What happens when a non-profit organisation contracts the state as service provider to community?

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Within a new funding brokerage model for children and family services in Australia, a situation arose where nonprofit organisations contracted state agencies to provide services to the community. Traditional human services funder-purchaser-provider models position the state as the funder-purchaser and non-profit organisations as providers (Deakin & Walsh 1996). This new funding brokerage model positioned one level of the state as ‘funder’, selected nonprofit organisations as ‘purchasers’ and other nonprofit organisations and other levels of government as ‘providers’ (Cortis 2008; Leech & Lewis 2005). State agencies were contracted as providers in some cases as they were often the only available local organisational infrastructure or they had the specialist expertise and supra-organisational support. This apparent reversal of roles was a new experience for workers in these organisations. This necessitated some reflection on practice in relation to roles and relationships both within and between organisations.

This paper addresses the research question: what happens when a non-profit organisation contracts the state as service provider to the community? It will explore how this situation arose; the experiences of non-profit organisations as purchasers from the state; and the experience of state agencies as providers under contract. Worker-generated models for future roles and relationships that emerged from the experience of these tensions are also examined. The aim is to generate new understandings to aid the development of practice models within the human services sector for these situations.

Relationships between the state and the non-profit sector have been conceptualised as existing on a continuum between a market model and a partnership model (Kettner & Martin 1990). These models have not necessarily articulated the exact positioning of the state and the nonprofit as ‘contractor and contractee’ or ‘funder and funded’ or accommodated the differentiation within both the state and the non-profit sector. Traditional models of contracting human services assume that the state is the contractor and the nonprofit sector, and in some instances the for-profit sector, are the contractees (Kramer & Grossman 1987). Further to this, there can be multiple levels of government that act as funders, purchasers and providers of distinct services and similarly within the non-profit sector there are different types of organisations.

The empirical findings were generated from within-case analyses and across-case synthesis. The cases were in two different states within Australia. Case information was sourced from interviews and documentation that were gathered during evaluations of this new funding brokerage model. Within-case analyses provided accounts of the experience. The across-case synthesis allowed the development of themes within these experiences.

Themes that emerged in the experience ranged across the spectrum of contracting from identifying needs and designing services, negotiating contracts, establishing and delivering services, monitoring funding and performance, and terminating agreements. Experiences challenged assumptions that financial management and project design and implementation capability and capacity existed within government. Developing and managing the actual contracts required considerable input from non-profit workers. The nonprofits organisations’ relational approach to contracting was considered essential to accommodate government worker changes and subsequent changes in the nature of the service to be provided. Government hierarchical finance systems were very hard to negotiate and funds had to frequently be ‘claimed back’ by the local government worker and the nonprofit organisation from centralised government systems. The positioning of workers within government had both positive and negative outcomes for service delivery. Further to this, establishing community development projects
within government structures was inherently problematic due to the ‘difference’ from more specialist clinical expert models of practice. This was made more difficult by high rates of turnover in government positions.

The implications of these experiences were that government workers variably wished to claim space as technical advisors on projects managed by non-profit organisations rather than as community development workers alongside their nonprofit counterparts. They also wanted the nonprofit sector to provide the fund-seeking and funds-management roles. The emerging themes highlight role ambiguity and confusion in this reversal of roles and indicate some ways forward. There might be a need to share experiences across policy fields especially those from development practice where funding of government agencies by international non-government organisations might be more common place and practice models further developed.

References


