling process was utilized to select staff with in-depth knowledge on the research questions as well as NPOs representing variation along several dimensions believed to be relevant to the study. Researcher observations and analysis of a variety of secondary data sources provided additional data for the study.

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[1] Since this is a qualitative study, the term *factor* is not used in the statistical sense but refers to characteristics, elements, components, or concepts that may impact capacity building practices.

Data were collected from numerous sources to obtain multiple perspectives on the research questions as well as to facilitate triangulation. Atlas.ti, a qualitative data analysis software, aided data analysis. To increase the study's quality and internal validity, a number of quality management processes were implemented.

Significance of the Study

If public resources are to be allocated to provide capacity building in an effort to improve NPOs' contract performance, it is important to understand the nature and impact of these efforts within the context of local government contracting so that capacity building can be efficiently and effectively provided. The present study contributes to the research literature and public administration practice by providing an analysis of capacity building needs, practices, major influencing factors, and outcomes in an unstudied capacity building setting—local government contracting. In addition to providing detailed descriptions of NPOs' capacity building needs and CSC capacity building practices, the study results provide insight into the dynamics of the capacity building process in this setting, as well as the resources and conditions government agencies need for successful capacity building. Most significantly, research results, particularly those regarding the major factors and the relationships among them, lay the groundwork for the development of a model for capacity building in this setting. Additionally, the results provide practical guidance to public administrators in their capacity building efforts. Finally, study results provide an indication of the extent to which what is known about capacity building from other settings is applicable to capacity building in a local government contracting setting. In sum, the present study provides a deeper knowledge base from which scholars,

policymakers, and practitioners can draw in their efforts to improve public administration practice and the achievement of public policy goals.

Overview of Chapters

Chapter II consists of a review of the relevant literature, and an introduction to the conceptual and theoretical frameworks employed in the study. The literature review begins with an introduction to contracting for human services. It then moves to a review of the capacity building literature most relevant to the study's research questions including: definitions of organizational capacity; NPOs' capacity building needs; and knowledge on capacity building practices, models and outcomes. The chapter concludes with conceptual and theoretical frameworks.

Chapter III provides details on the methodology employed for the study as well as descriptive information on the Children's Services Councils and nonprofit organizations participating in the study.

Chapters IV and V present the study's results. In addition to a narrative description, these chapters include several tables and figures that summarize study results. Specifically, Chapter IV presents the results for Research Questions 1 and 2 regarding NPOs' capacity building needs and the CSCs' capacity building practices. Chapter V presents the results for Research Question 3 regarding major factors that impact CSC capacity building practices.

Chapter VI presents a discussion of the study's results on capacity building needs, capacity building practices, and major factors that influence capacity building practices. Results for each of the research questions are discussed in light of the extant scholarly and applied literature.

Chapter VII presents the study's conclusion including a discussion of implications for the public administration scholarship, policy, and practice; study limitations; recommendations for future research; and conclusion.

CHAPTER II

LITERATURE REVIEW

Contracting for Human Services

This section of the chapter introduces the trends and research in contracting most relevant to the study. Federal, state, and local governments have long relied on other public agencies, nonprofit organizations, and for-profit businesses to provide human services (Kettl, 2002; Osborne and Gaebler, 1992). Movement away from direct governmental provision of human services to reliance on the nonprofit sector to provide publicly funded human services has grown steadily since the 1967 amendment to the Social Security Act (Cho, 2007; Smith, 2006). Not surprisingly, many nonprofit human services organizations now acquire a high percentage of their revenue from government sources (Gibelman, 2000). Government reliance on third-party providers such as NPOs has been termed the "hollow state" (Milward and Provan, 2000) to reflect the indirect nature of much public policy implementation. Given the New Public Management reforms underway since the 1980s, this trend is likely to continue. Devolution, increasing focus on higher standards of accountability for use of public funds, use of market mechanisms, and emphasis on service outcomes (as opposed to outputs) are also trends relevant to the present study (Kettl, 2005; Osborne and Gaebler, 1992). Taken together, these trends are placing a strain on both governments and NPOs to effectively provide human services (Light, 2002; Salamon, 2005).

Often, this third-party service delivery relationship between government and organizations contracted to provide services, is structured through a contract awarded through a competitive or cooperative mechanism (DeHoog and Salamon, 2002; Osborne

and Gaebler, 1992). Usually, the contract specifies services to be delivered, payment, performance standards, as well as other contract terms. In many cases, the government agency monitors the contracted provider to ensure compliance with the contract terms. Frequently, this contract is structured as a principal-agent type of relationship and contract monitoring is the extent of the relationship between the government agency and the contracted service provider. Achievement of policy outcomes through contracting depends on a number of factors, including: an effective contractor selection process, a properly constructed contract, effective contract monitoring, and a sufficient supply of capable service providers (O'Looney, 1998; DeHoog and Salamon, 2002). Both scholars and practitioners set forth that contracting requires different administrative competencies and processes than direct governmental service provision (DeHoog and Salamon, 2002; Kettl, 2002; Osborne and Gaebler, 1992). Unfortunately, government agencies frequently have inadequate contract management systems (Kettl 2002; Van Slyke 2003). Scholars note there is insufficient guidance for practitioners regarding effective contracting, little empirical evidence of what constitutes best practices, and little empirical study of the implications of alternative contracting strategies and approaches on funding agencies, service providers, and beneficiaries (Van Slyke, 2003).

Because of the complexity of individual and social problems and the difficulty of measuring change in human systems, human services is likely the most challenging and complicated of all the arenas in which contracting occurs (Hasenfeld, 1992; O'Looney, 1998). An additional challenge to contracting for human services is the feeble supply market resulting from the limited number of service providers within many communities (Lavery, 1999). Another factor contributing to the feeble supply market is the limited

capacity and weak organizational infrastructure of many community-based NPOs, which diminishes their ability to meet accountability and outcomes standards, perform their contracts satisfactorily, and contribute to achievement of public policy goals (Alexander, 1999; Anderson 2004; Carrilio, et al., 2003; Devita and Fleming, 2001; Donors Forum, 2003; Frederickson and London, 2000; O'Looney, 1998; Smith and Lipsky, 1993). Limited NPO capacity was reported by the afore-cited authors in the areas of outcome measurement, financial management, management information systems, contract management, and utilization of research-based service delivery models.

The reliance of governments on NPOs to provide publicly funded human services and the reliance of NPOs on government funding has created a substantial interdependence of these two sectors (Kettl, 2002; Saidel, 1991). Thus, the ability of government to provide high quality human services is increasingly tied to the capacity of available providers to deliver services that achieve specified outcomes. In recognition of this interdependence and of the limited capacity of many NPOs, there is a move away from the traditional principal-agent contracting approach towards a contracting approach that is more relational in nature and which includes building NPO capacity as a contracting strategy to improve contract performance. More detail on these various contracting models is provided later in the chapter.

Capacity building—also referred to in the literature as implementation support or technical assistance—provided by government agencies to contracted NPOs is prescribed as a means to improve NPO contract performance, meet accountability requirements, efficiently use public resources, and contribute to achievement of public policy goals (Austin, 2003; Collins et al., 2007; DeHoog and Salamon, 2002; Mann et al., 1995; Peat

and Costley, 2001; Reiner, 1998; Yang et al., 2009). Unfortunately, the literature provides scant guidance to policy makers and public administrators on the provision of capacity building in this setting. Additionally, no empirical studies were identified that examine to what extent, if any, capacity building impacts contract performance.

However, several scholars have examined other factors and practices that potentially impact contract performance (Brown and Potoski, 2003; Fernandez, 2007; Fernandez, 2009; Romzek and Johnston, 2002). In a study of local government contracting, Fernandez (2007) provided evidence that a relational contracting approach led to higher levels of contract performance. Contracting approaches are discussed later in the chapter. More recently, Fernandez (2009), incorporating the results of numerous studies, identified and analyzed the impact of 17 factors on contract performance, including: monitoring, competition, trust, ex-ante evaluation, frequency of communication, task uncertainty, asset specificity, contract specificity, means of dispute resolution, government contract administration expertise, in-house technical knowledge, joint problem solving, contract duration, financial incentives, political support, resource munificence, and use of subcontractors. Notably for the present study, capacity building as a factor was not included in the analysis. This may be due to lack of data resulting from the scarcity of capacity building as a local government contracting practice. The Fernandez (2009) study of local government contracting indicated that several factors had a positive impact on contract performance, namely: trust between government contracting agency and contractor staff, joint problem solving to resolve contract problems, asset specificity, in-house government staff technical knowledge, political support for contracting, and resource munificence (i.e., adequacy of resources allocated to

contracting). Of interest to the present study and as detailed in the following section, other studies have indicated that a number of these factors also have a positive impact on the outcomes of capacity building practices.

Introduction to Capacity Building

This section introduces the capacity building concepts and research most relevant to the study. The knowledge base on capacity building is minimal, is supported by few empirical studies, and is generally situated within two specific contexts, private foundation or federal government. As a relatively new area of inquiry, there is lack of agreement on terms and concepts and only initial development of frameworks and models (Backer et al., 2010). Reviews of the scholarly literature (in public administration, nonprofit management, social work, and public health) revealed few empirical studies on capacity building. Most of what is known about capacity building comes from practitioner literature funded primarily by private foundations. The practitioner literature primarily consists of case studies, evaluations of capacity building programs, and published scans of the capacity building field. This literature tends to be descriptive in nature, merely providing information about "promising practices," "lessons learned," and general guidelines and principles.

Most capacity building is funded by private foundations, and to a lesser extent, federal agencies. Thus, the literature addresses capacity building occurring in those settings. In the local government setting—the subject of the present study—the knowledge base is almost nonexistent. To the researcher's knowledge, no scholarly studies have been published examining capacity building in local government contracting. A complete review of the capacity building literature is beyond the scope of

this review. This section will focus on those areas of the literature most relevant to the study's research questions, including definitions of organizational capacity, NPOs' capacity building needs, and knowledge on capacity building practices, models and outcomes.

Nonprofit Organizational Capacity Defined

It is helpful to distinguish between the terms *capacity* and *capabilities* since both will be used in the study. Franks (1999) refers to capability as "the knowledge, skills, and attitudes of the individuals, separately or as a group, and their competence to undertake the responsibilities assigned to them" (p. 52). On the other hand, capacity is "the overall ability of the individual or group to actually perform the responsibilities" (p. 52). Thus, capacity depends on capabilities but also encompasses availability of additional internal resources, impact of external conditions, and the magnitude of the responsibilities.

There is lack of consensus on the definition of nonprofit organizational capacity as well as the components of organizational capacity. Existing definitions focus on an NPO's ability to achieve, perform, or be effective. For Letts, Ryan, and Grossman (1999), organizational capacity is reflected in an organization's "ability to develop, sustain, and improve the delivery of a mission" (p. 4). Light (2004) describes capacity as "everything an organization uses to achieve its mission, from desks and chairs to programs and people" (p. 14). In defining organizational capacity, Kibbe et al. (2004) describe it as organizational abilities that "contribute to and sustain organizational effectiveness over time" (p. 4).

There appears to be consensus that organizational capacity is comprised of a

number of components, however, there is not consensus on what these components are. Many capacity frameworks appear to be comprised of similar organizational elements with the differences among them being how these elements are grouped into components. As one example, Venture Philanthropy Partners' Capacity Framework (2001) includes seven components of organizational capacity: aspirations, strategy, organizational skills, human resources, systems and infrastructure, organizational structure, and culture. On the other hand, Light (2004) separates capacity into four components: external relations, internal structure, leadership, and management systems. Letts et al. (1999) propose three components of organizational capacity: program delivery capacity, program expansion capacity, and adaptive capacity. Connolly and York (2003) describe four core components: adaptive capacity, leadership capacity, management capacity, and technical capacity. The present study used Connolly and York's conceptualization of organizational capacity because it was found to be the most useful for analyzing the research questions; it will be discussed further in the next section on conceptual frameworks.

NPOs' Capacity Building Needs

Reviewing the literature, it appears that NPO capacity building needs have been identified within every component of organizational capacity from governance to financial management to facilities to service delivery. Scholars contend that it can be difficult to assess and identify specific capacity building needs because the characteristics of effective NPOs have not been determined (Light, 2000). Additionally, whatever the characteristics of effective NPOs are, they may vary from NPO to NPO as a result of, for example, diversity in the sectors of activity (e.g., arts, human services, environmental),

external environmental conditions, and organizational life stage, structure, and history. However, NPO capacity building needs may be greater in the areas of adaptive and leadership capacities (e.g., governance or strategy) than in the areas of technical and management capacities (e.g., service delivery, volunteer management) (Connolly and York, 2003). Because of this variation, scholars and practitioners emphasize that an organizational assessment is an important first step in capacity building (Connolly and York, 2003). Several assessment tools have been developed–but not yet validated (Marguerite Casey Foundation, 2005; Venture Philanthropy Partners, 2001).

Descriptions of Capacity Building

There are two streams of capacity building literature: one that is focused on building the capacity of organizations and the other that is focused on building the capacity of communities. Since the study's focus is organizational, this review only addresses organizational capacity building. In this context, capacity building is fundamentally an organizational change process aimed at improving organizational capacity (Worth, 2009). The untested assumption is that increases in organizational capacity lead to improved organizational effectiveness (Light, 2004). As Harrow (2001) suggests, most definitions of capacity building reflect a deficit model focusing on the gaps in NPO capacity.

There is no shared definition of capacity building (Light, 2004). Backer (2001) writes that capacity building involves "strengthening nonprofits so they can better achieve their mission" (p. 38). Kibbe et al. (2004) define capacity building as "the application of knowledge and expertise to the enhancement of those factors that contribute to organizational effectiveness" (p. 5). Blumenthal (2003) defines capacity

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building as any "actions that improve nonprofit effectiveness" (p. 5). There is also no consensus on the recommended focus of capacity building. Options proffered in the literature include focusing on transformative versus incremental change or comprehensive versus elemental change. The majority of authors appear to support a capacity building focus on transformative and comprehensive change at the level of organization with particular attention paid to adaptive and leadership capacities (Blumenthal, 2003; Connolly and York, 2003; Letts et al., 1999; Venture Philanthropy Partners, 2001).

Capacity building is more than training workshops and technical assistance. According to Backer, Bleeg, and Groves (2004), the large menu of capacity building practices can be grouped into three categories: (a) assessment of NPO needs, assets, and readiness for change; (b) technical assistance and organization development consultation (e.g., training, coaching, peer networking, provision of print resource materials, and convening); and, (c) direct financial support. These practices support a variety of capacity building objectives, including for example: increasing staff and board member skills and knowledge; improving management and information technology systems; engaging in strategic planning, program evaluation, and/or marketing; and developing collaborations (Light, 2004). There is a range of delivery strategies employed for capacity building purposes. Funders of capacity building may provide the following: capacity building efforts integrated into their ongoing grant making or contracting processes; general operating support or capital financing to NPOs; short-term, project-oriented capacity building grants; direct management assistance (much as a venture capitalist would); or comprehensive, structured, long-term capacity building support (Blumenthal, 2003;

Connolly and Lukas, 2002). In some cases, the goals of capacity building may be technically or managerially focused; in other cases they may be more organizationally focused on an NPO's governance and organizational strategy. "Capacity builders" is the term commonly used in reference to those organizations and individuals that deliver capacity building practices to NPOs. They may include staff from the organization providing the funding for capacity building (e.g., foundation staff) but in most cases funders contract with intermediary organizations or consultants to provide capacity building to grantees/contractors (Blumenthal, 2003; Connolly and York, 2002).

Capacity Building Models

The development of capacity building models is in its initial stages. Model building is hampered by the lack of shared definitions of capacity, capacity building, and organizational effectiveness, as well as lack of agreement on a model for conceptualizing organizational capacity. A number of scholars and practitioners have suggested elements for inclusion in a theoretical model (Backer, 2001; Blumenthal, 2003; Devita et al., 2001; Heward, Hutchins, and Keleher, 2007; Kibbe et al., 2004). A few have begun to develop preliminary models (Collins, et al., 2007; Connolly and York, 2003; Hawe, Noort, King, and Jordens, 1997; Wandersman, Imm, Chinman, and Kaftarian, 2000). However, there has been little testing of these models and no model is widely applied.

Factors that Positively Impact Capacity Building

Capacity building is described as complex; it is a resource consuming and often difficult process entailing organizational change. Scholars and practitioners have identified numerous factors that potentially impact the process. The evidence base supporting the impact of these factors varies widely, ranging from empirical studies to

foundation-funded evaluations to articles that draw upon the literature in planned organizational change. A complete review of these factors is beyond the scope of this review. Presented here are a number of factors that scholars and practitioners suggest have important impacts on capacity building, that are relevant to the research questions, and that have been discussed in at least several publications.

NPO-related factors most consistently cited in the literature as important include (in alphabetical order): leadership involvement, organizational culture, and organizational readiness. There appears to be consensus that if capacity building is going to have lasting impact on organizational capacity, it must actively involve an NPO's leadership (Backer, et al., 2010; Blumenthal, 2003; Joffres et al., 2004; Millesen and Carman, in press; Venture Philanthropy Partners, 2001). These authors suggest that capacity building is most effective when it involves NPO leaders who proactively seek out capacity building opportunities, champion the effort, and dedicate the organizational time and resources necessary. Similarly, organizational culture is believed to be an important factor in the process (Blumenthal, 2003; Kibbe et al., 2004; Venture Philanthropy Partners, 2001; Worth, 2009). The authors suggest that any capacity building process must take into account an NPO's existing organizational culture. Capacity building practices must be designed to be effective within the existing organizational culture and they may also be designed to bring changes to the existing organizational culture. In particular, Letts et al. (1999) assert that to successfully build organizational capacity NPOs must have an organizational culture that "values organizational performance" (p. 142). Organizational readiness is a third factor frequently described as important (Backer, et al., 2010; Blumenthal, 2003; Devita et al., 2001; Heward et al., 2007; Innovation Network, 2001;

Joffres et al., 2004). However, there is no shared definition of organizational readiness.

As Sobeck and Aguis (2007) assert, "readiness is a vague, yet appealing reference to some quality predisposing an organization to successful change" (p. 245). In the literature, organizational readiness most commonly appears to include: NPO openness to learning and change, absence of organization crises, availability of necessary resources, and leadership engagement (Backer, 2001; Innovation Network, 2001). Currently there is no agreed upon criteria to determine if an NPO is ready for capacity building and there are no validated tools to assess an NPO's level of readiness.

Many factors are thought to be important in the successful design and implementation of capacity building practices. Those most consistently cited, and described below, include (in no particular order): capacity builder qualifications, dosage of capacity building, evaluation, individualization of capacity building, needs assessment, peer to peer learning, and relationship quality.

As to the qualifications of capacity builders, the most frequently cited skills, knowledge, background, and experience thought to support successful capacity building include: capacity builder expertise in change management, expertise in the subject area of the capacity building effort, relevant local knowledge, and compatibility with NPO staff (e.g., in age, ethnicity, or language) (Backer, et al., 2010; Blumenthal, 2003; Kibbe et al., 2004).

The dosage of capacity building refers to the quantum of capacity building practices provided to an NPO. In order for capacity to be built, there must be a sufficient amount provided so that new practices can be learned and institutionalized (Chinman et al., 2008; Leake et al., 2007; Mitchell, Florin, and Stevenson, 2002). For example, while

stand-alone training sessions can be useful to increase staff knowledge, they are unlikely to build capacity unless they are coupled with additional practices that increase the total dosage. No detailed dosage guidelines have been developed. Related to dosage, the amount of time over which capacity building practices is provided is believed to be important. Time is important, in addition to dosage, to allow for the development of a high quality relationship between the capacity builder and recipient NPO and for new practices to be learned and institutionalized (Backer, et al., 2010; Blumenthal, 2003; Innovation Network, 2001; Venture Philanthropy Partners, 2001).

Conducting both process and outcome evaluations is also believed to be an important factor (Backer, et al., 2010; Blumenthal, 2003; Devita et al., 2001). Evaluations increase understanding of the dynamics and outcomes of capacity building. Process evaluations, in particular, can provide data to improve capacity building practices.

Individualization was frequently cited as an important factor to successful capacity building (Backer, et al., 2010; Devita et al., 2001; Innovation Network, 2001; Light, 2004; Sobeck, 2008). Given the diversity of capacity building needs and NPOs' internal and external environments, a "one size fits all" approach is believed to be less effective. According to the above referenced authors, when individualizing practices, capacity builders should take into account: identified NPO capacity building needs; NPO staff members' learning styles; and NPO history, culture, life stage, and environment. This individualization should also include flexibility to alter an initial plan as needed (Backer et al., 2010; Blumenthal, 2003).

According to scholars and practitioners, the delivery of capacity building practices should always be preceded by a formal assessment of an NPO's needs. The

needs assessment should be conducted collaboratively with NPO staff and be utilized to develop an individualized plan (Backer et al., 2010; Blumenthal, 2003; Innovation Network, 2001; Joffres et al., 2004).

Strategies that included opportunities for peer-to-peer learning were cited by a number of authors as an important success factor (Backer et al., 2010; Connolly and Lukas, 2002; Innovation Network, 2001; Joffres et al., 2004). Peer-to-peer learning opportunities such as roundtables, case study groups, or learning circles are seen to reduce isolation as well as promote collaboration and problem-solving.

The quality of the relationship between the capacity builder and NPO staff is also thought to be an important factor in successful capacity building (Blumenthal, 2003; Innovation Network, 2001; Kegeles, Rebchook, and Tebbetts, 2005). Scholars and practitioners posit that high quality relationships, structured as on-going collaborations, characterized by trust and respect, and involving a qualified capacity builder with in-depth knowledge of the NPO, result in improved outcomes.

Outcomes of Capacity Building

Providing capacity building to nonprofit organizations is believed to lead to increased organizational capacity and improved program outcomes at the client level. A number of potential outcomes have been identified. Examples include: changes in capacity (e.g., increased planning activity or improved financial management), improvements in organizational effectiveness (e.g., improved sustainability, and the servicing of more clients)(Connolly and Lukas, 2002; Light, 2004). However, the evidence base on the outcomes is weak (Leake et al., 2007; Linnell, 2003; Sobeck and

Agius, 2007). Scholars and practitioners acknowledge that there has been woefully insufficient research and evaluation directed at capacity building outcomes.

Only a handful of studies on the outcomes of capacity building could be located in the scholarly literature (Chinman et al., 2005; Leake et al., 2007; Leviton, et al., 2006; Sobeck and Agius, 2007; Sobeck, 2008). Most literature on capacity building outcomes consists of evaluations funded by private foundations. As a result of the dearth of rigorous studies, most claims regarding the outcomes of capacity building appear to focus on processes as opposed to outcomes and rely primarily on participants' perceptions of improvement and participant satisfaction with capacity building efforts (Connolly and York 2002; Light, 2004).

That there are no agreed upon definitions of effectiveness nor of the component parts of organizational capacity complicates the assessment of capacity building outcomes. Additionally, while assumed, the relationship between organizational capacity and effectiveness is not yet clear (Leake et al., 2007; Worth, 2009). Review of the scholarly literature revealed only one study that addressed the relationship between capacity and effectiveness (Eisinger, 2002). Thus, the literature contributes little to our understanding of capacity building outcomes and the capacity building processes by which outcomes are achieved.

Conceptual and Theoretical Frameworks

This chapter section introduces the conceptual and theoretical frameworks employed during this study, which functioned as the study's sensitizing concepts. According to Patton (2002), sensitizing concepts can serve as a guide to orient data collection and analysis. Connolly and York's (2003) organizational capacity framework

provided the structure to conceptualize and discuss NPOs' capacity building needs and

the outcomes of capacity building practices. Resource dependency theory, specifically the

model of resource interdependence proposed by Saidel (1991), was a useful framework

for analyzing the CSCs' motivation to provide capacity building and NPOs' motivation to

participate in capacity building. Two contracting models (Walker and Davis, 1999;

Wong, 2008), as well as several concepts on the role of power in organizational change

(Chin and Benne, 1983; French, Bell, and Zawacki, 1983) served as frameworks for

analyzing data on the factors that impacted the CSCs' capacity building process.

Conceptualizing Organizational Capacity

A framework for conceptualizing the components of capacity is important for

assessing NPO capacity building needs, effectively implementing capacity building

practices, and understanding the outcomes of capacity building. Connolly and York's

(2003) conceptualization of organizational capacity was used in the study because it was

the most useful for analyzing the research questions. Connolly and York describe four

core components of organizational capacity, each of which are essential to organizational

effectiveness: adaptive capacity, leadership capacity, management capacity, and technical

capacity. Adaptive capacity refers to "the ability of a nonprofit organization to monitor,

assess, and respond to internal and external changes" (p. 20) through activities such as

strategic planning, developing beneficial collaborations, scanning the environment, and

assessing organizational performance. Leadership capacity is "the ability of all

organizational leaders to inspire, prioritize, make decisions, provide direction and

innovate, all in an effort to achieve the organizational mission" (p. 20) through activities

such as promoting the organization within various stakeholder (i.e., constituent)

communities, and setting and communicating organizational priorities. Management capacity refers to "the ability of a nonprofit organization to ensure the effective and efficient use of organizational resources" (p. 20) through, for example, effective personnel and volunteer policies. And finally, technical capacity is "the ability of a nonprofit organization to implement all of the key organizational and programmatic functions" (p. 20) such as delivery of programs and services, effectively managing organizational finances, conducting evaluation activities, and raising funds. Technical capacity is the component of capacity most relevant for the study given the focus on contract performance, as opposed to a more broad focus on organizational performance.

Conceptualizing Participation in Capacity Building

Saidel's (1991) resource interdependence framework provides a theoretical rationale for the CSCs' utilization of capacity building practices in contracting as well as a rationale for NPOs' participation. Saidel's (1991) framework is based on Emerson's theory of reciprocal power-dependence that states, in summary, "the power of A over B is equal to, and based upon, the dependence of B upon A" (p. 544). Saidel's study of state-nonprofit agency relations for public services found that resource dependence was reciprocal. Nonprofit organizations depend on government for revenues, information (including expertise and technical assistance), legitimacy and political support, and access to the non-legislative policy process. Government depends on nonprofit organizations for service delivery capacity, information, and political support/legitimacy. There are three dimensions of dependence: importance of the resource, availability of alternatives, and ability to compel provision of the resource. Because of their resource interdependence, when faced with a supply market that is perceived to have weaknesses,

a funder may make efforts to increase the likelihood of contract success by adopting practices that are believed to improve contract performance. This may include providing capacity building assistance to contracted NPOs.

Conceptualizing the Role of Power in Capacity Building

By its nature, a contract confers specific powers to the contracting parties. Power dependence, the basis of Saidel's resource interdependence framework, involves the power of one organization over another. Considerations of who holds power, types and sources of power, and uses of power, were important for interpreting study data, particularly factors impacting CSC capacity building practices. Several relevant power-related definitions and concepts are now briefly presented. According to French et al. (1983) power can have two faces and be of six types. Power's two faces are (a) negative power that is characterized by dominance and submission and (b) positive power that is characterized by leading, motivating, and empowering. Those with power can choose which face of power they wish to project. The six types of power are: dependence power (as described above), reward power, coercive power, legitimate power, referent power, and expert power. Reward power refers to the ability to provide something of value. Coercive power refers to the ability to punish. Legitimate power refers to power whose basis is shared values that confer power to a specific person or institution. Referent power refers to power granted to another on the basis of identification with or attraction to that other. Expert power refers to power conferred by having valued expertise, knowledge, or information.

Capacity building is an organizational change process and according to Chin and Benne (1983), there are generally three strategies for effecting organizational change:

empirical-rational, normative-reeducative, and power-coercive. Empirical-rational strategies are those that attempt to rationally justify the organizational change effort and elucidate the anticipated benefits to those who are being asked to undertake the change effort. Empirical-rational strategies assume individuals and organizations will act rationally and in their self-interest and thus participate willingly in change efforts once they understand the benefits. Normative-reeducative strategies are those that seek to alter the socio-cultural norms of those who are being asked to undertake the change effort. These strategies assume individuals and organizations will act in accordance with socio-cultural norms. Finally, power-coercive strategies are those that rely on the use of power to effect change. These strategies assume that those with less power will comply with the demands of those with more power. According to Chin and Benne (1983), the change strategies of normative-reeducative and empirical-rational are generally believed to be more effective, in part, because they are collaborative and participatory, involving the "buy-in" and voluntary participation of those involved in the change effort. Collaboration and participation are believed to reduce resistance to change, one of the major barriers to change efforts (Dunphy and Stace, 1988). However Dunphy and Stace (1988) argue that no one strategy works well under all conditions and that a contingency approach to organizational change, which may at times involve power-coercive strategies for effecting change, is better suited when selecting the appropriate change strategy.

