THE MACRO LENS

*Policy Analysis & Systems Evaluation*

# Credible Messengers RFP Analysis

*Structural Concerns in Public-Private Partnership Design*

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## IMPORTANT DISCLAIMER

This document analyzes the REQUEST FOR PROPOSAL (RFP) issued by Scott County Decategorization and Iowa Department of Health and Human Services for Credible Messengers programming (DCAT3-25-113). This is NOT an analysis of any specific organization's executed contract. The contracted organization has verbally indicated that their signed contract differs from certain RFP requirements discussed herein. However, without access to the actual contract, this analysis addresses potential concerns if RFP language were incorporated unchanged into program operations. All concerns raised are conditional upon these RFP terms being present in the final contract and implemented as written.

## Executive Summary

Analysis of the Credible Messengers RFP reveals a structurally extractive design that could place significant financial risk on implementing organizations while limiting their operational autonomy. This structural analysis is critical for policymakers, funders, and nonprofit leaders evaluating similar public-private partnership models.

**Key Concerns:**

- Mandatory purchase of expensive consultation services with unspecified minimum requirements determined solely by the vendor
- Potential requirement to purchase additional consultation services beyond the required minimum, also at vendor's discretion
- All consultation costs (potentially up to $37,000 or more) must come from the organization's contract budget
- Funder covers only initial training, leaving ongoing costs to the contractor
- Administrative cost cap of 15% severely limits organizational capacity while consultation costs count against this cap
- Performance-based penalties that can reduce payments by 10% create additional financial instability

If incorporated unchanged into a final contract, this structure could create a scenario where the training vendor (Academy for Transformational Change) extracts maximum revenue while the implementing organization bears all financial risk and operational burden. The RFP as written appears designed to benefit the training vendor rather than support sustainable program delivery.

# RFP Structure and Financial Framework

## Contract Payment and Budget Constraints

The RFP establishes the following payment structure:

| Period | Maximum Amount |
|---|---|
| Year 1 | $152,358.65 |
| Year 2 | $150,000 |
| **Total (6-year)** | **$902,253.65** |
| **Admin Cap** | **15% of total contract** |

*Critical limitation: The RFP specifies that 'this amount is subject to decrease over the years due to funding availability.' This creates additional uncertainty for long-term program sustainability if these terms were incorporated into the contract.*

## Training and Consultation Cost Structure

The RFP Q&A document (pages 2-3) clarifies funding responsibilities:

| | |
|---|---|
| **Funder Covers** | Initial ATC training only (one-time) |
| **Contractor Must Fund** | All consultation services from Attachment G |
| **Maximum Consultation** | $37,000 (per Attachment G) |

***From RFP Q&A, Question 2 (page 1):***

*"The bidder will be responsible for any consultation costs under Attachment G and should be considered when developing the proposed project budget under 'Direct Expenses - Training and Materials'."*

***From RFP Q&A, Question 9 (page 5):***

*"Yes any consultation services listed in Attachment G which are rendered during the fiscal year will come out of that fiscal year's budget."*

## Key Structural Concerns

### Concern 1: Unilateral Vendor Control Over Required Purchases

The RFP language grants the training vendor extraordinary discretion to mandate additional purchases:

***RFP Section 1.3.1.8.c (page 6):***

*"A required minimum amount of consultation will be determined solely by ATC."*

***RFP Section 1.3.1.8.d (page 6):***

*"To ensure program quality, the approved Contractor may elect or be required to purchase additional consultation services over and above the required minimum."*

**If incorporated into a contract, this creates:**

- Unlimited financial exposure — vendor could require purchases beyond the $37,000 maximum
- No objective standards for determining 'required minimum' consultation
- Vendor determines both necessity and pricing of additional services
- Contractor has no contractual protection against excessive requirements

***From RFP Q&A, Question 3 (page 2):***

*Regarding additional consultation requirements: "A decision would need to be determined following the initial training. No [there is no cap]. Yes [budget revisions would be allowed]."*

While budget revisions are theoretically allowed, this does not address the fundamental problem: if these RFP terms were in the contract, the organization would be contractually obligated to purchase services they cannot afford or did not anticipate, with no cap on potential costs.

### Concern 2: Financial Risk Concentration

If the RFP structure were implemented as written, the implementing organization would face:

**The Mathematical Impossibility:**

| | |
|---|---|
| **Baseline consultation costs** | $37,000 (24.3% of Year 1 budget) |
| **Year 1 admin budget (15% cap)** | $22,853.80 maximum |
| **Gap if consultation is admin** | **$14,146.20 shortfall** |

This would force the organization to either:

- Violate the 15% administrative cost cap
- Dramatically reduce other essential administrative functions
- Subsidize consultation costs from other funding sources

If consultation costs must come from direct expenses rather than administrative, this still represents 24.3% of the total contract going directly to the training vendor, leaving only $115,358.65 for:

- Full-time Project Coordinator salary and benefits
- Two full-time Credible Messenger salaries and benefits
- Transportation costs for required home visits and school contacts
- Equipment and supplies
- Client assistance
- Remaining administrative overhead

## Concern 3: Performance Penalties Compound Financial Pressure

***RFP Section 1.3.3 (page 7):***

*"Should the Contractor not meet performance measures outlined in the contract, and results of the Corrective Action Plan not be satisfactory, the Department may reduce the monthly expenditures by 10% until such time that the performance measures have been achieved or the contract is terminated."*

If implemented as written, this would create a cascading failure scenario:

1. Organization struggles to meet performance measures due to inadequate resources
2. Department reduces payment by 10%
3. Reduced payment makes meeting performance measures even more difficult
4. Vendor consultation requirements remain unchanged despite reduced budget
5. Organization faces potential contract termination

## Concern 4: Lack of Transparency in Consultation Requirements

The RFP provides no clear guidance on:

- What constitutes the 'required minimum' consultation
- Objective criteria for determining when additional consultation is 'required'
- Appeal process if organization disputes necessity of additional services
- Whether consultation requirements can be satisfied through alternative training providers

***From RFP Q&A, Question 2 (page 1):***

*"The number of hours of consultation anticipated for supervisors will be at the discretion of the bidder based on the consultation services listed in Attachment G that the bidder choses utilize."*

However, this appears contradicted by Section 1.3.1.8.c which states the required minimum is 'determined solely by ATC.' If incorporated into a contract, this ambiguity could create disputes about who actually controls consultation requirements.

