Stanford | SCALE Initiative
Accelerator for Learning

What's in a Contract? How Outcomes-Based Contracting Reshapes School District–Vendor Relationships

Amanda Lu
Stanford University

Ev Gilbert
Stanford University

Briana Jocelyn
Stanford University

Nancy Waymack
Stanford University

Susanna Loeb
Stanford University

August 2025

Introduction

A central challenge facing education leaders is allocating limited resources in pursuit of their priorities. Three of their critical resources are time, money, and people. A school's master schedule reflects the allocation of all three of these critical resources and ultimately determines the educational opportunities available to students. A school's schedule dictates who will be teaching them, what they will be learning, where this learning will take place, and how much instruction they will receive.

Public school systems in the United States invest enormous resources in external vendors for educational products and services. When new instructional initiatives gain popularity (e.g., high-dosage tutoring, Science of Reading curricula), districts often turn to private vendors to supplement their capacity and expertise. While no national dataset exists that tracks district spending on outside vendors, in 2023, the New York City Department of Education alone spent $10.5 billion on contracts (Office of the New York State Comptroller, 2025). District–vendor partnerships can effectively leverage public funds for student learning when districts select high-quality vendors aligned with their needs, contexts, and strategic goals, and when they manage contracts to ensure proper service delivery and the productive use of purchased products (Williamson, 2002). However, these partnerships may be problematic if districts do not manage them well.

The primary formal instrument governing partnerships between districts and vendors is a legal contract. Contracts codify the terms of the exchange, detailing payments, deliverables, timelines, and liabilities, and thus play a critical role in structuring the relationship. In principle, a contract can also outline expectations for how services will be utilized and specify the targeted outcomes. In practice, however, contracts in education often provide only perfunctory descriptions of the services or products, omitting discussion of desired student outcomes or implementation conditions necessary for success. Given that contracts are often the only public documentation of district–vendor agreements, a lack of specificity in contracts can obscure the rationale for the purchase and make it difficult to hold either party accountable for results.

A growing body of literature highlights the challenges of procurement in education and the need for more outcome-focused contracting. High-stakes accountability policies introduced by No Child Left Behind (2001) stimulated a rapid expansion of private educational service providers, creating what scholars have termed a "market for school improvement" with proliferating curriculum products, assessments, and consulting services (Burch, 2006). However, this growth was largely unregulated. Education leaders lack robust information on vendor quality or effectiveness, which in turn affects their ability to make evidence-based decisions (Forbes & Gordon, 2012). School administrators often rely on word-of-mouth, direct outreach, and marketing from vendors, as well as vendor reputation, rather than evidence of impact, when choosing educational products. In such an environment, low-quality or

overpriced vendors are not consistently weeded out of the market, undermining the promise that competitive pressures will drive improvement (Burch, 2006). Given these market dynamics, there is a need to align contracting practice with student outcome goals more explicitly to ensure that public expenditures yield educational benefits.

Outcomes-Based Contracting (OBC) recently emerged as a promising strategy to reform procurement practices in education. OBC is a framework for contract design and management in which payments to vendors are at least partially contingent on achieving specified outcomes, and the contract explicitly defines mutual goals, metrics, and continuous improvement processes for the project. By tying a portion of vendor compensation to student success (e.g., improvement in test scores, graduation rates), OBC seeks to align vendor incentives with district objectives and create shared accountability for results. In theory, such contracts can mitigate the principal–agent problem inherent in outsourcing (i.e., when a vendor's goals may diverge from the district's) by rewarding the vendor for producing the outcomes that the district values. OBC has parallels in performance-based contracting approaches used in other public sectors (e.g., workforce development, social services), which have shown mixed but often positive effects on provider performance and accountability (Koning & Heinrich, 2013).

If carefully designed, outcomes-based contracts may spur innovation and focus resources on what works for students. However, poorly structured incentives might encourage providers to serve only the easiest-to-help populations or to game metrics. OBC attempts to address such concerns by balancing the incentive structure. For example, SEF's OBC standards recommend making roughly 40% of the contract value contingent on outcomes, to ensure meaningful incentives, while still guaranteeing base funding for quality implementation. Additionally, these OBC standards emphasize mutual accountability and continuous improvement, meaning both the district and vendor commit to ongoing data sharing, reflection, and course correction during the contract period.