Conceptualizing the Role of Contracting Models in Capacity Building

Contracting models are the final conceptual framework employed in the present study. A number of scholars have reviewed and characterized contracting models (DeHoog, 1990; VanSlyke, 2006; Walker and Davis, 1999; Wong, 2008). These

contracting models can be arranged on a continuum from a transactional pole to a relational pole.

Drawing from Wong (2008) and Walker and Davis (1999), the transactional pole is characterized by competitive procurement processes, well-defined contracts with specific measures, limited/formal interaction between principal and agent, and contract monitoring for accountability purposes (i.e., quality assurance and contract compliance). Transactional contracts (also known as commercial contracts or competitive contracts) are anchored in agency theory (also known as the principal-agent model). Both transactional contracts and agency theory have a long history in contracting for public services. At its foundation, agency theory is a control-oriented theory derived from the mistrust of principal (the government contracting agency) towards the agent (the contractor, in this case the NPO). Agency theory assumes that there is misalignment between the principal and the agent, specifically, goal conflict and information asymmetry (Van Slyke, 2006). The self-interest of the agent and the greater information held by the agent lead to the principal's mistrust. In an effort to control the actions of the agent, the principal develops detailed contractual terms, sanctions for noncompliance, and formal monitoring and reporting mechanisms as a means to monitor contract compliance and reduce the chances for opportunistic behavior.

Continuing to draw from Wong (2008) and Walker and Davis (1999), the relational pole is characterized by non-competitive (or limited competition) procurement processes, loosely defined agreements that may not have specific measures of contract performance, frequent and informal communication, collaborative implementation, joint problem solving, and monitoring for continuous quality improvement and quality

assurance and compliance. Trust between the contracting parties is also cited as a central aspect of relational contracts (Van Slyke, 2009). Relational contracts (also known as cooperative contracts or collaborative contracts) are anchored in stewardship theory and are becoming more prevalent reflecting trends toward more collaborative public governance approaches (Amirkhanyan, Kim, and Lambright, 2009). Relational contracts and stewardship theory are more recent developments in contracting for public services. At its foundation, stewardship theory is an involvement-oriented theory based on trust between the principal and the steward (the contractor, in this case the NPO). Stewardship theory assumes that there is goal convergence between the principal and steward that reduces the likelihood of opportunistic behavior in the steward's self-interest (Van Slyke, 2006); thus, the steward's motives and goals are aligned with those of the principal leading to greater levels of cooperation and collaboration.

Summary

This chapter provided a review of the relevant literature in government contracting for human services and capacity building, and presented several conceptual frameworks employed during the study. First, the review indicated that governments increasingly rely on contracts with NPOs for the provision of publicly funded human services. Second, the review presented how concerns that some NPOs lacked capacity to meet accountability and performance standards led to recommendations that government provide capacity building to contracted NPOs to improve NPOs' ability to meet contract requirements. Third, the literature review revealed a dearth of scholarly studies on capacity building. In particular, little was known about capacity building in the context of this study—local government contracting. Thus, this review linked the literature on

government contracting with the nascent scholarship on capacity building to create a

foundation upon which to develop the knowledge base on capacity building within a local

government contracting setting.

CHAPTER III

RESEARCH METHODOLOGY

Introduction

This chapter provides details on the methodology employed for the study. The chapter begins with an overview of the study design followed by descriptions of: the case study sites, sample selection process and profiles of resultant samples, data collection methods, data analysis, risk to respondents, and researcher efforts at quality management.

Considering the research questions and the gaps in the extant literature, a two-site case study design employing a qualitative methodology was selected as an appropriate research design. The unit of analysis for the study was programmatic; specifically, the capacity building practices of the case study sites. During the literature review, no case studies were identified addressing this research topic further supporting the selected study design as a methodological contribution to the literature. The primary data collection method was in-depth individual interviews (44) supplemented by focus groups (9), participant observations (13), and review of secondary data sources (e.g., documents and websites). Data were collected from multiple sources to facilitate triangulation and corroboration as well as to obtain multiple perspectives on the research questions.

Study Design
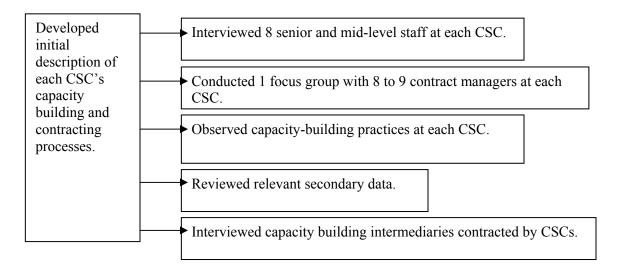
Selection of a qualitative methodology for a study such as this is supported by Patton (2002), "in new fields of study where little work has been done, few definitive hypotheses exist and little is known about the nature of the phenomenon, qualitative inquiry is a reasonable beginning point for research" (p. 193). A case study design was

selected due to the complex internal and external environments of the organizations

involved and the complexity of the capacity building process. According to Yin (2003), a

case study design "allows investigators to retain the holistic and meaningful

characteristics of real-life situations" (p. 2) and is of advantage when "a 'how' or 'why'

question is being asked about a contemporary set of events, over which the investigator

has little or no control" (p. 9). The two-site design also strengthened the internal validity

and quality of the study. Methodologically, the study employed a grounded theory

approach (Strauss, 1993) so it can contribute to model-building as well as to the

development of greater understanding of nonprofit capacity building in a local

government contract setting.
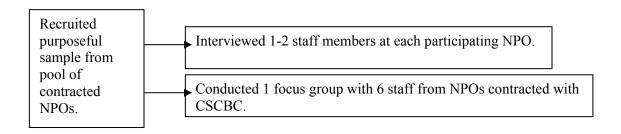
The study was conducted over eleven months from May 2009 through April 2010

and divided into several components, as summarized in Figure 1 (next page). Study

methodology is detailed further in this chapter and included data collection from two

CSCs and from a purposeful sample of NPOs contracted by the CSCs as well as data

analysis and validation of the preliminary results. The grounded theory approach required

a continual process of cycling between data collection and analysis and revision of data

collection strategies and activities on the basis of concepts, themes, and analytical

insights emerging from the data and evolving from the analysis (Patton, 2002; Strauss,

1993). Therefore, although the study was divided into separate components, the

components were not as discrete and linear as they may appear in Figure 1. For example,

interviews and focus groups took place at CSCs and NPOs in both counties concurrently

to facilitate utilization of constant comparative and grounded theory approaches.

Figure 1: Study Design
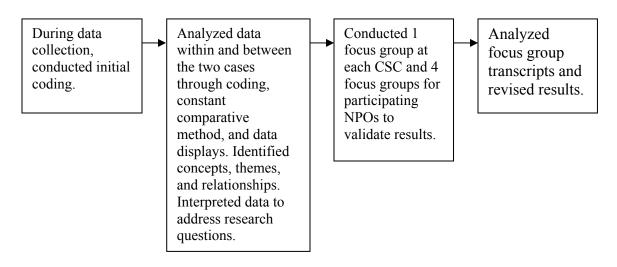
Data Collection from Children's Services Councils (n=2)

Developed initial description of each CSC's capacity building and contracting processes.

→ Interviewed 8 senior and mid-level staff at each CSC.

→ Conducted 1 focus group with 8 to 9 contract managers at each CSC.

→ Observed capacity-building practices at each CSC.

→ Reviewed relevant secondary data.

→ Interviewed capacity building intermediaries contracted by CSCs.

Data Collection from Contracted Nonprofit Organizations (n= 28)

Recruited purposeful sample from pool of contracted NPOs.

→ Interviewed 1-2 staff members at each participating NPO.

→ Conducted 1 focus group with 6 staff from NPOs contracted with CSCBC.

Data Analysis and Validation of Results

| During data collection, conducted initial coding. | → | Analyzed data within and between the two cases through coding, constant comparative method, and data displays. Identified concepts, themes, and relationships. Interpreted data to address research questions. | → | Conducted 1 focus group at each CSC and 4 focus groups for participating NPOs to validate results. | → | Analyzed focus group transcripts and revised results. |

The study was conducted in English, because it was the primary language in which the study sites conducted business. Respondents were not compensated for participation in the study. Study respondents participated during their normally scheduled work hours as part of their work duties. The time demand on respondents was minimal—generally no more than two hours. Each CSC's research liaison spent additional time coordinating CSC participation in the study, providing the researcher with access to secondary documents, and facilitating researcher participant observations.

Case Study Sites

In Miami-Dade County (the researcher's home county) only one local government agency was identified that provides capacity building to its contracted NPOs, The Children's Trust (TCT), a Children's Services Council. TCT is one of 15 CSCs created under Chapter 125 of the Florida Statutes that authorized Florida counties to establish CSCs to fund programs and services for children and families (Center for the Study of Children's Futures, n.d.). Florida is the only state with CSCs (Florida Children's Services Councils, n.d.). Some CSCs are established as special taxing districts (independent units of local government); some are part of county government (Florida Children's Services Council, n.d.). The CSCs typically contract with agencies through a competitive request for proposal (RFP) process providing multi-year funding with annual renewals based upon successfully achieving annual contract outcomes. The vast majority of contracted service providers are 501(c)(3) nonprofit organizations (public charities) but may also include a number of for-profit businesses and other government agencies. The CSCs have similar missions and program areas but they vary in legal structure, governance, size, age,

geographic location, contracting processes, operating procedures, and level of focus on building contracted service provider capacity (Florida Children's Services Council, n.d.).

In order to improve the quality of the study design, an additional CSC that provided capacity building was identified for inclusion in the study. The selection of two case study sites was determined to provide for literal replication (Yin, 2003) so as to increase the internal validity of the results while maintaining a manageable amount of data. To select a second case study site, the websites of 13 Florida CSCs were reviewed (two CSCs did not have web sites). A list of four CSCs was identified as potential case study sites on the basis of the following criteria: documented capacity building goals and practices, staff dedicated to capacity building, and multi-million dollar budgets that could support a significant level of capacity building. The four short listed CSCs were: Children Services Council of Broward County, Children's Services Council of Hillsborough County, Children's Services Council of Palm Beach County, and Juvenile Welfare Board of Pinellas County. Based on the aforementioned screening criteria, each of the four appeared to be equally suitable for inclusion in the study. Children Services Council of Broward County was selected as the second case study site because of the CSC's willingness to participate, researcher knowledge of the CSC and community, and geographic proximity. A profile of each participating CSC, focusing on organizational characteristics and history most relevant to the study's purpose and research questions, follows.

Children's Services Council of Broward County

The Children's Service Council of Broward County (CSCBC), located in Broward County, Florida (population 1,766,476 in 2009), was established in perpetuity

by voter referendum as an independent CSC in September 2000. CSCBC received its first revenue and hired its first staff in Fall 2001 and made its first service delivery contract awards in January 2002. CSCBC operates under the guidance of an 11-member board of appointed and ex-officio members. CSCBC expenses grew six-fold in its seven year operating history, beginning with just under $10 million in expenses for fiscal year 2002 and growing to $63 million in expenses for fiscal year 2009. During fiscal year 2009, CSCBC funded and managed 165 service contracts for programs, including out of school programs, school health, family strengthening, school readiness, child welfare system supports, youth development, and several other smaller funding categories. Although the present study focuses on NPOs, CSCBC also funds for-profit organizations as well as municipalities and other governmental entities. As a special taxing district, CSCBC receives its revenue from a 0.5 mill property tax assessment on Broward County properties.

The mission of CSCBC is "to provide the leadership, advocacy and resources necessary to enhance children's lives and empower them to become responsible, productive adults through collaborative planning and funding of a continuum of quality care" (Children's Services Council of Broward County, n.d.). The CSCBC vision is that "the children of Broward County shall have the opportunity to realize their full potential, their hopes and their dreams, supported by a nurturing family and community" (Children's Services Council of Broward County, n.d.). CSCBC's fiscal year 2008-2009 goals were (next page):

CSCBC Service Goals

1. Agency Capacity: The service delivery network must have the capacity and ability to provide a high quality, efficient and culturally sensitive continuum of care that is culturally sensitive to Broward's diverse population.

2-11. Goals for CSCBC direct services for children, youth, and families (one goal per funded program area; too numerous to list)

CSCBC System Goals

1. Seamless System of Care: Children's services are delivered through comprehensive and coordinated systems of care.

2. Public Awareness and Advocacy: The community is aware of the resources available for children and families and advocates on their behalf.

3. Leveraging Resources: Services and resources available in the community to meet the needs of Broward County's children and families.

The Children's Trust

The Children's Trust, located in Miami-Dade County, Florida (population 2,500,625 in 2009), was established as a dependent CSC in 1988. In September 2002, by voter referendum, TCT became an independent CSC with a five-year sunset provision. TCT received its first revenue and hired its first staff in Fall 2003 and made its first service delivery contract awards in April 2004. In 2008, another voter referendum reauthorized The Children's Trust, this time in perpetuity. The Trust operates under the guidance of a 33-member board of appointed and ex-officio members. TCT expenses grew more than eleven-fold in its five year operating history, beginning with $12 million in expenses for fiscal year 2004 and growing to $141 million in expenses for fiscal year

2009. During fiscal year 2009 TCT funded and managed 409 service contracts for programs including out of school programs, school health, youth development, early childhood development, and several other smaller funding categories. Although the present study focuses on NPOs, TCT also funds for-profit organizations as well as municipalities and other governmental entities. As a special taxing district, TCT receives its revenue from a 0.5 mill property tax assessment on Miami-Dade County properties. TCT is the largest of Florida's CSCs.

The mission of TCT is "to improve the lives of all children and families in Miami-Dade County by making strategic investments in their futures" (The Children's Trust, n.d.). The TCT vision is that "The Children's Trust will become the recognized leader in planning, advocating and funding quality services to improve the lives of children and their families" (The Children's Trust, n.d.). TCT's fiscal year 2008-2009 goals were:

    1. Sustain and expand direct services: Sustain and expand high-quality prevention and early intervention services for children, youth and families.

    2. Improved systems of care: Improve systems of care through increased coordination and reduced fragmentation of services for children.

    3. Knowledge development and quality improvement: Support knowledge development and quality improvement in the field of child and family service delivery.

    4. Community awareness and advocacy for kids: Increase public awareness and advocate for child and family-friendly laws and policies at the local, state and federal levels.

In August of 2009, during the study's data collection phase, TCT laid off nine

staff members as part of spending cuts necessitated by declines in property values and a

reduction in revenue. TCT's two-member training department was laid off including the

staff member responsible for capacity building, resulting in a significant decline in TCT's

capacity building efforts. As will be discussed in more detail at relevant points

throughout the remaining chapters, this reduction in capacity building efforts provided

additional insight into the major factors that influence the capacity building process as

well as the challenges government agencies may face in implementing capacity building.

A summary table comparing the case study sites is presented below as Table 1.

Table 1

Comparison of CSCs

	CSCBC	TCT
Year founded as an independent CSC	2000	2002
County population (2009)	1,766,476	2,500,624
Annual CSC budget (fiscal year 2009)	$63 million	$141 million
CSC service contracts (fiscal year 2009)	165	409
Number of CSC board members	11	33

Prior to the study, the researcher had varying degrees of knowledge of the two

case study sites. The extent of her prior experience with CSCBC was limited to working

with one CSCBC senior staff person on a consulting project in collaboration with a

Miami-Dade NPO. Her prior experience with TCT was more extensive. While on staff at

a local NPO she was the staff liaison for a TCT contract and while a consultant she had

several consulting contracts with TCT. Additionally, many of her consulting clients contracted with TCT. During the course of the study the researcher did not have any active contracts with either CSC. To compensate for the greater depth of prior knowledge regarding TCT, the researcher collected a larger amount of data from CSCBC.

Sample Selection

Children's Service Council Respondents

Each CSC's research liaison made initial recommendations of "information-rich" CSC staff (with direct knowledge of CSC contracting and capacity building processes) to invite to participate in the study, creating the CSC sampling pool. The researcher sent an invitation to each staff person identified. The invitation provided information on the study, participation requirements (i.e., voluntary, time required), confidentiality, and researcher contact information. Interested staff contacted the researcher to schedule an interview or sign-up for the focus group for contract managers.

In total, thirty-two CSC staff members were either interviewed (15 staff) or participated in a one of two focus groups (17 staff), as detailed below in Table 2 (next page). The breadth of CSC staff participating in the study provided insight into the research questions from a variety of perspectives: front-line, managerial, organizational, and systemic. Every department directly involved in contract management or capacity building was represented in the study by at least one staff member. At each CSC, participating staff ranged from front-line contract managers through the Executive Director/CEO. Participating staff had college degrees and most had many years of professional experience in government contracting and/or direct service delivery. More women than men from the CSCs participated in the study, reflecting the overall

predominance of women in the CSC sampling pool.

Table 2

Profile of Participating CSC Staff

	CSCBC	TCT	Total
Number of participating staff	Interview - 7 Focus group - 9 Total - 16	Interview - 8 Focus group - 8 Total - 16	Interview - 15 Focus group - 17 Total - 32

Titles of participating staff
  ED = Executive Director/CEO
  SM = Senior management staff
  ML = Mid-level management
        staff
  CM= Contract Manager
	ED - 1
	SM - 4
	ML - 2
	CM - 9
		ED - 1
		SM - 2
		ML - 5
		CM - 8
			ED - 2
			SM - 6
			ML - 7
			CM - 17

Capacity Building Intermediary Respondents

In addition to recruiting CSC staff into the study, each CSC recommended that the researcher individually interview a representative of the agencies, two per CSC, that each CSC had contracted as capacity building intermediaries to provide a number of capacity building services (e.g., technical assistance, training) to NPOs. CSC research liaisons provided the researcher with contact information. The lead staff person at each of the four capacity building intermediaries was contacted by the researcher and agreed to participate in the study. At one intermediary, the Assistant Director also participated. Three of these capacity building intermediaries were NPOs and one was university-based. Respondents (four women, one man) had college degrees and four of the five had substantial professional experience in direct service delivery and capacity building.

Nonprofit Organization Respondents

The researcher recruited a purposeful sample of NPOs contracted by each of the CSCs to participate in the study. There are no specific rules for determining the

appropriate sample size in qualitative studies. Instead there are guidelines and considerations, such as, scope of the study, nature of the topic, information richness and depth of the data collected, heterogeneity of the sample, number of interviews per respondent, and resources available (Morse, 2000; Padgett, 2008; Patton 2002). The aim was to attain data saturation at which point no new insights would be gained from additional interviews. The researcher set an initial target of 10 NPOs per CSC.

Each CSC provided the researcher with a list and contact information for currently contracted organizations and had no further involvement in the recruitment and selection of the NPO sample. The researcher developed a sampling pool for each CSC from this list on the basis of two criteria, (a) the organization was a 501(c)(3) nonprofit and (b) the organization had a contract for one or more of the following programs: out-of-school (after-school and/or summer camp), youth development, or family strengthening. These three program areas were selected because they represented the major funding areas at both CSCs. They also represented program service areas funded by other government agencies, thus increasing the potential generalizability of the study's results.

The researcher sent an invitation email to participate in the research study to all NPOs in the sampling pool (Appendix A). This included 127 agencies contracted with TCT and 37 agencies contracted with CSCBC (overall, TCT had a much larger number of contracted agencies than CSCBC). A second follow-up invitation email was sent 11 days later. The invitation provided information on the study, participation requirements, confidentiality, and researcher contact information. The invitation also informed recipients of the CSCs' participation to address any concerns about the legitimacy of the study. Potential respondents were asked to respond by email. Twenty-six agencies

contracted with TCT responded to the invitation. Four agencies contracted with CSCBC responded. The researcher contacted by telephone those who responded to screen them for inclusion in the study.

The screening process was guided by a theoretical sampling approach (Strauss, 1993) using criteria designed to ensure variation along several dimensions believed to be important on the basis of the literature review and researcher experience. These sampling criteria included NPO size (as measured by annual budget), NPO age, number of years contracting with a CSC, percent of NPO budget funded by the CSC, program area, geographic service area, participant focus, and religious affiliation. To maximize heterogeneity, maximum variation was sought within these sampling criteria. According to Patton (2002), "any common patterns that emerge from great variation are of particular interest and value in capturing the core experiences and central shared dimensions of a setting or phenomenon" (p. 235). For each screening criteria category, a minimum of two NPOs was sought.

The researcher created a sampling matrix on the basis of the sampling criteria and completed it during the screening process as NPOs were recruited into the study. Once the researcher contacted interested NPOs and the screening process was completed, the researcher made the final selection of NPOs for inclusion in the study ensuring that there was the desired variation in the sample. Organizations were notified via email of their inclusion or exclusion from the study. The researcher called each NPO several days after receipt of the acceptance email to answer any respondent questions and to identify the best staff person to interview. Interview respondents needed in-depth insight into capacity building needs at their organization and the capacity building practices of the CSC.

Depending on the size of the organization this "information-rich" informant was the

Executive Director/CEO (in small agencies), Director of Programs or Program Manager

(in medium agencies), or a Grants or Program Manager (in large agencies).

For CSCBC, the initial email invitation process did not yield sufficient number of

NPOs so the researcher sent a second follow-up invitation two months after the initial

invitation as well as attended several CSCBC meetings to personally recruit respondents.

These additional recruitment efforts yielded sufficient representation from CSCBC-

contracted NPOs. The final sample size, 28 NPOs in total, balanced obtaining a variety of

experiences and perspectives with analyzing a manageable volume of data. The data from

the 28 NPOs reached the point of saturation with no new insights being obtained from

additional data collection. A profile of the participating NPOs is presented in Table 3.

Table 3

Profile of Participating Nonprofit Organizations

NPO Characteristic	CSCBC–affiliated NPOs	TCT–affiliated NPOs	Total participating NPOs
Number of participating NPOs	Interview - 11 Focus group - 6 Total - 17	Interview - 11 Focus group - 0 Total - 11	Interview - 22 Focus group - 6 Total - 28
Number of participating staff	Interview - 15 Focus group - 6 Total - 21	Interview - 15 Focus group - 0 Total - 15	Interview - 30 Focus group - 6 Total - 36

Titles of participating staff
  ED = Executive Director
  DD = Department Director
  PD = Program Director
  GM= Grants Manager
	ED - 12
	DD - 4
	PD - 4
	GM - 1
		ED - 6
		DD - 4
		PD - 2
		GM - 3
			ED - 18
			DD - 8
			PD - 6
			GM - 4

NPO size (annual budget)
  S = less than $500,000
  M = $500,000 to $2.5 million
  L = more than $2.5 million
	S - 2
	M - 4
	L - 11
		S - 3
		M - 4
		L - 4
			S - 5
			M - 8
			L - 15

NPO age	Y - 4	Y - 2	Y - 6
Y = young, <= 6 years old	A - 3	A - 2	A - 5
A = adolescent, 6 to 10 years old	M - 10	M - 7	M - 17
M = mature, > 10 years old			
Years contracting with CSC	1st - 0	1st - 2	1st - 2
1st = first year contract	C - 15	C - 9	C - 24
C = continuing contract	P - 2	P - 0	P - 2
P = funded in the past, not			
currently			
Percent budget from CSC	N - 2	N - 0	N - 2
N = 0%, not currently funded	S - 5	S - 2	S - 7
S = less than 10%	M - 6	M - 7	M - 13
M = between 10 and 50%	L- 4	L- 2	L- 6
L = more than 50%			
Program area	OOS - 9	OOS - 9	OOS - 18
OOS = out of school time	YD - 8	YD - 4	YD - 12
YD = youth development	O - 8	O - 4	O - 12
O = other child/family program			
Service area	C - 15	C - 6	C - 21
C = countywide	L - 4	L - 5	L - 9
L = low-income community			
Participants	GP - 8	GP - 9	GP - 17
GP = general population	SN - 4	SN - 1	SN - 5
SN = special needs	T - 7	T - 1	T - 8
T = targeted (e.g., girls, foster care)			
Religious affiliation	F - 0	F - 3	F - 3
F = faith-based	S - 17	S - 8	S - 25
S = secular			

Several table cells total more than 28 because some NPOs provided several programs to more than one area and/or population.

Given the researcher's higher level of familiarity with TCT than with CSCBC, a larger number of CSCBC-affiliated NPOs (17 CSCBC versus 11 TCT) were selected to participate in the study to provide additional insight into CSCBC capacity building. Descriptive information for each NPO was obtained directly from participating NPO staff and websites. The study sample was slightly overrepresented by larger, older NPOs who had been contracting with one of the CSCs for at least one year. At the time of data

collection, all but two of the participating NPOs had current contracts with one of the CSCs. With one exception there was adequate representation in all selection categories to obtain a variety of participant experiences. As the one exception, CSCBC had not executed any new service contracts within the preceding 12 months so there were no "new" CSCBC-contracted NPOs to recruit. To compensate for this, all NPO respondents were asked to reflect upon their own past experiences as a new CSC provider as a means of retrospectively gathering data regarding the experiences of newly contracted NPOs.

At several NPOs more than one staff person participated, resulting in a total of 36 NPO staff participating in the study. At 50 percent of participating NPOs the executive director was interviewed. The remaining 50 percent of respondents were either departmental or program directors, with the exception of four grants managers. Two participating NPOs had current (or recent) contracts with both CSCs and an additional three NPO respondents had experience working as employees of, or contractors to, both CSCs. These respondents were able to provide comparative perspectives on the CSCs. Respondents had college degrees and most had many years of professional experience in direct service delivery. More women than men from the NPOs participated in the study, consistent with the predominance of women in the human services field. Prior to the study, the researcher was known to only four of the 36 NPO respondents.

<div align="center">Data Collection Methods</div>

Several data collection methods were employed to increase the quality of the study. The primary method was in-depth interviews supplemented by focus groups, participant observations, and review of secondary documents. Each method is described below. Data collection events were scheduled at times and places convenient to

respondents and when possible data were collected from secondary sources (e.g., reports, utilization data, etc.) to minimize the time demands on study participants. The first step in data collection consisted of using existing CSC documents to develop a preliminary description of each CSC's capacity building practices, organizational structure, and contracting processes to guide initial data collection and analysis. The descriptions were reviewed by CSC staff and revised by the researcher, as necessary.

In-depth Interviews

In-depth, open-ended interviews were selected as the primary means of data collection so as to be able to gather in-depth individual perspectives and to "capture the points of view of other people without … prior selection of questionnaire categories" (Patton, 2002 p. 21). The researcher conducted a total of forty-four face-to-face interviews of ranging from 60 and 90 minutes during normal business hours in a private office, obtaining consent from each respondent prior to the interview using an approved verbal consent script (Appendix B). Interviews were semi-structured with open-ended questions guided by an interview protocol (Appendices C and D) developed on the basis of qualitative methods texts (Patton, 2002; Schensul, Schensul, and LeCompte, 1999). Each interview was digitally audio taped and transcribed verbatim by a professional transcriber for subsequent analysis. Immediately after each interview the researcher completed field notes for later analysis.

At the CSCs, given the differences in power/authority and heterogeneity of capacity building roles among staff, individual interviews were more appropriate than focus groups for CSC staff other than contract managers. At each CSC, individual interviews were conducted with staff in every department engaged in contract

management or capacity building, namely executive office, program services, finance, research, and training and organizational development. Individual interviews were also conducted at the four capacity building intermediary agencies the CSCs contracted to provide capacity building services.

With the NPOs, while focus groups would have enabled collecting data from more NPOs, individual interviews were selected as the data collection method most appropriate. Individual interviews enabled more detailed analysis of individual NPO's capacity building needs and factors that influence capacity building practices as well as reduced barriers to participation by enabling interview scheduling at a place and time convenient for each NPO respondent. Of note, at six NPOs, respondents requested to have more than one staff member involved in the interview on the basis of shared responsibilities and knowledge regarding the contract with the CSC. Thus, at four NPOs, two staff members participated in the interview. For an additional two NPOs, two individual interviews were conducted.

