



Systems That Serve: Sustaining Performance-Based Contracting at Scale

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Executive Summary

Since 2018, the Washington State Department of Children, Youth, and Families (DCYF) has implemented performance-based contracting (PBC) across roughly 1,200 client-service contracts totaling nearly \$1 billion in biennial expenditures, spanning Early Learning, Child Welfare Programs, Juvenile Rehabilitation, Tribal Services, and Partnership, Prevention, and Services. The initiative was established through House Bill 1661 as DCYF consolidated from separate legacy agencies in 2017–2019.

From 2018 to 2021, Third Sector partnered with DCYF, with philanthropic support from the Ballmer Group, to translate that legislative mandate into an operating model: an agency-wide governance structure, a shared services/quality outcomes framework, a cohort-based rollout, and training and equity standards built in from the start. This case study — based on 14 staff interviews across five program areas and a review of internal implementation materials — examines how that foundation has evolved through 2026.



Key Findings

- The architecture built with Third Sector in 2018–2021 — governance structure, shared framework, cohort model — remains DCYF’s operating backbone eight years later, having scaled from four pilot contract groups to agency-wide implementation, with three now-live dashboards housing performance data used in evaluating how well programs are doing (Combined In-Home Services, Juvenile Rehabilitation, and ECEAP).
- Reporting tools were often introduced ahead of the data systems needed to support them. That gap has narrowed but not closed, particularly for aggregating performance data across providers and regions.
- Staffing did not scale with new performance-management responsibilities. Several program areas absorbed PBC duties — data review, provider coordination, coaching — without added headcount.
- Trust with providers and Tribal partners took time to build — roughly six months per contract group, by staff estimate — and depended on shifting the tone from compliance monitoring to collaborative problem-solving, a shift traceable to the equity and engagement standards set during the 2018–2021 design phase.

- This case study documents implementation experience, not measured outcomes for children, youth, or families. Interviews were limited to DCYF staff due to time constraints, available resources, and Institutional Review Board (IRB) requirements. As a result, provider, Tribal, and client perspectives are not directly represented here.

Top Recommendations

- Align performance measures with what providers actually deliver by pairing outcome measures with service quality and engagement measures.
- Resource performance management as a distinct function — dedicated coordination and analytic roles — rather than an add-on to existing contract management duties.
- Phase implementation through pilot cohorts before scaling agency-wide and treat dashboards as learning tools rather than compliance instruments.

See Recommendations for Policymakers Implementing Performance-Based Contracting (page 24) for the full list.

Introduction

Since 2018, the Washington State Department of Children, Youth, and Families (DCYF) has implemented Performance-Based Contracting (PBC) across its Early Learning, Child Welfare, Juvenile Rehabilitation, Tribal Services, and Partnership, Prevention, and Services programs. Established by House Bill 1661, PBC is intended to strengthen accountability, clarify performance expectations, and increase the use of data to support learning, continuous improvement, and decision making in human services contracting.

DCYF administers approximately 1,200 client-service contracts totaling nearly \$1 billion in biennial expenditures. As part of the agency's establishment, the Washington State Legislature required DCYF to implement performance-based contracts across its contracted client services portfolio. This represented an operational shift for a newly consolidated agency integrating programs, contracts, and data systems that had previously operated across separate departments and administrative structures.

To support early implementation, DCYF partnered with Third Sector, a nonprofit organization focused on public-sector systems change, from 2018 to 2021, to help develop governance structures, implementation standards, training supports,

and cohort-based implementation processes for the agency's performance-based contracting initiative.

During this period, DCYF established a shared framework for defining services, quality measures, and outcomes across providers of contracted services while piloting implementation approaches across multiple program areas.

This case study builds on prior documentation of DCYF's early implementation of PBC, including DCYF's 2021 Performance-Based Contracting Progress Report¹, which covered the initial design, development, and implementation phase from 2018 to 2021. This case study uses a systems change lens to examine how implementation has evolved across program areas over time, through interviews with DCYF staff and review of additional implementation materials.

The case study explores how staff experienced implementation across program areas, including what supported progress, what challenges emerged, and how approaches to performance measurement, stakeholder engagement, and continuous improvement evolved over time. Findings reflect staff perspectives and documented implementation experience rather than measured program outcomes – a scope limitation discussed further under Case Study Approach (Page 13).

¹Third Sector and Washington State DCYF. "The Washington State Department of Children, Youth, and Families Performance-Based Contracting Progress Report." December 2021. <https://dcyf.wa.gov/node/3493>

State and Agency Context

DCYF was established in 2017 as a cabinet-level agency through House Bill 1661, consolidating child welfare, juvenile rehabilitation, and early learning functions that had previously operated within separate agencies. As programs transitioned into the new agency between 2018 and 2019, DCYF inherited varied contracting practices, data systems, and performance expectations shaped by legacy funding structures and federal requirements.

As a result, DCYF began implementing PBC within a highly decentralized contracting and data environment. Program areas varied widely in their readiness to implement performance measurements, including whether outcome measures had been defined, what data systems existed, and how performance information was collected and reported.

In some cases, contracts primarily documented how funds were spent or whether services were delivered; in others, more established reporting structures and accountability processes were already in place. These differences shaped how implementation unfolded across program areas over time.



Partnership with Third Sector and Design Phase (2018–2021)

DCYF partnered with Third Sector from 2018 to 2021 to support the early design and implementation of PBC. This work focused on translating the legislative requirement into an operational framework applicable across multiple program areas within a newly consolidated agency.

With philanthropic support from the Ballmer Group, Third Sector provided technical assistance to support DCYF's early implementation of PBC. According to DCYF's 2021 progress report, Third Sector supported the development of agency-wide governance structures and PBC standards; provided project management and facilitation support for early implementation cohorts; developed training and communications resources for DCYF staff; and supported providers of contracted services with stakeholder engagement, quantitative data analysis, performance-target development, and continuous improvement processes.





