

# The Changing Relationship Between Nonprofit Organizations and Public Social Service Agencies in the Era of Welfare Reform

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*The implementation of welfare reform in the United States provides another opportunity to assess the relationship between nonprofits and public social service agencies. The primary goal of this analysis is to identify the major forces affecting the county social services agencies as they sought to implement welfare reform and how these forces can affect the agency's relationship with community-based nonprofit service providers. The internal and external dimensions of the organizational change process are assessed in terms of the central concepts of devolution, privatization, and community building.*

**Keywords:** nonprofits; public social services; welfare reform

Most of the attention during the first 5 years of welfare reform (1996-2001) in the United States has focused on reduced caseloads and the role of an expanding economy, but little attention has been given to the organizational changes in social service delivery, especially at the local levels (Lurie, 2001). As Gais, Nathan, Lurie, and Kaplan (2001) have noted in their assessment of the early years of welfare reform implementation, "we see a broader movement toward complex combinations of diverse institutions drawn from both the public and private sector" (p. 43). It is this complex combination that frames this article.

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based nonprofit service providers. The internal and external dimensions of the organizational change process are assessed in terms of the central concepts of devolution, privatization, and community building. Based on a literature review of the research on the contractual relationship between public agencies and nonprofit community service providers, the analysis concludes with a set of implications for managing the relationship.

### PRIVATIZATION AND DEVOLUTION

The management of publicly funded social services has evolved during the past 50 years in the United States through a set of decisions related to either expanding government-based services or contracting out those services to community-based organizations. Similar decisions are made in the for-profit sector by purchasing needed services or materials (outsourcing) or building internal capacity by expanding the organization's human and physical resources (in-house development).

In the United States today, the new forces of privatization and devolution are affecting the relationship between nonprofit and public social service agencies. These forces converge around the implementation of welfare reform. The 1996 national welfare reform legislation and policies have led to the devolving of authority and responsibility downward from the national government to local governments and ultimately to nongovernmental organizations. As Liebschutz (2000) noted that

although devolution to the states is featured in describing welfare reform [legislation], the real federalism story of welfare reform is local, [referred to as] a movement called "second-order devolution" . . . [which is] manifested in two principal ways: a) heightened discretion for local governments or local offices of state agencies and b) more extensive, complex, local service provider networks. (p. 9)

The most dramatic, but atypical, form of this devolution can be seen in Milwaukee, Wisconsin, where the county chose to contract out nearly the entire welfare-to-work program to nonprofit organizations. This pattern can be found, to a lesser degree, in 8 out of 72 Wisconsin counties, but the vast majority of counties operate their own county-administered welfare-to-work programs (Kaplan, 2000).

The contractual relationship between county social services and nonprofit community-based organizations has a substantial history during the past several decades. As Wolch (1990) commented on the extensive privatization era of the 1980s, nonprofit organizations were becoming a "shadow state," which she defined as nonprofit organizations receiving government funds and operating outside the political system but still subject to some state control. From her political-economy perspective in 1989, Wolch could foresee the 1990s as a

time when government policies would become “more directive, more insistent upon specifying accounting, management, personnel, and service delivery evaluation as they become more reliant on voluntary (organizations) to meet statutory objectives” (p. 19).

From the experiences of the 1990s, it is clear that this relationship between nonprofits and government has become more complicated, particularly in the light of implementing welfare reform. The contractual relationship between nonprofits and public social service agencies includes a new set of expectations related to welfare reform. For example, a community-based nonprofit organization could be expected to provide neighborhood-based service delivery to include job development and outreach programs, colocated employment and training programs, employment retention programs, and linkages with community college programs (Svihula & Austin, 2001). As Salamon (1995) has so aptly noted from his studies of the nonprofit sector,

For better or worse, cooperation between government and the voluntary sector is the approach this nation [United States] has chosen to deal with many of its human service problems. . . . This pattern of cooperation has grown into a massive system of action that accounts for at least as large a share of government-funded human services as that delivered by government agencies themselves, and that constitutes the largest single source of nonprofit-sector income. . . . This partnership [combines] the superior revenue-raising and democratic decision-making processes of government with the potentially smaller, more personalized service-delivery capabilities of the voluntary sector. . . . The partnership has deep roots in American history, testifying to its fit with basic national values. (p. 114)