In this study, we analyze the contracts between districts and vendors of instructional services and products to understand how relationships between these parties are structured. We compare three types of contracts: those developed with the support of SEF's Outcomes-Based Contracting (OBC) Cohort program, those between the same districts and other vendors without SEF support, and those involving the same vendors but with other districts that did not receive SEF assistance. During the cohort experience, participating districts received guidance from SEF's Center for Outcomes-Based Contracting. The total cost of hosting each district in the cohort was $30,000, of which districts contributed $15,000, with the remaining expenses covered by SEF through philanthropic funding. We use the emerging OBC framework as a baseline to understand the extent to which traditional district–vendor contracts already incorporate elements of the OBC approach and other information pertinent to vendor quality and alignment.

Our research questions are:

- RQ1: What information do contracts hold about a vendor's quality and alignment to district needs, context, and strategy? How does this information vary among contracts developed as part of the OBC Cohort program, non-OBC Contracts in OBC Cohort districts, and non-OBC Contracts in OBC Cohort vendors?
- RQ2: What is the prevalence of the OBC Standards of Excellence in contracts? How does the prevalence vary among contracts developed as part of the OBC Cohort program, non-OBC Contracts in OBC Cohort districts, and non-OBC Contracts in OBC Cohort vendors?
- RQ3: What are the sources of variance in OBC Standards of Excellence and vendor information across contracts?

By answering these questions, our goal is to illuminate how district–vendor relationships are currently structured in contract documents and to identify opportunities for strengthening contracts as instruments of accountability and improvement. We build on and contribute to the emerging literature on outcomes-based procurement and public–private partnerships in education by providing empirical evidence from the first large-scale implementation of OBC in school districts. The findings show how contracts might be reformed to focus more on student outcomes and help shape theories of change about how districts and vendors can work together to improve schools.

Our analysis reveals several important patterns in how districts contract for instructional services:

- Most contracts include minimal descriptive information about the vendor or how the product or service aligns with district needs.
- Contracts developed as part of an OBC Cohort initiative exhibit significantly more outcome-focused content, demonstrating high fidelity to the OBC framework, compared to non-OBC Contracts, where such features are rare.
- Non-OBC Contracts in OBC Districts are more likely to include some of the features of OBC Contracts than non-OBC Contracts that OBC Vendors enter with non-OBC Districts, highlighting the key role of districts in driving contract features.
- Two factors – contract size and the use of boilerplate contract templates – appear to drive some of the variation in contract content. Larger contracts (over $1 million) tend to contain more quality and outcome elements, whereas standard contract templates ensure legal compliance but often omit sections related to instructional goals or performance.

These findings suggest that revising contracting processes (e.g., adapting templates, adopting emerging contracting models) could lead to a stronger focus on student outcomes in the procurement of educational services.

Background

District Procurement

Over the past two decades, the instructional services sector has grown substantially, driven in large part by federal and state accountability policies. The No Child Left Behind Act (NCLB), which introduced nationwide student testing and performance benchmarks, heightened demand for tools that promised to align instruction with standards and boost test scores. In response, vendors expanded offerings of instructional materials and services, contributing to what scholars have termed "the new educational privatization" (Burch, 2006). For-profit providers saw substantial revenue growth following NCLB's passage, as school systems—often under pressure to raise achievement quickly—turned to vendor contracts for solutions. However, this market expansion occurred without typical market mechanisms in place to regulate quality. Districts, or market makers, lacked experience and knowledge. Selecting, contracting with, and managing vendors for instructional services was a new skill for education leaders. Additionally, an initial lack of market information on vendor quality was perpetuated through a service-oriented approach to vendor relationships that included contract templates that focused on outputs (e.g., meals served by the food vendor) and now outcomes (e.g., student learning).