Focus Groups

A total of three focus groups were conducted: one at each CSC and one for a group of CSCBC—affiliated NPOs. Focus groups were selected as a method for data collection from some study respondents on the basis of their: (a) efficiency for collecting data from many respondents, (b) usefulness for providing insight into organizational issues and highlighting differences in experiences and opinions, and (c) facilitation of exchange of ideas among respondents (Morgan, 1997; Krueger and Casey, 2008). A focus group protocol was developed on the basis of leading focus group texts (Morgan, 1997; Krueger and Casey, 2008). The researcher moderated each focus group during

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normal business hours in a private conference room, obtaining participants' verbal consent prior to beginning. Focus groups were approximately 90 minutes in length, were digitally audio taped, and transcribed verbatim by a professional transcriber for later analysis. Additionally, immediately after each focus group the researcher created field notes to be used in later analysis.

The CSCs had 12 (CSCBC) and 23 (TCT) contract managers. The focus group method was chosen for use with CSC contract managers because it enabled the participation of a larger number of contract managers in the study as well as facilitated comparing and contrasting varying contract manager experiences. One focus group of eight to nine contract managers was conducted at each CSC.

In addition to the interviews with staff from contracted NPOs, the researcher conducted one focus group consisting of six staff from NPOs currently or previously contracted with CSCBC. Focus groups with NPO respondents were not originally planned as part of the data collection process. However, the opportunity presented itself to conduct a focus group with some CSCBC-affiliated NPOs and given the researcher's lesser prior familiarity with CSCBC than TCT, the researcher took advantage of the opportunity to gather additional CSCBC-related data.

Participant Observations

A total of thirteen direct participant observations were conducted by the researcher representing a sample of capacity building practices conducted by each CSC, including an on-site contract monitoring visit (multi-day), training workshops for NPOs, meetings of contracted NPOs, as well as a meeting of the CSC board of directors. These participant observations served to triangulate data collected from interviews and focus

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groups. They also gave the researcher direct access to information about capacity

building practices in naturalistic settings unfiltered by respondents. During participant

observations, the researcher assumed the role of an outsider. An observation protocol was

developed and utilized according to the guidelines of leading qualitative researchers

(Patton, 2002; Schensul et al., 1999). Field notes were created during the participant

observation when doing so did not interfere with the event being observed. During

observations where note taking might be obtrusive, the field notes were completed

immediately after the observation.

Secondary Data Sources

Review of several thousand pages of secondary data sources (e.g., websites and

documents) was conducted by the researcher, including: annual CSC reports since

inception, annual CSC budget retreat documents, CSC contracting policies, CSC contract

monitoring tools, sample CSC contract, contract manager job descriptions, 2008-2009

performance reports for contracted NPO, requests for proposals, selected documents from

capacity building intermediaries and contracted NPOs, CSC and NPO websites, as well

as all available documentation of capacity building needs assessment, capacity building

practices, and capacity building outcomes. These secondary sources served to triangulate

data collected from interviews and focus groups.

<div align="center">Data Analysis</div>

Data management and analysis were conducted throughout the study with

assistance from Atlas.ti, a qualitative data analysis (QDA) software. To increase the

study's quality as well as to facilitate data management, analysis, and reporting, a case

study database was created (Miles and Huberman, 1994; Patton, 2002; Yin, 2003). The

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database consisted of the raw and processed data in paper and electronic formats, including field notes, memos, interview and focus group transcriptions, secondary data provided by the CSCs and NPOs, and data displays. Analysis began during data collection to guide the data collection process and to provide initial analytical insights. In the later stage of the study, after the data collection was substantially completed, data analysis became the focus of the researcher's effort.

Data analysis involved a number of processes, including: verifying the accuracy of all transcriptions by listening to the audio file while reviewing the transcript; coding (initial coding during data collection and additional coding after data collection); integrating the data from the case study database into the analysis; creating data displays (e.g., matrices and networks) to examine relationships among the data; focus groups with respondents to validate study results (member checking); and revision of study results on the basis of analysis of validation focus groups. Throughout the analysis, the researcher searched for similarities and differences in the data both between and within cases using constant comparative analysis (LeCompte & Schensul, 1999; Padgett, 2008; Strauss, 1993). Searching for rival explanations, divergent patterns and themes, and negative cases within the data strengthened the internal validity of the study's results.

Coding of the study's data began during data collection. The researcher created an initial list of codes on the basis of the researcher's professional knowledge and the literature review. These *a priori* codes guided the coding of the transcripts through close and repeated readings of all transcripts. While orienting the analysis towards the research questions, the *a priori* codes did not restrict analysis. Through an open coding process, additional codes were added as they emerged from the data. *A priori* codes that were not

eventually linked to transcript data were removed from the code list. Coding continued

until no new codes were created. After initial coding was completed, the analysis moved

into analysis of the code files by grouping related codes and integrating data from the

case study database (e.g., field notes, secondary documents) to identify concepts,

categories, patterns, and themes in the data using data displays such as tables and figures

(Miles & Huberman, 1994). Network displays were also created to facilitate the

identification of relationships and interpretation of the data. Two of these displays are

presented as figures in Chapter 5. Throughout the coding process, detailed comments and

memos were attached to the data (Padgett, 2008; Strauss, 1993). These memos contained

analytical insights, conceptual and theoretical interpretations, commentaries on the data,

and procedural information. They assisted in analysis as well as provided an audit trail of

the analysis process, further increasing the internal validity of the results.

Once the preliminary study results were generated from the data analysis, the

researcher conducted focus groups with a sample of respondents to aid in validation of

the results. The purpose of these focus groups was to discuss respondents' reactions to

the preliminary study results and obtain their feedback on the results of the analysis.

Discussion of the results with the respondents was a means of member checking which

served to increase the internal validity of the results (Schensul et al., 1999). Respondents

had an opportunity to affirm, question, and criticize the results of the analysis. Each focus

group was conducted in a private conference room during normal business hours for

approximately 90 minutes, with the researcher as moderator. The focus group was

digitally audiotape and transcribed by a professional transcriber for later analysis. Focus

group transcripts were coded and analyzed enabling further refinement of the study's results.

One focus group was conducted at each CSC for CSC staff. All CSC respondents were invited by the researcher to participate in the validation focus group. At CSCBC, 14 staff participated. At TCT, 12 staff participated. Validation focus group respondents were representative of the CSC staff participating in the data collection phase and ranged from the COO to contract managers. In order to accommodate individual schedules, four validation focus groups were conducted for NPO respondents (two per county). All NPO respondents were invited by the researcher to participate in a validation focus group. An NPO respondent from a diverse group of 13 of the study's 28 NPOs participated in validation focus groups providing representativeness of NPO respondents for the validation process.

For reporting purposes, study results were reported aggregated between CSC and NPO respondents and also aggregated across the two study sites (i.e., CSCs). When relevant, variation in results between NPO and CSC respondents or between CSCs was presented. If CSC results were disaggregated, the CSCs were distinguished as CSCA and CSCB without specifying the CSC's identity.

<div align="center">Risk to Respondents</div>

The study presented minimal, if any, risk to respondents. The data collected were of a professional, not personal, nature and the topic was not considered to be sensitive. Given the minimal risk of the study, Florida International University's Institutional Review Board granted a waiver of written consent for participation in the study.

Respondents' confidentiality was protected by several means. Focus group

respondents agreed to maintain confidentiality of the focus group discussions prior to

participation. Participating individuals and NPOs were not cited by name in any written

documents produced from the study. While the CSCs are identified by name,

participating NPOs were described only in general, aggregated terms (i.e., size, program

area). Data collected from participating NPOs and their staff were not attributed in any

way that could enable identification of the data source. Quotes were generically attributed

using titles such as CSC or NPO respondent. Additionally, all electronic data were stored

in the researcher's home computer as well as in a data back-up stored off-site in a locked

box. Paper data were stored in a cabinet in the researcher's home office accessible only to

the researcher.

<div align="center">Quality Management</div>

To increase the quality of the study, the researcher implemented a number of

processes during the study's design, data collection, and analysis. These included:

developing and utilizing a case study protocol (including research overview, field

procedures, case study questions, and a guide for the reporting of the case study); a case

study database; triangulation methods; and extensive use of field notes, code comments,

and memo writing. Together, these methods created a detailed audit trail of the study's

procedures, processes, and data (Flick, 2007; Yin, 2003).

To maximize the internal validity of the study results within the limitations of the

research design, the researcher undertook the following steps:

1. Use of a two-site case study design (Yin, 2003).

2. Data collection from a variety of sources using several methods so that data

    were triangulated and corroborated (Flick, 2007; Patton, 2002; Yin, 2003).

3. Creation of a chain of evidence that clearly linked the research questions, case study protocol, case study database, and results (Yin 2003)

4. Search for rival explanations, convergent and divergent patterns and themes, and negative cases within the data during data analysis (Patton, 2002)

5. Engagement of respondents to review the results and provide feedback (member checking) that then were incorporated into the study results (Flick, 2007; Schensul et al., 1999)

Summary

In summary, using a qualitative grounded theory approach, the researcher conducted a two-site case study involving a total of 44 interviews, nine focus groups, 13 participant observations, and review of several thousand pages of secondary data. These data were analyzed with the assistance of QDA software. The following two chapters present the results of the data analysis.

CHAPTER IV

RESULTS: CAPACITY BUILDING NEEDS AND PRACTICES

Introduction

This chapter begins with the results for Research Question 1, "What are the perceived capacity building needs of contracted nonprofit organizations?" followed by the results for Research Question 2, "What capacity building practices are perceived to contribute to contract performance?"

Analysis of contract problems reported by CSC and NPO respondents indicated that NPOs' primary capacity building needs were in documentation and reporting, financial management, program monitoring and evaluation, participant recruitment and retention, and program quality.

In response to NPOs' capacity building needs, the CSCs implemented 16 types of capacity building practices. Four of these practices were integrated into the CSC contracting processes with the remaining 12 practices added as supplements to the CSC contracting processes. Overall, those capacity building practices that enabled one-to-one individualized assistance to NPOs were perceived to be most helpful at improving contract performance, including: contract manager support, technical assistance from other CSC staff, on-site contract monitoring, and technical assistance from an NPO capacity building intermediary organization. At CSCB, training was also perceived to be one of the most helpful capacity building practices.

NPO Capacity Building Needs

Data analysis indicated that NPO capacity building needs resulted from three sources: (a) NPO contract performance problems, (b) the underlying causes of these

problems, and (c) a CSC emphasis on continuous quality improvement that entailed ongoing efforts to improve program quality. CSC respondents reported that they identified NPOs' capacity building needs primarily during contract implementation through contract performance assessments, staff observations, and discussions with NPO staff.

Two categories of capacity building needs, each with several subcategories, emerged from analysis of the data, specifically, (a) contract administration and (b) service delivery. These categories and subcategories as well as examples of associated contract problems are presented in Table 4 (next page). Both NPO and CSC respondents reported that, overall, NPO capacity building needs in contract administration were more prevalent than those in service delivery. Analysis of interview data indicated that most NPO respondents experienced at least one capacity building need. For some, the need simply resulted from unfamiliarity with the CSC contracting processes. For others, the needs were more extensive and complex, at times severely impacting NPO operations and service delivery and reflecting larger organizational weaknesses. Overall, there was a large degree of congruence between CSC and NPO respondents on the types of capacity building needs commonly experienced by contracted NPOs.

Table 4

NPO Capacity Building Needs

Categories	Subcategories	NPO contract problem areas
Contract administration	Documentation and reporting	Poor data integrity; difficulty documenting according to CSC specifications and standards
	Financial management	Cash flow problems; difficulty in budget development; difficulty in monitoring and billing expenditures; insufficient funding levels; poor financial management practices
	Program monitoring and evaluation	Data collection errors; inability to analyze and utilize data; measures with low validity and/or low reliability
Service delivery	Participant recruitment and retention	Inability to recruit and/or retain participants according to contract specifications
	Program quality	Lack of cultural competence; non-achievement of service delivery outcomes; poor fidelity to program models; poor program design

Capacity Building Needs in Contract Administration

Three contract administration subcategories emerged from the data analysis: (a) documentation and reporting, (b) financial management, and (c) program monitoring and evaluation. Results for each subcategory are presented below.

The majority of capacity building needs in documentation and reporting arose from reported problems in two areas: poor NPO data integrity, and NPO difficulty producing documentation that met CSC specifications. Poor NPO data integrity was a prevalent and persistent problem reported by CSC and NPO respondents. In addition to missing data or improper data entry, several NPO respondents perceived that some NPOs

(though not their own) may falsify their data in order to meet contract requirements. Regarding documentation and reporting difficulties, CSC respondents reported that this problem was more prevalent at small NPOs.

In the area of financial management, needs derived from reported NPO problems primarily in one of five areas: (a) cash flow resulting from the reimbursement nature of CSC contracts, (b) difficulty in developing appropriate program budgets, (c) difficulty in correctly monitoring and billing expenditures, (d) insufficient funding levels, and (e) poor financial management practices such as lack of internal controls. Most NPO respondents reported one or more of these financial management problems. CSC respondents reported that NPO financial management was a prevalent and persistent problem, indicating a significant need for capacity building in this area.

Capacity building needs in program monitoring and evaluation derived from problems with collecting, managing, and analyzing data regarding program participants and services. Both CSCs had extensive program monitoring and evaluation requirements for all service delivery contracts involving the collection, management, analysis, and reporting of individual level participant demographic, participation, and outcome data. Specifically, NPO and CSC respondents reported NPO problems primarily in three areas: (a) NPO errors in administering outcome measures, (b) NPO inability to analyze data and utilize results, and (c) utilization of outcome measures with low validity and/or reliability. CSC and NPO respondents reported that program monitoring and evaluation was a prevalent and persistent problem, also indicating a significant need for capacity building in this area.

Capacity Building Needs in Service Delivery

Two service delivery subcategories emerged from the data analysis: (a)

participant recruitment and retention and (b) program quality. Results for each

subcategory are presented below. Overall, CSC and NPO respondents perceived that

capacity building needs related to service delivery were less prevalent than those in

contract administration.

Need for capacity building in the area of participant recruitment arose from the

reported inability of some NPOs to recruit the number of participants they were

contracted to serve (e.g., 25 middle school youth meeting contract-specified selection

criteria). Needs in participant retention arose from the reported inability of some NPOs to

retain an enrolled participant for the contract-specified program duration (e.g., 12 weekly

parenting sessions). Only several NPO respondents reported problems with recruitment

or retention. Similarly, CSC respondents also reported that this was a problem for some

NPOs.

Capacity building needs in the area of program quality resulted from NPO

problems reported in primarily four areas: (a) inability of an NPO to achieve the contract-

specified service outcomes (e.g., an increase in reading level or social skills as indicated

by a contract-specified outcome measure), (b) inability of an NPO to adhere to adopted

program models (i.e., program fidelity), (c) difficulties experienced by NPOs in

providing culturally competent[2] services, and (d) poor program design. No NPO

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[2] According to the National Association of Social Workers (NASW, 2001) "cultural competence refers to the process by which individuals and systems respond respectfully and effectively to people of all cultures, languages, classes, races, ethnic backgrounds, religions, and other diversity factors in a manner that recognizes, affirms, and values the worth of individuals, families, and communities and protects and preserves the dignity of each" (p. 11).

respondents reported problems with cultural competence although several CSC

respondents did report that some NPOs had problems in this area. Interestingly, CSC and

NPO respondents did not correspond in their perceptions of why some NPOs did not

achieve contracted service outcomes. Although several NPO respondents expressed that

they did not achieve their contracted service outcomes, they each attributed their inability

to do so to poor monitoring and evaluation practices (i.e., poor validity of outcome

measures and/or improper data collection), not to deficiencies in the quality of their

program. However, most CSC respondents attributed the inability of an NPO to achieve

service outcomes to deficiencies in the quality of the NPO program, not to poor

monitoring and evaluation practices.

Causes of Capacity Building Needs

Analysis of interview data, focus groups, and secondary sources provided insight

into potential underlying causes of NPOs' capacity building needs. Although there was a

high level of concurrence between NPO and CSC respondents on the areas of NPO

capacity building need, there was less concurrence on the underlying causes of these

needs. Overall, CSC respondents were more likely to attribute NPO capacity building

needs to causes within the control of NPOs. On the other hand, NPO respondents were

more likely to attribute NPO needs to causes outside of their control or to onerous CSC

contract processes and requirements. It became apparent that, in some cases, even similar

needs were likely to have different underlying causes, thus complicating cause analysis.

Although it was beyond the scope of the study to conduct root cause analyses, four

categories emerged from the data regarding underlying causes: (a) CSC-related causes,

(b) NPO-related causes, (c) relationship between CSC and NPO, and (d) external causes.

These categories, associated subcategories, and examples of perceived causes are

presented in Table 5. Additional detail on these results is presented in Appendix E.

Table 5

Causes of Capacity Building Needs

Categories	Subcategories	Examples of perceived causes
CSC-related causes	Contract specifications	Contract specifications may be fundamentally flawed; some NPOs work with difficult populations and need modified specifications (e.g., special needs)
	Difficult contract processes	Burdensome and/or frequently changed contract processes and requirements; complicated CSC management information system (MIS)
	Difficult financial terms	Insufficient administrative overhead rate; funding level is too low; funding match requirement is too high; lack of flexibility in contract budget; cost reimbursement
NPO-related causes	Contracting experience with CSC	Initial learning and adoption of CSC contract processes and requirements is often difficult for NPOs, regardless of size
	Insufficient administrative systems	Weak administrative infrastructure (e.g., policies, procedures, technology). More likely at small NPOs.
	Insufficient staffing	Insufficient number of NPO staff; NPO staff lack necessary professional skills, knowledge, and/or attitudes. More likely at small NPOs.
Relationship between CSC and NPO		Poor relationship between NPO and contract manager; misunderstandings between CSC and NPO; lack of timeliness in communications between CSC and NPO
External causes		Fragmented human services delivery system; uncoordinated efforts of funding agencies; populations that are difficult to recruit and retain; populations that have severe problems

CSC Capacity Building Practices

Although neither CSC used a specific capacity building model to guide its capacity building efforts, each utilized a large menu of capacity building practices that were perceived by CSC and NPO respondents to result in a number of NPO improvements. At least one of the two CSCs employed each of the capacity building practices presented in this section, and both CSCs utilized most practices presented. Some of the capacity building practices presented here are commonly associated with capacity building; others are not. During the data collection process, the researcher cast a "wide net" to identify any practices that NPO and CSC respondents perceived to contribute to building NPO capacity so as to identify the range of areas in which a local government funding agency might provide capacity building. Only practices described as being helpful for capacity building purposes by at least several NPO respondents and offered by at least one of the CSCs are included in these results.

Capacity building practices occurred at three levels: internally at the CSC to improve CSC capabilities, at the NPO level, and also at the local service delivery system level. While the study focused on capacity building practices at the NPO level, some results are also presented on practices at the service delivery system level to the extent that they bear on the study's focus. In total, 16 different capacity building practices were identified, some of which involved several distinct activities. These practices are categorized and presented in Table 6 (next page). Two categories of CSC capacity building practices emerged from the data analysis: practices that were integrated into CSC contracting processes and practices that the CSCs added as supplements to their contracting processes.

Table 6

CSC Capacity Building Practices

Categories	Capacity building practices perceived to be *most* helpful	Additional capacity building practices perceived to be helpful
Practices integrated into CSC contracting processes	• Contract manager support • On-site contract monitoring	• Corrective action plan • Procurement
Practices supplemental to CSC contracting processes	• CSC training • Technical assistance from NPO capacity building intermediary • Technical assistance from CSC staff (other than contract manager)	• Capacity building committee • Capacity building funding • Collaboration • Data management and analysis • Information dissemination • NPO self-assessment • Periodic meetings with contracted NPOs • Setting high performance standards • Systems level efforts

There was a large degree of congruence between CSC and NPO respondents as to which capacity building practices were perceived to be most helpful. Overall, CSC and NPO respondents perceived as most helpful those practices that were provided to NPOs on a one-to-one, individualized basis. As one CSC respondent described:

We're trying to tailor [capacity building efforts] to meet [NPOs] at the level they need us to be at. It's not the same hammer that we hit every nail with. Some [NPOs] need us to do what would be total micromanagement for one [NPOs] but it's the level of need of another [NPO].

Capacity Building Practices Integrated into CSC Contracting Processes

Four of the CSC capacity building practices appeared to involve modifying typical local government contract processes to include a capacity building component. In

these cases, it was not "what you do" but rather "how you do it." A senior level CSC respondent described it as taking advantage of "teachable moments" that arise during ongoing contract management. Given that these practices were integrated into ongoing CSC contracting processes, NPO participation was mandatory. However, NPOs level of engagement varied based on a number of factors that will be presented in the next chapter. Of the four CSC capacity building practices in this category, two were among those practices perceived to be most helpful by CSC and NPO respondents: contract manager support and on-site contract monitoring. Details on the two additional integrated practices perceived by some CSC and NPO respondents to also be helpful (i.e., corrective action plans and the procurement process) are presented in Appendix F.

Most respondents perceived that contract manager support was the most helpful of the capacity building practices identified in the study. NPO contracts were assigned to a CSC contract manager who monitored contract performance and interacted with the contracted NPO as the primary liaison with the CSC, serving as the "face" of the CSC for contracted NPOs. Contract managers' job responsibilities included negotiating contracts, monitoring performance, and to varying extents at each CSC, providing individual technical assistance. In this technical assistance role, CSC contract managers functioned as NPO capacity builders. Many contract managers provided technical assistance to NPOs on topics such as good practice in service delivery, program documentation, and negotiating with CSC senior management. As related by one NPO respondent, "Our contract manager, she has a lot of experience, so when she sees something that can be improved, we talk about that. And she makes recommendations that are very useful to us."

In executing their job responsibilities, contract managers had sustained formal and informal interactions with staff at contracted NPOs. As a result of the CSCs' three year funding cycles and a lighter than typical contract load (averaging 10 contracts for CSCB and 16 for CSCA), many contract managers developed in-depth knowledge of their assigned NPOs as well as strong relationships with NPO staff:

> I think CSC has really become a partner and the contract manager has developed a relationship with our program director and it's one of planning together. … it's not somebody coming in and telling you what you're doing wrong or penalizing you for something silly … And it's just really different and very positive.
>
> (NPO respondent)

There was some variation in study results regarding contract manager support. Some NPO respondents reported experiencing a poor relationship with their contract manager. Some NPO respondents also reported that technical assistance from their contract manager was not helpful. NPO respondents who reported a poor quality relationship with their contract manager were more likely to report that technical assistance from their contract manager was not helpful. This variation was more evident for CSCA than CSCB respondents. The factors that influenced this variation will be presented in the following chapter.

On-site contract monitoring, conducted at the NPO's location, was another practice reported by NPO and CSC respondents to be among the most helpful. During on-site contract monitoring, CSC staff provided on-the-spot technical assistance and coaching to NPO staff. Each CSC conducted two types of on-site contract monitoring: a programmatic monitoring and an administrative/fiscal monitoring. The specifics of how

these site monitoring visits were conducted varied between CSCs and also among

program areas within CSCs. With the exception of afterschool program contracts at

CSCB, contract managers, sometimes joined by other CSC staff, conducted

programmatic site visits. For CSCB's afterschool contracts, school teachers trained by

CSC to be monitors conducted programmatic site visits. The CSCs used a combination of

CSC staff and outside contractors to conduct administrative/fiscal monitoring.

Monitoring conducted by CSC staff appeared more likely to incorporate capacity

building than monitoring conducted by contracted monitors. NPO respondents who

received monitoring from CSC staff were more likely to find the monitoring helpful than

NPO respondents who received monitoring from monitors contracted by CSC.

Additionally, NPO respondents who reported a high quality relationship with their

contract manager were more likely to report that on-site monitoring was a helpful

capacity building practice.

Capacity Building Practices Supplemental to CSC Contracting Process

The previous examples of CSC capacity building practices reflected capacity

building that was integrated into CSC contracting processes. The capacity building

practices described in this section are not components of typical contracting processes but

were added by the CSCs in support of their capacity building goals. Of the 12 practices

identified in this category, three of were perceived by both CSC and NPO respondents to

be among the most helpful: CSC training, technical assistance from an NPO capacity

building intermediary organization, and technical assistance from CSC staff (other than

the contract manager). Results for the three practices perceived to be most helpful are

presented below and results for the remaining nine practices are presented in Appendix F.

Both CSCs provided training workshops on a variety of contract management, service delivery, and nonprofit management topics. Beginning in 2002, CSCB hosted a training collaborative of organizations that provided frequent trainings at minimal cost (generally $10 per person) for any local NPO (not solely CSC-contracted NPOs). CSCB staff, outside consultants, and staff from other local NPOs conducted CSCB's training. CSCA's training covered fewer topics than CSCB's training, was free, targeted only contracted NPOs, and was generally provided by CSCA staff. This quote from an NPO respondent typifies why many NPOs perceived CSC training to be helpful, "[CSC training is helpful] especially for being a smaller organization and struggling at times to have the expertise in many different areas … and it's very cheap and designed specifically for youth service provision and it's good targeted information." While many NPO respondents reported that the CSC trainings were helpful several did not, particularly if it was a mandatory training that the respondent perceived was not relevant to his/her needs. There was also considerable variation between the two study sites on the reported helpfulness of training. Training offered by CSCA was less likely to be reported as among the most helpful practices by CSC and NPO respondents. CSCA respondents reported that NPO staff attendance at trainings was noticeably declining, and were unsure of the reasons for the decline.

Both CSCs contracted with NPO capacity building intermediary organizations to provide some capacity building services to NPOs. CSCA's two intermediary organizations had a programmatic focus. They provided training and technical assistance to improve the capacity of contracted NPOs to provide inclusive program services to children with special needs and also to improve the quality of out-of-school

programming. The two intermediaries contracted by CSCB focused their capacity building services more on NPO management topics such as board development, strategic planning, and marketing. Not all NPO respondents had received capacity building services from the intermediary organizations, but of those who did, most perceived the assistance to be among the most helpful practices, as exemplified by this quote from an NPO respondent:

> [The intermediary] also helped us with administering the tests … they were really hands on, they really went out there and made sure … staff knew what they were supposed to do … they sat down and they went over the results with us. … and they gave us feedback … and it was really great. … they came up with really creative ways on how we can improve things.

In addition to receiving assistance from their contract manager, some NPO respondents received one-to-one technical assistance from other CSC staff, particularly CSC fiscal and research staff:

> … if the outcome scores are actually low, what do we do to help the [NPOs] get those numbers to the place where they need to be and that often involves going out and watching what happens, watching the services, being able to identify where those gaps are in the outcomes and being able to provide some [technical assistance] specifically around the services. That's really what we spend a lot of time in this department, helping people. (CSC research staff respondent)

Most NPO respondents who received this technical assistance reported it to be among the most helpful of CSC capacity building practices. Given that the most frequently cited

contract problems were in the areas of financial management and program monitoring and evaluation it is not surprising that NPO staff valued this type of assistance.

Variations in Capacity Building Practices Between CSCs

There was variation between the two CSCs' capacity building practices in three areas: number of practices utilized, scale, and target audiences. Examples of this variation are detailed below. Overall, CSCB had a broader scope and larger scale of capacity building practices than CSCA. In addition to improving the performance of individual NPOs, CSCB respondents reported that one of their capacity building goals was to improve the overall service delivery system (presented in more detail in the next chapter). CSCA appeared to focus solely on the goal of improving the performance of individual NPOs. CSCB staff appeared to consistently integrate capacity building practices into their work with contracted NPOs. CSCA staff appeared to be less consistent in utilizing these practices. CSCB provided all of the 16 capacity building practices presented in this chapter whereas CSCA only provided 14. Four of CSCB's practices were available to any local child-serving NPO. CSCA provided capacity building only to contracted NPOs. The variation between CSCs became more pronounced about half-way through the study's data collection phase when CSCA severely curtailed its capacity building practices due to a recession-driven organizational budget reduction. As part of its budget reduction, CSCA reduced the amount of training offered, and also reduced their scope to focus almost exclusively on the lowest performing NPOs. While CSCB also experienced a budget reduction it did not noticeably reduce capacity building practices.

Capacity Building Outcomes

CSC and NPO respondents reported a number of outcomes resulting from CSC capacity building practices. Four positive outcome categories emerged from the data analysis: (a) improved NPO organizational practices, (b) increased NPO staff knowledge, (c) increased resources for NPOs, and (d) service delivery system improvements. In addition to these categories, a fifth emerged: indeterminate or poor outcomes.