Although Salamon (1995) noted the “romanticism about [the] inherent purity” of nonprofits as well as their “distinctive virtues” and abilities “to produce significant change in people’s lives,” he cautions us to look more closely at nonprofits. He sees them as afflicted with some of the same limitations as bureaucratic institutions,

especially as they grow in scale and complexity; [namely] unresponsive, cumbersomeness, routinization, [and] lack of coordination . . . [and an inability to confront the tensions] between flexibility and effectiveness, between grassroots control and administrative accountability, between short-term responsiveness and long-term organizational maintenance. (p. 262)

With the exception of the few large nonprofit human service organizations found in most urban American cities, such as faith-based social services and residential treatment organizations, many nonprofits operate as small community-based organizations, relying heavily on service contracts to help sup-

port their underresourced organizations. La Piana (2001) has characterized these organizations today as (a) lacking strong management capabilities and limited fund-raising capabilities; (b) possessing limited access to “best practices” due to their survival mode and isolation; (c) operating in organizational structures that reflect the founders’ interests, which may no longer be relevant; and (d) promoting very high and unrealistic expectations for what services can be effectively managed.

Given this brief history of the relationship, the challenge for local governments is to find new ways to support nonprofits in order to prevent them from becoming the “weakest link in the chain” of service delivery. The focus, therefore, needs to be on enhancing the infrastructures of nonprofits and their ultimate sustainability. Before exploring these issues in more detail, it is useful to frame the discussion within the context of welfare reform in the United States.

#### THE IMPACT OF WELFARE REFORM

Welfare reform in the United States as reflected in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (U.S. Congress, 1996) and the various state legislative acts passed in the wake of the federal legislation have had a profound impact on the mission and structure of social service agencies at the state and local levels. The legislation focuses on moving former recipients from welfare to work with policies to address barriers to work as well as opportunities to sustain employability. Former *recipients* of the income maintenance program (Aid to Families With Dependent Children) became *participants* in the program of Temporary Assistance to Needy Families (TANF) that promoted workforce development services that were often contracted out to community-based nonprofits. All of this change was implemented in a policy environment of time-limited benefits and sanctions for noncompliance.

From the perspective of the public social service agency, the changes have been most apparent in the mission of the agency as it transformed its income maintenance programs from client eligibility determination to client employability enhancement. This change required extensive organizational restructuring, cultural change, and staff training (Carnochan & Austin, 2002; Hagen, 1999). At the same time, county social service agencies began to actively promote more community outreach and collaboration. These efforts led to promising innovations in service delivery, community partnerships, and organizational change (Prince & Austin, 2001; Svihula & Austin, 2001).

Social service agencies are in transition from operating as public bureaucracies preoccupied with accounting for taxpayer funds to functioning as community-building institutions that provide leadership in partnership with others (Austin et al., 1999; Carnochan & Austin, 1999). The organizational changes involve the agency’s mission, location of services, and the role of staff as highlighted below:

- First of all, welfare reform required a new operating philosophy and mission. The philosophy includes a social development approach to investing in community resource development in order to develop a career-resilient workforce able to move permanently from welfare to work and self-sufficiency. For example, new ways for social service agencies to invest in human resource development include helping the low-wage working poor learn new skills through specially developed community college programs or learning how to save by using individual development accounts. Modifying the mission statement also required confronting the tensions built into the welfare reform legislation where county social service agencies, as well as community nonprofits, struggled to deal with the short-term goals of reducing welfare case-loads and the long-term goals of preparing low-income program participants for self-sufficiency. Many feared that the legislation would simply relabel low-income welfare recipients with the term *working poor* and not substantially add to the resources or capabilities of the least advantaged in our society.
- Second, it required an expanded agency mission that creates a public forum and consciousness about promoting a civil society and open dialogue about future public policy directions. This change requires the social service agency to serve as a catalyst for private action to ensure that communities address the needs of its most disadvantaged members; for example, welfare reform in California (the federal TANF program is known as CalWORKS) called for needs assessment strategies to document and address local needs and community-wide meetings where much debate took place.
- Third, there needed to be a shift from a preoccupation with the individual to a focus on the family and neighborhood in the form of neighborhood-based family support services. For example, there were renewed efforts to explore ways to decentralize governmental services into neighborhood offices, often colocated with other nonprofit service providers, with renewed attention to such family support services as child care, transportation, and the promotion of affordable housing.
- And fourth, the transformation of the social service agency included changing roles for agency staff in order to acquire more community-building knowledge and skills, as well as actively transforming public social service agencies into learning organizations. For example, the increased flexibility in the use of federal and state funding has allowed local county social service agencies to develop new services with nonprofit organizations that more effectively meet the needs of the working poor.