Unlike highly regulated sectors such as pharmaceuticals, or developed markets that provide accessible information on vendor quality, districts are largely left on their own to evaluate a vast array of programs and products. As a result, well-marketed but unproven initiatives are frequently adopted, while more effective interventions may fail to scale due to a lack of visibility or political support. Burch (2006) observes that while policy reforms spurred demand for private vendors, they were accompanied by little formal guidance, leaving quality assurance to competition and local discretion.

In practice, district administrators often face substantial information gaps when making purchasing decisions (Forbes & Gordon, 2012). Although resources such as research publications and "what works" clearinghouses exist, they can be difficult to navigate, and performance data on vendors is rarely comprehensive or consistent. This limited information environment means procurement decisions are frequently driven by informal networks and prior relationships. Research provides evidence that districts often contract with providers used by peer districts, regardless of demonstrated effectiveness (Forbes & Gordon, 2012).

These conditions point to a need for greater transparency, accountability, and documentation. Contracts that clearly articulate the rationale for vendor selection, the services to be delivered, and the outcomes expected may help align purchases with district needs and improve access to market decision-making information for the field. When structured thoughtfully, instructional contracts may serve not just as legal instruments but as tools for strategic alignment, performance monitoring, and ultimately improved outcomes for students.

Purpose and Content of Education Contracts

A contract between a school district and a vendor defines the terms of their partnership and serves as a legally enforceable agreement. At a minimum, education contracts specify the product or service being purchased, the price or payment structure, the contract's duration, and standard legal protections such as termination clauses, liability, and compliance with relevant laws.

Districts typically identify needed services and select providers through a fragmented and often bureaucratic process. In some cases, they issue requests for proposals (RFPs), review vendor responses, and make selections through internal evaluation. In many districts, once an instructional leader or team selects a vendor and negotiates service terms, district finance or legal teams review the contract before it goes to the school board or governing body for approval. This multi-step process results in a formal contract that not only governs implementation but also serves as a public record of how districts allocate taxpayer funds.

For stakeholders—including board members, auditors, and the public—the contract may be the primary document available to understand the purpose, scope, and rationale behind a district's engagement with a particular vendor. However, instructional contracts may fall short of this potential by including only basic identifying information, such as the vendor's name and contact details, and vaguely outlining the services, terms, and general conditions. They may not provide meaningful educational content or articulate how the service aligns with district goals. Well-structured contracts, on the other hand, could clarify the vendor's responsibilities, outline joint responsibilities for implementation, and establish metrics for success. These details could help ensure that all parties understand the intended impact of the service and can monitor progress over time. The core challenge—and opportunity—is to embed educationally relevant information into contracts while still meeting legal and compliance requirements.

This study examines how current instructional contracts address this challenge and assesses the extent to which they incorporate information that supports student outcome goals.

OBC: A Promising Framework for Managing Productive Relationships with Vendors

Efforts to improve the effectiveness of district-vendor contracts increasingly focus on aligning financial investments with measurable improvements in student outcomes. The Outcomes-Based Contracting (OBC) framework offers a structured approach to this alignment by incorporating three core components into contractual relationships: contingent payments, mutual accountability, and continuous improvement. Rather than compensating vendors solely for delivering services, OBC ties payment to the achievement of defined outcomes, such as gains in student performance or engagement. Districts, in turn, are responsible for establishing conditions that support successful implementation, including ensuring adequate student access and appropriate use of the contracted

intervention (Lu, Groom-Thomas, & Loeb, 2025).

OBC also formalizes mechanisms for collaboration between districts and vendors, including regular progress monitoring and data-informed revisions to implementation. These elements are designed to promote shared responsibility for results and to facilitate adaptive improvement over the course of the contract. When implemented with fidelity, OBC contracts delineate the target population, specify intended outcomes, describe how progress will be measured, and establish procedures for iterative refinement. In this way, OBC reconceptualizes the education contract as a strategic policy tool rather than a static legal instrument.

This study employs the Southern Education Foundation's (SEF) OBC Standards of Excellence to examine the extent to which current instructional contracts incorporate outcome-oriented design elements. The SEF framework provides a structured lens for evaluating contracts across five domains: articulation of target populations, specificity of intended outcomes, presence of performance-based payment structures, inclusion of mutual accountability provisions, and mechanisms for continuous improvement. We selected this framework due to its growing adoption among education agencies and its relevance to current policy discourse. Table 1, adapted from SEF (2025), summarizes the components of the framework and its underlying theory of change.