Governance

One of the earliest implementation steps was building governance structures to guide the agency. DCYF established a 17-member cross-agency steering committee spanning programs, contracts, finance, information technology, Tribal relations, communications, racial equity, and change management, as well as a cross-agency support team focused on operational implementation, training, and technical assistance. These structures were intended to create consistency across program areas while allowing providers of contracted services to adapt implementation to their specific service environment.

A Shared Framework

DCYF and Third Sector also developed a shared PBC framework organized around three core areas: services, quality, and outcomes. The framework established the expectation that contracts would define the services delivered to children, youth, and families, measures of service quality and implementation, and client outcomes connected to broader agency goals.

The framework was designed to shift contracting from a compliance to an outcomes focus, creating a more structured process for defining and measuring how contracted services contribute to outcomes for children, youth, and families.

At the same time, DCYF emphasized that performance measurement should support continuous learning and improvement rather than function solely as a punitive accountability mechanism.

Cohort-Based Rollout

To support implementation, DCYF organized contracts into “contract groups” – contracts with similar services, populations served, and desired outcomes that could work toward shared quality and outcome measures. Four contract groups participated in the initial implementation cohort, allowing DCYF to pilot and refine implementation processes before broader expansion. Early activities included testing PBC logic model templates, conducting retrospective data analysis to identify possible performance measures, engaging providers and stakeholders in metric selection, developing training and technical assistance processes, and establishing early continuous improvement processes.

DCYF’s 2021 progress report documented substantial variation across contract groups in readiness to implement PBC standards, particularly regarding data infrastructure, staffing capacity, and existing reporting systems. The report also described supports created during this period, including a PBC Learning Community and an internal PBC Library, designed to help staff share knowledge, access templates and examples, and support implementation across contract groups.



Equity and Stakeholder Engagement as a Starting Standard

During this early period, Third Sector also supported DCYF in setting minimum expectations for stakeholder engagement and racial equity. Contract groups were expected to engage providers and other stakeholders in developing performance measures and, where possible, to examine disparities in service delivery and outcomes. Setting this expectation at the outset – rather than adding it later proved consequential. The Tribal Services findings below show the strain that resulted when early engagement did not occur, and the relative strength of trust when it did.

Early implementation also revealed challenges in measuring the impact of contracted services on client outcomes. Staff and implementation teams found that many long-term outcomes were influenced by factors beyond a contracted provider's control and were often measured long after services concluded. In response, DCYF revised its PBC Logic Model template between 2021 and 2023 to distinguish between proximal (short-term) and distal (long-term) outcomes and to clarify more effectively the relationships among services, quality, and client outcomes.

This period, led by DCYF's Office of Innovation, Alignment, and Accountability (OIAA), served as an important incubator before implementation expanded across all DCYF program areas and informed early adjustments to the initiative's measurement of contracted services.

Isolating Impact: Distinguishing Client Outcomes (2021–2023)

In its first three years, the PBC initiative struggled to measure the impact of contracted services on clients because of data quality issues and inconsistencies across providers. This measurement challenge surfaced through the continuous learning practices put in place during the earlier design work with Third Sector. Many client outcomes were influenced by multiple factors and were sometimes measured long after contracted services ended.

After consulting with the OIAA Evaluation & Research Team and staff implementing PBC, the initiative revised its PBC Logic Model template to differentiate between immediate (proximal) and longer-term (distal) client outcomes and to isolate better the relationship between service, quality, and client outcomes. This shift marked an important turning point by acknowledging the need to center lived experience in the PBC process and set the stage for the next phase of the initiative. The framework established shared expectations for outcomes-oriented contracting across program areas. At the same time, the logic model provided a structured approach to defining the relationships among services, quality, and outcomes within specific contract groups.

Over time, these tools were further refined to reflect program context, data availability, and partner input.



Deepening Partner Engagement (2023–Present)

The PBC initiative has continued to grow while remaining grounded in research, data, and key performance metrics. As it has grown, the initiative has moved beyond its original three-phase, multi-year process into an ongoing change-making approach, strengthened by deeper engagement with Tribes, contractors, and community partners — an extension of the engagement standard Third Sector helped establish during the design phase, now practiced agency-wide.

The initiative supports programs in implementing PBC through engagement that begins with DCYF staff and the people most affected, especially contractors, and goes beyond informing or soliciting input toward genuine collaboration.

For example, program managers communicate with and solicit input from contractors during quarterly meetings to help form and finalize contract-group logic models.

Using a strengths-based approach, program staff developed contract-group teams with a culture of collaboration, accountability, and regular training. As PBC has evolved, DCYF continues to prioritize people over process and treat partnership as a core value. This means building trust, collaborating, and centering equity to involve clients, providers, and the DCYF staff who manage contracted services. The group focuses on the journey as more than the destination, and on bringing people along and empowering them to lead the process rather than having PBC staff do so.



DCYF's Approach to Collaboration

Provider collaboration is central to ensuring children, youth, young adults, and families receive high-quality services. The initiative creates opportunities for contract-group teams to identify provider partners for collaboration and consultation, borrowing tools and techniques from change management, human-centered design, and liberatory design frameworks. Contract groups examine how implementation and engagement occur and where deeper engagement and provider input can be built in.

Plans are built to engage providers at key decision points and to bring feedback forward as work progresses. As a result, DCYF has been able to retain providers and create more opportunities for provider input, buy-in, and sustained investment.

PBC also contributes to broader changes in how contract teams use data, engage partners, and make decisions, prompting teams to rethink how services are delivered and to embed continuous improvement into their practice. Sustaining this work relies heavily on internal partnerships across the agency, including OIAA Data Analytics & Reporting, Evaluation & Research, the Contracts Office, Fiscal, and Community Engagement.

Case Study Approach



The goal was to identify implementation lessons, understand how staff experienced PBC over time, and clarify the role early implementation structures played in supporting the initiative.

Purpose and Scope

This case study examines how DCYF implemented performance-based contracting (PBC) across multiple program areas. It is not designed to assess the effectiveness of individual programs or measure impacts on child, youth, or family outcomes. Findings reflect staff perspectives and documented experience standing up a new system, not measured program outcomes.