In contrast to the public sector, the nonprofit sector continues to expand and is undergoing its own transformation. The pressures for change emanate from increased competition and government accountability. Nonprofit orga-

nizations are paying more attention to marketing, changing political environments, assessing the viability of collaborative programming, and strengthening internal operations. Funding for community-based services is increasingly attached to requirements for interdisciplinary and multiservice community programs. At the same time, the public social service agencies are seeking to decentralize their operations into neighborhood service centers. This adds to the pressure for nonprofits to co-locate their contracted services. All of these pressures have led to increased interest, especially among nonprofits and foundations, in mergers, acquisitions, joint ventures, and consolidation of "back-office functions" (management information systems, financial and human resource management, facilities management, etc.). All these changes produce an increasingly complex environment in which to manage community-based nonprofit organizations.

Up to this point, the context for the relationship between nonprofits and government has been described in terms of the expansion of privatization, the devolution of public policy authority, and the impact of welfare reform on both the public and private sector. These changes provide an important foundation for identifying the major lessons learned, during the past several decades, from service contracting.

#### FROM CONTRACTING TO PARTNERSHIP

The increased use of community-based nonprofits in the era of welfare reform provides an opportunity to assess lessons learned from past experiences with service contracting. The extensive literature in this area<sup>1</sup> identifies the increasing reliance of public social service agencies on nonprofit service providers. To date, the advantages appear to outweigh the disadvantages. The advantages for public social service agencies include the ability to (a) fulfill legislative mandates, (b) increase efficiency, (c) gain flexibility in service start-up and termination, and (d) improve service quality as nonprofits extend the public sector's service capacities and access to special services. Some of the disadvantages include (a) insufficient competition among nonprofit service providers, (b) difficulty in measuring performance and accountability, and (c) increased transaction costs related to human resources (contract monitors) and information systems. Some of these dilemmas have been addressed by extending the time and providing more information on costs and caseloads to respond adequately to bids, use of timely cost reimbursements and financial incentives, and providing assistance to nonprofits in adopting new management information systems and handling new fiscal requirements.

Service contracting also has significant advantages for nonprofits. They can gain increased financial resources and legitimacy that enhance their community reputation and increase access to other funding sources. Some of the disadvantages they experience include (a) unrealistic funding to cover actual costs and limited resources to address reporting demands, (b) increased

pressure to employ costly professional staff, and (c) providing contracted services that may not address current community needs or the agency's historical mission. Because of high start-up costs, unanticipated increases in service costs, and delays in contract reimbursements, nonprofits experience cash flow problems that contribute to staff turnover and the recruitment of less expensive staff. The successful strategies used by nonprofits to address these issues include (a) increased use of political advocacy to get their messages heard by public social service agencies as well as through community networks, (b) organizational restructuring to reduce overhead and administrative costs, and (c) entrepreneurial capacity building related to fund-raising, expanding board competencies and contacts, and using the technical assistance provided by local consulting organizations.

Despite all these factors, successful contracting seems to depend more on the quality of the long-term relationship between the partners than on technical performance issues. Yet, the relationships are negatively affected when public social service agencies do not have enough staff with experience in collaborative contract negotiations and/or monitoring. A similar negative impact results when nonprofits suffer from high staff turnover. Within the context of welfare reform, there is a growing interest among public agencies in facilitating ongoing partnerships with community-based nonprofits. This includes the public sector's provision or funding of technical assistance to nonprofits (Wynn, 2000) along with the use of multiyear funding contracts designed to address and stabilize the fiscal uncertainties experienced by nonprofits. Social service agencies have begun to define the select group of nonprofits as "core agencies" or "central" to the mission and operations of the public agency. The relationship is more of a partnership than a traditional "low-bid contract service provider." It is not clear how effectively these newly structured partnerships will be in addressing the shared goals of the collaborators. Further research is needed to assess these new collaborative relationships. Based on the work of Mattessich and Monsey (1992), the key research issues include the assessment of (a) the mission and goals of the partnership, (b) the nature of facilitated collaboration, (c) the managerial leadership requirements of all partners, (d) the time commitment to building trust and promoting participatory problem solving, (e) the multiple levels of staff involvement required, (f) the use of interagency work groups, (g) the conflict resolution processes, (h) the start-up funding required, and (i) the adequacy of financial and human resources to carry out collaborative partnerships.