Table 1: Outcomes-Based Contracting Standards of Excellence

Domain	Description	Rationale
Clearly defined population	The contract defines the population served, specifying the content area, grade level, and like-performing student group (defined by one or more quantitative criteria).	Aligning implementation with the research base and tracking participation and outcomes for a specific, clearly defined population of schools, students, and/or teachers is essential for measuring impact, allocating resources effectively, and ultimately achieving desired student outcomes.
Clearly defined outcomes and metrics	The contract includes clear outcome definitions - determined by the district - with associated measures and achievement goals specific to the target population.	Clear outcome definitions and measurement processes help ensure that interventions deliver meaningful results. Identifying meaningful outcomes enables districts to track progress

Domain	Description	Rationale
		effectively, make informed decisions, and hold providers accountable for delivering results that matter for students.
Contingent Outcomes Payments	The contract articulates a financial structure, including payments that are earned only as the agreed-upon outcomes are achieved.	Establishing a financial structure that directly links payment to student success, with at least 40% of the contract value contingent on student outcomes, creates meaningful incentives for achievement while maintaining sufficient funding for quality implementation.
Mutual Accountability	The contract includes agreed-upon commitments made between a district and provider, ensuring each party is responsible for the achievement of student outcomes.	Successful implementation depends on clear, shared responsibilities between the district and the provider. A comprehensive framework for mutual accountability ensures that both districts and providers have concrete responsibilities for facilitating student success.
Continuous Improvement	The contract establishes a systematic approach to data collection, analysis, and collaboration that supports informed, transparent decision-making between districts and providers.	Establishing a framework for data-driven collaboration between districts and providers ensures that implementation challenges are identified and addressed promptly.

We use the OBC framework as a conceptual guide and as a normative benchmark for what instructional contracts between districts and vendors could contain. While the framework emphasizes the synergistic interaction of its components, we disaggregate its elements—such as contingent payments, mutual accountability, and continuous improvement—for analytical purposes. This approach allows us to

assess whether and how conventional district contracts reflect practices that align with improved student outcomes.

Although the OBC framework provides a structure for outcomes-oriented contracting, the idea of linking public funding to performance is not new. Performance contracting initiatives in the 1970s experimented with compensating private education providers based on student test score gains (Gramlich & Koshel, 1975). More recently, "Pay for Success" projects in early childhood education have tied disbursements to outcome attainment (McCormick et al., 2017). Findings from these initiatives suggest that while performance-based contracting is administratively complex, it can produce positive results when implemented with fidelity and careful monitoring. Evidence from other policy domains, such as social services and workforce development, similarly indicates that performance-based contracts can modestly improve outcomes, though concerns around design and unintended consequences persist (Heinrich & Choi, 2007; Koning & Heinrich, 2013).

Our analysis draws on instructional contracts developed through SEF's OBC Cohort programs, in which participating districts attempted to operationalize the principles outlined in the OBC Standards of Excellence. The OBC Cohorts thus serve as a proof of concept, illustrating the feasibility of alternative contracting approaches. By comparing OBC-aligned contracts with more traditional agreements—developed by the same districts and vendors—we can illuminate the gaps between typical practice and those proof points and explore why those gaps exist.

Data

We conducted a content analysis of 123 contracts related to the purchase of products and services for instructional activities. To construct our analytic sample, first, we sourced contracts pertaining to teaching and learning at the district level. We chose districts that participated in one of three cohorts of professional development hosted by the Southern Education Foundation (SEF). We collected 199 total contracts from vendors who participated in the SEF OBC Cohorts. Appendix A provides a list of the participating districts and vendors.

We then applied several exclusion criteria to focus on complete, relevant contracts, excluding: documents that were requests for proposals (RFPs) or other preliminary documents rather than final signed agreements; contracts not related to K–12 classroom instruction (e.g., purely operational service contracts); and contracts or agreements where there was no financial exchange. After exclusions, our final sample consisted of 123 contracts, representing a mix of OBC and non-OBC agreements.