The study draws on interviews with DCYF staff, a review of internal implementation materials, legislative and oversight documents, and prior documentation of DCYF's early PBC implementation, including the 2021 Performance-Based Contracting Progress Report. The case study approach included 14 interviews with staff across Early Learning, Child Welfare, Juvenile Rehabilitation, Partnership, Prevention and Services (PPS), and Tribal Relations, as well as a review of implementation guidance and planning materials.

Limitations

Interviews were limited to DCYF staff. Due to time constraints, available resources, and Institutional Review Board (IRB) requirements, providers, contractors, Tribal partners, community members, and service recipients were not interviewed. Findings reflect internal implementation perspectives, not external stakeholder experiences.

This is an implementation case study, not an outcomes evaluation. It does not measure whether PBC improved outcomes for children, youth, or families — it documents how staff experienced building the system intended to achieve those outcomes.

Findings are qualitative and drawn from a relatively small interview sample (14 staff) relative to the scale of the initiative (1,200 contracts, ~\$1B biennially). They should be read as illustrative of common themes, not as statistically representative.



Case Study Framework: Water of Systems Change

To analyze DCYF's implementation of PBC as a system reform effort, this case study uses FSG's Water of Systems Change framework. The framework helps explain why large-scale change unfolds unevenly over time by examining both visible structures (policies and procedures) and less visible dynamics (relationships, power, and underlying beliefs) that shape day-to-day implementation. It identifies six interconnected conditions:

- **Policies:** formal rules, requirements, and mandates.
- **Practices:** how work is carried out in implementation, management, and oversight.
- **Resource flows:** how funding, staffing, time, and tools are allocated and accessed.
- **Relationships and connections:** trust, communication, and coordination across staff, providers, and partners.
- **Power dynamics:** who has decisionmaking authority and whose perspectives shape implementation.
- **Mental models:** shared beliefs and assumptions about how the system works and what "performance" means.

These conditions are grouped by visibility: structural (policies, practices, resource flows), relational (relationships and power dynamics), and transformative (mental models and underlying assumptions). This case study uses the framework to organize what staff described experiencing across implementation, from formal policies to day-to-day relationships and decisionmaking.



Findings

Findings are organized by program area to reflect DCYF's structure, then interpreted across program areas using the Water of Systems Change framework. While each program area experienced implementation differently, several themes appeared consistently across interviews:

- Implementation was gradual and non-linear. Rather than a single rollout, staff described PBC unfolding through adjustment and learning, shaped by leadership transitions, staffing changes, data-system development, and external conditions.
- Data systems and performance information were still maturing as PBC expectations were introduced. In several program areas, measures were introduced before the systems necessary to compile and use performance information were in place. As data systems improved, staff reported that performance information became more accessible and useful for providers and agency staff alike.
- Staffing capacity, turnover, and role clarity affected implementation. Staff learned performance-management practices while continuing to manage contracts and provider relationships. Leadership transitions and turnover sometimes made it difficult to maintain continuity and a shared understanding of early design decisions.
- Relationship-building with providers and partners was central to implementation. Providers initially worried that performance measurement could become punitive or misaligned with program realities. Staff described communication about the purpose of data collection and collaborative problem-solving as essential across program areas.
- Adapting PBC to program context was necessary agency-wide, including revising reporting processes and logic models and incorporating culturally responsive practices to reflect population needs and service-delivery models.

Program Areas at a Glance

The table below summarizes how the five program areas entered PBC and where each stands today. Full narratives, including staff quotes, are in Appendix A.

Program Area	Services	Data Readiness at PBC Start	Staffing Impact	Dashboard Status (2026)	Central Challenge
Early Learning	Early Childhood Education and Assistance Program (ECEAP)	Strong – longitudinal assessment data; embedded CQI specialists already in place	FTE reductions, challenges with PBC coordination, and data roles	Live – assessment-Data visualization	Balancing outcome metrics against early-childhood developmental realities and access-vs.-quality tradeoffs
Juvenile Rehabilitation	Juvenile Courts, Reentry, Office of Juvenile Justice	Strong client-tracking systems in place	Staff learned data-quality and reporting practices on the job	Some, but not all, live	Balancing standardization with program-specific, culturally responsive provider needs
Child Welfare Programs	Combined In-Home Services	Emerging – measures introduced before dashboards existed	Turnover disrupted the continuity of the design rationale for staff who joined later	Live (Combined In-Home Services); Cross-provider aggregation limited until the administrative portal is live in 2026	Rebuilding trust after past punitive oversight experiences



Program Area	Services	Data Readiness at PBC Start	Staffing Impact	Dashboard Status (2026)	Central Challenge
Tribal Services		Emerging – contracts historically fund-focused with minimal reporting	Small, collaborative team; high turnover on both DCYF and Tribal sides	Not yet among the three operational dashboards	Rebuilding trust and co-designing logic models
Partnership, Prevention & Services	Early Support for Infants and Toddlers, Home Visiting, Family Time, Behavior Rehabilitation Services, Independent Living Skills	Mixed – varies by sub-program; some external databases, some thin data	Small teams or single staff members managing PBC alongside existing duties	Not yet among the three operational dashboards	Applying outcome measures to voluntary, engagement-dependent services; cultural responsiveness of screening tools

Early Learning (ECEAP)

ECEAP entered PBC with a stronger data infrastructure than other program areas – longitudinal assessment data and embedded Continuous Quality Improvement (CQI) specialists were already in place. Visualizing assessment data made performance information more engaging for contractors, but the program lost five of about 30 FTE without additional coordination or data support,

and staff described tension between year-over-year outcome expectations and the way early childhood development unfolds.

“There has been a shift from ‘when will you comply’ to ‘how can we help.’ That made a huge difference.” – ECEAP staff

Juvenile Rehabilitation

Juvenile Rehabilitation entered PBC with client-tracking systems and quarterly reporting in place. Staff used performance data to identify data-entry discrepancies and understand service delivery across facilities, while adapting reporting requirements to avoid burdening small, culturally responsive community organizations and to bring Tribes into data conversations early.