#### FROM DEVOLUTION TO COMMUNITY BUILDING

In the context of devolving the implementation of welfare reform policy down to the lowest level of government, the issues in the preceding section reflect less of the old principal-agent dimensions of privatization (Fleisher, 1991; Oliver, 1988; Powell & DiMaggio, 1991; Reitan, 1998) and more of the community-building and networking dynamics of partnership development

(Alter & Hage, 1993; Bardach, 1998; Fleisher, 1991; Gray & Wood, 1991; Provan & Milward, 1995). The emphasis is less on “bricks and mortar” and more on expanding the social capital and human capital of the community.

With the growing shift to multiyear contracting with community-based organizations, public social service agencies are viewing themselves increasingly as “one agency among many” in a community (i.e., not the old dominating public bureaucracy). The contracting process appears to be increasingly directed toward providing needed services through nonprofits and strengthening the infrastructure of community-based organizations. The goal of the contracting relationship then becomes service provision *and* community building.

Weil (1996) defined community building as activities, practices, and policies that support and foster positive connections among individuals, groups, organizations, neighborhoods, and geographic and functional communities. This process definition suggests, for example, that county social service agencies need to orient their programs and operating style to make community partnerships central to their service delivery agenda. Kingsley, McNeely, and Gibson (1997) used community-building concepts of shared values, planning, and networking. These concepts can be applied to the changing partnership between nonprofits and public sector agencies in the context of welfare reform.

From the perspectives of Kingsley et al. (1997), strengthening the public-private partnership involves the reinforcement of shared values whereby trust building and interagency networking (building social capital) are complemented by staff learning new ways to communicate and collaborate over time (building human capital). This approach involves moving from the old “auditor” model of contract compliance activity to the new “partner” model of shared values, expectations, and outcomes. In addition, the partnership needs to reflect sufficiently broad participation by staff in both agencies (public and nonprofit) to foster a high level of ownership and self-reliance. This participation can be greatly enhanced when the partnership demonstrates the capacity to actively use and benefit from outside help (e.g., third party consultants brought in to address or help resolve difficult issues).

When placing the public-private partnership within the context of community building, it needs to take into account the role of planning, strategy development, and entrepreneurial processes. Kingsley et al. (1997) noted that successful community building includes comprehensive assessment and planning; strategic visioning related to opportunities and priorities; and the entrepreneurial approach to quickly creating results, however small, to build confidence and capacity. The assessment and planning involves the thorough documentation of the assets (skills and ideas) of the public and nonprofit agencies as well as the communities in which they are located. The strategic visioning is based on face-to-face interactions among staff members in both agencies in order to build trust and ongoing networks of collaboration. The entrepreneurial process involves identifying early successes (“picking the

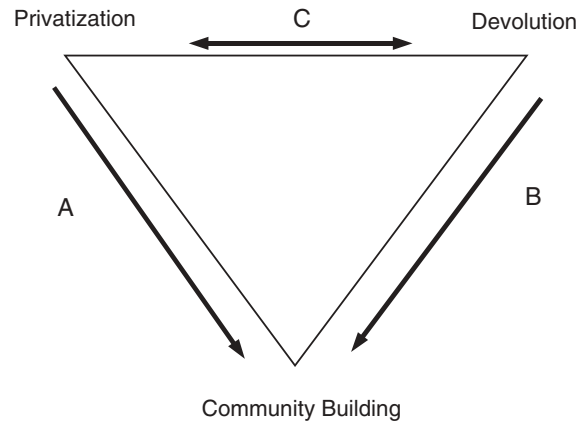


low-hanging fruit”) as well as annual service evaluation and contract monitoring.

And finally, Kingsley et al. (1997) noted that community building involves the expansion of partnerships into networks of collaboration with the goal of “consciously changing institutional barriers” through the use of organizational development and conflict resolution skills that address concrete outcomes. In essence, successful community building involves the use of outside help in order to continuously reflect on the unfolding process of partnership development as well as the recurring need to address small and large conflicts that are bound to emerge in the collaborative process.