The subgroups within our sample for analyses include:

- OBC Contracts (n = 19): Contracts that were explicitly developed as part of the SEF OBC Cohort initiative between participating districts and vendors. They were intentionally written to include OBC features.
- Non-OBC Contracts from Cohort Vendors (n = 25): Contracts between OBC Cohort vendors and non-OBC Cohort districts, in which the contract was not developed through the OBC Cohort.
- Non-OBC Contracts from Cohort Districts (n = 79): Contracts between OBC Cohort districts and non-OBC Cohort vendors, in which the contract was not developed through the OBC Cohort.

These three categories are mutually exclusive in our analysis, and the latter two compose the non-OBC portion of the sample (total non-OBC = 104 contracts). The total sample of 123 thus combines 19 OBC Cohort contracts and 104 traditional contracts, allowing comparisons between OBC and non-OBC Contracting practices. Our sample, while not randomly selected, covers a variety of contexts (e.g., districts of different sizes and regions) and a range of product/service types (e.g., curriculum programs, tutoring services, educational software), providing a rich basis to observe contract features.

Data Analysis

We employ a content analysis methodology (Schreier, 2012) to code each contract on numerous dimensions. Our coding instrument was implemented as a structured survey in Qualtrics, which coders completed for each contract. Coders in teams of three researchers, were trained and calibrated on a subset of contracts to ensure reliability. Approximately 20% of the contracts were double-coded to check inter-rater agreement, achieving over 90% agreement on key binary codes (Cohen's $\kappa > 0.85$), indicating a high level of consistency in identifying contract elements. Any discrepancies were resolved through team discussion and consensus coding.

For each contract, we documented basic information (e.g., district, vendor, year, contract monetary value) and then coded for the presence or absence of specific types of content. To address RQ1, we coded whether the contract contained any description of the vendor's qualities or alignment to the district's needs, context, or strategy.

We defined four types of vendor-related descriptors of interest:

- Vendor Quality, meaning any mention of the vendor's overall performance record, unique capabilities, or market prominence;
- Alignment with District Needs, meaning a statement that the vendor's product/service addresses a specific identified need or gap in the district;
- Alignment with District Context, meaning a reference to how the service fits the local context (e.g., student demographics, community, existing programs); and
- Alignment with District Strategy, meaning a tie to the district's strategic plan or goals.

Each of these criteria was coded as a binary indicator, 1 if present, 0 if not. These categories were partly inspired by what one might expect in a strong proposal or needs assessment. Table 2 shows our coding criteria for vendor descriptions with an example. To address RQ2, we coded for the presence of each of the OBC Standards of Excellence within the contract. Drawing from the framework in Table 1, we created binary codes for: Target Population Defined, Clear Outcomes Identified, Outcome-Contingent Payments, Mutual Accountability Structures, and Continuous Improvement Processes. Table 3 provides the detailed coding criteria and examples for each.

Table 2: Coding Scheme for Vendor Descriptions in Contracts (RQ1)

Vendor Description	Criteria for Coding "Yes"	Example Text
Vendor Quality	The contract includes a description of a vendor's overall performance, uniqueness, or their popularity/usage in school districts around the country, which can be non-specific.	"Aligned directly with the Science of Reading, the decodable texts include a unique set of attributes, including a QR Code on the back of each book directing the reader to an instructional phonics lesson video taught by a literacy expert. The QR code is a passport to literacy support that bridges the gap between classroom and at-home learning. No other decodable book on the market provides this level of support to readers, making it a distinctly different product."
Alignment with District Needs	The contract includes a description of how a vendor aligns with services that are necessary/important for the district.	"The purpose of this agreement is to set forth the requirements to establish a one-year service price agreement with [Vendor] whereas, the District is in need of high-impact tutoring to address gaps in knowledge and skills and accelerate learning in the most equitable way possible. This is evident through state standardized test scores (STAAR/EOC) and NWEA MAP scores and can be addressed through this