Outcomes were perceived to have an impact on several levels: NPO contract performance, overall NPO management, and/or and the level of the service delivery system. Some NPO respondents reported that an outcome of CSC capacity building was learning how to work effectively within the CSC contracting systems; for others, the reported outcome was major improvement in NPO operations, service delivery, and/or sustainability. Additional examples of capacity building outcomes are presented in Appendix G. However, not all NPOs participating in CSC capacity building practices experienced positive outcomes, and in some cases, outcomes could not be determined due to lack of outcome measures. Both CSCs had few formal measures in place to assess these outcomes, relying primarily on CSC staff observations, NPO staff reports of improvements, and surveys of NPO staff satisfaction.

Summary

The results for Research Question 1 provide further evidence of the capacity building needs of NPOs implementing service contracts from local government. These needs were in the areas of: documentation and reporting, financial management, program monitoring and evaluation, participant recruitment and retention, and program quality.

The results of Research Question 2 are, to the researcher's knowledge, the first descriptions of a scholarly nature of the capacity building practices utilized by a local government funding agency. Between them, the two CSCs implemented 16 types of capacity building practices. Four of these practices were integrated into the CSCs' contracting processes with the remaining 12 practices added as supplements to the CSCs' contracting processes. Overall, those capacity building practices that enabled one-to-one individualized assistance to NPOs were perceived to be most helpful at improving contract performance, including: contract manager support, technical assistance from other CSC staff, on-site contract monitoring, and technical assistance from an NPO capacity building intermediary organization. At CSCB, training was also perceived to be one of the most helpful capacity building practices. On the basis of the analysis of reported outcomes, these results provide preliminary evidence regarding practices that local government funding agencies can utilize to improve NPO contract performance.

Overall, the results presented in this chapter are consistent with the literature. A detailed discussion of the results is presented in Chapter VI.

CHAPTER V

RESULTS: MAJOR FACTORS IMPACTING CAPACITY BUILDING PRACTICES

Introduction

This chapter presents the results for Research Question 3: "What are the major factors that are perceived to impact capacity building practices and what are the relationships between them?" Data analysis identified many factors impacting CSC capacity building practices. These factors appeared to operate at the organizational level (CSC and NPO) and at the systems level (service delivery systems) as well as at various points of the capacity building process (e.g., needs assessment, implementation). Through further analysis of the relationships among these many factors, three major factors emerged: (a) CSC capacity building goals, (b) the relationship between the CSC and contracted NPOs, and (c) the level of NPO participation in CSC capacity building practices. Within this chapter each of these major factors will be described. Additionally, relationships among the major factors and also between the major factors and capacity building needs and practices will be presented.

CSC Capacity Building Goals

CSC capacity building goals appeared to be a major factor because of the apparently large influence of the goals on the scope and scale of each CSC's capacity building practices. Both CSCs focused their capacity building practices on NPO capabilities most closely related to contract performance—technical capacities such as financial management, program evaluation, and service delivery. Neither CSC focused their capacity building practices on leadership, management, or adaptive capacities such as governance or strategic planning. Analysis of interviews with CSC staff indicated that

at both CSCs, capacity building goals were derived from the CSC's mission as well as the

subsequent rationale CSC staff developed for engaging in capacity building:

> [CSC] was established to bring about all, or many, of the prevention and early
>
> intervention services for children and families that either didn't exist or existed at
>
> a magnitude that was so [small] that it really wasn't going to be productive. …
>
> Our impetus was, well, if it ain't there and we've got to create it, then you have to
>
> "capacity build" it. (CSC respondent)

Since capacity building goals were apparently based upon the CSCs' rationale for

providing capacity building practices, study results on the rationale are presented to

provide the foundation for understanding CSC's capacity building goals.

CSC Rationale for Capacity Building

As detailed below, the rationale for capacity building at each CSC appeared to

develop from two perceptions on the part of many CSC respondents. The first perception

was that some contracted NPOs lacked the capabilities needed to successfully implement

a CSC contract. As will be presented, this lack of NPO capabilities appeared to arise from

conflicts among CSC funding criteria. The second perception that appeared to contribute

to the CSC rationale for capacity building was a sense of interdependence between the

CSCs and their contracted NPOs.

Lack of necessary NPO capabilities. To understand why some contracted NPOs

were perceived to lack necessary capabilities to implement a CSC contract, analysis of

CSC funding criteria must first be presented. Analysis of CSC staff interviews and review

of CSC RFP documents indicated that the CSCs considered a multitude of criteria in

making funding decisions. These criteria are summarized in Table 7 (next page) and

further described after the table. As presented in the table, three funding criteria utilized

by the CSCs were categorized as performance-related while the others were categorized

as nonperformance-related. The emergence of these categories and associated

subcategories was consistent in the analysis of interview and focus group data across both

CSCs and between CSC and NPO respondents. However, while performance-related

funding criteria were evident in review of CSC documents, nonperformance-related

funding criteria where rarely evident in CSC documents.

Table 7

CSC Funding Criteria

Categories	Subcategories (funding criteria)	Concepts
Performance-related funding criteria	CSC accountability for public funds	CSC is a good steward of public funds ensuring that funds are well managed and effectively and efficiently utilized
	NPO administrative and financial capabilities	CSC-funded NPOs are in good fiscal health and can successfully manage a CSC contract
	NPO service delivery capabilities	CSC-funded NPOs can recruit and retain program participants and achieve participant outcomes
Nonperformance-related funding criteria	CSC accountability for public funds	CSC is a good steward of public funds ensuring that CSC-funded services are equitably distributed
	Ensure smaller NPOs have access to CSC funds	CSC doesn't just fund large, established NPOs
	Ethnic or lifestyle orientation of NPO	Program participants receive culturally competent services

Provide services to high need target populations	NPOs serving low-income communities, ethnic minority communities, or special needs populations are entitled to CSC funding
Satisfy CSC stakeholders (e.g., voters, CSC board of directors, county commissioners, influential community members, contracted NPOs, non-contracted NPOs)	CSC relationships with CSC stakeholders may influence funding decisions; CSC services are available throughout the county in all geographic and political districts

Most CSC respondents reported that the CSC placed primary importance on the role of performance-related criteria in initial and renewal funding decisions. As one CSC senior level respondent noted, "All of our [NPOs] have been ranked … in terms of their performance on achieving the outcomes, fiscal and administrative productivity, program quality, financial viability … and [they] got refunded based on [their] performance." The concept of accountability for public funds was often in the forefront of CSC respondent comments on the importance of performance-related criteria in funding decisions, "There is a lot of accountability because we're public dollars. And we have a … different fiduciary responsibility." Most NPO respondents were cognizant of the role of performance-related criteria in CSC funding decisions:

> When we went to renegotiate … the first thing that came up was our [participant retention rate] and our outcomes for the past three years from the old contract. And that's how [CSC] decided if we got money this time. How are your outcomes, have you increased, are you maintaining?

> However, as indicated in Table 7 a number of nonperformance-related criteria

apparently were also considered when making funding decisions. When discussing CSC funding decisions, many respondents, particularly NPO respondents, spoke about the "politics" of CSC funding. One NPO respondent referred to CSC funding decisions that are influenced by "who is serving" and "who is served." Through probing participants' meanings when they spoke of the politics of CSC funding, the nonperformance-related funding criteria subcategories emerged. While an NPO's ability to meet performance-related funding criteria was reported to predominate in CSC decision-making for both initial and renewal funding, CSC and NPO respondents concurred that nonperformance-related criteria were also considered in making funding decisions:

> And there are also always going to be … circumstances … that there are certain providers, even if they do poorly on our [performance] metrics, that we believe that we have to sustain. Generally speaking, some of them in inner city areas, serving particular ethnic groups that we're convinced … that there's a special circumstance. (CSC respondent)

Each of the identified nonperformance-related funding criteria is presented below.

A number of CSC and NPO respondents pointed out that if only performance criteria were used in CSC funding decisions, the smaller or minority-led NPOs (often referred to by respondents as "grassroots", "niche", or "mom and pop") may not be able to meet CSC funding criteria:

> It's going to be lopsided, you're going to have a lot of black agencies left out [if you fund only NPOs with demonstrated capacity]. Some of those tend to be smaller agencies who may not be doing as well. You've got some

Hispanic...smaller Hispanic agencies that may not be performing well also, so they would be left out.

Many CSC and NPO respondents perceived that the CSCs were obligated to disperse funds in such a manner as to ensure that all communities within each CSC's jurisdiction received CSC funds—geographic, ethnic, political, various NPO subsectors, special needs, lifestyle. As one NPO Executive Director stated, "If it is public money, you cannot avoid the politics. [CSC has] to spread the wealth." A CSC respondent echoed this NPO director's perception by stating:

I think that goes back to [CSC's] philosophy that we are about all the children in our community. … people saw [CSC] as an organization for the community and we're not just taking care of the big agencies or the providers that we know have the capacity to do the services.

Most CSC and some NPO respondents spoke about the importance of CSC funding NPOs where the NPO staff "looked like" the program participants:

You don't want someone delivering services in a community that's all Hispanic, you wouldn't want a Black agency coming in there delivering a service because they're going to say they know nothing about our community, they're not from this community. People are not going to feel comfortable. (CSC respondent)

Another subcategory of the CSCs' nonperformance-related criteria was the influence of CSC stakeholders on some CSC funding decisions. CSC stakeholders perceived by study respondents to influence some CSC funding decisions included: members of the CSC board of directors, county commissioners, influential community members, influential contracted NPOs, and voters.

CSC and NPO respondents with both CSCs perceived potential conflicts between the two categories of funding criteria—performance-related and nonperformance-related. They also perceived that the influence of nonperformance-related criteria in CSC funding decisions sometimes resulted in the CSCs contracting with NPOs that did not have all of the capabilities needed to successfully implement a CSC contract:

> [CSC] wanted to fund small community based Mom and Pop grassroots effective programs. But they wanted them to operate like the University. … So they wanted little grassroots organizations that did really good work in the community to be able to write a super proposal, cite best practices, identify evaluation mechanisms, and … it was a total disconnect. (NPO respondent)

To summarize the apparent relationship between the CSCs' funding criteria and the rationale for capacity building: the use of nonperformance-related criteria in some CSC funding decisions appeared to result in the CSCs contracting with some NPOs that lacked capabilities to successfully implement a CSC contract. This created a potential rationale for capacity building practices as a means to bridge the perceived gap between current and necessary NPO capabilities. Providing capacity building could serve as a means to assist NPOs that lacked necessary capabilities (and thus had capacity building needs) so that they could meet CSC performance and accountability standards.

Sense of interdependence between CSCs and NPOs. CSC and NPO respondents in both counties reported feeling a sense of interdependence between the CSCs and contracted NPOs. CSC and NPO respondents were cognizant of contracted NPOs' dependence on the CSC for funding. However, they also perceived that the CSCs were dependent on their contracted NPOs. As one CSC senior staff member stated, "We don't

succeed unless our [contracted NPOs] succeed. We are not, generally speaking, in contact with the clients… so how they provide the service, their success, they're an extension of us." This was echoed by an NPO Executive Director who said, "You [CSC] have the money, you have a goal, I am the [NPO] making sure that you reach the goal with your money."

Given the perceptions that some contracted NPOs lacked necessary capabilities and that the CSC and NPOs were interdependent, many CSC respondents appeared to believe it was in the CSCs' best interest to provide capacity building to contracted NPOs as a strategy for achieving the CSCs' organizational goals and meeting CSC accountability requirements. These rationales laid the foundation for the development of the CSC capacity building goals presented below.

CSC Capacity Building Goals

Three primary capacity building goals emerged from identification of patterns within CSC staff interview data and CSC capacity building-related documents: (a) improving NPO administrative and fiscal capabilities, (b) improving NPO program quality, and (c) building a better service delivery system. CSC respondents perceived that the first and second goals would have effects at the NPO organizational level relating directly to NPO contract performance within the timeframe of an NPO's three-year contract. However, they perceived the third goal would have effects at service delivery system level and that an improved service delivery system would ultimately result in higher levels of NPO performance although not likely within the timeframe of an NPO's contract.

The first goal, to improve NPO administrative and fiscal capabilities, is reflected in this quote from an NPO intermediary contracted to provide capacity building services to NPOs:

I think they [CSC] understand that just throwing money to provide more services if the [NPO administrative and fiscal] infrastructure's not there isn't going to amount [in] more delivery or better delivery. If the foundation for the building isn't there, it's going to crumble. … But you do have some agencies that really have a good heart and have the brain, have the wherewithal to get something set up, but they just need guidance.

The second goal, to improve NPO program quality, is reflected in this quote from a senior CSC respondent:

… we're not teaching [NPOs] how to be good contract compliant providers. It's really a much deeper level that we focus on. We actually can go out and say … let us talk to you about some tools that you can use to [improve engagement of youth in your program] …

Building a better service delivery system, often referred to by respondents as the "system of care", was the third goal. This was a frequently noted capacity building goal for CSCB but rarely stated in interviews with CSCA respondents. As explained by a senior level CSCB respondent, "… [We] have to look at strengthening the system [of care]. And so there were system goals and that was about building capacity … it was strengthening the system to be able to deliver the services."

CSCB's capacity building practices appeared to have an emphasis of both improving individual NPO's contract performance as well as improving the entire service

delivery system—reflecting their adoption of the three capacity building goals. Within each goal area, CSCB appeared to have a more ambitious vision for capacity building than CSCA did, reflecting CSCB's apparently more expansive view on the role of capacity building. At CSCB, most respondents consistently described capacity building as an important organizational strategy. This quote from a CSCB manager is typical of responses of CSCB respondents, "In order for the system to work effectively, training and capacity building has to be, not it would be nice, it has to be a part of the picture." Several CSCB respondents even referred to capacity building as part of CSCB's "brand."

In contrast, CSCA's capacity building emphasis appeared to be primarily focused on improving individual NPO contract performance—goals one and two. CSCA respondents rarely described capacity building as an important organizational strategy. Additionally, at CSCA there appeared to be lack of consensus among respondents as to the role that capacity building should play as an organizational strategy. While several CSCA respondents supported an extensive role for capacity building, there were more front line and senior level CSCA respondents who stated a limited role was appropriate. A couple of CSCA respondents stated that capacity building should not be provided at all. One CSCA senior level respondent stated that capacity building should only be provided to address identified gaps in services:

> I think that there has to be a really high justification for public dollars to engage in capacity building … that you will improve the quality and/or quantity of services if, and only if, you capacity build and that … is only associated with examples like the indicators in X neighborhood show that they're just continuously significantly low and … we see that there appear to be no quality sustainable

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services being provided [there]… and therefore we will capacity build [for NPOs in] that [neighborhood].

The variation between each CSC's capacity building goals was consistent with the observed large variation between CSCs in terms of the scope, scale, and type of capacity building practices, as presented in the prior chapter. The apparently strong influence of each CSC's capacity building goals on their capacity building practices indicated that capacity building goals are a major factor impacting capacity building practices.

Relationship between the CSC and Contracted NPOs

The relationship between the CSC and a contracted NPO emerged from analysis of CSC and NPO interviews as another major factor impacting CSC capacity building practices. The CSC-NPO relationship had two primary components: the formal contract between the CSC and NPO and the interpersonal relationships that developed between CSC and NPO staff—both of which are described below. Most CSC and NPO respondents perceived that the CSC-NPO relationship, particularly the relationships between CSC and NPO staff, was positive, of high quality, and fundamentally different than their experiences of relationships between NPOs and other local government funding agencies. This relationship, when perceived to be of high quality, appeared to facilitate the CSC capacity building process by increasing NPO staff willingness to participate in CSC capacity building practices as well as creating an environment conducive to the organizational change that capacity building entails.

Analysis of CSC and NPO respondent interview data indicated that the development and maintenance of the CSC-NPO relationship was a complex process involving many interrelated factors that are detailed in this and the next section. The

foundation for the CSC-NPO relationship appeared to be the structure of the CSC-NPO

service contract and the associated CSC contract management processes. Using the

terminology introduced in the study's literature review, the CSC-NPO contract and

contract management processes were reportedly more relational in nature than the

transactional contracts most respondents had experienced with other local government

agencies. By design, relational contracts are more collaborative and partnership-oriented.

While the CSC-NPO contract created the foundation for a CSC-NPO relationship

conducive to capacity building, it was apparently the nature of the interactions between

CSC and NPO staff that brought this relationship to life. To a large extent the relationship

was developed and maintained by the CSC contract manager and the NPO staff person

responsible for the CSC contract. As will be presented later in this section eight

characteristics emerged from the data as contributors to the development and

maintenance of a CSC-NPO relationship perceived by study respondents to be supportive

of successful capacity building. Challenges to the development and maintenance of this

relationship will also be presented.

The CSC-NPO Contract

CSC service contracts set the parameters of the CSC-NPO relationship. The CSC

procurement process and resulting contracts were typical of transactional contracting

relationships. Both CSCs used a competitive RFP process for soliciting and awarding

service delivery contracts. CSC RFPs were large, complex, and very detailed. A typical

RFP, reviewed by the researcher, was 134 pages in length including associated

application forms and instructions. Although both CSCs' RFPs were similar, CSCB RFPs

tended to be more prescriptive than CSCA RFPs in terms of the service delivery models,

outcomes, and outcomes measurement instruments that applicants could use. Once the CSC board of directors approved CSC funding decisions, CSC staff developed and executed a service contract with each NPO. Both CSCs utilized formal, lengthy, complex service contracts of more than 25 pages including very detailed specifications on administrative and fiscal requirements, scope of services, budgets, and participant outcome and service utilization goals. CSC service contracts were generally awarded for three year periods renewed annually up to the 3 years, contingent on CSC availability of funds and NPO contract performance. NPO as well as CSC respondents perceived the CSC RFPs, NPO application responses to the RFPs, and CSC contracts to be generally more extensive than other comparable local government service delivery RFPs.

Interpersonal Relationships Between CSC-NPO Staff

The second component of the CSC-NPO relationship was the interpersonal relationships developed between CSC and NPO staff. As a strategy for achieving CSC organizational goals, both CSCs intentionally and actively sought to develop a different approach to contracting based on a relational, partnership approach:

> We have a sense that creating different ways of doing business and nurturing relationships between and among [NPOs] is a more effective way of delivering direct services. … The notion that if we as a funder can be a partner rather than a contractor, and if the funded [NPOs], can be our partners both with us and with one another, rather than just a funded contractor we will build a new relational way of doing business in the social services world that will promote greater outcomes for the ultimate consumers. (CSC respondent)

Many NPO respondents were cognizant of the CSCs' intent to develop a different type of funder-contractor relationship:

> [CSC] want[s] to be the kinder, gentler funder. I mean, they say that quite a bit and I think they really are and I think that generally speaking as long as you're willing to work with them and even if you are a [NPO] that's struggling but you're willing to take their advice and try … I think they definitely create that relationship.

While the CSCs actively sought a more relational contracting relationship with their contracted NPOs, some NPOs also realized the value of this type of relationship and also sought to develop it, "We have to learn to manage the relationship [with CSC] … Because it's in our [NPO] advantage if we have somebody we work with who we know that we trust them, they trust us, and it works."
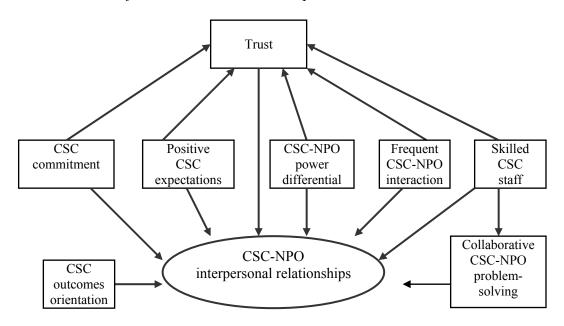
For many respondents, the CSC-NPO relationship was multidimensional. The centerpiece of the relationship was the CSC-NPO contract and CSC-NPO staff interactions regarding contract implementation. Generally, these interactions were between CSC contract managers and NPO staff responsible for contract implementation. However, in many cases the CSC-NPO relationship also encompassed ongoing or periodic interactions between additional CSC and NPO staff on contract-related as well as other topics as will be further described below. At smaller NPOs it was generally only one staff member interacting with the CSC, whereas at larger NPOs several staff would interact with CSC staff depending on the topic to be addressed.

The CSC-NPO relationship was influenced by the CSCs' contracting approach— reflected in CSC contract documents as well as CSCs' contracting policies and

procedures. Several examples of these procedures, including procurement and on-NPO site contract monitoring processes, were presented in the previous chapter's results on capacity building practices. This section presents additional results that illuminate the nature of the CSC-NPO relationship. Eight characteristics emerged from the data analysis as important to the development and maintenance of this relationship: collaborative CSC-NPO problem-solving, CSC commitment, CSC-NPO power differential, CSC outcomes orientation, frequent CSC-NPO interaction, positive CSC expectations, skilled CSC staff, and trust. These characteristics, several of which are interrelated, are presented in Figure 2 and described below in alphabetical order. Overall, these characteristics were more evident in the CSCB-NPO relationships than in the CSCA-NPO relationships.

Figure 2

Characteristics of the CSC-NPO Relationship

Collaborative CSC-NPO problem-solving. One important characteristic of the

CSC-NPO relationship was the reported experience of many NPO respondents that the

CSC had a collaborative problem-solving approach when contract problems arose. Most

NPO respondents experienced that the CSC exhibited flexibility and would collaborate

with the NPO to develop and implement solutions to any identified contract problems.

CSC would not "punish" the NPO (i.e., formally document the problem or withhold

funds) unless attempts at problem resolution failed. CSC flexibility and collaborative

problem solving contributed to experiences of the CSC and an NPO successfully working

together as well as a created sense of goodwill on the part of NPOs towards CSC.

Additionally, for many NPO respondents, this collaborative problem-solving approach

involved more than addressing identified contract problems. It also encompassed

collaborative planning and efforts at continuous quality improvement. This characteristic

of the CSC-NPO relationship was in contrast to many NPO respondents' contracting

experiences with other local government agencies:

> I would look at my relationship with [CSC] as a partnership. Whereas with the
>
> city and the county … they definitely look at you as them and us. "Oh, you didn't
>
> do this or you didn't do that." [CSC] is more like, "Okay, this is not working,
>
> we're going to come out, we're going to sit down with you and we'll see how we
>
> can work it out. You know, we'll work with you, we'll help you improve your
>
> program." … I can definitely say that they want to see you succeed.
>
> (NPO respondent)

While most respondents remarked on the CSCs' collaborative problem-solving,

non-punitive approach, some CSC and NPO respondents stated that in the cases of some

NPOs, there was never any problem-solving to be done because certain NPOs were perceived as "protected"— having a favored status and not held accountable:

> There's some inconsistency with unwritten allowances for favorites, some [NPOs] can get away with something, others can't get away something. There's a favoritism that goes on depending on relationships. It's unwritten, but it's just one of those known things. ... Some times it's political too, it's like you have to be careful who you're messing with. (CSC respondent)

No NPO staff participating in the study reported that her/his organization had this protected status.

While NPO respondents contracting with CSCB consistently reported experiencing this collaborative problem-solving approach, as a group, NPO respondents contracting with CSCA reported a range of experiences from highly collaborative problem-solving to no collaboration in problem-solving. Insight into what accounted for this and other reported variations between the CSCs is presented later in this chapter.

CSC commitment. The CSCs were perceived by many NPO respondents to demonstrate a high level of commitment to their contracted NPOs by working collaboratively with them to address contract problems in addition to advocating on their behalf:

> [CSC] also advocates very loudly on your behalf with other funders as well as with [CSC board] members. They'll stand up for a program if … something happened in the monitoring or something happened with the quarter's outcomes. … I've seen them go to bat for agencies with the [CSC board] members who are looking at it going, "Wait a minute, why are we continuing to fund this agency?

They're not meeting their outcomes. Do we really need to continue to fund this

one?" and [CSC] will explain what's going on in the program. (NPO respondent)

Many respondents perceived this high level of commitment to be an indication of the

CSCs' respect for contracted NPOs as well as an indication that the CSC was not likely to

terminate an NPO's contract within the three year funding cycle. Analysis of CSC

respondent interview data and review of CSC documents indicated that both CSCs rarely

terminated the contract of a problematic NPO:

… we may have a low performing … [NPO] but we will stick with that [NPO]

longer than I think most funders would based on their [under]performance …

because we realize that they're important in building … our community …

they're filling a hole. [But if] the hole's still … there because they're that bad then

we might make a decision to back out. But … we usually try to hang in and build

their capacity … (CSC respondent)

Though not questioning the CSCs' high level of commitment to contracted NPOs, some

NPO and CSC respondents perceived that the CSCs' tendency to rarely terminate an

NPO contract was also a result of pressure to fund NPOs favored by influential CSC

stakeholders:

Usually that stuff is done quietly, but this was in … a [CSC] board meeting …

And basically at that board meeting, [the NPO] had no building, they were in

foreclosure, … and [a CSC board member] just made the statement, "We will

fund [the NPO]. It is a historical organization that holds a very important place in

our community." (NPO respondent)

However, the influence of a protected status was perceived to be diminishing because of increased competition for decreasing CSC funds resulting from the economic downturn.

CSC-NPO power differential. An additional characteristic of the CSC-NPO relationship that emerged through analysis of CSC and NPO respondent interviews was the power differential between the CSCs and contracted NPOs by virtue of the CSCs holding the "power of the purse." In this aspect of the CSC-NPO relationship, most respondents perceived CSC to be similar to other funding agencies that likewise held the power of the purse. However, the majority of CSC and NPO respondents reported that the CSCs did not use this power to coerce contracted NPOs. A few NPO respondents also perceived that NPOs had some power over CSC in regards to NPOs' greater knowledge about service delivery, access to target populations, and dependence of the CSC on the NPOs for delivery of services, "… we brought a partner to the table that [CSC] needed. … Here [we] came with all that support, with all [those] contacts … so [CSC] wanted to … work with us and we could not do anything wrong … "

CSC outcomes orientation. This characteristic of the CSC-NPO relationship focused on the CSCs' performance and accountability standards. As previously presented in this chapter, NPO ability to achieve contracted service delivery outcomes and meet CSC accountability standards emerged as a primary consideration in CSC initial and renewal funding decisions. Thus, this appeared to result in a focus on outcomes and accountability from on the very onset of the CSC-NPO relationship. As previously presented in the prior chapter, the CSCs appeared to place a strong emphasis on participant data. Both CSCs invested significant resources in developing and implementing systems for collecting, analyzing, and utilizing contract service delivery

data including individual data on participant demographics, participation levels, and outcomes. As part of their contract requirements, NPO staff were required to collect, manage, and report on large volumes of participant and contract data. These data were available for use by NPO as well as CSC staff. Topics related to data and participant outcomes, as well as fiscal accountability, appeared to be at the center of many of the interactions between CSC and NPO staff providing a focal point for the CSC-NPO relationship.

The CSCs' focus on data and participant outcomes was perceived by most respondents to be different than their experiences with other local government agencies that were perceived to generally be more focused on fiscal accountability and compliance with contract administrative specifications. As one NPO respondent recounted their experience with another public funding agency:

> [we] just submitted quarterly reports … of how many events [we did], how many kids [we served] … And then [the funder] comes in and they look through all your financial records, they go through all you employee records, … whether you have your organizational chart … But they do not go to [visit a] site, they [don't observe the program].

However, there were several NPO and CSC respondents who perceived that CSCA's focus was more on compliance with contract administrative requirements than participant outcomes, "[our contract manager] clearly has something that she's got to get through, she has her checklist, [now] it's contracting time, now it's report time, now it's checking 'your this' time …"

Frequent CSC-NPO interaction. Many CSC and NPO respondents described CSC-NPO interactions as frequent, two-way, often informal, and professional-to-professional. These interactions included written and verbal formal unidirectional communications such as contract performance reports and information dissemination. They also included two-way informal communications regarding problem-solving, planning, and exchange of ideas. In addition to the frequency of interaction, the tone of the interactions, characterized as between professional peers, was also important to CSC and NPO respondents.

> It's a dialogue between two organizations who both at their heart have the same goal in mind. … they might offer us some suggestions that we wouldn't think of. It's very informal though. It's more just having like a sounding board of somebody who very much knows what you're dealing with. (NPO respondent)

> The CSC-NPO relationship, centered around contract implementation, was

supplemented by interactions outside the contracting relationship, including membership on community committees, other professional interactions, and in some cases, past professional interactions between CSC-NPO staff. While past professional interactions were in evidence at both study sites, current joint involvement on community committees was only discussed by CSCB-affiliated NPOs and CSCB staff. There appeared to be more interconnections between CSCB staff and their contracted NPOs, further improving the quality of the CSCB-NPO relationship.