"The purpose of our work was system change, not individual behavior modification."
— Juvenile Rehabilitation leader

Child Welfare Programs

Performance measures were built into Child Welfare Programs contracts before providers had tools to measure their performance against them. Staff described this as "building the airplane while it's flying." Dashboards have since automated data pulls from contractor systems, reducing manual entry, though cross-provider and cross-regional aggregation remains limited until an administrative portal planned for 2026 is available. Providers have often had prior negative experiences with state oversight.

"It usually takes about six months for contractors to fully trust the process." — Child Welfare Programs staff



Tribal Services

Tribal contracts historically focused on how funds were spent, with limited reporting and little Tribal involvement in defining measures — a gap that created early concern and confusion. As Tribes were brought into the revision of logic models and reporting formats to reflect Tribal priorities and language, trust and collaboration improved, though staffing reductions and limited funding continue to constrain the pace of that work.

“Tribes need to be involved from the beginning, not after requirements are already set.” – Tribal Services staff

Partnership, Prevention, and Services (PPS)

PPS spans a mix of in-home and out-of-home prevention, reunification, and youth-independence-focused contracts, with uneven starting data infrastructure. Voluntary participation in prevention services complicates outcome measurement, and staff raised concerns about whether screening tools are culturally responsive, particularly for Native families. Small program teams, sometimes a single staff member, absorbed PBC responsibilities alongside existing program management responsibilities.

“Contractors often view PBC as a threat, rather than a tool to improve client services.” – PPS staff

Full program-area narratives, including additional staff quotes and context, appear in Appendix A.

Interpreting the Findings Through the Water of Systems Change Framework

Viewed through the Water of Systems Change framework, the findings suggest that while some early implementation goals are still in development, meaningful progress has occurred across the system's structural, relational, and transformative conditions.

Structural Conditions: Policy Mandate and Implementation Infrastructure

House Bill 1661 established the structural foundation for PBC, creating agency-wide expectations for outcomes-oriented contracting and shared accountability across programs. Implementing that mandate required translating policy expectations into operational practice across a newly consolidated agency with varied contracting systems, data infrastructure, and program contexts — the specific work Third Sector was engaged to support from 2018 to 2021.

In several program areas, performance measures were introduced before reporting infrastructure and dashboards were fully developed. As data systems improved, performance information became more visible and usable for staff and providers, though data aggregation and analytic capacity continue to develop.

As of early 2026, three program dashboards were operational: Combined In-Home Services, Juvenile Rehabilitation, and ECEAP.

These findings suggest that the legislative mandate and DCYF's partnership with Third Sector — to develop PBC standards, governance structures, and cohort-based implementation supports — established a shared foundation for PBC, while the technical systems, data infrastructure, and staffing capacity needed to sustain performance management are still being developed on top of it.

Relational Conditions: Implementation Through Partnership

Staff consistently described relationship-building with providers, Tribes, and community partners as central to implementation.

Clear communication about the purpose of data collection, space for provider feedback, and ongoing collaboration were described as necessary across diverse service contexts.

Providers initially worried that performance measurement could become punitive or misaligned with program realities.

Through iterative implementation, staff described a shift in tone from compliance-focused oversight toward more supportive contract management and continuous quality improvement conversations. In several program areas, dashboards and performance reports became tools for shared discussion rather than enforcement.

In Tribal Services, implementation underscored the importance of early engagement and co-design. Revising logic models with Tribal partners and adapting reporting formats to reflect Tribal priorities strengthened trust and collaboration. In placement-related services, one leader emphasized building relationships before introducing performance metrics, noting that structured provider engagement helped build trust before the metrics were discussed.

These experiences reflect a core lesson from early implementation: performance-based contracting required changes

not only to contracts and data systems, but to how the agency worked and iterated with providers and partners.



Transformative Conditions: Evolving Understanding of Performance and Accountability

At the level of mental models, staff described a gradual shift in how performance and accountability are understood at DCYF – from viewing performance measurement primarily as compliance monitoring toward using data to support learning, continuous improvement, and shared understanding of program impact with providers.

This shift showed up in several ways. Staff combined quantitative performance measures with provider narratives and context; conversations about performance were reframed around youth experience, family engagement, or service quality rather than contract compliance alone; and staff raised questions about how outcome measures should be interpreted in programs shaped by poverty, voluntary participation, cultural context, and relationship-based services.

The implementation experience itself appears to have driven this shift. As providers experienced performance data being used for dialogue rather than punishment, trust increased, and performance conversations became more productive.



Cross-Level Interpretation: Systems Change Through Implementation

Performance-based contracting has functioned as both a policy-driven reform and an organizational learning process. The legislative mandate and early technical assistance from Third Sector established a foundation for change, and implementation across program areas revealed differences in readiness, infrastructure, and context that shaped how that foundation was used.

DCYF managers leading PBC implementation described the work as initially expected to be more linear but, in practice, an ongoing process of continuous improvement that integrates data quality, partner engagement, and equity considerations across contract groups.

Some early implementation goals related to data infrastructure, analytic capacity, and system-wide performance management remain in development. At the same time, the case study shows meaningful progress in how performance information is used, how providers are engaged, and how performance is understood across the agency. Rather than unfolding as a linear reform, PBC at DCYF has evolved through adaptation across program areas since 2018, on a foundation that has proven durable enough to scale from a four-group pilot to an agency-wide initiative spanning \$1 billion in contracts.





Recommendations for Policymakers Implementing Performance-Based Contracting

DCYF's experience implementing PBC highlights practical considerations for policymakers seeking to strengthen accountability and learning through contracting reform. These recommendations reflect implementation lessons across multiple human services program areas and may apply to other jurisdictions pursuing similar efforts.

1. Invest in internal capacity to support performance management.

Implementing PBC requires staff capacity for data management, coordination, provider engagement, and continuous improvement. Policymakers should anticipate that PBC may require new roles, training, and/or analytic support rather than assuming implementation can be absorbed within existing resources. Sustained capacity is critical to moving from contract compliance to performance learning.