Vendor Description	Criteria for Coding "Yes"	Example Text
		intervention based on national and provider-specific data demonstrating the effectiveness of addressing academic learning needs through these high-impact tutoring services."
Alignment with District Context	The contract includes a description of how a vendor is a particularly good match for the students served in a particular district.	"The adoption and purchase of Instructional materials are made in compliance with Florida Statutes and Board Policy 2510. The Committee evaluation process ensures that selected materials are aligned with course standards and will properly serve as an effective instructional tool for teachers."
Alignment With District Strategy	The contract includes a description of how a vendor aligns with the strategic goals or initiatives of a district.	"[Vendor] is excited to partner with [District] to contribute to the district's 2021-2026 Strategic Plan: 1. Increasing the percentage of graduating seniors earning one college or career credit from 56% to 62% by the 2025-2026 school year. 2. Increase the percentage of high school students achieving grade-level performance on ELA state assessments through more frequent, effective writing across the curriculum."

Table 3: Coding Scheme for Outcomes-Based Contracting Elements in Contracts (RQ2)

OBC Standard of Excellence	Criteria for Coding "1 = Yes"	Example Text
Target population defined	The contract identifies a specific student population that benefits from services or products purchased.	"[District] staff will select 3rd and 4th grade students for services who score a level 1, level 2, or low level 3 as evidenced by the 2023 administration of the Florida Standards Assessment, with confirmation from READ USA pre-assessment data. Students with the greatest need for reading and writing intervention will have priority in selection for the program."
Clear outcomes identified	The contract identifies student or teacher-level outcomes associated with the product or services being purchased.	"[District] and [Vendor leadership will work in partnership to: a. Demonstrate a year-over-year increase in student enrollment. b. Ensure that all students participate in 9th-grade immersion experiences in both maritime and aerospace. c. Commit to supporting each student in identifying an educational career pathway by their junior year of high school…"
Contingent Payments	The contract outlines a payment scheme that makes total payment contingent upon student-level outcomes being met.	"[Vendor] is entering into an Outcomes Based Contract with the District, wherein 50% of the overall contract value will be contingent on meeting the agreed-upon student outcomes

OBC Standard of Excellence	Criteria for Coding "1 = Yes"	Example Text
		as measured by adequate or exceeding growth 50-65 and >65 and projected %ile rank (to be verified and added an amendment) on the end of year STAR-Renaissance"
Mutual Accountability	The contract includes structures in which vendors and districts regularly convene to check on the progress of the contract.	"The District and the Provider will also convene no more frequently than every two weeks… to discuss Program implementation, progress on payment and process outcomes, and any challenges to student participation with the goal of mutual problem-solving to achieve District goals."
Continuous Improvement	The contract includes a description of continuous improvement processes, such as data sharing and progress monitoring.	"This will allow for an additional progress monitoring data point for participating students to inform core instruction."

Findings

In this section, we describe our findings gleaned from our coding of contracts. For findings related to RQ1 and RQ2, we present estimates across four groups: our total sample, within OBC Contracts, within non-OBC Contracts from vendors participating in the SEF OBC Cohorts, and within non-OBC Contracts from districts participating in the SEF OBC Cohorts. The latter three categories are mutually exclusive.

RQ 1: What do contracts typically contain in terms of vendor description?

Most contracts contain minimal or no description of vendor quality or alignment with district needs. Across the entire sample of 123 contracts, only 32.5% include any of the vendor descriptors that we tracked - quality, alignment to need, context, or strategy. Roughly two-thirds lack description about why

that vendor or product was chosen or what made it suitable for use in the district. The most basic contracts listed the vendor's name, contact information, the scope of work, often in generic terms, and standard legal clauses, offering no narrative about the vendor's capabilities or the objectives of the partnership.

Contracts developed as part of the OBC Cohort were far more likely to include vendor descriptions. This contrast is consistent with the emphasis on documentation in the OBC training materials and the OBC template developed by SEF to train cohort districts. As shown in Table 4, 73.6% of OBC Contracts contain at least one of the vendor descriptors – more than double the rate of the general sample. Many of these contracts begin with several "whereas" clauses or an introductory section describing the context: the district's academic goal, the vendor's unique program, and how the two align. This language reflects the intentional design of OBC Contracts to be explicit about purpose and rationale.