> **[**CSCB] is everywhere, honestly. I'm on many groups in the district and [CSCB] is always on the same groups so they're totally in the fabric of the community. … I think it just goes back to the experience and the relationship is feeling like

there's a collaboration involved on many levels, beyond my contract, whether we

are looking at the issues of special needs or behavioral health children in the

county, it's all connected, there's a linkage between everything. … it's that trust

factor … They know me from many different roles that we all play in the

community. (NPO respondent)

The frequency and nature of CSC-NPO interactions reinforced the collaborative,

partnership nature of the CSC-NPO relationship. It contrasted sharply with many NPO

respondents' interactions with other local government agencies that tended to be

infrequent, formal, and focused on contract reporting. As with most of the results in this

section, CSCA-affiliated NPO respondents had more varied responses regarding the

frequency, nature, and quality of interactions with the CSC.

Positive CSC expectations. Many NPO respondents spoke of their appreciation

that the CSC staff had a positive expectation of NPO efforts and performance and did not

monitor the contract with a "gotcha" approach. A gotcha approach was characterized as a

funder anticipating and actively seeking to identify NPO deficiencies and contract

problems. In many cases, NPO respondents' experience of local government agencies

was that contract managers would actively look for areas where an NPO was out of

compliance with the contract. Throughout the study's interviews and focus groups, this

was one of the most discussed areas of difference between the CSCs' contracting

approach and the contracting approach of other local government agencies. It is important

to note that while most NPO respondents contracting with CSCB consistently

experienced this "expect the best" approach, some NPO respondents contracted with

CSCA reported that CSCA staff did not have positive expectations:

I think maybe it's a lack of trust or I don't know if [the CSC] just doubt[s] the

capacity of the [NPOs] to whom they've granted funds to do stuff. … it's either

[lack of] trust that you have the capability … [or doubt] that you actually do share

[CSC's] ultimate goal.

Skilled CSC staff. CSC and NPO respondents perceived that the professional

skills, knowledge, attitudes, and behaviors (SKABs) of CSC staff, particularly contract

managers, were an important characteristic of the CSC-NPO relationship. One NPO

respondent described many of the contract manager SKABs perceived to be most

important:

My contract managers enjoy what we do, they make a point of knowing what we

do, they come out and look at it … they understand it. My contract managers have

had backgrounds in what we do. The one that I had the longest, had a Masters and

had worked in the field and was really in tune with the needs of behavioral health

kids and got the challenges, respected what we do.

As the primary CSC liaison with contracted NPOs, contract managers emerged as the

central players in the CSC capacity building process. Respondents from both CSCs as

well as many NPOs were cognizant of the critical role played by contract managers in

developing and maintaining the CSC-NPO relationship.

From the analysis of interview data, a profile emerged of the contract manager

SKABs perceived by NPO respondents to be most important. Contract managers

possessing these SKABs were apparently considered by NPO respondents to be highly

qualified. The first three SKABs presented below were those most frequently reported by

NPO respondents. These three relate to a contract manager's expertise in a relevant

human services field as well as to expertise in CSC contracting. The remaining SKABs were reported by at least some NPO respondents (and are listed in no particular order). Taken together, the SKABs identified in numbers 4-9 indicate that NPO respondents also valued contract managers who had the necessary SKABs to be effective problem-solvers. The nine SKABs are illustrated in quotes located in this list as well as throughout this chapter.

SKABS most frequently reported as important

1. Professional degree and/or expertise in a contract-related human services field so as to be able to understand the services that are being delivered plus have useful, relevant knowledge to share with an NPO (e.g., contract manager has an early childhood degree if managing CSC early childhood contracts).

2. Prior experience delivering services in a nonprofit organization so as to understand how NPOs operate and what is feasible in an NPO service delivery program (e.g., contract manager had a prior role as a program director for a youth development program at an NPO). As one NPO respondent related, "our contract manager was a [local NPO] employee … so she understands how things work at the [NPO] and she can kind of say, 'I remember that' … so it makes it a little bit easier to [explain, if needed] that [what CSC wants] doesn't work here."

3. In-depth knowledge of all CSC contracting processes and requirements so as to be able to accurately and quickly answer NPO staff questions on contract management related topics as well as to effectively assist the NPO in meeting contract requirements and resolving contract problems. As one NPO

respondent stated, "what I hate is ... if I have to wait two weeks on a contract question because my contract manager doesn't know the answer."

Additional SKABS

4. Advocacy skills so as to be able to successfully advocate on the NPO's behalf within the CSC, particularly during contract monitoring and renewal, and for resolving contract problems and/or conflicts between the CSC and NPO. As one NPO respondent stated, she valued a contract manager who was "in our corner … and want[ing] us to succeed … even if we … screw up they … help us."

5. Good interpersonal skills so as to be able to develop a rapport with NPO staff that was perceived to contribute to frictionless contract management. In discussing a contract manager's interpersonal skills, NPO respondents reportedly valued contract managers who were friendly towards them, interested in the NPO's program, and respectful of NPO staff.

6. Good organizational skills so as to be able to efficiently and accurately manage the many contract-related documents, communications and processes, thus minimizing contract problems. One NPO respondent highlighted the importance of an organized contract manager, "[our contract manager] was very unorganized and … it was highly possible that he would lose something we sent him or get something confused or be late or forget to file something."

7. Accessible so as to be easily contacted and available to assist the NPO. As one NPO respondent recounted, "… even when I mess[ed] up … [my contract

manager] stayed for 3 hours and helped me get it right … she helped me figure it out."

8. Knowledgeable of an NPO's contracted program. Some NPO respondents perceived that a contract manager's in-depth knowledge of their program facilitated contract management. This became particularly evident to NPO respondents who experienced turnover in their assigned contract manager and the resultant burden of having to bring a contract manager "up to speed" so that the contract manager could be of value to the NPO.

9. Flexible so as to offer minor accommodations to NPOs in contract processes and requirements when possible. For example, if a required form was not available during a monitoring visit as required, a contract manager might provide 24 hours to the NPO to produce it. Some contract managers were perceived to be more flexible; whereas others were perceived to rigidly "play by the book."

Additionally, a profile of important contract manager SKABs from the CSC perspective emerged from CSC interview and secondary data. There was similarity between these profiles, particularly in the three SKABs considered to be most important. However, CSCB appeared to place more importance than CSCA on a contract manager's prior experience in delivering services. Study data provided less insight into CSC respondents' perceptions of the importance of SKABS 4-9 from the above list. Some CSC respondents did discuss as important contract managers' ability to: develop rapport with NPO staff, resolve conflicts between the NPO and CSC, and balance the sometimes seemingly contradictory roles of capacity building and ensuring contract compliance.

Analysis of CSC contract manager job descriptions, past work history provided by contract managers participating in the study, and interviews with CSC staff indicated that CSC contract managers had either a Bachelor's or Master's degree (generally in social sciences or public administration) and often had prior service delivery experience. Of the 17 contract managers participating in the study, all but one had at least several years of experience working in NPOs as well as at least several years of experience delivering (or managing) service programs. Only six participating contract managers had experience as a contract manager prior to joining CSC staff. It is possible that the contract managers participating in the study, particularly those from CSCA, were not representative of the CSCs' contract managers. At CSCB with a total of 14 contract managers, nine (64%) participated. At CSCA with a total of 22 contract managers, 8 (36%) participated. At each CSC, all contract managers were invited to participate in the study and self-selected into the study. Due to the self-selection process, participants may have possessed more of the aforementioned SKABs than the overall population of CSC contract managers. This may have been particularly likely for CSCA contract managers who had a lower rate of participation (36%) and would be consistent with the greater variation in NPO respondents' perceptions of CSCA contract manager quality (described later in the chapter).

Working with a contract manager possessing the aforementioned SKABs was reportedly considered to be of great value to NPOs, as one NPO recounted: "It's in our advantage if we have [a contract manager who] we work with, who we know that we trust them, they trust us ... It's very, very, very helpful." When possessing the aforementioned SKABs, contract managers were perceived to be able to provide relevant,

useful guidance to contracted NPOs. The value that NPO respondents placed on the perceived quality of their assigned contract manager was evident in the perception of some NPO respondents that, at least to some extent, their contract performance was linked both to the quality of their contract manager and the quality of the relationship between the contract manager and the NPO. Contract managers' expertise and experience appeared to increase their credibility with NPOs. As indicated in quotes throughout this chapter, many NPO respondents who perceived that their assigned contract manager was highly qualified reported receiving valuable assistance in resolving contract problems, meeting contract requirements, conducting program monitoring and evaluation, and improving program quality.

In contrast, a number of NPO respondents who perceived that their assigned contract manager was not highly qualified reported a number of problems that they attributed, in part or in full, to their contract manager including, among others: receiving inaccurate or inappropriate guidance on contract or programmatic issues, difficulty resolving contract problems, information submitted to the contract manager that was repeatedly lost, or inaccessibility of the contract manager. One NPO respondent's experience reflected how contract managers without knowledge and skills in CSC contracting processes could have a negative impact on contract performance.

> My contract [manager] … didn't understand how to write the correct type of contract and put it in terms of outcomes that could be met by my agency … and I didn't know how to do it, so … it was always coming across like we were underperforming [on our contract].

In addition to contract managers' perceived influence on contract performance, contract manager SKABs were also perceived to influence how smoothly the CSC-NPO contract was implemented:

> We had a bad [contract manager]. He would come to do monitoring visits … if he needed something and … it wasn't right where he wanted it to be, he would say we didn't have it [and cite it on the performance report]. He wouldn't say, "I notice you don't have this" and we could have said, "oh yeah, it's right here" … it was a lot of strain on [us].

As this NPO respondent indicated, poorly qualified contract managers weren't perceived to be trustworthy sources of information, "If you don't have that [contract manager that] understand[s], not just your program, but [also] the type of program that they're monitoring … [then you] have to … make sure that [you're] getting the right advice from them."

The perceptions of the SKABs necessary to be a highly qualified contract manager appeared to be consistent among NPOs contracted with CSCA and CSCB. However, the perceived presence of these SKABs appeared to vary between the CSCA and CSCB contract managers. Overall, it appeared that CSCB contract managers were perceived to possess these SKABs more frequently than CSCA contract managers. The perceptions of CSCA-affiliated NPO respondents were more varied. Several CSCA-affiliated NPO respondents reported that their contract manager did not have SKABs that they perceived to be relevant and helpful. With these CSCA-affiliated NPO respondents, there was an apparent correlation between the degree to which the NPO respondent perceived the contract manager possessed the aforementioned SKABs and the degree to

which the NPO respondent valued the contract manager's guidance. This apparent correlation highlights one aspect of the relevance of skilled CSC staff to the capacity building process. If NPOs do not value and accept CSC staff guidance, CSC staff will not be able to effectively provide CSC capacity building practices.

In addition to interacting with CSC contract managers, NPO respondents also reported interacting with other CSC staff particularly research staff and fiscal staff. Data were limited on NPO perceptions of important SKABs for other CSC staff. Analysis of NPO interview data indicated that SKABs considered by NPO respondents to be important for other CSC staff were similar, though not identical, to contract manager SKABs. For other CSC staff, important SKABs were subject matter expertise, knowledge of CSC contracting processes and requirements, and staff accessibility to the NPO. Analysis of background data available on the 16 other CSC staff interviewed indicated that these staff had degrees relevant to their CSC role (many of them advanced degrees) and extensive prior relevant professional experience.

Trust. Many respondents discussed the issue of trust on the part of a contracted NPO towards the CSC as an important characteristic of the CSC-NPO relationship. The importance of this characteristic was reflected by the presence of the word *trust* in many quotes presented in this chapter. Trust was particularly evident in respondents' perceptions of CSCB-NPO relationships. Analysis of interview data indicated that an NPO's level of trust developed from the cumulative effect of five of the other characteristics of the CSC-NPO relationship identified in this study, specifically: CSC commitment, frequent CSC-NPO interaction, positive CSC expectations, CSC-NPO power differential, and skilled CSC staff. The stronger and more positive the presence of

each of these characteristics in the CSC-NPO relationship, the higher the level of trust appeared to be in the relationship. The manner in which each of these five characteristics appeared to contribute to trust is presented below.

In regards to the effect of CSC commitment towards contracted NPOs on an NPO's level of trust, it appeared that NPO respondents who observed alignment between the CSC's actions and rhetoric about their commitment to NPOs increasingly trusted the CSC. One example provided by a CSC respondent of how CSC commitment contributed to trust:

> We also try to be very sensitive … with the [information about an NPO] that goes in the public. … when we prepare things [for CSC board meetings], we'll cite problems if there are problems but we try to put in it away that allows [NPOs] to "save face" … unless [the NPO] pushes us and leaves us no choice. … as long as we're working with [an NPO], we're … going to [help them save face]. And I think that helps build trust while still holding [the NPOs] accountable.

Frequent interaction between CSC and NPO staff, when positive, appeared to contribute to an NPO's level of trust through the familiarity that developed between CSC-NPO staff, as well as in some cases, the bonds that developed through shared experiences on community committees and in other professional settings.

Regarding the effect of positive CSC expectations, one NPO respondent's story of how CSC responded to an event at her NPO illustrates the effect of this characteristic on trust:

> … one of my kids got hurt, we have challenging kids and sometimes we [have to put] our hands on them to keep them safe and I had a boy that we had to report

ourselves on …his arm got broken. … flinging [it] and hit a door. And when I

called [CSC, they said], … "I'm surprised it hasn't happened sooner. … thank

you for reporting to us, let us know the outcome of the investigation." And that's

just trust. There's just a basic level [at CSC] of "we're really comfortable with the

services you provide" and you really can't get that many places.

The power differential between the CSCs and NPOs, the CSCs were perceived to

have power over the NPOs due to their ability to award or cancel service contracts. In

many cases, the CSC was perceived not to use this power to coerce NPO action but to use

it in a more positive manner to motivate and encourage desired NPO action. Possibly, the

CSC's ability to coerce but forbearance in doing so was another indication to NPOs of

the CSC's commitment to a relational, partnership contracting approach—a further

demonstration of the CSC's alignment of rhetoric and action resulting in an increased

sense of trust on the part of the NPO.

Regarding the effect of skilled CSC staff on an NPO's level of trust, highly

qualified contract managers were perceived by both NPO and CSC respondents as more

credible, or trustworthy. As one CSC respondent explained:

I think part of what put [CSC] in a unique position is we've been there. We have

an understanding of what [NPOs are] dealing with, what they're going through, so

it allows us to provide that technical assistance … [because] we have a level of

hands on experience … I think that helps [the NPOs] trust us and what we're

saying or asking for in a different way than maybe another funder who's

[contract] monitor comes out and it's a CPA [who] doesn't know [about providing

services]. … we have that sensitivity because since we come from that world [of

providing services], we've been monitored and know how frustrating it was to

have someone who sat in their ivory tower and had no clue what you were doing

… so I think that's really critical to our credibility.

However as one respondent observed, not all NPOs felt sufficient trust in CSC to

overcome their fears of engaging in CSC capacity building, "I think some [NPOs] are

really afraid to complete [the organizational assessment] and turn it in [to CSC] because

even though [CSC] says your funding will not be affected, I think they still have that fear

of having weaknesses identified."

Challenges to the CSC-NPO Relationship

Identification of patterns within CSC respondents' interview data pointed to

challenges CSC staff experienced in developing and maintaining the CSC-NPO

relationship and implementing capacity building practices. Specifically, four major

challenges emerged from the data: (a) obtaining "buy-in" from CSC stakeholders, (b) not

playing the "power card", (c) minimizing CSC bureaucratic tendencies, and (d) balancing

CSC's contract monitoring and capacity building roles. While experienced at both CSCs,

these challenges were more evident at CSCA. Possible explanations for the variation

between CSCs that emerged from the analysis are presented in this and the following

chapter section. These challenges and the manner by which they were addressed by the

CSCs provide additional insight into how the CSC-NPO relationship was formed and

maintained.

Obtaining buy-in from CSC stakeholders. Obtaining buy-in from CSC

stakeholders refers to the challenges that CSC respondents reported experiencing, to

varying degrees, in securing acceptance and support for capacity building from CSC

board members, CSC staff, and contracted NPOs. CSC respondents, particularly at CSCB, spoke of their efforts, formally and informally, to educate important stakeholders (such as CSC board members and contracted NPOs) on the rationale, characteristics, and anticipated outcomes of the type of relationship they sought to develop with contracted NPOs. Without efforts to educate CSC board members, many of whom work in public agencies using more traditional approaches to contracting, CSC respondents perceived that CSC board members might not have approved expenses and policies supportive of CSC's capacity building practices and relational approach to contracting.

Additionally, without CSC leadership in redefining the relationship with its contracted NPOs, CSC respondents perceived that NPOs might have only engaged with CSC in the more transactional manner with which they had interacted with other local government agencies. In many cases there was initial resistance from NPOs as described by one CSC senior level respondent:

> There was initially push back [from contracted NPOs]. A little fear … "what are your doing in our business, you give me the money, I'll do what I want to do", which is what [NPOs] were used to. …They're used to people coming in and going, "you don't have your fire extinguishers, … your invoice was fifteen minutes late". They were getting that kind of stuff [from other public funders] but they got the money and they could run their program and do whatever they wanted. And we were now coming in and saying, "I want to see how you're interacting with the kids." … But then, at least what I hear, … is [the NPOs] really start to like it. They see how we're trying to make them successful.

CSC respondents perceived that NPOs needed time to develop confidence and trust that

CSC actions were consistent with CSC rhetoric before embracing CSC capacity building and a more relational contracting relationship with the CSC. CSC respondents also reported that some NPOs, notwithstanding CSC efforts to develop the relationship, were not willing, or able, to enter into the relationship that the CSCs sought with their contracted NPOs:

> We've been seeing this [problem] and giving [the NPO] input on this for a number of years [without improvement]. … sometimes the culture of a [NPO] isn't probably the best fit for our culture and their vision or their focus isn't where we would like to see it be and that can be difficult to bridge. … If they embrace a lot of the same approaches that we embrace, it certainly makes it better.

Not playing the "power card". Not playing the power card refers to the challenges CSC respondents reported experiencing in maintaining the collaborative, partnership nature of the CSC-NPO relationships and avoiding a more authoritarian stance with contracted NPOs. While both CSCs' apparent intention was to be in partnership with contracted NPOs, CSC respondents reported that at times it was difficult to avoid a more authoritarian stance based on CSC's power (e.g., the ability to remove funding from a contracted NPO):

> I think that we [at CSC] always have to be on guard of falling back into the fiefdom model and wielding our power. I think we do a good job of managing it but sometimes when situations get heated or tight we can pull the trump card and we have to be disciplined about that.

Based on analysis of CSC and NPO respondent interviews, CSCB appeared to be more watchful than CSCA of the potential shift to an authoritarian relationship, and was more successful at striking a balance.

While most respondents spoke of the power of the CSC over the NPO, some CSC contract managers expressed concern over the perceived power that NPOs had over the CSCs—and that in some cases NPOs played their own power card by lobbying senior CSC management or influential CSC stakeholders. For these contract managers, in an effort to maintain positive relationships with contracted NPOs, the CSCs were sometimes too accommodating of the NPOs, thus diminishing the contract manager's ability to hold NPOs accountable for contract performance:

> I think sometimes we [at CSC] do hold [NPOs] accountable but sometimes we really don't follow through on it. I don't think some [NPOs] take it very seriously, I think other [NPOs] know nothing's really going to happen. … because we're always the kinder, gentler funder, that sometimes that inhibits us as contract managers to try to really get [NPOs] to a higher level of effectiveness and accountability. … We're always trying to juggle … hold[ing] [NPOs] accountable to taxpayer dollars, to fidelity of models, to program services, while knowing there's really not going to be a huge follow through. … So a lot of times we'll just kind of say, is it worth it? You know, probably not.

Minimizing bureaucratic tendencies. Minimizing bureaucratic tendencies refers to the challenges CSC respondents reported experiencing in remaining flexible in their contract relationship with NPOs and resisting excessive rulemaking for their contracting processes—keeping CSC policies, procedures, and documentation as streamlined and

flexible as possible in order to maintain the relationships' collaborative and flexible nature. One senior level CSC respondent recounted the need to keep "that partner-client focus and [not get] too happy with … forms … you have to keep calling yourself back to what you're really there about." The ability to "push back" against the tendency to develop more rules and forms was perceived to result from CSC leadership's vigilance and creation of an organizational climate that resists excessive rulemaking:

> … if we [at the CSC] want to have a new rule about something that we think will make work easier, [the CEO] has a tendency to question rule making, you know, [in] most bureaucracies, "new rule, … let's make sure everybody knows it and let's enforce it". [Our CEO] does a sniff test on stuff and [asks] do we really need a rule … And that's the cultural climate here.

Most NPO respondents perceived that the administrative burden of CSC contracts was high compared to other local government agencies. In particular, CSC and NPO respondents reported that CSCA frequently changed policies, procedures, and administrative forms, thus increasing the administrative burden on contracted NPOs. Based on the data analysis, CSCB appeared more successful than CSCA at addressing the potential challenge of an expanding bureaucracy:

> The thing that hasn't happened to [CSCB] is they have not become a mindless bureaucracy. And they're vulnerable to that. That can happen under perhaps different leadership or a twist in their agenda. … If they can avoid that and keep their culture child-related, then their … relationships with [NPOs] will continue to be positive. (CSCB-contracted NPO respondent)

Whereas at CSCA:

> [CSCA] started off a little bit more flexible, over time, … that they have become
> more bureaucratic, more paper oriented, more focused on that you are meeting a
> set of … rules and regulations that a lot of times for [NPOs] it is hard to see the
> correlation between those things that seem like busy work, and that are expensive
> for us to do, and the goals and objectives of the program.
>
> (CSCA-contracted NPO respondent)

Balancing multiple roles. Balancing multiple roles—CSC's contract monitoring
and capacity building roles—refers to the challenges CSC respondents, particularly some
contract managers, reported experiencing in executing their various job responsibilities.
In developing and maintaining the CSC-NPO relationship, CSC respondents reported
adopting a number of different roles, including contract monitor, capacity builder,
planner, and facilitator. All of these roles competed for CSC staff members' time:

> … it is time and resource intensive. … part of the difficulty being partners is
> balancing all the different pieces, we want to help you get better, but we see an
> opportunity here to some research … and then we gotta' do all this other stuff
> over [as well]. So partnership is more labor intensive than just telling people to do
> it and backing off.

Some CSC respondents reported that the responsibilities of multiple roles conflicted at
times. Particularly, some CSC contract managers experienced difficulty in balancing the
necessities of their dual roles as monitors of contract performance and as NPO capacity
builders:

I think that contract managers are caught between do we want to get along or do

we want to get results. And where do we place the emphasis. … we want

everybody to achieve the outcomes and the outputs but we also want everybody to

get along smashingly with their providers. And a lot of times you can't

accomplish both.

Other CSC respondents stated that it was possible to balance potential conflicts in these

roles by hiring contract managers with strong interpersonal and communications skills

and providing training and support to contract managers:

So I think that one of the challenges that we have in trying to be [relational] … I

think there is great variation depending on who your contract manager is, because

if you happen to have [a contract manager] who is less into "let me be supportive

and strength based", then you're not going to have probably as much of a capacity

building experience. You're going to have more of the fault-finding experience.

And I think that's something that is a challenge for us to try and control …

Variation in the CSC-NPO Relationship Between CSC Study Sites

Although the leadership at each CSC professed intent, and took steps, to develop

a collaborative relational contracting approach as previously presented, there was

variation between the CSCs in CSC and NPO respondents' perceptions of the CSC-NPO

relationship. In analyzing the data, a number of differences between the CSCs emerged

that could provide explanations of this observed variation. It was beyond the scope of the

study to conduct an in-depth cause analysis of the variation. However, given the

importance of the CSC-NPO relationship as a major factor impacting CSC capacity

building, initial insights into potential causes are presented as they illuminate the

complexities of developing and maintaining this CSC-NPO relationship and also challenges to CSC capacity building. During the study's interviews and focus groups, many CSC and NPO respondents made comparisons between the two CSCs and/or offered their perceptions of how specific aspects of the CSC-NPO relationship developed. These data along with researcher observations and review of CSC documents provided initial insight into the causes of observed variation in the CSC-NPO relationship.

Overall, most CSCB respondents and their contracted NPOs consistently characterized the CSC-NPO relationship as presented in this chapter. Analysis of CSCB-affiliated NPO respondents perceptions was also triangulated with, and confirmed by, the results of a CSCB-sponsored CQI survey of their contracted NPOs. The CQI survey was conducted towards the end of the study's data collection process and contained several items regarding the CSCB-NPO relationship. At CSCA, there was more variation in how CSC and NPO respondents characterized the CSCA-NPO relationship. Some characterized the relationship in the positive, relational manner presented in this chapter, while others characterized it negatively as lacking in the characteristics presented here and as more transactional in nature. Implications of this variation will be discussed in the following chapter.

There were a number of historical and statutory differences that some respondents perceived as a potential challenge to CSCA's efforts to establish the desired CSC-NPO relationship. CSCA was two years younger than CSCB. Some respondents perceived that the extra years gave CSCB more time to develop and institutionalize this CSC-NPO relationship. In addition to being younger, CSCA also had a much faster rate of growth than CSCB. Thus, some respondents perceived that CSCA was so busy "flying the plane

as they built it" that it hampered CSCA's efforts to develop and institutionalize a different type of contracting relationship. Additionally, CSCB was initially authorized in perpetuity whereas CSCA was required to secure voter reauthorization after its initial five years. Some respondents perceived that this requirement necessitated CSCA to divert energy from service delivery and contract management to political campaigning, as well as to focus on short-term gains rather than longer-term investments. Finally, CSCB has a board of directors consisting of 11 members whereas CSCA's board of directors consisted of 33 members. With such a large board, some respondents perceived that CSCA had difficulty in gaining the consensus needed to invest in non-traditional local government approaches such as relational contracting and capacity building.

There were also a number of operational differences between the two CSCs that were perceived by some to negatively impact the potential of CSCA to develop a CSC-NPO relationship as presented in this chapter. As a group, CSCB contract managers were perceived by NPO respondents to have more skills and knowledge in service delivery and NPO experience than CSCA contract managers. On average, CSCB contract managers also had a lighter contract load than CSCA contract managers possibly enabling them to spend more time interacting with each NPO. As a group, CSCB respondents demonstrated more consistency in their interactions with NPO staff in alignment with the relationship characteristics presented in this chapter. CSCA respondents demonstrated much more variation ranging from an authoritarian, gotcha approach to a highly collaborative partnership approach. Within its leadership ranks, CSCB had consensus on the goals, scope and scale of capacity building. CSCA did not. Although CSCB was perceived to be flexible in responding to NPOs' needs and feedback which NPOs valued,

they also appeared to be less likely than CSCA to make frequent changes in policies, procedures, and documentation requirements, which NPOs also valued.
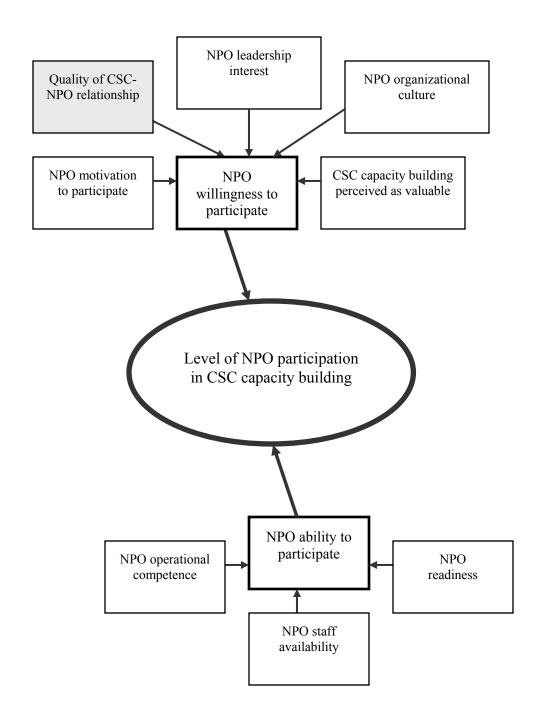
<div align="center">Level of NPO Participation in CSC Capacity Building Practices</div>

NPO respondents participated in CSC capacity building practices with varying levels of participation, ranging from very minimal to extensive. Based on analysis of interview data, the level of NPO participation emerged as the third major factor impacting CSC capacity building practices. Not surprisingly, NPO participation level is an important factor in the capacity building process because in order for capacity building practices to improve contract performance, an NPO must be willing and able to participate. As one CSC respondent stated: "it's those people that really want the help. Because sometimes when you're trying to help people that don't want to be helped, it's almost pointless. … it's people who are both willing to get the help and they're able to do it."