2. Align performance measures with what programs and providers can actually deliver.

Performance measures are most effective when they reflect the work providers actually deliver and the outcomes they can reasonably affect. In human services settings shaped by poverty, voluntary participation, and complex family needs, outcome measures alone may not capture program performance.

Policymakers should incorporate measures of service delivery and program quality alongside outcome indicators. DCYF's revision of its logic model to distinguish proximal and distal outcomes reflects this approach in practice.

3. Engage subject-matter experts and partners early in metric design.

Early collaboration in defining performance measures helped programs adapt PBC expectations to program context and provider capacity. Early engagement surfaces feasibility challenges, strengthens provider buy-in, and reduces the need for later redesign.

Policymakers should treat metric development as a collaborative design process rather than a technical exercise.

4. Clarify how performance data will and will not be used.

Ambiguity about whether performance data could affect funding or contract renewal can undermine trust and slow implementation. Policymakers should clearly communicate the purpose of performance measurement and document how performance information will be interpreted in contract management. DCYF's experience suggests that even with clear leadership intent, staff and providers do not always trust that distinction early on. Trust is built as providers experience the process and see how data is actually used.

5. Treat dashboards and performance data tools as learning supports.

Dashboards and reporting tools are most effective when introduced as mechanisms for reflection, coaching, and shared understanding rather than solely compliance monitoring. Data infrastructure maturity varies across programs; expectations for dashboard use should evolve as systems and capacity develop. DCYF's experience suggests that even well-designed dashboards are not always experienced this way by staff and providers in early implementation, underscoring the need for deliberate framing alongside the technology.

6. Pilot and phase implementation before scaling across programs.

PBC often requires adaptation to different service models and provider ecosystems. Piloting new approaches with a small group of contracts allows agencies to test measures, reporting processes, and communication strategies before broader implementation. A phased approach reduces implementation risk and supports learning.

7. Assess data quality and availability before committing to a timeline.

The ability to produce high-quality, replicable data predicts the breadth and depth of PBC implementation. Analyzing the landscape of structured versus unstructured data (and their quality) before beginning this work helps target pilots and set realistic implementation timelines.

Why This Matters for Budget and Oversight

Efficiency and risk signals worth tracking

Reduced reporting burden: Child Welfare dashboards now automatically pull data from contractor systems, eliminating manual entry in the workflow and reducing human error.

Reduced financial leakage: structured quarterly reporting in Tribal Services contracts reduced the likelihood that Tribes would need to return unused funds at period-end.

Reduced rollout risk: the four-group pilot cohort allowed DCYF to test and refine its approach before scaling to roughly 1,200 contracts, rather than mandating agency-wide compliance on day one.

Provider retention: DCYF staff report that sustained provider engagement has supported provider retention.

Lessons Learned for the Field

DCYF's experience implementing PBC offers several lessons for agencies seeking to strengthen accountability and learning through contracting reform. These lessons reflect implementation across multiple program areas and the realities of applying performance measurement in complex human services environments.

1. Performance-based contracting is a systems change effort, not a technical reform.

While PBC is often introduced through new metrics, dashboards, and contract language, DCYF's experience shows that the most significant changes occur in relationships, shared understanding, and organizational norms. Progress depended less on technical tools and more on how staff and providers worked together to interpret performance and improve services as relationships strengthened.

2. Measurement must reflect service-delivery realities.

Programs that adapted performance measures to align with service models, provider capacity, and structural conditions were better able to sustain implementation. In many human services contexts, outcome measures alone may not fully capture program performance; process, engagement, and fidelity measures provide important complementary insights.





3. Data infrastructure maturity varies across programs, and that should be expected.

Large public agencies often begin PBC implementation with uneven data systems across divisions. DCYF's experience shows that early visibility into performance can support learning even as analytic systems are still developing. Agencies may benefit from distinguishing foundational data access from long-term analytic capacity when planning implementation.

4. Trust is foundational to learning-oriented accountability, not separate from it.

Across program areas, provider engagement improved when the agency clarified the purpose of performance measurement and demonstrated that data would be used for dialogue and improvement rather than punishment.

5. Equity is often advanced through implementation choices.

Staff described deliberate decisions to adapt metrics, limit reporting burden, engage Tribal partners early, and protect voluntary services from punitive accountability structures. These choices helped align performance measurement with program context and community experience, even when equity outcomes were difficult to measure directly.

6. Piloting and phased implementation support learning and sustainability.

Introducing PBC incrementally lets agencies test measures, reporting processes, and engagement strategies before scaling across programs. Iterative implementation reduces risk, strengthens provider relationships, and improves long-term sustainability.



Conclusion

DCYF's implementation of performance-based contracting reflects the realities of pursuing systems change within a large, multi-program human services agency. While technical infrastructure, data systems, and performance management practices continue to develop, the agency has made meaningful progress in strengthening shared expectations, building trust with providers and Tribal partners, and using performance information to support learning and continuous improvement.

Rather than representing a complete reform, DCYF's experience illustrates how performance-based contracting evolves through adaptation over time. The governance structure, shared framework, and cohort-based rollout that Third Sector helped establish from 2018 to 2021 have proven durable.

Eight years later, they remain the foundation on which DCYF has scaled PBC agency-wide, refined its measurement approach, and deepened partner engagement. The recommendations and lessons in this case study highlight the importance of aligning policy mandates, implementation capacity, and relationships to sustain performance-based contracting as a learning-oriented approach to public-sector accountability.

Appendix A: Program-Area Findings in Detail

This appendix presents the full staff narrative for each program area, summarized in the Findings section. It is organized around how performance data is used day-to-day, relationships with providers and partners, how performance-based contracting (PBC) was adapted to the program context, and what remains challenging.

Early Childhood Education and Assistance Program (ECEAP)

Washington's state-funded Early Childhood Education and Assistance Program (ECEAP) provides free early learning services to eligible three- and four-year-olds through contracted community-based providers.