There are multiple examples of community building emerging from the implementation of welfare reform (Austin, 2002). For example, when it comes to removing barriers to workforce participation, county social service agencies have contracted with nonprofits to provide transportation services for TANF participants and train them as drivers for future jobs in transit systems. In other situations, contracted services with nonprofits were contingent on co-locating nonprofit mental health services with the public TANF services to create one-stop neighborhood-based service centers. In another example, community building involved the collaboration of three public agencies (social services, mental health, and public housing) with a community nonprofit to create wrap-around family services for formerly addicted TANF mothers and their children in housing on a former army base. In contrast to these service delivery examples, other community-building programs include a family loan program (involving local banks, a foundation, and a social service agency), an adopt-a-family program (to connect middle-class families with low-income families to provide support and community involvement), and a community hot line (managed by a nonprofit agency under contract with the public social service agency to assist current and former TANF participants with parenting, personal counseling, workplace issues, and access to community resources). Community building can also be found in the establishment of new organizational partnerships. Some examples include partnerships between public social service agencies and local community colleges for TANF job training, coalitions of nonprofit service providers with the support and involvement of the public social service agency, and the merger of county employment and social service agencies into a new integrated human services agency.

To link the *community-building* aspects of partnership development with *privatization* in the form of contracting and *devolution* in the form of transferring policy implementation downward, Figure 1 has been constructed to capture some of the forces (Factors A, B, and C) that reflect the interactions between these key dimensions. The forces of privatization (Factor A) continue to call for accountability with respect to the use of public funds and the need for carefully documented outcomes. These pressures affect community building in ways that call for increased understanding of different frames of reference used by the public sector contract monitor and the nonprofit sector



**Figure 1. Sociopolitical Forces Affecting the Relationship Between Nonprofits and the Public Sector**

service provider. The forces of devolution (Factor B) involve the sharing of authority as public agencies seek to share the authority and responsibility for meeting the needs of TANF participants with their community-based service providers. Responsibility sharing also places unique pressures on community building, whereby working together requires increased investments in mechanisms that promote trust, collaboration, interdisciplinary understanding, and the centrality of empowering clients and communities to achieve self-sufficiency. And finally, the interaction between privatization and devolution (Factor C) suggests that there is a unique political and economic dynamic to service contracting. The challenge is to empower those closest to the problem (neighborhood-based service delivery) through the devolution of public policy authority and responsibility while, at the same time, addressing the accountability attributes of privatization. The liberal (empowerment) and conservative (accountability) philosophies underlying these two forces now need to be redirected away from the old “business as usual” approach (where there is a dominance of one philosophy over the other at different points in time) toward a new focus on community building. Because both philosophies include the shared goal of fostering self-sufficiency, the staff members who hold these views need to redirect their energies and creativity toward the goals of community building. This will clearly involve “new ways of doing business,” especially when it comes to using outside third parties to facilitate team building, trust, organizational learning, and ongoing collaboration.

The discussion, up to this point, has focused on the changing nature of the relationship between nonprofits and public social service agencies within the

context of welfare reform. With this foundation, it is now possible to explore the implications of these changes and developments for future practice.

### IMPLICATIONS FOR PRACTICE IN NONPROFITS

Numerous practice implications flow out of this analysis. Issues of leadership, communications, problem solving, facilitating, and evaluating call for new or expanded skill sets on the part of existing line staff and managers. Some of the facilitating and problem-solving challenges could be addressed through the use of outside or third party technical assistance that respects the different ways in which nonprofits and public agencies might choose to foster "real collaboration."

Although focusing primarily on collaboration between nonprofits, La Piana (2001) noted that "real collaboration" needs to be distinguished from "marriages of convenience" if it is to (a) foster trusting relationships (often quite difficult to do in a frenetic service delivery environment where funding is at stake); (b) focus on substantive issues requiring extensive interaction and engagement, especially to manage conflicting points of view that may require painful processes to resolve; (c) emphasize the voluntary aspects of collaboration and reduce the coercive aspects associated with gaining or losing funding; and (d) promote a commitment to finding the time needed to nurture the collaborative process.