As illustrated in Figure 3 (next page), this third major factor was composed of a tiered network of sub-factors. The first tier included two sub-factors, namely: (a) NPO willingness to participate in CSC capacity building, and (b) NPO ability to participate in CSC capacity building. As illustrated in Figure 3 and described within this chapter section, each of these two sub-factors was composed of a second tier of five and three sub-factors, respectively. Of note, this second tier of sub-factors included the major factor presented in the previous section—the CSC-NPO relationship (shaded box at top of Figure 3)—indicating an apparent relationship between these two major factors.

Figure 3

Level of NPO Participation in CSC Capacity Building Practices

NPO Willingness to Participate in CSC Capacity Building

An NPO's willingness to participate in CSC capacity building appeared to influence the level of NPO participation. Analysis of CSC and NPO respondent interviews indicated that NPO willingness appeared to be influenced by five sub-factors (in no particular order): (a) NPO motivation to participate, (b) the quality of the CSC-NPO relationship, (c) NPO leadership interest, (d) NPO organizational culture, and (e) the extent to which NPO staff perceived CSC capacity building as a valuable learning resource. As will be further detailed below, the following conditions, alone and sometimes in combination, appeared to result in higher levels of NPO participation: (a) strong NPO motivation to participate, (b) a positive, high quality CSC-NPO relationship resulting in trust that lowered NPO resistance, (c) active interest in capacity building expressed by the NPO Executive Director/CEO, (d) an NPO organizational culture that embraced organizational learning, as well as (e) relevance of the capacity building topic, scarcity of other capacity building resources, and use of highly qualified capacity builders.

Although NPO fear of participating in CSC capacity building was initially considered as a sub-factor, study results were not conclusive enough to support adding NPO fear as a contributor to NPO willingness to participate. No NPO respondents reported being fearful of engaging in CSC capacity building. However, some did report that they perceived that staff from other NPOs might be reluctant to participate in CSC capacity building because of fear that organizational weaknesses might be exposed and that the CSC would then reduce or terminate their funding. A number of CSC

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respondents also reported that they perceived that some NPO staff were fearful of participating in CSC capacity building.

NPO motivation to participate. The willingness of an NPO to participate in CSC capacity building appeared to be influenced by NPO respondents' motivation to participate as well as the strength of respondents' motivation. Motivation refers to an NPO's reason for engaging in CSC capacity building. Identification of patterns within NPO respondent interview data indicated that there were two central motivations to participate in CSC capacity building: continuing CSC funding and improving NPO operations and programs. Of the two central motivations, the primary one was the perception that participation increased the likelihood of continued CSC funding. As one CSC respondent explained:

> … it's the elephant in the room [the potential loss of CSC funding] and we don't mind the elephant being in the room, we just don't want them to focus on it the whole time because they'll be too scared to work with us. But … we don't want it to go out of the room … because that's [the NPO's] motivation.

NPO respondents perceived that participation in CSC capacity building would improve CSC assessment of their contract performance, thereby increasing the likelihood of contract renewal. NPO participation demonstrated to the CSC that the NPO was being a "team player" and making efforts to improve performance and address any identified contract problems. Participation was perceived to improve NPO contract performance by avoiding or remedying contract problems, resulting in positive contract performance reports. Details on the perceived outcomes of CSC capacity building practices were presented in the previous chapter. The CSCs rarely terminated existing contracts with

NPOs, but even for an NPO with continued contract problems, participating in CSC capacity building practices appeared to go a long way towards ensuring funding, at least through the initial three-year contract period:

> From a management standpoint for us, it's incredibly disruptive to end [NPO contracts] … but that's not to say that we don't hold [NPOs] accountable … if we work with them and they're not rehabilitable [sic] … then we [terminate the NPO contract]. And then of course there's always a [new] RFP every 3, 4 years and if they're not good enough then they won't get refunded [through the RFP process].
> (CSC respondent)

A second motivational factor for some NPO respondents to participate in CSC capacity building was NPO respondents' desire for organizational learning opportunities in order to improve operations and programs. Staff at these NPOs appeared more likely to proactively self-initiate their participation in CSC capacity building:

> [NPOs have] actually called us [to come] out and said we need to improve this, can you just brainstorm with us on different ideas of how we can incorporate these aspects. … they really wanted to make it into a true program with different interest centers and things like that.
> (NPO capacity building intermediary respondent)

For these NPOs, CSC capacity building practices provided opportunities to strengthen NPO programs and operations, as indicated by an NPO Executive Director:

> Because at the end of the day, I just want us to be a good provider. I think [CSC] provides great resources and if we truly want to be a good agency, why would we not access those resources whether they are mandatory or not. … I try to convey

to our staff that we want to be the best and if these tools are out there, we need to

learn more about them and then implement them in our programs.

Additionally, the strength of an NPO's motivation appeared to be important. The

stronger the motivation, the more willing an NPO appeared to be in participating in CSC

capacity building. The strength of an NPO's motivation appeared to be influenced by the

percent of an NPO's organizational budget derived from the CSC, NPO perception that

contract performance mattered in making contract funding decisions, and whether the

NPO embraced both of the aforementioned primary motivations. Regarding an NPO's

organizational budget, 20 percent of NPOs participating in the study received 50 percent

or more of their total budget from a CSC. For these NPOs, continued CSC funding was a

matter of organizational survival. Regarding the perception that performance mattered, as

presented earlier in this chapter, several CSC and NPO respondents perceived that some

NPOs' contracts were protected regardless of their performance and that this perception

of being protected could be a disincentive to participation in CSC capacity building.

And finally, although some NPO leaders appeared motivated to participate,

competing demands on time and resources may have impacted the level of participation,

as described by one CSC respondent:

> But occasionally we really have to work at it … we were [providing technical
>
> assistance to an NPO] on this [problem] and you know our reports go to higher
>
> levels [at the NPO without any changes in performance] and it was a focus thing,
>
> it was [the NPO] had a lot of other stuff on their plate, [the problem] was a "we're
>
> going to get to it" item and it wasn't that they weren't seeing it or weren't on

board, but we didn't know that, they … couldn't put their focus there yet because they had other fish to fry.

Quality of CSC-NPO relationship. The CSC-NPO relationship as a major factor in CSC capacity building was presented in length in a prior section of this chapter. A relationship between this major factor—the CSC-NPO relationship—and NPO willingness to participate in CSC capacity building emerged from the analysis of interview data. Of the identified eight important characteristics of this relationship previously presented, several appeared to be central contributors to NPO willingness to participate in CSC capacity building: skilled CSC staff, trust, positive CSC expectations, and CSC commitment.

NPO respondent perceptions that capacity building was provided by qualified CSC staff appeared to increase NPO willingness to participate:

Our contract manager, she has a lot of experience ... I think before she was a contract manager she was in the field and she knows exactly what we're doing ... so when she sees something that can be improved, we talk about that. And she makes recommendations and that's very useful to us.

As presented earlier in this chapter, since providing capacity building practices for contracted NPOs is not a typical function of a funding agency, the CSCs encountered resistance from some NPOs. However, for NPOs with a positive CSC relationship, resistance appeared to decrease due to trust in the CSC "because [NPOs] trust that [CSC is] going to come out there and help them and it's not going to come back and bite them." Analysis of NPO respondent interview data indicated that NPO respondents who did not

experience a positive and trusting CSC-NPO relationship appeared to be less willing to participate in CSC capacity building.

NPO leadership interest. Interview data indicated that the active interest of an NPO's leadership in capacity building influenced an NPO's willingness to participate, as succinctly stated by one NPO respondent, "I would say that one of the greatest … factors in determining whether capacity building in an agency will take has to do with the level of involvement of the nonprofit's leadership. … if you get the head of the organization to buy in, then everybody falls behind." A number of respondents recounted the efforts of NPO leaders to seek opportunities for themselves, their staff, and their organization to develop new skills and capabilities, as this quote from a capacity building intermediary highlights: "[The NPO Executive Director is] a real go getter, so she did what we recommended. … she's on the ball, she recognized she needed help, she recognized the value of the service, took the effort, took the time, we worked with her." Not surprisingly, given the role of leadership in organizational culture, the level of NPO leadership interest in capacity building also appeared to help create an NPO organizational culture more receptive to CSC capacity building, as described below.

NPO organizational culture. Some CSC respondents perceived that an NPO's organizational culture influenced NPO staff willingness to participate in CSC capacity building. Some NPO cultures were perceived to be more conducive to capacity building than others. As one CSC respondent stated, "it really has to do with the desire to learn, with a passion for serving children and for getting better." Analysis of interview data from NPO respondents, some of whom indicated interest in CSC capacity building and some who did not, provided insight on a number of characteristics of NPO organizational

culture that appeared to increase willingness to participate in capacity building, namely: norms of high performance, focus on accountability, practice of continuous quality improvement, and openness to assistance.

Regarding cultural norms of performance and accountability, one CSC respondent recounted:

> … you have those really committed program people … who set the … standard, "we're always going to be meeting our goals" … but if you have a high level or a director level person who … tolerates inadequacy or maybe exudes inadequacy then that's going to go through the culture and they're going to have trouble, you know, raising that bar up.

Participating in capacity building requires openness to the assistance of a capacity builder (in this case, the CSC) and also entails exposing areas of organizational weakness, which some organizational cultures resist, particularly with a funder, as discussed by an NPO Executive Director:

> As an organization, I don't portray that I know everything or that I try to cover it up if something isn't right. So I think that's part of it, meaning my transparency to say "Hey, y'all, I don't know, I need somebody to come fix it for me." Whereas I know sometimes organizations may be in the same position [as I am] but they want to cover it up or don't want to expose that they don't know.

A CSC respondent explained one reason why NPO organizational cultures may support secrecy with funders:

> In regards to the culture of the [NPO] being, "we're not going to share [problems and needs], hopefully [the funder] will not notice." I think one of the things that

we fail to always recognize is that [NPOs] work off of the mindset of how funding has come from other funders. And so when [NPOs] deal with funders that have been … penalizing in how they respond to an identified shortcoming … they get a little gun shy … every [funder] starts off with that olive branch of, "you can share anything with us" and [the NPO] starts sharing and then boom, [the NPO] gets the hammer dropped on [them]. And I think [CSC] ends up being the recipient coming in later saying, "we can really help you" and it takes time to develop that level of trust so that [the NPOs] do feel comfortable sharing and discussing [problems and needs] with [CSC].

CSC capacity building perceived as valuable. Many NPO respondents reported that CSC capacity building was of value to their organization. As one NPO respondent stated, "I think that we all agree that [capacity building] is a very important thing to have, a very important resource. … We need [funders] to see the importance of building [our] capacity as we grow." This perception on the part of NPOs appeared to increase their willingness to participate. Similarly, some CSC respondents reported that NPO staff valued CSC capacity building:

My perception is that [NPOs] really appreciate capacity building. I think back a few years ago, you could say the words [capacity building] and they wouldn't make anybody's ears tweak up. But now you say the words and [NPOs] are like, "there's capacity building help?"

While many NPO respondents reported that CSC capacity building was of value to them, some NPO respondents reported that they did not perceive CSC capacity building as a valuable learning resource:

… the [capacity building] assistance that I have gotten [it's] not that we really

need it. It's more about [CSC wants to] show you the way [CSC] wants it done

and learning their way, not necessarily that [the way we do it] needed to improve.

… when … you look through [your program or processes] you say … "what's

wrong with this?" and then [CSC says] you still … need to get the training ...

Respondents who perceived that CSC capacity building was not valuable in meeting their

needs appeared less willing to participate. In most of these cases, the NPO was accredited

by a national accrediting agency, the topic or content of the capacity building was

perceived to be unnecessary, and/or the person delivering the capacity building was

perceived to be insufficiently qualified.

NPO respondents' perceptions of the value of CSC capacity building as a learning

resource appeared to be related to the NPO respondent's perception of the skill level of

CSC staff, particularly the NPO respondent's contract manager. As presented earlier,

NPO respondents who perceived their contract manager to have relevant skills,

knowledge, and experiences appeared to be more willing to accept their contract

manager's guidance and recommendations.

Some NPO respondents had access to significant learning resources through their

affiliations with national networks or organizations, collaborative partnerships, or other

funding sources; and stated that these resources were more relevant. For example, several

NPO respondents served unique populations (such as special needs children) and reported

that many CSC capacity building practices were not relevant to their circumstances and

that they received specialized training from other sources. For these NPOs, although they

may have had a motive to participate (e.g. continued CSC funding), they were less

willing to participate and their interest appeared to focus on learning CSC's contract

management systems.

Additionally a few respondents, who appeared to be very experienced NPO

practitioners, perceived CSC capacity building practices to be too basic:

> … what [CSC is] doing, it is one size fits all. It's everybody get's everything. So
> there is no recognition that there's [differing levels of NPO need] and I think that
> that is a big challenge because [CSC is] trying to have a conversation with people
> and [is] regressing to the [mean]. [CSC is] not particularly challenging the people
> who might already know some of the basic stuff, but [they] don't want to leave
> those [other] people behind.

NPO Ability to Participate

The ability of an NPO to participate in and benefit from CSC capacity building

appeared to influence the NPO's level of participation. Analysis of CSC and NPO

respondent interviews indicated that this sub-factor was influenced by three other sub-

factors (in no particular order): (a) the NPO's level of operational competence, (b) NPO

staff availability, and (c) NPO readiness for organizational change. As will be further

detailed below, the following NPO conditions, alone and/or in combination, appeared to

result in increased NPO ability to participate: past successful grant or contract

management experience, presence of basic fiscal and management systems, lack of fiscal

or organizational crises, and capacity building practices provided by CSC in places, and

at times, convenient for NPO staff.

NPO operational competence. Based on analysis of interview data and CSC

secondary documents, many NPOs of all sizes experienced, at least initially, problems

with CSC contract management systems and program monitoring and evaluation. Both CSC and NPO respondents reported that with CSC capacity building assistance most NPOs were able to address any identified contract problems. However, in a few cases, CSC respondents reported that contracted NPOs operated at such a low level of organizational competence or had such severe problems that they needed more capacity building assistance than the CSC was able to provide:

> There are [NPOs] that for whatever reason, the organizational culture, the lack of leadership or the lack of internal controls, the inability to deal with management information systems, the lack of a history of data collection and gathering … that do not make a good fit for us.

In these cases, CSC respondents perceived that the gap between the NPO's organizational capacity and the requirements of a CSC contract was too large to bridge through CSC capacity building practices. NPOs in this situation were observed by CSC respondents to lurch from one organizational crisis to the next; to rarely, if ever, submit required documents correctly and on time; to have staff who regularly expressed that they were overwhelmed; and/or to have substantial organizational problems (e.g., poor governance and/or management, lack of strategic direction, financial un-sustainability). One example recounted by a CSC respondent:

> … [the NPO does] good work … But … they are in debt for over $300,000 … they live from [reimbursement] check to check … they are having complete staff turnover … we have given them hours [of capacity building assistance and additional funds] … we did this for a whole year … every year they got worse … and why they got worse is because of this $300,000 debt … it's drowning them.

A few CSC respondents perceived that the issue of insufficient operational competence was more likely to arise with small NPOs. Potential explanations offered included perceptions that smaller NPOs were more likely to be understaffed, have staff with fewer professional qualifications, and have less structured administrative systems. In some cases, a small NPO obtained a large CSC contract that immediately resulted in significant increases in: the organizational budget (doubling or tripling the NPO's budget), service level, and staffing. For some of these NPOs, this rapid growth was perceived to overwhelm the NPO's operations and staff capabilities, resulting in their inability to successfully perform the contract or even participate in CSC capacity building practices.

It is important to note that there was consensus among the CSC and NPO respondents that discussed this topic that neither size nor ethnic affiliation were perceived to be *determinants* of an NPO's operational competence, nor of an NPO's ability to satisfactorily perform a CSC contract. As one CSC respondent stated:

> Some [NPOs] are better … have better staff that are more trained or have more abilities. … Some others are just strugglers. And we're not talking about the big agencies or the small agencies … because it's all over the place. Size doesn't matter here. Some people say the black small organizations are dysfunctional … uh-uh [meaning no]. We have some that are awesome. … We have some university contracts that are not doing what we're asking. So that doesn't matter. Size doesn't matter. So the demographics doesn't matter either.

Another CSC respondent offered:

> I think staff quality [not organizational size, is a key factor] … which … morphs

into … the organizational culture. Which perhaps is also influenced by that organization's board, their high level management in terms of what expectations they set, what level of monitoring … They want to make sure that in the community they're known for doing … good work and particularly with funders, so that becomes a part of the culture too in an organization that has an application for how staff work and what level of work.

NPO staff availability. Some NPO respondents, particularly those providing out-of-school programs, were interested in CSC capacity building but stated that some practices, such as training, were not accessible to their primarily part-time staff, "the time [and] where their trainings are … it doesn't really cater for part-time staff … we need … more [flexibility]." For some NPOs, especially small NPOs with few staff, even if interested, they had difficulty finding the time to participate:

There's a few … [CSC] resources that we could use that we're not even tapping into. We could benefit from a consultation, IT support … [CSC does] offer some really neat stuff, it's just a matter of having the time to take advantage of it ... we [participate] in spurts.

NPO readiness. And finally, although neither CSC formally assessed NPO readiness for capacity building, several CSC and capacity building intermediary respondents noted that some NPOs that appeared interested in capacity building may not have been ready for the level of organizational change that it can entail:

I think we haven't done a really good job at readiness. We assumed because you were there that you were ready. … Because when you start to mess around somebody's agency and fix this and fix that and grow them to the next level, they

may not be really ready to take that on yet. (CSC respondent)

However, as one senior level CSC respondent noted, if there is a contract problem the CSC cannot just wait until the NPO is "ready" to address the problem:

You can't do that in a contracting environment so we've got to figure out a way to help you move where you need to go. … if we go out and see that they need documentation training we're not, like, when you feel like it. We're, like, send your staff [to training], we're going to come back out and check that you did …

Analysis of interview data did not provide insight into what organizational readiness "looks like" nor what influences an organization's readiness for capacity building. However, a respondent from a capacity building intermediary organization contracted by a CSC to provide capacity building services offered this insight:

… in terms of organizational readiness, a lot of it is engendered by the leadership of the organization asking, "Are we really taking a good hard look at ourselves? Do we want to make improvements? Or do we think we're the best thing since sliced bread and we don't need to do anything differently." ... I don't think it's necessarily even correlated to a budget size or a staff size, it correlates to organizational leadership, the culture of the entity. Is it a learning organization?

Summary

Three major factors that appeared to impact CSC capacity building practices emerged from the data analysis: CSC capacity building goals; the relationship between the CSC and contracted NPOs; and, the level of NPO participation in CSC capacity building practices. Together, these three major factors and their associated sub-factors appeared to influence every aspect of the CSC capacity building process from design of

practices to achievement of desired outcomes. In summary, CSC capacity building goals appeared to have a strong influence the scope and scale of CSC capacity building practices. These goals appeared to be derived from the CSCs' mission, the interdependence of the CSCs and NPOs, and the NPO capacity building needs that resulted from conflicts between CSC funding criteria. The relationship between the CSC and contracted NPOs was an important factor because it seemingly facilitated the CSC capacity building process by increasing NPO staff willingness to participate in CSC capacity building practices as well as creating an environment conducive to the organizational change that capacity building entails. This relationship was comprised of two components: the contract between the CSC and NPO, which was more transactional in nature, and the contract management processes and interpersonal relationships between CSC and NPO staff, which were more relational in nature. CSC-NPO interpersonal relationships were characterized by most respondents as entailing collaborative CSC-NPO problem-solving, CSC commitment, frequent CSC-NPO interaction, CSC outcomes orientation, positive CSC expectations, CSC-NPO power differential, skilled CSC staff, and trust. Most CSC and NPO respondents perceived that the CSC-NPO relationship was positive and fundamentally different from their experiences of relationships between NPOs and other local government agencies. The third major factor was the level of NPO participation in CSC capacity building practices. NPO participation appeared to be influenced by two tiers of sub-factors: NPO willingness to participate in CSC capacity building and NPO ability to participate in CSC capacity building as well as associated factors on the third tier.

Chapter VI

DISCUSSION

Introduction

This chapter presents answers to the study's research questions on capacity building needs, capacity building practices, and major factors that influence capacity building practices. Results for each of the research questions are discussed in light of the extant scholarly and applied literature.

In addition to deepening knowledge regarding the study's three research questions, the results present evidence that local government agencies (Children's Services Councils, in this case) can serve as effective builders of NPO capacity. Comparing the study results to the literature, much of what is known about providing capacity building (derived from capacity building studies in other settings) appears to apply in this local setting. This is good news for policymakers and public administrators who can feel more confident when drawing upon the existing body of capacity building literature to inform both policy and practice.

However, findings and recommendations from the existing capacity building literature cannot be unquestioningly adopted. As will be discussed in this chapter, study results indicate that a local government contracting setting presents some unique challenges, opportunities, and requirements which policymakers and pubic administrators should consider. Foremost among these is the apparent role of a relational contracting approach in facilitating CSC capacity building. A relational contracting approach enables government agencies to employ practices not available to other capacity builders and also to optimize some of the factors that are cited in the literature as important to successful

capacity building. Also discussed in this chapter are a number of internal conditions and resources important to capacity building that study results suggest are not commonly found in local government (or found in limited quantity). In particular, study results suggest that highly skilled contract managers are central players in capacity building. Finally, policymakers and public administrators must understand the central role that funding criteria—particularly potential conflicts among funding criteria—play in the rationale and goals for capacity building.

<div align="center">Capacity Building Needs</div>

Results from the study's first research question contribute to the understanding of NPO capacity building needs. Overall, there was agreement across both case study sites and between CSC and NPO staff on the types of problems NPOs experienced and the resulting NPO capacity building needs. As presented in detail in the results chapters, NPOs had needs in both contract administration and service delivery. Specifically, in contract administration, capacity building needs were most prevalent in the areas of documentation and reporting, financial management, and program monitoring and evaluation. In service delivery, capacity building needs were most prevalent in the areas of participant recruitment and retention and program quality. Specific needs, as well as the level of need, varied greatly among contracted NPOs. A discussion follows of these results in light of the literature.

The types of performance *problems* experienced by NPOs contracted with the CSCs were consistent with those reported in the public administration and capacity building literature. For example, other studies have found that the level of accountability required by government agencies and the resulting high level of documentation and

detailed financial management processes are a strain on NPO capabilities (Light, 2002;

Poole, 2003; Salamon, 2005). However, the present study provides more detailed analysis

of the specific contract problems experienced by NPOs in a local contracting setting and

the resultant capacity building needs. With one exception discussed below, the capacity

building *needs* identified in the present study are also consistent with the literature. As

one example, other studies have found that increased focus on the use of research-based

service delivery models and participant outcomes in both the philanthropic and

government funding arenas require that NPOs must develop new capabilities in service

delivery, documentation and reporting, and program monitoring and evaluation (Carrilio

et al., 2003; Rivenbark and Menter, 2006; Yung, 2008).

     A capacity building need in the area of participant recruitment and retention is

one area where the present study's results diverge from the literature. A widely held

belief about NPOs is that they have strong connections to local communities and are

more able than government to engage local populations (Altman-Sauer, Henderson, and

Whitaker, 2005; DeHoog and Salamon, 2002). This particular need may have been

revealed in the present study, and not others, because of the detailed attendance data that

the CSCs required NPOs to enter into the CSC MIS. Respondents reported that CSC

requested much more detailed data than other local funders. Both CSCs focused

extensively on participant service utilization rates and considered them in contract

renewal decisions. CSCB even made contract payments on the basis of units of service

delivered, linking participant recruitment and retention directly to contract payments.

NPO difficulties with participant recruitment and retention were due to a variety of

problems and factors, including poor program marketing, participant transportation

problems, poor program quality, child characteristics (e.g., working with truant youth or children in unstable family situations), and/or service delivery system level problems beyond the control of NPOs.

While the literature is inconclusive regarding whether NPO capacity building needs are more prevalent in the area of contract administration or in service delivery, in the present study both CSC and NPO respondents perceived that capacity building needs in contract administration were more prevalent. However, the credibility of this perception is questionable due to evidence that respondents may have underreported service delivery problems. For example, while some NPO respondents reported problems with participant recruitment and retention, none reported problems with the quality of their program. This may have been because of the self-selecting nature of the study sample, but may also have been a result of NPO respondents' willingness to speak more openly about administrative problems than of deficiencies in their own program's quality. During interviews, this researcher perceived that problems with contract administration carried a less negative connotation than problems with program quality. CSC respondents did report that some NPOs had problems with program quality, based on their observations as well as analysis of program outcome data. However, program outcome data may be misleading due to reported concerns about the validity of outcome measures and data collection and reporting problems. A number of CSC and NPO staff perceived that some outcome measures were neither valid nor reliable. Additionally, data collection, analysis, and reporting problems described by a number of study respondents could have clouded the outcomes of some NPOs.

Capacity Building Practices

Results from the study's second research question contribute to the understanding of CSC capacity building practices and their helpfulness in improving contract performance. Overall, with one major exception noted below, there was agreement across both case study sites and between CSC and NPO staff perceptions on the CSC capacity building practices that contributed to contract performance. As presented in detail in the results chapters, the study identified 16 CSC practices as capacity building practices including, one-on-one technical assistance, training, data management, and collaboration. Four practices were integrated into the CSCs' ongoing contracting processes, with the remaining 12 practices being supplemental to the CSCs' contracting processes. Five of the 16 practices were perceived to be particularly helpful in contributing to NPO contract performance: contract manager support, technical assistance from other CSC staff, contract on-site monitoring, technical assistance from a capacity building intermediary organization, and training. Of these five practices, all but training shared the common characteristic of involving individualized assistance to NPOs.

One major difference between the two CSCs was that only at CSCB was training found to be a particularly helpful capacity building practice. There were several differences between the training programs at each CSC that could have contributed to differences in the level of perceived helpfulness. CSCB hosted a collaborative of CSC staff, outside consultants, and staff from other local organizations who provided an active training calendar for NPOs. This collaborative effort resulted in available training on a wide variety of topics. CSCA's training was more limited and provided primarily by CSCA staff. Additionally, CSCB appeared to conduct more frequent and more thorough

assessments of which training topics were of interest to NPO staff. CSCB also appeared to put more effort into assessing training participant satisfaction with training sessions, and utilized the input to improve training.

While the literature contains many recommendations for government agencies to provide capacity building to contracted NPOs (Austin, 2003; Cooper, 2003; Mann et al., 1995; Peat and Costley, 2001; Reiner, 1998), this researcher could identify only a few studies providing details on what types of practices could be useful for capacity building purposes in a local government contracting setting (Altman-Sauer et al., 2005; Rivenbark and Menter, 2006). There is, however, a body of knowledge on capacity building practices in other settings (primarily foundation, and to a lesser extent, federal) and the study's results are generally consistent with findings from these studies (Backer, et al., 2004; Connolly and Lukas, 2002; Light, 2004). Although neither CSC ascribed to a particular capacity building model, many of their capacity building practices were similar to the capacity building practices used in foundation-led and federal-led capacity building initiatives (Backer, 2000; Blumenthal, 2003; Connolly and Lukas, 2002). But, there were several major differences, discussed below. The results of the study provide empirical support for the applicability of these practices in a local government contracting setting.

The CSCs appear to be atypical both in their practice of integrating capacity building practices into typical contracting processes (such as contract procurement and monitoring) and in the extent to which they utilized CSC staff to provide capacity building (Kibbe et al., 2004). Much foundation-funded capacity building is done in the context of capacity building initiatives that are not linked directly to a service contract or grant. In these cases, capacity building is generally undertaken as a shorter term, project-

oriented initiative resulting from receipt of a grant specifically for capacity building to address pre-identified capacity building needs. Federally funded capacity building is more often integrated into a grant or contract for services but not to the extent observed with the CSCs, particularly CSCB. An identified benefit of the contract relationship with NPOs was that it enabled the CSCs to develop additional capacity building practices not available to most capacity builders.