ECEAP entered PBC with a stronger data infrastructure than other program areas. The program already had longitudinal assessment data and embedded Continuous Quality Improvement (CQI) specialists working directly with contractors.

"ECEAP was the first program to implement PBC. We were ahead because we had robust systems and embedded CQI specialists who worked directly with contractors. The program has been around for forty years, and the standards are living documents that evolve."

Despite years of program data, staff described tension between proposed outcome measures and the realities of early childhood development and service delivery.

“The program serves three- and four-year-olds, and expecting year-to-year improvement doesn’t align with how developmental progress occurs.”

Staff emphasized that broader structural conditions, such as poverty, can influence early childhood outcomes, complicating the interpretation of performance data.

Using Performance Data in Practice

A significant improvement as systems developed was the visualization of assessment data, which made performance information more accessible to contractors.

“One improvement was the visualization of assessment data. Contractors were excited to see progress year over year. Contractors can now see test scores and growth over several years. It’s not a true indicator of quality, but it engaged them, and that mattered.”

While this information engaged providers, growth in assessment scores is not, in itself, defined as a quality measure within the PBC logic model – it is one of several data points used alongside measures of service quality, participation, and context.

Staff also described limits to how performance data could be used. Some data still required manual entry, and there were ongoing costs associated with accessing external systems. Outcome data alone were described as insufficient to capture the trauma-informed, healing-centered nature of ECEAP services, reinforcing the need for complementary measures such as Early Achievers ratings, classroom observation measures, provider participation in CQI supports, and family access and enrollment indicators reflected in ECEAP dashboards.

Roles, Staffing, and Continuity

PBC was initially introduced with the expectation that it could be implemented within existing resources. The program lost five full-time positions from a team of approximately 30, straining its ability to manage PBC requirements alongside its core responsibilities.

“We could have used at least two additional staff – a coordinator and a data role – to support PBC.”

In the absence of these roles, existing staff absorbed additional PBC-related responsibilities, including frequent meetings, provider coordination, data tracking, and CQI-related activities, reducing capacity for other ECEAP program functions.

Relationships with Providers and Partners

Staff described a shift in the agency's relationship with ECEAP contractors during PBC implementation, moving from compliance-focused oversight toward a more supportive, problem-solving approach.

"There has been a shift from 'when will you comply' to 'how can we help.' That made a huge difference."

Staff also emphasized that credibility and subject-matter expertise mattered: having individuals with deep program knowledge in key agency roles influenced whether provider feedback about metrics and implementation challenges was heard and acted on, strengthening collaboration with providers.

Adapting PBC for the ECEAP Program Context

While DCYF's PBC approach incorporates service, quality, and outcomes, some staff felt that certain measures were, in practice, emphasized more than others when engaging with providers.

"Parents don't choose early childhood programs based on test scores; they want their children to be safe, supported, and loved."

This created tension between maintaining access to ECEAP slots and investing in program quality supports. Staff described how budget constraints and performance expectations sometimes forced trade-offs between funding direct services for more children and sustaining the staffing, coaching, and continuous quality improvement supports that help programs deliver trauma-informed, relationship-centered care.

What Remains Challenging

Staff described ongoing uncertainty about whether performance measures could eventually be tied to contract funding decisions, as well as questions about which measures to prioritize and how leadership and staffing changes would affect continuity.

"Without additional staff and better planning, it will be hard to sustain the gains we've made."

"Despite the challenges, the improvements in data visualization and supportive partnerships are promising."

Juvenile Rehabilitation Program Area

Juvenile Rehabilitation provides custody, treatment, parole, and community-based services for young people involved in Washington's juvenile justice system.

Staff described entering PBC with prior experience using performance measures and evidence-based programming. Existing systems supported contract management and service delivery, including client-tracking systems and quarterly reporting.

Staff described PBC as helping them more clearly identify data-entry discrepancies and better understand how services were delivered across facilities and programs, thereby supporting continuous quality improvement. Making performance information visible to providers was an intentional part of implementation.

Using Performance Data in Day-to-Day Management

Staff described using performance data as part of routine contract management through quarterly reports, annual reporting, and regular provider meetings, which were reviewed to understand program impact, funding use, and alignment with program goals.

"I wanted quarterly reports on how programs were going, monthly meetings with providers, and an annual report that shows impact, funding spent, and outcomes... I wanted receipts. I wanted to be able to show the level of impact a program was having. Service providers also share narratives about successes and challenges. It's a mixture."

Implementing PBC required staff to develop new skills in data quality, reporting, and performance management, which were learned as the work evolved rather than through fully defined guidance at the outset.

"Implementing PBC has been ongoing... individuals, including myself, may be new to capturing data, thinking about data quality, and using data to tell a story."

Relationships with Providers and Partners

Staff described relationships with Juvenile Rehabilitation providers as collaborative and grounded in transparency, emphasizing the importance of explaining why data was being collected and how it would be used.

“Finding common ground with stakeholders, protecting young people’s interests, and working collaboratively.”

Providers were described as partners in implementation, reinforcing shared goals related to youth outcomes and service quality — a relationship staff described as foundational for moving the work forward.

Adapting PBC for the Juvenile Rehabilitation Program Context

Staff emphasized aligning PBC with broader juvenile justice reform goals, including reducing system involvement for young people. Performance measurement was understood as a tool to support system improvement rather than monitor individual youth behavior.

“The purpose of our work was system change, not individual behavior modification.”

Program context shaped data-collection decisions. Staff described concerns that certain reporting requirements could unintentionally burden smaller, culturally responsive organizations.

“We need to consider community-based, culturally responsive organizations that are small and don’t have the capacity to provide data on every young person they serve.”

Tribal engagement offered another example of adaptation, with staff emphasizing early partnership and shared decisionmaking.

“Bringing the tribes in early... so they can have a voice at the table to understand why we’re collecting the data.”

Flexibility in implementation — revising contract templates, reporting processes, and engagement strategies — was described as essential to ensuring performance measurement supported services for young people rather than creating unintended barriers.