## Attachment G Analysis: Vendor Coaching Program

The RFP's Attachment G details the training vendor's consultation services with pricing that totals $37,000:

| Service | Cost |
|---|---|
| Initial Team Assessment | $3,500 |
| Executive Coaching Workshops (4 sessions, in-person) | $20,000 |
| Academy Completion and Reassessment | $2,500 |
| Monthly Coaching Sessions (6 months) | $3,000 |
| Program Advancement Lab | $4,500 |
| Administrative Support | $3,500 |
| **TOTAL** | **$37,000** |

While these services may have value, if RFP terms were incorporated unchanged, the structure creates concern because:

- Services are structured as mandatory rather than discretionary
- Pricing is predetermined with no competitive bidding
- Vendor has sole authority to require additional purchases beyond this amount
- No alternative providers are permitted

## Comparison to Ethical Consulting Relationships

| Typical Consulting | RFP Structure (If Implemented) |
|---|---|
| Client determines scope based on needs and budget | Vendor determines scope of required services |
| Pricing is negotiated or competitively bid | Pricing is predetermined and non-negotiable |
| Client can terminate or modify relationship | Organization cannot refuse required services without contract violation |
| Consultant success depends on delivering value | Vendor revenue guaranteed regardless of value delivered |
| Clear deliverables and outcomes specified in advance | Specific outcomes of consultation undefined |

## Implications for Program Sustainability

If these RFP requirements were incorporated into a contract unchanged, the program could face:

### Short-term Concerns

- Insufficient funds for competitive staff salaries, leading to recruitment challenges
- Inadequate administrative support for proper oversight and documentation
- Limited resources for client assistance and program supplies
- Pressure to meet performance measures without adequate infrastructure

### Long-term Concerns

- High staff turnover due to inadequate compensation
- Organizational financial distress from subsidizing program costs
- Potential contract termination followed by program restart costs
- Harm to youth and families from program instability
- Damage to organization's reputation and capacity for future contracts

## Critical Questions for Contract Verification

Given that the contracted organization has indicated their signed contract differs from certain RFP requirements, the following questions should be addressed through contract verification:

1. Are consultation services truly mandatory, or are they optional at the contractor's discretion?
2. Who has authority to determine the scope of required consultation?
3. Is there a cap on consultation costs that can be required?
4. How are consultation costs categorized for the 15% administrative cap?
5. What protections exist against excessive consultation requirements?
6. Can the organization use alternative training providers?
7. What constitutes satisfactory completion of the consultation requirement?
8. How do performance penalties interact with consultation cost obligations?

## Recommendations for Policymakers and Funders

Based on this analysis of the RFP requirements, organizations and funders considering similar contractual arrangements should consider the following safeguards:

1. **Verify actual contract language:** Obtain and review signed contracts to confirm how consultation services are actually structured
2. **Demand fixed consultation costs:** Consultation services should have a clearly defined scope and maximum cost
3. **Require objective standards:** Any 'required minimum' consultation should be specified in advance with clear criteria
4. **Ensure organizational control:** Organizations should determine what consultation services to purchase based on their assessment of needs
5. **Separate training and program budgets:** Consultation costs should be funded separately from operational program costs
6. **Include vendor competition:** Allow organizations to meet training requirements through alternative qualified providers
7. **Define performance expectations clearly:** Performance measures should account for resource constraints and external factors
8. **Review administrative cost allocation:** Clarify whether consultation costs count toward administrative cap and adjust accordingly

## Conclusion

The Credible Messengers RFP, as written, establishes a potentially predatory structure that concentrates financial risk on implementing organizations while providing extraordinary control and guaranteed revenue to the training vendor. If these terms were incorporated unchanged into an actual contract, the arrangement would differ significantly from ethical consulting relationships and could threaten program sustainability.

The contracted organization has indicated their signed contract differs from certain RFP requirements analyzed here. Without access to the actual contract, this analysis serves to highlight potential concerns if RFP language were implemented as written. Contract verification is essential to determine whether these structural problems exist in actual contractual obligations.

For organizations considering similar arrangements, this analysis demonstrates the importance of carefully reviewing contract language regarding mandatory vendor services, cost allocation, and operational control before signing. The goal of training and consultation should be to build organizational capacity, not to create financial dependency that undermines program delivery.

**Key Takeaways:**

- RFP structures that grant vendors unilateral authority to mandate purchases create untenable risk for implementing organizations
- Mandatory consultation costs exceeding 24% of contract value fundamentally undermine program viability
- Public-private partnerships must balance accountability with organizational sustainability
- Training and technical assistance should build capacity, not create vendor dependency

*This analysis is intended to inform policy discussions about sustainable public-private partnership design and to support evidence-based contracting practices that genuinely serve youth, families, and communities.*

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*Analysis based on RFP DCAT3-25-113 and associated Q&A documents*