With respect to who actually provides the capacity building, funders often outsource much, or all, of the work of capacity building to intermediary organizations and consultants (Backer, 2004). They may outsource capacity building due to lack of internal staff capacity to provide capacity building, and/or the belief that funder-provided capacity building is not as effective when a power differential exists between the CSC and NPO (Blumenthal, 2003). Both CSCs outsourced only a small portion of their capacity building practices. In part this may be explained by the CSC practice of integrating much of their capacity building efforts into ongoing contracting processes. It may also have been influenced by the difference in the capacity building goals of the CSCs (focused on contract performance) and foundations (generally more broadly focused on organizational effectiveness). Given the contract performance focus and the integrated nature of CSC capacity building with CSC contracting processes, it would be difficult for CSCs to outsource provision of capacity building. This result has implications for other government agencies that may be interested in providing capacity building. These agencies may need to develop capacity building capabilities internally as well as make efforts to mitigate the potential negative effects of the CSC-NPO power differential (discussed below). As detailed in the results chapters, CSCB appeared to be

more successful at mitigating effects of the power differential than CSCA (hinting at the challenges that other government agencies may encounter).

The present study provides additional evidence regarding what constitutes effective capacity building practices. Previous studies have also found that the individualized, one-to-one assistance provided by skilled capacity builders is most helpful in building NPO capacity (Innovation Network, 2001; Keener, 2007). The CSC practice of multiple year funding cycles, renewed annually for up to three years contingent on NPO performance and funding availability, has been cited in the literature as a strategy that increases NPO capacity (Altman-Sauer et al., 2005; Letts et al., 1999). Outsourcing administrative functions such as data management (e.g., CSC web-based MIS) is set forth in the literature as a means of increasing NPO efficiency and effectiveness, particularly for smaller NPOs (Management Assistance Group, 2009). CSCs are well-positioned to provide such capacity building practices because of the financial resources, economies of scale, and technical skills available to them.

As presented in the results chapters, assessing the outcomes of capacity building practices was a weakness at both CSCs. The CSCs primarily relied on NPO satisfaction surveys and self-reports of perceived outcomes as measures of the outcomes of CSC capacity building practices. Inadequate outcome assessment at the CSCs is consistent with reports of the weak outcomes assessment practices of most capacity builders. Weak outcome assessment is attributed to lack of consensus in defining and measuring NPO capacity and NPO effectiveness (or performance) and also difficulties in assessing the linkages among capacity building, capacity, and performance (Linnell, 2003; Connolly and Lukas, 2002; Leake et al., 2007, Sobeck, 2008; Worth, 2009). However, in contrast

with many other capacity builders, due to their contractual relationship with NPOs, each CSC had several contract management tools at hand (e.g., annual contract performance reports, corrective action plans) that could have served as simple, relevant outcome measures for two goals of CSC capacity building—improving NPO administrative and fiscal capabilities, and improving NPO program quality. Unfortunately, neither CSC used these tools in assessing capacity building outcomes. Data from the study did not provide insight into why these tools were not used as outcome measures. This researcher speculates that CSC staff simply had not considered that their contract management tools might function in a dual role as a measure of capacity building outcomes.

<div align="center">Major Factors Impacting Capacity Building Practices</div>

Results from the study's third research question contribute to the understanding of the factors that impact CSC capacity building practices and lay groundwork for building a model of capacity building in a local government contracting setting. The present study identified numerous factors, echoing the findings of other studies, that capacity building is a complex process, involving many interrelated factors that influence the capacity building process in different ways and at different stages of capacity building (Joffres et al., 2004). As presented in detail in the results chapters, the many factors that emerged from the data analysis were grouped into three major factors, namely, CSC capacity building goals, the relationship between the CSC and contracted NPOs, and the level of NPO participation in CSC capacity building practices. A discussion of each of these major factors follows.

The apparently strong influence of each CSC's capacity building goals on their capacity building practices indicated that capacity building goals are a major factor

impacting capacity building practices, specifically their scope and scale. These goals were primarily focused on building NPO technical capacities and included improving NPO administrative and fiscal capabilities, improving NPO program quality, to a lesser extent, building a better service delivery system. Cairns et al. (2005) presented similar goals in a review of common capacity building goals.

This factor, CSC capacity building goals, exposes the central role of CSC funding criteria in CSC capacity building. In the literature, scholars discuss the rationale for provision of capacity building as a means to assist contracted NPOs in meeting government performance and accountability requirements (Austin, 2003; Collins et al., 2007; DeHoog and Salamon, 2002; Mann et al., 1995; Peat and Costley, 2001; Reiner, 1998; Yang et al., 2009). However, this researcher is not aware of any study addressing the role played by conflicts among government agency funding criteria in creating the need, and hence a rationale for, capacity building. If the CSCs funded NPOs solely on the basis of performance-related funding criteria, the need to provide capacity building to improve contract performance would have been little, if any. In this case, capacity building would likely be focused primarily on learning the CSC contract processes and continuous quality improvement activities. It was the nonperformance-related criteria (often referred to by respondents as the "politics" of CSC funding) that increased the need for capacity building. These nonperformance-related criteria sometimes resulted in a CSC contracting with NPOs that had difficulty meeting CSC accountability and performance standards. CSC capacity building practices provided a means for the CSCs to navigate the sometimes conflicting objectives of a government agency: a focus on contract performance and accountability for public funds but also a desire to fund NPOs

that assist the funding agency in achieving other agency objectives. For the CSCs, these other objectives included: dispersal of CSC funds throughout the community, satisfying the requests and wishes of important CSC constituents, and supporting community-member-led NPOs, which are often small and less professionalized. With capacity building practices in place, a CSC could fund NPOs that lacked contract performance capabilities but met nonperformance-related funding criteria—and still hope to achieve CSC accountability and performance objectives.

Much of the literature emphasizes the importance of focusing capacity building goals on increasing NPO organizational capacities in the adaptive and leadership domains. Scholars believe these capacities to be more critical to long-term NPO health and sustainability (Cairns et al., 2005; Kinsey, Raker, and Wagner, 2003: Letts, et al., 1999; Venture Philanthropy Partners, 2001). Contrary to these recommendations, CSC capacity building goals were primarily focused on improving NPO technical capacity, the domain most directly associated with contract performance. A focus on NPO technical capacity was appropriate for the CSCs because their mission and organizational goals focused on ensuring the delivery of high quality services and meeting accountability requirements, not on building strong NPOs as an end in itself. One could argue that this is a less effective approach because investing in building strong NPOs, through capacity building in adaptive and leadership domains could, in the long run, have a greater impact on the quality of services and NPO administrative capabilities. However, government agencies often need to satisfy many stakeholders (some of whom may not view capacity building as an appropriate role for a government agency), demonstrate short-term results, and operate within complex government contracting bureaucracies. Regardless of the

merits of building NPO adaptive and leadership capabilities, government agencies interested in providing capacity building may be hard pressed to garner the support and resources for anything other than technically oriented capacity building goals.

Consistent with the capacity building literature, the quality of the CSC-NPO relationship was another major factor in the capacity building process (Innovation Network, 2001; Kegeles, et al., 2005; Kibbe et al., 2004). As presented in detail in the results chapters, eight characteristics emerged from the data analysis as important to the development and maintenance of a high quality CSC-NPO relationship: collaborative CSC-NPO problem-solving, CSC commitment, frequent CSC-NPO interaction, CSC outcomes orientation, positive CSC expectations, CSC-NPO power differential, skilled CSC staff, and trust. Interestingly, Fernandez's (2009) study on contract performance also indentified four of these characteristics (collaborative problem-solving, frequent interaction, skilled staff, and trust) as having a positive impact on contract performance.

For capacity building to occur, the capacity builder (i.e., CSC) and the recipient organization whose capacity is being built (i.e., NPO) enter into a capacity building relationship creating a figurative "space" in which capacity building practices occur and improvements are achieved. The present study increases understanding of the impact of a service contract in this capacity building relationship and of the potential advantages it confers to CSC staff in their efforts to build NPO capacity. The contract component of the CSC-NPO relationship provided a foundation for this capacity building space as well as "scaffolding" upon which CSC capacity building practices could be built. This is an advantage CSCs have over other capacity builders that often are not in a service contractual relationship with the recipient of capacity building.

The interpersonal relationships developed during implementation of the contract, when of high quality, led to successful experiences of working collaboratively, goodwill, mutual respect, and trust—resulting in NPO staff being more willing to participate in CSC capacity building. Trust, in particular, appeared to develop as the result of the cumulative effects of five of the characteristics of the CSC-NPO relationship: CSC commitment, frequent CSC-NPO interaction, positive CSC expectations, CSC-NPO power differential, and skilled CSC staff. Additionally, the CSCs' three year funding cycles and relational contracting approach enabled long-term and frequent interactions that resulted in many CSC staff developing in-depth knowledge of NPO staff and operations. This depth of knowledge on the part of the capacity builder is cited in the literature as an important factor to effective capacity building, and its lack as a shortcoming of many capacity building efforts (Blumenthal, 2003; Kibbe et al., 2004). Three year funding cycles also enabled increased "dosage" (i.e., length of participation) of CSC capacity building practices. Sufficient dosage provides time needed to learn new practices and institutionalize NPO organizational change (Chinman et al., 2008; Mitchell et al., 2002; Venture Philanthropy Partners, 2001). Insufficient dosage is a shortcoming of many capacity building efforts (Blumenthal, 2003).

The importance of the CSC-NPO relationship in the capacity building process indicates that a relational contracting approach may be a prerequisite for government agencies that intend to directly provide capacity building. The ability of the CSCs to develop the type of relationship with contracted CSCs that facilitated CSC capacity building practices was aided by their relational contracting approach. As discussed in the literature review, contracting approaches can be placed on a continuum from

transactional to relational. Characterized by collaboration between CSC and NPOs, more frequent and informal communication, and joint problem solving, CSC contracting falls more towards the relational end of the continuum. A transactional approach to contracting, typical of many government agencies—and characterized by limited interactions between funder and contractor and its formal principal-agent orientation—may not enable the development of the type of relationship needed for effective capacity building.

Study results support the findings of recent research on emotional labor in the public sector. Contract managers (CSCs' front line workers) played the central role in CSC capacity building practices and in developing and maintaining the CSC-NPO relationship. Study results suggest that their success in these roles was greatly influenced by their professional skills, knowledge, and prior experiences as well as their ability to perform emotion work. As defined by Guy, Newman, and Mastracci (2006), emotional labor, also termed artful affect, is the ability of a worker (e.g., contract manager) to employ "a range of personal and interpersonal skills" "to influence the action of the other" (p. 97), in this case, NPO staff. Artful affect is comprised of skills, knowledge and attitudes in four domains: human relations, communications skills, emotional effort, and responsibility for client well-being. Guy et al. (2006) found that artful affect was an essential skill for workers interacting with citizens, or other workers, in several public service sectors. Study results suggest that artful affect is also an essential skill between principal (i.e., CSC) and agent (i.e., NPO) in a capacity building relationship, and more broadly, in relational contracting settings. During study interviews, NPO respondents spoke frequently of the relationship with their contract manager and the degree to which

this relationship impacted their participation in CSC capacity building practices as well as achievement of capacity building outcomes.

A contract manager's technical and emotive skills were important factors in the quality of this relationship. Technical skills, derived from prior service delivery experience, enabled a contract manager to provide useful technical assistance in service delivery and contract management. Contract managers displayed emotive skills by empathizing with the challenges faced by NPO staff; withholding use of their power as a representative of the funder to "get their way"; and, communicating interest, commitment, and respect. The combination of technical and emotive skills enabled CSC contract managers to engage NPO staff in capacity building as well as to facilitate NPO staff learning of new skills. Some CSC staff also credited their ability to balance their sometimes conflicting roles as accountability monitors and capacity builders to their ability to perform emotion work.

The final major factor identified was the level of NPO participation in CSC capacity building practices. This is a complex factor comprised of two underlying sub-factors, NPO willingness to participate and NPO ability to participate. These sub-factors were shaped by eight identified NPO organizational characteristics and conditions: NPO motivation to participate, quality of the CSC-NPO relationship, NPO leadership interest, NPO organizational culture, the extent to which CSC capacity building was perceived as a valuable learning opportunity, level of NPO operational competence, NPO staff availability, and NPO readiness for organizational change. When compared to what is known about capacity building, the importance of this factor and the underlying NPO characteristics and conditions that shape it is not surprising; they are identified in other

studies that examine the dynamics of capacity building processes (Millesen and Carman, in press; Innovation Network, 2001; Joffres et al., 2004; Sobeck, 2008; Venture Philanthropy Partners, 2001).

The literature suggests that there are optimal states for these NPO characteristics and conditions that lead to increased participation and improved capacity building outcomes. Capacity builders can view these NPO characteristics and conditions as potential "levers" that can be manipulated to increase NPO participation and capacity building outcomes. When feasible, capacity builders should attempt to use these levers to stimulate achievement of optimal states for capacity building. For example, capacity builders can increase staff ability to participate through scheduling accommodations and alternative delivery techniques (e.g., distance learning or train-the-trainer models). Capacity builders can foster NPO receptivity to capacity building through developing a collaborative, trusting relationship between the capacity builder and NPO. Of the identified NPO conditions and characteristics that influenced NPO participation, the CSCs made some attempts to optimize several including: NPO motivation to participate, NPO staff availability to participate, and the quality of the CSC-NPO relationship. The CSCs were proactive in their efforts to engage NPOs experiencing contract problems in capacity building practices. At least one study found that the extent to which the capacity builder proactively sought to engage the recipient in capacity building practices was an important determinant of the level of participation (Keener, 2007).

Study results of the power dynamics of the CSC-NPO relationship and its association to this third factor suggest that CSCs can alter the nature of the power dynamics, mitigating potential negative impacts of the CSC-NPO power differential on

capacity building. Respondents reported that most government agencies employed a power-coercive strategy (based on the funder's reward and coercive power over the NPO) to induce NPOs to address contract performance problems. This power-coercive strategy sometimes engendered ill-will towards the funder and resistance to change, possibly resulting in primarily symbolic compliance with little lasting improvement in NPO capacity. Generally, use of this strategy is considered to be less successful in effecting organizational change (Dunphy and Stace, 1988; French et al., 1983). The CSCs strategy was more closely aligned to an empirical-rational strategy focused on collaborative problem solving, use of data, and developing better ways to deliver services and manage administrative and fiscal processes.

However, the impact of the power differential between the CSCs and NPOs on capacity building cannot be disregarded. Applying Saidel's (1991) resource interdependence theory, an NPO's dependence on a CSC for funding gives the CSC power over the NPO. Although CSC staff acknowledged interdependence between the CSCs and NPOs, giving NPOs a level of power over the CSCs as well, most respondents perceived the CSCs to be the more powerful partner in the relationship. The presence of a power differential, and the belief that this imbalance precludes effective capacity building, are reasons why many funders do not directly provide capacity building to contractors/grantees. Study results suggest that the CSCs, particularly CSCB, were able to mitigate the potential negative influence of the CSC-NPO power differential by consciously minimizing their use of coercive power and building other, more positive forms of power. CSCB in particular, built expert power through hiring of highly qualified contract managers (and other staff) and built referent power through the

development of collaborative, trusting CSC-NPO interpersonal relationships. These more positive forms of power, in conjunction with the CSCs' reward power, increased NPO willingness to participate in capacity building. They also enabled the CSC to harness the potential of the power differential as a motivational force without it becoming a barrier to the capacity building process.

Chapter VII

CONCLUSION

This final chapter presents a discussion of the study's implications for the public administration scholarship, policy, and practice; study limitations; recommendations for future research; and conclusion.

Implications for Scholarship, Policy, and Practice

The contracting literature is replete with calls for government agencies to provide capacity building to the NPOs with which they contract. Yet, there is a dearth of scholarship on what this capacity building should entail, what considerations should influence its design and implementation, the dynamics of the process, and what, if any, improvements in contract performance result. The present study makes a significant contribution to addressing this knowledge deficit in a number of ways. Study results indicate that CSCs, a unit of local government, are able to provide capacity building that is perceived to improve contract performance. The results also offer detailed descriptions of NPOs' capacity building needs and the capacity building practices that are perceived to be most helpful in improving contract performance. Furthermore, study results provide insight into the dynamics of the capacity building process in this setting as well as the resources and conditions government agencies need for successful capacity building. Finally, the results suggest that much of what is known about capacity building from other settings (e.g., foundation funded capacity building) is applicable to capacity building in a local government contracting setting. Taken together, these results deepen the knowledge base from which policymakers and practitioners can draw in their efforts to improve public administration practice and achieve public policy goals.

From the perspective of public administration scholarship, the study has implications for further study in capacity building, contracting, collaborative management, and emotional labor. Study results provide a step forward in building the knowledge base regarding capacity building in a local government contracting setting. Most importantly, the study results contribute to public administration theory-building and the development of a capacity building model for local government contracting. This study identified and analyzed major factors impacting the capacity building process as well as the relationships among them. Knowledge of these factors, along with the results on capacity building needs and practices, lays the groundwork for the future development of a capacity building model.

Additionally, to the researcher's knowledge, this is the first empirical study that brings together contracting and capacity building scholarship to provide insight into the impact of the contracting approach on the capacity building process. The present study extends understanding of capacity building into a previously unstudied setting and links the results to existing capacity building literature. As presented in the results chapters, the CSCs' relational contracting approach appeared to be an important facilitator of CSC capacity building. Study results indicate that a relational contracting approach may be a prerequisite for a local government agency that wants to provide capacity building directly to its contracted NPOs. In furtherance of public administration theory-building, study results deepen understanding of the dynamics of a relational contract and contribute to continuing development of stewardship theory—the theory that undergirds relational approaches to contracting.

Public administration scholarship is increasingly examining the role of government agencies in developing and managing collaborative networks comprised of governmental, nonprofit, and for-profit agencies. Some of these collaborative networks provide direct services and also attempt to improve the service delivery system (much as CSCB did). The results of the study have implications for this area of scholarship by providing additional insight into the complex dynamics among agencies in a collaborative relationship, and by suggesting the possible applicability of capacity building practices in network settings.

The present study has implications for scholarship on emotional labor. Study results suggest that the importance of emotive skills applies beyond the public service worker-client relationship or the worker-worker relationship. Evidence of the importance of this construct was found in the relationship between CSC contract manager and contracted NPO staff. This relationship is more akin to principal-agent than worker-client or worker-worker, further extending the relevance of the emotional labor construct within the public service sector. Study results also suggest that the incorporation of the construct into scholarship on capacity building, relational contracting, and collaborative management could contribute to a greater understanding of the complex dynamics of these areas of practice, each of which involves extensive interpersonal contact.

From a public administration policy perspective, the present study provides evidence that can be used in making policy decisions on the provision of capacity building by government agencies. The study suggests a policy solution—provision of capacity building—to address NPO performance problems that may result from conflicts between public accountability standards and policies that require agencies to consider

criteria other than NPO performance when making funding decisions. Given governments' reliance on NPOs to provide publicly funded services, the understanding that is generated from the present study of NPOs' contracting problems and resultant capacity building needs can support achievement of public policy goals. This information can guide policymakers in making informed decisions on the appropriate role for NPOs in the provision of public services and the contracting policies and systems needed to ensure achievement of public policy goals.

The results of the present study also suggest to policymakers that they will encounter resistance from a variety of stakeholders who do not want to divert scarce resources from funding services to funding capacity building efforts. Stakeholders will be interested in the return on investment in capacity building to justify the allocation of resources. Policymakers should be prepared to spend time and effort in educating stakeholders on the need for capacity building, on what capacity building entails, and on the improvements in service delivery and accountability that can be anticipated from capacity building. The study's results provide much information about needs and practices, but data on outcomes are weak. Unfortunately, the existing literature also does not provide much evidence in this area. In addition, study results provide insight into recommended changes in contracting policies and practices to create conditions for effective capacity building. These policy changes include adopting a relational contracting approach and multiple year contracting terms.

From the perspective of public administration practice, the present study yields information that can be used in the design and implementation of effective capacity building practices in a local government contracting setting. The detailed analysis of

NPO contractors' capacity building needs provides empirically based guidance for the design of capacity building practices. Study results on capacity building practices and major factors impacting capacity building can guide both design and implementation. For instance, these results provide guidance on the types of practices that are more likely to improve contract performance, and how to maximize NPO participation. The results also point to the internal conditions and resources for capacity building needed by local government agencies such as: access to in-depth data on NPO performance; commitment of senior leadership; a capacity building framework with appropriate goals, practices, and assessment mechanisms; a supportive organizational culture; staff qualified to provide capacity building; and available time for staff to provide capacity building.

Analysis of the variation between the two CSCs, in their capacity building practices and experiences with capacity building, indicates that the actual scope and scale of a government agency's capacity building practices depends on a number of factors, including: the funding agency's capacity building goals, the level of NPOs capacity building needs, the funding agency's internal ability to provide capacity building practices, and the resources the funding agency is able to allocate to capacity building. For example, funding agencies without contract managers who have the qualifications to provide capacity building may rely primarily on intermediary organizations to serve as capacity builders. In another case, a funding agency with limited resources may provide only a small number of capacity building practices and only to contracted NPOs with the most severe contract problems.

The study's results suggest challenges that a local government agency may face should it attempt to develop and implement capacity building practices. While some

government agencies may be inclined to "jump on the capacity building bandwagon",

study results warn of the level of commitment, planning, and resources that successful

capacity building entails. Many government agencies may not have the human resources,

organizational culture, or contracting processes that the present study suggests are

necessary for successful capacity building. For example, the perceptions of most

respondents were that other local government agencies had a more transactional

contracting approach than the CSCs, punitively responded to NPO contract problems, had

less of an emphasis on data and outcomes, and employed contract managers with little or

no service delivery experience. Additionally, since capacity building is not a traditional

local government function, public administrators may need to expend significant efforts

in educating agency leadership to garner support and necessary resources for capacity

building.

<div align="center">Limitations of the Study</div>

This study has several limitations. First, as described in the methodology chapter,

the two case study agencies (CSCs) are special taxing districts possibly reducing

generalizability to other government settings (e.g., local or state government). As special

taxing districts, the CSCs operate outside of the local governmental structure and thus

their internal and external environments may be different from a "typical" local

government department or agency. While the unique characteristics of the CSCs may

have facilitated the development and implementation of CSC capacity building practices,

these same characteristics also limit the generalizability of the study results.

Although the principle of maximum variation sampling was used to obtain a

diverse sample, the sample of participating NPOs was small, not fully representative, and

self-selected. Additionally, in most cases only one staff member was interviewed at each participating NPO. Study results may have been biased by this lack of representativeness. However, a number of steps, as described in the methodology chapter, were taken to triangulate data collected from all respondents and minimize the effect of bias on the study results.

Conducting a focus group during the initial data collection period with CSCBC-affiliated NPOs but not with TCT-affiliated NPOs is a potential limitation of the study. Generally, it would have been more methodologically sound to have parallel data collection processes across the two case study sites. Given the significant challenges of recruiting a focus group of NPO respondents and the researcher's aim of in-depth data collection, individual interviews were selected as the primary data collection method. However, an opportunity arose with CSCBC-affiliated NPOs to easily coordinate a focus group during the data collection period. Given the researcher's lesser familiarity with CSCBC and thus the potential advantages of gaining additional data from CSCBC-affiliated NPOs, the researcher decided to conduct a focus group only for CSCBC-affiliated NPOs. The researcher deemed that attempting to similarly conduct a focus group for TCT-affiliated NPOs was not feasible.

Although the study advances knowledge on capacity building with respect to capacity building needs, practices, and influencing factors, it makes little contribution to further understanding the outcomes of capacity building practices on contract performance. Due to unavailability of outcome measures, study results were limited to respondents' perceptions of relationships among capacity building practices, capacity building outcomes, and contract performance.

Recommendations for Future Research

There is a dearth of research on capacity building practices delivered in a local government contracting setting. While the present study represents a step forward in addressing the gap in the knowledge base, the results point to several areas of consideration for future research. Most importantly, study results can be used to develop a model for capacity building in local government contracting. Results on major factors, needs, practices, and outcomes provide data on the essential components needed to develop, and test, a capacity building model. Additionally, further studies are needed to explore in more detail the relationship between capacity building practices and outcomes (i.e., improvements in contract performance). The present study was limited to respondents' perceptions of contract performance improvements that respondents attributed to CSC capacity building practices. Objective measures of contract performance improvements as well as a more detailed study of the relationships between capacity building practices and outcomes are needed. Of particular use to public administrators from a policymaking perspective would be study on the return on investment in capacity building to assess its value and the allocation of public funds for capacity building. Lack of data on the outcomes of capacity building will hamper policymakers' ability to increase the use of capacity building, and public administrators' abilities to use outcome data to improve the effectiveness of capacity building practices.

Given the central role of contract managers in CSC capacity building practices, further study on necessary contract manager skills, knowledge, attitudes, behaviors, and job structure would provide valuable information to funding agencies interested in providing capacity building. Future research in this area would benefit from incorporation

of the constructs of emotional labor and emotive skills to aid in understanding the skills needed by contract managers.

Given the unique characteristics of special taxing districts, replication of the study with government agencies that provide capacity building and are not special taxing districts would further enhance understanding of capacity building needs, practices, and influencing factors within a local government contracting setting. Replication could expand the generalizability of this two-site case study.

Conclusion

The reliance on contracting with NPOs for the provision of publicly funded human services in local communities is an enduring trend. Government agencies increasingly depend upon these contracted NPOs to implement and achieve public policy goals. Scholars, policymakers, and practitioners have voiced concerns over the ability of NPOs to meet the accountability requirements and service delivery goals of their contracts with government agencies. These concerns have prompted recommendations that government agencies should provide capacity building to contracted NPOs. Those recommending capacity building believe it will increase NPO capabilities and their ability to contribute to the achievement of public policy goals. However, little is known about what constitutes effective capacity building in a local government contracting setting.

The aim of the present qualitative, two-site case study was to deepen the knowledge base on capacity building in a local government contracting setting through an in-depth examination of contracted NPOs' capacity building needs, capacity building practices, and major factors that impact capacity building practices. Evidence from the

study indicates that much of what is known about capacity building from other settings does apply in a local government contracting setting. Additionally, the present study offers evidence that local government agencies can provide capacity building that improves NPO contract performance. Furthermore, study results contribute to theory building in the field of public administration, particularly contracting theory, through analysis of the relational contracting approach employed by the CSCs. Together, these results contribute to the development of a capacity building framework for use in local government contracting settings.

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Appendix A

NPO Invitation to Participate in a Research Study

Improving publicly funded human services: Incorporating capacity building into the contracting relationship between children's services councils and nonprofit organizations

You are being invited to participate in a research study conducted by Catherine Raymond, a doctoral candidate at Florida International University. The study examines the capacity building efforts of the Children's Service Council of Broward County (CSCBC) and The Children's Trust. Capacity building can be defined as "actions that improve nonprofit effectiveness" (Blumenthal, 2003) and may include training or technical assistance, to name two examples. The main purpose of this study is to better understand providers' capacity building needs, types of capacity building activities, and the outcomes of these activities in order to improve capacity building efforts and provide guidance to other public agencies that conduct capacity building.

Study participants will include professional staff from Children's Service Council of Broward County and The Children's Trust as well as a sample of 20 nonprofit organizations contracted by CSCBC or The Children's Trust. Study participants will be asked questions about their opinions regarding the need for nonprofit capacity building, participation in capacity building activities, and the impact of capacity building efforts. Your participation will require approximately 2 hours.

This is an independent research study not affiliated with CSCBC or The Children's Trust. Your participation in the study is voluntary. Your decision to participate, or not to participate, will have no impact on your relationship with CSCBC or The Children's Trust. Neither CSCBC nor The Children's Trust will know which providers participate in the study. You may also choose to withdraw from the study at any time without any consequences. If you decide to be a part of the study I will arrange a date and location that is convenient for you to participate in an individual interview. The interview will be audio taped for later analysis by the researcher. During the interview, you may skip any questions that you do not want to answer.

All of your responses are private and will not be shared with anyone in any manner that could identify you or your organization without your permission (unless required by law). Your data will be compared to the data collected from other study participants. The research findings will be published. Participant quotes may be presented in the research reports but all identifying information will be removed.

There is no cost or payment to you as a study participant. You will not get any direct benefit from being in the study. However, your participation will provide information about how to assist nonprofit organizations through capacity building.