Child Welfare Program Area

DCYF's Child Welfare program area supports children, youth, and families through contracted services focused on family preservation, placement support, permanency planning, and adoption.

Performance measures were incorporated into child welfare contracts early in the PBC initiative, but providers initially lacked tools to assess their performance against those measures. Staff referred to this period as “building the airplane while it’s flying,” noting that dashboards were still under development and performance information was not yet readily visible to providers. Access to performance data improved as dashboards were developed, letting providers see how their work connects to measures such as timely response, placement stability, and permanent outcomes.

Using Performance Data in Day-to-Day Management

Defined performance measures helped create clearer, shared expectations within child welfare contracts. Dashboards played a central role by reducing the reporting burden and improving data reliability.

“The dashboard automatically pulls data from contractor systems, eliminating manual data entry and reducing human error.”

Beyond compliance, staff expressed interest in using performance data for learning, examining patterns related to race, language preferences, and poverty, and understanding why families were referred for services and how they moved through service pathways. Staff also noted limits in the current system. Dashboards do not yet allow easy aggregation of data across providers or regions, making system-level analysis more difficult.

Turnover and role changes affected PBC implementation in child welfare. Individuals involved in early design were not always in the same roles later, and some staff lacked full visibility into why particular measures had been selected, requiring ongoing realignment. Staff emphasized that the effects of PBC at the community level will take time to fully understand, and that continuity of staffing and institutional knowledge remain ongoing challenges to sustaining implementation and learning.

Relationships with Providers and Partners

Relationships with providers were central to managing PBC in child welfare. Some providers initially worried that PBC could become punitive, based on past experiences with oversight and monitoring. Trust developed gradually as providers saw that performance data were not being used to impose financial penalties.

“It usually takes about six months for contractors to fully trust the process.”



Relationship-building was ongoing rather than a one-time effort. Staff described testing dashboards with providers across regions to ensure accuracy and usability, emphasizing the importance of building trust during periods of systems change.

Adapting PBC for the Child Welfare Program Context

Dashboards were designed to pull data directly from existing reporting systems, reducing the need for providers to enter additional data. Staff emphasized that PBC relied on data providers that were already required to report, rather than creating entirely new reporting requirements; dashboards supported shared conversations with providers about expectations and performance.

In placement services, staff described reframing these conversations to focus on youth experience rather than PBC terminology.

“It was really interesting to not talk about it in terms of PBC... our question was, what do we want the young people to experience?”

Staff described plans to use PBC data for targeted technical assistance:

“We plan to use 2024 PBC data to provide technical assistance to providers who fall below thresholds.”

There was continued interest in using data beyond compliance, including examining patterns by race, age, language, and poverty, as well as in gaining a better understanding of referral reasons and service pathways. System-level analysis remains limited until an administrative portal planned for spring 2026 enables easier data aggregation across providers and regions. Adjustments to PBC were incremental, as staff learned which data were feasible to collect, interpret, and use.

What Remains Challenging

Dashboards are in place in some contract groups. However, they are still evolving, and current tools are limited in their ability to aggregate information across providers or regions, so statewide trends are not always readily available. In some contract groups, staff continue to rely on manual tracking or provider self-reporting.

“We have to essentially rely on self-reports from providers and hand-track a lot of data.”



Tribal Services Program Area

Tribal services contracts support tribes in designing and delivering culturally responsive services for Tribal youth and families, including independent living support for youth transitioning to adulthood.

Before PBC, Tribal contracts primarily focused on how funds could be spent and required limited reporting; data on who was served and how funds were used were not always tracked consistently.

“Implementing PBC programs with Tribes was challenging because they weren’t involved early and didn’t understand why data was being collected or how funding was tied to it.”

With PBC, reporting expectations became more structured, letting the program produce summaries of fund use and youth impact. Reviewing multiple years of data helped Tribes and staff see service patterns and better understand the purpose of data collection.

“Consistent data tracking and explaining the purpose behind it helped strengthen relationships with Tribes.”

Using Performance Data in Day-to-Day Management

Quarterly reporting for some contracts helped monitor spending and reduced the likelihood that Tribes would need to return unused funds at the end of the contract period. Staff described using data to understand better how funds were spent, who was served, and whether funding levels were sufficient.

Information collected through PBC supported new conversations with leadership and partners about program sustainability and funding needs. Data collection has shifted from being viewed primarily as a reporting requirement to a tool for shared understanding and planning. The Tribal Services team was small and highly collaborative, meeting regularly to manage contracts; staff turnover occurred both within DCYF and within Tribes, affecting continuity.

“Part of my role is to make sure Tribal voices are integrated into how PBC is implemented.”

Relationships with Tribal Providers and Partners

Early implementation was challenging because Tribes were not involved in defining performance expectations or measures. Expectations shifted from flexible use of funds to more structured reporting requirements, creating concern and confusion.

“Tribes need to be involved from the beginning, not after requirements are already set.”

As Tribes were brought into conversations about why data was being collected and how it would be used, relationship-building, regular communication, and shared problem-solving improved trust and collaboration.

“Continuous improvement and relationship building are what will sustain this work.”

Adapting PBC for the Tribal Services Program Context

Initial logic models and contract language developed by the state did not reflect Tribal priorities or ways of describing the work. Earlier Tribal-serving contracts focused primarily on how funds could be spent and what needed to be reported, with less Tribal involvement in defining measures. Through PBC, logic models were revised with Tribes at the table, focusing on shared understanding of purpose and language.

Staff also described adapting reporting formats to better reflect Tribal context and priorities – in some cases, modifying materials to let Tribes present information visually and in culturally relevant ways.

“If Tribes don’t see themselves in the metrics, they’re not going to trust the process.”

What Remains Challenging

Implementing PBC with Tribes requires time and sustained relationship-building, which does not always align with state timelines. Balancing statewide consistency with Tribal-specific approaches remains an ongoing effort. Staffing reductions and limited funding constrain the ability to expand or deepen the work, and continued communication between DCYF and Tribes is essential to ensuring both parties understand changes in PBC expectations and processes.