There are also skill sets needed by line and management staff. As Salamon (1995) has noted, managers of nonprofit organizations need to refine their skills related to marketing, personnel management, strategic management, and advocacy. Marketing refers to monitoring market trends, especially consumer demand and competition from other service providers, as they use "industry analyses" and market surveys to define and maintain a suitable market niche. Personnel management refers to the pressures of both controlling staff salaries as well as raising them, minimizing supervisory hierarchies to maintain solidarity with line staff, and maintaining the tradition of volunteerism, given the potential for tensions between paid staff and volunteers.

Strategic management in the nonprofit arena involves the challenge of maintaining "a distinctive sense of organizational mission" that binds all stakeholders together. The internal and external tensions need to be managed in such a way as to ensure that new resources/contracts do not distort the historical values and priorities of the organization. Salamon (1995) identified the need to preserve the advocacy role of nonprofits, especially their strength in serving as social critics of government policies and market sector forces, as well as innovative thinking in policy development. Becoming enmeshed in the marketplace and bottom-line considerations will make it difficult for managers of nonprofits to find the time and incentives for continued advocacy.

## IMPLICATIONS FOR PRACTICE IN THE PUBLIC SECTOR

In contrast to the non-profit sector, the public sector social service agencies are also under immense pressure to upgrade and refine the skills of line staff, especially as they make the transition from bureaucratic eligibility determination to community-based employability assistance. Outreach to the business community requires new approaches to networking. Tracking information inside and outside the agency requires new skills in using information systems. Promoting the interests of program participants involves the new use of group work skills in forming job clubs as well as advocacy skills in the community. All these changes require staff to become more adept at managing change, becoming more self-reflective practitioners, engaging in interdisciplinary teams, helping to define realistic workloads, and participating in transforming the agency's bureaucratic culture into a learning organization.

The challenges for public social service managers are equally daunting. They include changing the culture of the agency from a "rule-bound" bureaucracy to a catalytic partner in collaboratively addressing the needs of the community. This can take the form of extensive community needs assessment activity using public forums and interagency task forces. It also involves the decentralization of services into neighborhood service centers, co-locating services with other service providers, and developing new partnerships. Internally, considerable attention needs to be given to restructuring the agency, such as integrating separate programs, while at the same time encouraging the decentralization of service delivery into the neighborhoods. Calling for increased teamwork is one thing, but actually restructuring the organization to foster interdisciplinary teamwork using matrix management strategies is something else. Similarly, it is also difficult to help staff increase their capacity to engage in data-based planning and evaluation when many service activities are new and require new skills. The shift in emphasis from counting clients to assessing service outcomes can be a major undertaking.

All of these managerial changes related to welfare reform also involve a process of redefining the relationships with nonprofit service providers. The transition involves the shift from the privatization perspective of seeking the highest quality services at the lowest price to the devolution perspective, where nonprofits are seen as partners in addressing community problems with the support of welfare reform public policy. The devolution process includes the expansion of contracts with long-term service providers based on their past efforts to successfully address the client needs of public social service agencies. To maintain their contract service provider status, smaller nonprofits are being pressured to either expand their infrastructure capabilities to monitor client information and program finances, merge with others to strengthen their managerial capacities, or go out of business.

The implementation of welfare-to-work programs refocuses the attention of public social service agency managers on the infrastructure problems of small nonprofits. Some examples include collaboration with other funders in

the community (e.g., United Way and local foundations) to compare notes on current funding levels and the potential for shared goals, as well as providing grants to nonprofits to address infrastructure needs including hardware, software, technical assistance, and training.

The managerial skills needed to address all these changes in the partnership between public and nonprofits organizations parallel those skills needed to transform the internal operations of the public agency as a result of welfare reform. These include enabling the partnerships to engage in data-based planning and evaluation with an emphasis on service outcomes, use of teamwork skills to problem solve in contrast to the old contracting relationship focused only on fiscal accountability, and engaging in more culturally competent cross-cultural communications. Given the pace and magnitude of change, little time has been devoted to educating each other about the different organizational cultures and capacities reflected in community-based nonprofits and county-based public social service agencies. The evolving partnership between public social service agencies and nonprofit service providers has begun to open the door to the use of technical assistance, either by the staff of the public social service agency or by third party consultants specializing in management assistance.