If you would like to participate in this research, please contact Catherine at 305-774-7056 or raymondconsult@bellsouth.net. I can answer any questions that you may have about the study. I will also ask you several questions about your organization that will be used to make the final selection of providers participating in the study.

Sincerely,
Catherine Raymond
Doctoral Candidate
Department of Public Administration, Florida International University

Appendix B

Verbal Consent to Participate in a Research Study

Improving publicly funded human services: Incorporating capacity building into the contracting relationship between children's services councils and nonprofit organizations

You are being asked to participate in a research study. The researcher for this study is Catherine Raymond, a doctoral candidate at Florida International University (FIU). Capacity building can be defined "as actions that improve nonprofit effectiveness" (Blumenthal, 2003) and may include training, technical assistance or funding, to name a few examples. The main purpose of the study is to better understand providers' capacity building needs, types of capacity building activities, and the outcomes of these activities in order to improve capacity building efforts and provide guidance to other public agencies that conduct capacity building. The study includes professional staff from Children's Service Council of Broward County (CSCBC), The Children's Trust, and 20 nonprofit organizations contracted to provide services.

You are being asked to participate in an individual interview or focus group. You will be asked questions about your opinions regarding the need for capacity building, participation in capacity building activities, and the impact of these capacity building efforts. The interview/focus group will be audio taped for later analysis by the researcher. Focus groups may also be videotaped. Your participation will require a total of approximately 2 hours.

This is an independent research study not affiliated with CSCBC or The Children's Trust. Your participation in the study is voluntary. If you choose not to participate no one will be upset with you. Your decision to participate, or not to participate, will have no impact on your relationship with CSCBC or The Children's Trust. You may also choose to withdraw from the study at any time without any consequences. You may ask questions about the study at any time.

I do not expect any discomfort or harm to you by being in the study. You may skip any questions that you do not want to answer. If you get upset or feel discomfort during the interview/focus group, you may ask to take a break. There is no cost or payment to you as a subject. You will not get any direct benefit from being in the study. However, your participation will provide information about how to assist nonprofit organizations through capacity building.

All of your responses are private and will not be shared with anyone in any manner that could identify you or your organization without your permission, unless required by law. Your data will be compared to the data collected from other study participants. We will present the research results as a group. The research findings will be published. Participant quotes may be presented in the research reports but all identifying information will be removed.

If you would like more information about this research after you are done, you can contact me at 305-774-7056 or raymondconsult@bellsouth.net. If you feel that you were mistreated or would like to talk with someone about your rights as a volunteer in this research study you may contact Dr. Patricia Price, the Chairperson of the FIU Institutional Review Board at 305-348-2618 or 305-348-2494. I will provide you with a copy of this information for your records.

Do you have any questions? Do you agree to participate in the study? May we begin?

Appendix C

CSC Staff Interview Questions

1) What is your role at CSC? What role do you play in CSC's capacity building efforts? How long have you been employed at CSC?

2) Tell me a bit about the contracted providers that we are focusing on in terms of what types of organizations are in this group; sizes in this group; levels of contracting experience, etc.

   Probes:
   - What types of organizational diversity are in this group of providers?
   - In what ways, if any, do these providers differ from nonprofit providers you contract with in other program areas?

3) What CSC contract outcomes and/or requirements, if any, do some of these contracted providers have difficulty in fulfilling?

   Prompts: participant level program outcomes, program outputs, monitoring and evaluation/outcomes measurement, participant recruitment and retention, data entry, financial reporting, program reporting, financial/budget management, staff recruitment and retention, match funding, partnerships

   Probes:
   - In what ways, if any, do you think that the difficulties you describe may be related to individual organizational characteristics (such as size, age, leadership, staff qualifications, contracting experience, management systems, organizational culture, to name a few possible examples)

4) What do you think might be possible reasons why some contracted providers experience difficulty in meeting some of the outcomes and requirements specified in CSC contracts?

   Prompts: program staffing (qualifications/experience), administrative staffing (qualifications/experience), equipment/materials/software, administrative processes, programmatic processes, partnerships, organizational culture

   Probes:
   - In what ways, if any, do you think that the difficulties you describe may be related to individual organizational characteristics (such as size, age, leadership, staff qualifications, contracting experience, organizational culture, to name a few possible examples)

5) What is the rationale for investing CSC resources in providing capacity building for contracted providers?

: dependence on providers to achieve CSC goals, desire of CSC decision-makers, increases range of agencies CSC can provide support to, requests from providers

6) What activities, resources, or practices that CSC conducts or funds do you think are helpful in strengthening providers' ability to achieve the outcomes and requirements specified in CSC contracts?

Prompts: training workshops, one-to-one consultation, technical assistance, coaching, providing financial resources, provision of reference materials, RFPs, site visits, relationship with contract manager, peer networking, CSC administrative processes

Probes:
- Which are most helpful?
- Think about an agency that has really benefitted from your capacity building efforts and describe it to me
- What changes have you observed in contracted providers? (Prompts: SKABs, processes, increased outcomes, increased accountability)
- How do you know?
- In what ways, if any, do you think that the helpfulness of specific efforts may be related to organizational characteristics (such as size, age, leadership, provider staff qualifications, contracting experience, organizational culture, to name a few possible examples)

7) What activities, resources, or practices that CSC conducts or funds do you think are not helpful in strengthening providers' ability to achieve the outcomes specified in CSC contracts?

Prompts: training workshops, one-to-one consultation, technical assistance, coaching, providing financial resources, provision of reference materials, RFPs, site visits, relationship with contract manager, peer networking, CSC administrative processes

Probes:
- How do you know?
- In what ways, if any, do you think that lack of helpfulness of specific efforts may be related to organizational characteristics (such as size, age, leadership, staff qualifications, contracting experience, organizational culture, to name a few possible examples)

8) What do you think are the strengths of CSC's capacity building effort?

Prompts: quality, convenience, relevance, cost, impact, responsiveness, stakeholder involvement, partnerships, leveraging resources, multiple sessions at different times and locations

Probes:
- How do you know?

- In what ways, if any, do you think that the strengths may vary depending on provider organizational characteristics (such as size, age, leadership, staff qualifications, contracting experience, organizational culture, to name a few possible examples)

9) What challenges/difficulties/barriers does CSC experience in its efforts to assist providers in achieving the outcomes and requirements specified in CSC contracts?

   Prompts: systemic challenges, organizational challenges, funding priorities, CSC org culture, provider org culture, lack of knowledge on how to build org capacity, resistance to change,

   Probes:

10) What, if any, additional activities, resources, or practices could CSC provide/implement to assist providers to achieve the outcomes and requirements specified in CSC contracts?

   Prompts: training workshops, one-to-one consultation, technical assistance, coaching, providing financial resources, provision of reference materials, RFPs, site visits, relationship with contract manager, peer networking, CSC administrative processes

11) What factors shape the capacity building efforts of CSC?

   Prompts: NPO needs, CSC budget, CSC staff priorities, priorities/interests of other CSC stakeholders (Board, providers, others?)

12) How have CSC's capacity building efforts changed over time?

   Prompts: approach, allocated resources, internal/external delivery of capacity building

13) What advice or guidance would you give to other government agencies that want to build provider capacity?

14) What else would be helpful for me to know for this research study?

Appendix D

NPO Staff Interview Questions

1) What is your role at this agency and with this agency's CSC contract? How many years have you been working with the CSC contract?

2) What challenges or difficulties, if any, does your agency experience in achieving the outcomes and requirements specified in your contract with CSC? (or has experienced in the past) (capacity challenges)

> Prompts: outcome achievement, participant recruitment and retention (attendance/utilization), monitoring and evaluation/outcomes measurement, data entry, reporting, financial management, staff recruitment and retention, funding, partnerships, insurance or other administrative requirements

3) What unmet needs, if any, does your agency have to be able to achieve the outcomes and requirements specified in your contract with CSC? (or has had in the past) (assistance needed)

> Prompts: program staffing (number and/or expertise), administrative staffing (number and/or expertise), equipment/materials/software, administrative processes, programmatic processes, partnerships, additional funding

4) Which of the following CSC activities have you and/or your staff participated in?

> Prompts: training workshops, one-to-one consultation, technical assistance, assistance from contract manager, bidders conference/RFP process, received reference materials, monitoring site visits, networking events, capacity building funds/grant, ACB, Project RISE, SGP, CSCBC organizational assessment tool

> Probe:
> - Participation in many CSC capacity building activities is voluntary. What motivates you to participate?

5) What CSC activities, resources, or practices, if any, do you find helpful in strengthening your agency's ability to achieve the outcomes and requirements specified in your contract with CSC?

> Prompts: training workshops, one-to-one consultation, technical assistance, providing financial resources, provision of reference materials, bidders' conference, RFPs, site monitoring visits, quarterly provider meetings, relationship with contract manager, peer networking opportunities, contract negotiation process, CSC administrative processes, CSCBC organizational assessment tool

Probes:
- What changes, if any, have you observed at your agency that you believe have been aided by CSC's capacity building efforts? (Prompts: SKABs, processes, increased outcomes, increased accountability)
- How do you know?

6) What CSC activities, resources, or practices, if any, do you find are not helpful in strengthening your agency's ability to achieve the outcomes specified in your contract with CSC?

   Prompts: training workshops, one-to-one consultation, technical assistance, providing financial resources, provision of reference materials, bidders' conference, RFPs, site monitoring visits, quarterly provider meetings, relationship with contract manager, peer networking opportunities, contract negotiation process, CSC administrative processes, CSCBC organizational assessment tool

7) What are the strengths of the CSC's efforts to assist your agency in achieving the outcomes and requirements specified in your contract with the CSC?

   Prompts: quality, convenience, relevance, cost, impact, responsiveness, stakeholder involvement, partnerships, leveraging resources, multiple sessions at different times and locations

8) What are the weaknesses of the CSC's efforts to assist your agency in achieving the outcomes and requirements specified in your contract with the CSC?

   Prompts: quality, convenience, relevance, cost, impact, responsiveness, stakeholder involvement, partnerships, leveraging resources, multiple sessions at different times and locations

9) What, if any, additional activities, resources, or practices could the CSC provide/implement to assist your agency to achieve the outcomes and requirements specified in your contract with CSC? Or what changes could be made to existing efforts?

   Prompts: training workshops, one-to-one consultation, technical assistance, providing financial resources, provision of reference materials, bidders' conference, RFPs, site monitoring visits, quarterly provider meetings, relationship with contract manager, peer networking opportunities, contract negotiation process, CSC administrative processes, CSCBC organizational assessment tool, changes in format (time, location, e-learning)

10) What factors, if any, influence the ability of your agency to benefit from CSC capacity building efforts? (What makes it easier/worthwhile for you to participate? What hinders participation?)

Prompts: staff can't participate (location, time, can't get released from duties), cost, location, timing, not relevant to our needs, insufficient level of assistance to meet our needs,

11) To what extent are you comfortable getting capacity building assistance from the CSC? Would you have more/less/same level of comfort receiving capacity building from an organization that is not the funding agency? For all capacity building activities or only certain ones (specify)?

12) How would you compare your relationship with CSC to your relationship with other government funders?

Probes
- Similarities and differences
- Presence/absence of capacity building efforts

13) Is there anything else you would like me to know at this time?

Appendix E

Supplemental Results on Causes of Capacity Building Needs

This appendix provides more detail than presented in the narrative on the perceived causes of NPO capacity building needs. This appendix is organized by the four categories of perceived causes: (a) CSC-related causes, (b) NPO-related causes, (c) relationship between CSC and NPO, and (d) external causes.

CSC-related Causes

Many NPO and some CSC respondents perceived that the CSCs' contracting processes and requirements were an underlying cause of some contract problems experienced by NPOs. Three subcategories emerged for this category: (a) contract specifications, (b) difficult contract processes, and (c) difficult financial terms. Many respondents who discussed CSC-related causes within these subcategories perceived that CSC processes made it more difficult for them to focus on service delivery and "increased the cost of doing business with the CSC" because NPO resources and staff attention had to be disproportionately focused on contract administrative tasks.

A number of the possible causes related to the contract specifications were reflected in the contract problems presented previously. However, a CSC senior level respondent added an additional element to understanding how the nature of CSC funding process reflected in the CSC's contract specifications could lead to contract performance problems:

> I think a lot of funded agencies feel that what government is procuring isn't what they are selling and so [NPOs] pretend that what we are procuring is what they're selling so that they can be funded … I think some of that is genuine because we still silo fund and challenges are multi-dimensional and most [NPOs] encounter multi-dimensional problems when they're genuinely serving families and children and … the disconnect is … isn't just misfeasance, it's malfeasance between the two parties. We falsely dance with one another because of that. (CSC respondent)

Respondents from CSCA and NPOs contracted with CSCA were more likely than those affiliated with CSCB to attribute difficult contract processes as an underlying cause of contract problems, including burdensome and/or frequently changing contract processes and requirements as well as a CSCA MIS that was difficult to use. As previously noted, both CSCs engaged in continuous quality improvement, regularly reviewing their processes and making changes to policies, procedures, and documents. These "improvements" could have a negative, and unintended, impact on contracted NPOs:

> Changing forms or the way we do stuff, because we're constantly looking at how can we make it better. And then we go and change stuff. And it's difficult. It's almost like you've learned how to dance and somebody changes the music. … You have to learn all over again. (CSC respondent)

While most respondents acknowledged that contracts with public agencies often entailed a higher level of administrative effort due to increased documentation requirements, some

NPO respondents reported that the level of CSC-required documentation was particularly burdensome, "My staff spends about 10 to 15 percent of their time just … completing forms … and that's work that can be used [to] work with the families. … it's really an obstacle for delivering the services."

NPO respondents were more likely than CSC respondents to attribute difficult financial terms as an underlying cause of contract problems. Financial terms perceived to be difficult included: an insufficient administrative overhead rate paid by CSC to contracted NPOs, insufficient CSC funding to contracted NPOs to meet contract specifications, a required NPO funding match as part of the CSC contract, lack of flexibility in the contract budget, and the reimbursement nature of CSC contracts which created cash flow problems.

NPO-related Causes

Many NPO and CSC respondents perceived that one or more NPO characteristics were an underlying cause of some contract problems. Three subcategories emerged in this area: (a) contracting experience with CSC, (b) insufficient administrative systems, and (c) insufficient staffing.

For many NPOs, regardless of organizational size or contracting experience, one perceived underlying cause of contract problems was lack of experience with the CSCs' contract administration systems. These systems were perceived by most CSC and NPO respondents to be more complex than those of other local government funding agencies. In addition to complex contract administration systems, CSC service delivery performance standards were perceived to be much higher than other local government agencies. One CSC respondent described CSC as "raising the bar" and many NPOs experienced, at least initially, problems meeting CSC contract requirements and expectations.

Beyond the initial learning curve of contracting with the CSC, weak NPO administrative infrastructure (e.g., policies, procedures, technology) and insufficient NPO staffing (e.g., staff qualifications, staffing levels) were also perceived by CSC and NPO respondents to be a cause of some contract problems. Weak infrastructure and insufficient staffing were more likely to be causes of contract problems at small NPOs which often had fewer professional staff with necessary experience in administration, utilizing evidence-based service delivery models, and conducting outcomes measurement.

Some CSC respondents perceived that aspects of the organizational culture at some NPOs were a contributing factor to contract problems including unwillingness on the part of the NPO to ask the CSC for assistance or having an NPO culture that was not aligned with the CSCs' focus on performance standards and continuous quality improvement.

> You have those really committed program people who set the tone, who set the … standard "we're always going to be meeting our goals" but if you have a high level or a director level person who is running a program and tolerates inadequacy or exudes inadequacy then that's going to go through the [NPO's organizational] culture and they're going to have trouble. (CSC respondent)

Relationship Between CSC and NPO

As will be presented in detail in Chapter V, the relationship between the CSCs and their contracted NPOs was perceived by most respondents to be fundamentally different than contract relationships respondents experienced with other local government agencies. The CSC-NPO relationship was perceived by most respondents to have an important impact on the capacity building process. Given the centrality of the CSC-NPO relationship to CSC contracting and capacity building processes, it was not surprising that problems in the relationship would be perceived as an underlying cause of NPO contract problems. Some NPO and CSC respondents perceived that the quality of the relationship between the CSC and NPO, in particular with their CSC contract manager, impacted the CSC's assessment of their contract performance.

> If you don't have a good Contract [Manager] your agency is going to suffer. If that person is not willing to work with you and to get to know you and get to know your agency and what you're doing and what it is you're trying to accomplish, it can just kill your program. (NPO respondent)

Other NPO respondents discussed their efforts to maintain a good relationship with their contract manager to improve the likelihood of positive assessments of contract performance.

External Causes

External causes was the fourth category that emerged from the data. External causes included a fragmented human services delivery system and lack of coordination among various public agencies on contract funding and monitoring, as well as target populations with severe problems and who may be difficult to recruit and retain.

Appendix F

Supplemental Results on CSC Capacity Building Practices

This appendix provides more detail than presented in the narrative on the CSCs' capacity building practices. The appendix is organized by the two types of CSC practices: those that were integrated into CSC contracting processes and those that the CSCs added as supplements to their contracting processes.

Additional Capacity Building Practices Integrated into CSC Contracting Processes

Corrective Action Plan. When a contract manager determined that a contracted NPO had some deficiency in contract performance, the contract manager could, depending on the severity of the deficiency, issue a corrective action plan (CAP) specifying the deficiency to be corrected and the standard to be achieved. Both CSCs utilized CAPs but only after initial, informal efforts to work collaboratively with an NPO failed to correct a contract problem. Generally with government agencies, it is the responsibility of the NPO to develop and implement the remedy to correct the identified deficiency, and the contract manager's role is to determine if the deficiency has been corrected. However, at both CSCs but more so at CSCB, CSC staff worked with the NPO to develop and implement the CAP, with support provided by the CSC as needed. CSC staff viewed the CAP as a tool to motivate the NPO to address the deficiency as well as to structure and guide a remedy.

Procurement. The CSC procurement process involved a number of steps, several of which were reported to have capacity building outcomes, specifically: (a) release of a Request for Proposal (RFP) containing extensive service-related resources and requirements for NPO applicants to provide detailed descriptions of their capabilities, qualifications, service delivery processes and evaluation processes; (b) three year funding awards and start-up funding to ease cash flow problems; and, as needed, (c) assistance in finalizing contract service scope and budget prior to contract execution to increase the likelihood of developing a contract that met CSC requirements and that the NPO could successfully implement.

Additional Capacity Building Practices Supplemental to CSC Contracting Processes

Capacity building committee. Several years ago, in response to complaints from small NPOs that they were unable to successfully compete with large NPOs to access CSCB funding, CSCB established a capacity building committee that met quarterly and was open to any local child-serving NPO. Committee meetings were topically oriented and included seminars by guest presenters on a range of NPO programmatic and management topics. CSCB staff actively attempted to assist committee members in developing networks and access to resources with the goal that NPOs participating in the committee would develop the capacity to competitively compete for CSC funding.

Although initially designed for non-funded NPOs, CSC-contracted NPOs also attended committee meetings.

Collaboration. Both CSCs reported using collaboration as a capacity building practice by initiating and/or facilitating collaborations between contracted NPOs and other entities (i.e., NPOs, municipalities, for-profit firms). In this manner, the CSC played the role of a "matchmaker." These collaborations took various forms and included service delivery partnerships, peer mentoring, organizational mergers, subcontracting relationships, fiscal agent relationships, and service delivery network development. One NPO respondent provided this example of CSC collaboration practices:

> [CSC] provides training and they provide other resources like partnerships … like when [the program] was having trouble the first year getting students. They helped us market the program better, they helped us ... connecting [us] with other partners to make the system work.

One collaborative effort targeted to small NPOs was the use of a fiscal agent. A fiscal agent was another NPO, a for-profit firm, or a municipality that was a third party in a contract with the CSC and an NPO, and which managed the fiscal aspects of the contract. Often a fiscal agent relationship was used when a small NPO was identified to provide needed services but lacked the administrative infrastructure or financial strength to independently manage a CSC contract. Use of a fiscal agent reportedly enabled a small NPO to develop a track record of service delivery performance while under the wing of an administratively and fiscally stronger organization.

In some program areas where there were not well-developed service delivery models, the CSC collaborated with contracted NPOs with the intent of working closely together over a period of several years to co-develop a program model, including developing service delivery mechanisms and outcomes measures. During this process programmatic capacity was reportedly built at both the CSC and NPOs. The contracted NPOs provided services and worked closely with CSC staff to assess and refine service delivery to achieve desired participant outcomes.

Data management and analysis. As previously discussed in the chapter, many NPOs reportedly lacked sufficient internal capacity to manage and analyze outcomes data. Both CSCs developed web-based management information systems [MIS] for data on program outputs and outcomes as well as participant demographics. Contracted NPOs entered data into the MIS and were also able to create customized reports for their own use. In this way, the CSCs enabled the NPOs to outsource a portion of NPOs' data management and analysis functions to the CSCs. The CSCs provided support to contracted NPOs that was perceived to assist them in effectively utilizing data:

> We created this year was what we call a Data Integrity Report … a list of those participants that have missing data points … and give that to the provider automatically online updated every day… So while we've spent a couple of years trying to help them get their own quality improvement tools online, it didn't happen, we just did it. And really it made sense for us because we have the technology. (CSC respondent)

Capacity building grants. Both CSCs provided a small amount of funding targeted for capacity building purposes, either directly or through an intermediary (that then re-granted the funds to CSC-funded NPOs).

Information dissemination. Each CSC disseminated information to contracted NPOs and the broader service delivery community. Information was disseminated on a broad range of topics such as funding opportunities, child and family advocacy, community needs data, research findings, and service-delivery related information. Delivery formats included CSC website, publications, e-newsletters, and social media.

NPO self-assessment. CSCB provided an organizational self-assessment tool to any interested local NPO. This tool, completed voluntarily, was designed to assist NPOs in assessing areas of strength and weakness and to guide capacity building efforts.

Periodic meetings with contracted NPOs. Each CSC conducted periodic meetings by program area (generally quarterly) with contracted NPOs. Meeting agendas included: dissemination of contract-related information, training on administrative or programmatic topics, resource exchange, peer networking, and discussion of contract implementation issues. The quote below illustrates how these meetings were perceived to assist in building NPO capacity:

> We meet every other month and … we've had providers present their own assessment … So we've got all 15 other [NPOs] getting a copy of it … I'll get an email, [NPO] had a really good assessment, can I get a copy of that … can I contact them? … But I've seen that because we meet so frequently the community is starting to be more collaborative and starting to share each other's expertise areas. (CSC respondent)

Setting high performance standards. Several NPO respondents related how the high service delivery and administrative/fiscal performance standards set by the CSC as compared to other funders, in and of itself, provided motivation and guidance in improving NPO capabilities:

> What our after school programs looked like when I came to the [NPO] as opposed to what our afterschool programs look like now, is very much driven by the quality being pushed from [CSC]. So before it was much more recreational … [CSC] … said, this is how we're going to structure it and these are the reasons why and therefore our staff comes in at a higher caliber. ... We look for certain experience so it's increased the quality of our staff, it's increased the quality of our program experiences the kids are having, cultural art experiences, things of that nature. So in and of itself, it has driven the quality. (NPO respondent)

System level capacity building. While most capacity building practices were aimed at individual NPOs, there was one category of CSC capacity building practices aimed at the service delivery system. Because the CSCs were such large funding sources in their communities, they had the potential to influence the local human service delivery system. Each CSC engaged in some, or all, of these system level efforts: facilitating

community level strategic planning, conducting research, legislative advocacy, community education, programmatic efforts to restructure service delivery systems, and convening funders and key stakeholders to address children's issues at the systems level. Respondents perceived that the capacity building outcomes of these system level efforts on contract performance were likely to be indirect but positive:

> [CSC] staff chairs [some of the committees for the Children's Strategic Plan] and that has been instrumental to us … because … we're looking at the needs and what's available and we are kind of identifying the gaps where we need to make sure we allocate some funding, how can we redirect some programs to serve that population. (NPO respondent**)**

Appendix G

Supplemental Results on Outcomes of Capacity Building

This appendix provides more detail than presented in the narrative on the outcomes of CSC capacity building practices. The appendix is organized by the categories of outcomes identified in the study: (a) improved NPO organizational practices, (b) increased NPO staff knowledge, (c) increased resources for NPOs, (d) service delivery system improvements, and (e) indeterminate or poor outcomes. Overall, the outcomes of CSC capacity building were generally of an incremental, not transformative, nature and generally in the area of NPO technical capacity.

Of note, there was some dissension between CSC and NPO respondents on whether an outcome of improved NPO ability to function within the CSCs' contracting systems was truly capacity building or just "teaching to the test." Several CSC and NPO respondents questioned whether the predominant outcome of capacity building was to "socialize" contracted NPOs into the CSCs' contracting requirements and systems as opposed to being focused on capacity building to improve program quality. A CSCA senior staff member had this reflection on CSCA capacity building practices:

> A lot of what we define as capacity building really is just the insufficiency of our own thought process going into procuring something and so what we're doing is just sweeping up afterwards and ultimately there's no structural or systemic value in that.

In contrast, a senior staff person at CSCB had an opposing view on this topic "what's important is not that [it's the CSC approach to contracting] but that hopefully it is the best practice way … our intent is to [use] best practice."

Improved NPO Organizational Practices

Improved organizational practices were achieved in the areas of management, program monitoring and evaluation, and program quality, as illustrated by the following examples provided by NPO respondents.

> The foundation world is [experiencing] such a paradigm shift with their outcomes and measures … so the fact that we've been having to do it for the [CSC] has enabled us to it for these foundations. And it's enabled us to write our outcomes easier, deliver matrixes … this is the first year we've ever had to measure outcomes for the [foundation], but it was an easy thing to do. Because we're so used to it.

> [Our NPO] has always been very small, professional but kind of unstructured … but once we became funded through the [CSC], we had to become very much [structured] … and I'm very grateful to [CSC] because they've helped us dot our i's, cross our t's, organize a lot of our paperwork, so they have made our organization a lot stronger.

Increased NPO Staff Knowledge

Increased staff knowledge was achieved in the areas of CSC contract processes, NPO management, and service delivery, as illustrated by the following examples provided by NPO respondents.

> [CSC] training on home visitation safety, that was so needed in the community and for my staff. … They learned about how to maintain themselves safe while doing home visits in high-risk neighborhoods.

> We had a chance to send our summer staff [to the training] ... and they came back with all these wonderful ideas … that changed even their mindset … it just created a whole other summer program for us.

Increased Resources for NPO

As a result of CSC capacity building, some NPOs received increased funding from other sources as well as forged new partnerships that brought in-kind goods and services to the NPO, as illustrated by the following examples.

> We've had several of the larger agencies mentor smaller ones. … one [small NPO] started coming to the capacity building committee. … I met with her when she didn't get funded. She kept coming back [to capacity building training] and she ended up as a subcontract under [large agency] and that relationship grew. … and now she [has a contract with CSC] and does excellent programming for us. (CSC respondent)

> Another challenge that we were presented with as well was transportation. [CSC] went to the extent of speaking to the School Board members and principals on our behalf to where now we've worked it out where we have certain schools they have buses that come directly to the site. (NPO respondent)

Service Delivery System Improvements

Moving beyond improved outcomes related to contract performance, some service delivery system improvements resulted from CSC capacity building, specifically CSCB which had a dual focus on capacity building at the systems level as well as the individual NPO level, as illustrated by the following examples. This dual focus is discussed in more detail in Chapter V.

> … you get a strategic overview of the children's strategic plan and then in our case you see where [our program] can fit in and where there's linkages with the other [NPOs] … And I think that's important to the community … it's helped develop kind of develop the master plan … with the goal of eliminating duplication of services … there's been a lot of progress made. (NPO respondent)

> I think one of the places where you would see those accomplishments are in the partnerships that the agencies we've been supporting have now engaged. In other

words they're not just looking at us anymore, but they've got the capacity to look at each other and say, what can we do together. And I think that's one of the greatest outcomes is that partnering behavior is being replicated in other people who don't necessarily have [a] funding relationship [with us]. (CSC respondent)

Indeterminate or Poor Outcomes

Not all NPOs participating in CSC capacity building practices experienced positive outcomes, and in other cases outcomes could not be determined due to lack of outcomes measures. From the CSC respondent perspective there were some NPOs that did not show improvement even after sustained CSC efforts:

We have given them hours where our contract managers have gone out and tried to help them with their curriculum … they have gotten them the extra supplies. … we did this for a whole year … every year they got worse. (CSC respondent)

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