Partnership, Prevention, and Services Program Area

Partnership, Prevention, and Services (PPS) administers a mix of contracts, most supporting Child Welfare services, alongside prevention-focused programs designed to strengthen families and reduce the risk of child abuse and neglect, and services focused on maintaining child and family engagement, reunification, and transition to independence.

Staff described variation across programs in the availability of performance information prior to PBC. In some service areas, limited data systems made it difficult to understand program activity through reports alone; in others, external databases allowed providers to enter data directly and review them for quality improvement.

Staff described using performance data to understand service delivery, participation, and spending across contracted programs. In several service areas, data is reviewed in regular meetings with providers to discuss progress, challenges, and opportunities for improvement.

In voluntary prevention programs, staff described challenges in using outcome data to reflect program impact because participation in services and screening tools is often optional, limiting the consistency of available data. Staff also raised concerns about whether existing screening tools accurately reflect family experience and program effectiveness.

Cultural responsiveness emerged as a consideration in measurement design.

“Screening tools need to be culturally responsive. We serve Native families, and we’ve heard from providers how concerning and unnerving it can be for caregivers to be in a space where someone is noting, looking at, and assessing the interaction with their child... Even with a relationship, it automatically shifts when it feels like a different lens is being applied to interactions between you and your child. That’s a huge concern we have not fully addressed yet. It’s difficult to determine effectiveness of interventions based solely on screening results.”

This quote reflects staff concern about the limitations of screening tools. In DCYF’s framework, effectiveness is not assessed solely on screening results, as PBC incorporates multiple layers of measurement—service delivery, engagement, and outcome indicators. These perspectives reflect ongoing efforts to align performance measures with prevention-focused service delivery, family engagement, and cultural context.

Staffing and Continuity

In some PPS areas, particularly in prevention services, programs are managed by small teams or individual staff members, limiting capacity to implement PBC requirements alongside existing responsibilities. Staff described learning PBC requirements while continuing to manage contracts and provider relationships.

“Managers were often left to figure things out on their own without adequate support.”

Staff also described a need for additional resources and support, particularly for program managers transitioning from social work roles to project management. As in other program areas, turnover and leadership changes disrupted continuity and institutional knowledge related to PBC implementation, affecting the consistency with which performance-management practices were applied.

Relationships with Providers and Partners

Providers' buy-in was central to PBC implementation in practice. Some providers initially resisted performance measures, particularly when they believed their services were already effective or when measures did not reflect program realities.

“Contractors often view PBC as a threat, rather than a tool to improve client services.”

Staff described the need for ongoing communication to build shared understanding.

“We need to keep explaining the ‘why’ behind the survey to providers.”

Adapting PBC for the PPS Program Context

Different service models require different approaches to performance measurement. In voluntary prevention and placement-related services, adapting PBC to prevention-focused service delivery and family experience was important. Staff also emphasized relationship-building before introducing metrics.

“Don’t start the conversation about metrics until you’ve had at least six months of consistent provider engagement.”

These adaptations reflect ongoing efforts to align performance measurements with prevention services and community-based provider partnerships.

What Remains Challenging

Balancing statewide expectations with program-specific realities remains difficult, particularly in voluntary services where outcomes are influenced by family participation and engagement. Sustaining PBC will require stronger data infrastructure, continued provider engagement, and clearer alignment between measurement tools and program context.

"Ensure data collection capabilities are in place before finalizing contracts."



Appendix B: Internal Implementation Considerations for DCYF

The case study identified several implementation considerations that may support DCYF as PBC continues to mature across program areas.

These reflect staff experience implementing PBC within existing program structures, data systems, and provider relationships, and are intended to support internal planning rather than prescribe a single implementation model.

1. Align staffing capacity with performance-management responsibilities.

Across program areas, staff described taking on new responsibilities in data review, provider coordination, and performance management, alongside existing contract management duties. Clarifying roles, shifting work responsibilities, and ensuring sufficient staffing for coordination, analytic support, and provider engagement may help sustain progress and reduce strain on program teams.

2. Continue strengthening data infrastructure and system-level visibility.

While dashboards are now operational in several program areas, staff described ongoing limitations in data systems' capacity for analysis, in the ability to make changes to data variables, and in DCYF's ability to fund innovative data collection solutions. Continued development of data systems capacity and administrative portals may support system-level learning and reduce reliance on manual data review.



3. Develop shared definitions and implementation language across contract groups.

Staff described variation in how key performance management concepts are defined and used across program areas. Terms such as “dashboard,” “feedback loop,” and “continuous quality improvement” were used to describe different tools and practices depending on program context. Dashboards may refer to internal analytic tools, provider-facing reports, or early-stage prototypes, while feedback loops may occur through dashboards, regular provider meetings, or CQI processes. Shared definitions and documentation for core PBC concepts may strengthen cross-program communication, support onboarding of new staff, and improve consistency in how implementation progress is described.

4. Document shared guidance on how performance data is used.

Staff and providers described uncertainty about how performance information might eventually influence funding decisions or contract management. Developing and maintaining clear written guidance about how performance data is interpreted and used across contract groups may reinforce trust and consistency.

5. Support continuity of implementation knowledge across staff transitions.

Turnover and role changes affected shared understanding of early PBC design decisions in several program areas. Documenting implementation history, decision rationales, and PBC standards may help new staff understand how performance measures and processes have evolved.

6. Maintain opportunities for provider and partner feedback.

Staff consistently described provider engagement, Tribal partnership, and collaborative problem-solving as essential to implementation. Continuing structured opportunities for feedback and partnership may help ensure that performance measures and reporting processes remain aligned with service-delivery realities.

7. Phase expectations as systems and tools mature.

Staff described dashboards, reporting processes, and analytic tools as still evolving across program areas. Aligning expectations for performance reporting and data use with the maturity of available systems may help sustain momentum while supporting realistic implementation timelines.



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