In reviewing the skills sets needed by the staff in public agencies and nonprofits, it is clear that they share the need for skill enhancement to maintain an effective partnership. The common skills needed include managing time for collaboration, using outside technical assistance, managing conflict, assessing service outcomes, fostering effective interagency communications, managing scarce fiscal and human resources, and enhancing the community-building process.

## CONCLUSION

This journey through the land of changing relationships raises more questions than it answers. It is clear that the implementation of welfare reform in the United States has had a substantial impact on the role of nonprofit service providers as well as on their partners in the public social service agencies. The journey began with the realization among public social service agency directors that the extensive public policy changes related to the welfare-to-work programs required a new way of doing business. In the early days of implementation, it was not always clear what those new ways would be. The changing partnership needed to take into account the history of collaboration. As a result, our journey needed to include an assessment of the advantages and disadvantages during the past several decades of public-private collaboration. It is clear that future research questions and practice challenges need to be framed to help chart future directions. We need to expand our understanding of the partnership between nonprofits and public social service agencies in some of the following areas: (a) more research on the administrative

leadership needed to promote successful partnerships and the mutuality of the goal-setting and evaluation process; (b) more attention to staff training needed to promote successful collaborations, effective communications, and creative management of financial and human resources; and (c) more evaluation of the technical assistance processes used to assist nonprofits and public social service agencies in managing the complexities of their ongoing relationships.

The early returns of the evaluation of welfare reform implementation suggest a complex picture of implementation with implications for both public social service agencies and nonprofits. As Gais et al. (2001) have noted,

The most striking findings from the early implementation of TANF are the size and scope of the opportunities and challenges, and the need for time and stability to allow states and localities to work them out. These systems cannot adapt well to instability with respect to money or policy. The administrative structures involved are complex, often involving hundreds, even thousands, of contracts, memoranda of understanding, and informal agreements among a wide variety of public and private agencies at all levels of government. . . . Making these systems work demands enormous investments in staff training, information systems, and contract negotiations, as well as informal adjustments and the building of trust among diverse state agencies, different levels of government, service providers, and community organizations. (p. 63)

The challenges ahead will require administrative creativity and perseverance. The leadership of both public social service agencies and community nonprofits will need to include individuals who have absorbed the institutional memory of welfare reform implementation. This memory will be needed to sustain relationships over time in order to maintain systems that truly address the needs of low-income TANF participants and those who have left the rolls but are still in need of assistance to achieve self-sufficiency. This is a major challenge for a society with a short "attention span" on the issues of poverty and a perpetual desire to move on to other problems confronting America and the world at large.

## Note

1. Adams and Perlmutter (1995); E. R. Alexander (1995); J. Alexander (1999); Alliance for Redesigning Government (1997); Alperin (1992); Bartik (1995); Bernstein (1991); Brown, Pitt, and Hirota (1999); Craig, Klik, James, and Shamin (1998); Crittenden (2000); DeHoog (1984); Dina (1993); East Bay Management Assistance Partnership Project (2000); Eggers and Ng (1993); Ferris and Grady (1986); Golensky and DeRuiter (1999); Gooden (1998); Gronbjerg (1991, 1993); Gronbjerg, Chen, and Stagner (1995); Harlan and Saidel (1994); Hasenfeld (1983); Hess, Mintun, Moelhman, and Pitts (1992); Kettner and Martin (1994, 1996); Kohm, La Piana, Vergara-Lobo, and Gowdy (2000); Kramer (1994); Kramer and Grossman (1987); Kramer and Terrell (1984); La Piana

(1997); Liebschutz (1992); Light (2000); Lipsky and Smith (1989); Mann, McMillin, Rienzi, and Eviston (1995); Maryland Association of Nonprofit Organizations (2000); McMurtry, Netting, and Kettner (1991); National Commission for Employment Policy (1989); Nightingale and Pindus (1997); O'Brien and Collier (1991); Ostrander (1987); Peters and Masaoka (2000); Saidel (1991); Saidel and Harlan (1998); Salamon (1987, 1997); Sclar (2000); Scott and Meyer (1991); Singer and Yankey (1991); Smith (1989); Smith and Lipsky (1993); Sosin (1990); Stein (2000); Stone, Bigelow, and Crittenden (1999); Tuckman (1998); U.S. General Accounting Office (1996, 1997a, 1997b, 1998a, 1998b); Wolch (1990); Wynn (2000); Yates (1997a, 1997b, 1997c).

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