Table 4: Prevalence of Vendor Descriptors in Contracts

Vendor Descriptor	Total Sample n = 123	OBC Cohort Contracts n = 19	Within OBC Vendors n = 25	Within OBC Districts n = 79
Vendor Quality	32.5%	73.6%	8.0%	29.1%
Alignment with district needs	30.9%	52.6%	4.0%	34.2%
Alignment with district context	15.4%	10.5%	0%	21.%
Alignment with district strategy	20.3%	42.1%	8.0%	20.2%
At least one of the above	32.5%	73.6%	8.0%	34.1%

By contrast, contracts from the same vendors developed outside of the OBC Cohort have virtually no such detail. In non-OBC contracts with Cohort vendors, only 8.0% have a vendor description. This stark difference (8.0% vs. 73.6%) suggests that the inclusion of vendor descriptors is not an inherent practice of those vendors, but rather a function of the district's contracting approach. In the OBC Cohorts, districts likely prompted or required vendors to articulate their value proposition in writing, whereas in typical contracts, the vendors did not volunteer this information, and districts did not ask for it.

Contracts from the cohort-participating districts with other vendors fall in between, with 34.1% including a vendor description. This pattern indicates that some of the districts in our sample occasionally include such information in their contracts, even when they are not going through an OBC process, perhaps due to internal policies or savvy procurement officers that led them to select to join the OBC Cohort. However, while more common than for vendors in non-OBC contracts, inclusion is still not common for these districts. The variance among districts is also considerable – a few districts demonstrate a practice of appending the vendor's proposal or a summary of it to the contract, thereby incorporating needs alignment and vendor background, while others use bare-bones templates.

Among the specific types of vendor information, the most common in our sample is a basic Vendor Quality description. Approximately one-third of contracts (32.5%) mentioned something specific about the vendor or product (e.g., research-based, "industry-leading,", a unique feature). Often, this description is a single positive phrase. In contrast, only 20.3% of contracts mention alignment with the district's strategic plan, 15.4% mention alignment with district context, and 30.9% mention alignment with a stated district need; these categories are not mutually exclusive. The relatively higher incidence of need alignment (30.9% overall) may reflect how contracts are often better at explicating needs, but less frequently discuss needs in relation to targeted outcomes. Such language appears in less than one-third of contracts overall.

OBC contracts contain vendor descriptors much more frequently than do the non-OBC contracts. Almost three-quarters describe vendor quality, over half describe alignment with district needs, and nearly half describe alignment with district strategy. OBC contracts, however, are no more likely to describe alignment with district context, and do so only 10.5% of the time. We observe the same trends as for the summative measure, with non-OBC contracts from OBC Cohort districts more likely to include these features than non-OBC contracts from OBC Cohort vendors, suggesting that OBC Cohort districts may be more inclined to utilize contracts than other districts with which the vendors work.

RQ 2: What is the prevalence of the OBC Standards of Excellence in our sample of contracts?

Typical contracts rarely include core elements of OBC, except for cohort contracts developed explicitly using the OBC framework. Table 5 displays the prevalence of each of the five OBC Standards of Excellence in our sample. Among the 123 contracts, 34.9% define a specific target population, and 33.3% specify clear outcomes associated with the contracted services or products. Only 19.5% include any provision that links payment to performance. Mutual accountability structures appear in 26.0% of the contracts, and 21.1% include a reference to continuous improvement processes.

Table 5: Prevalence of OBC Standards in Contracts

OBC Standards of Excellence	Total Sample n = 123	OBC Cohort Contracts n = 19	Within Cohort Vendors n = 25	Within Cohort Districts n = 79
Target population defined	34.9%	84.2%	16.0%	29.1%
Clear outcomes identified	33.3%	100%	8.0%	25.3%
Contingent Payments	19.5%	100%	4.0%	6.3%
Mutual Accountability	26.0%	78.9%	4.0%	20.2%
Continuous Improvement	21.1%	52.6%	8.0%	17.7%

The contracts developed through the SEF OBC Cohort initiative include OBC Standards at substantially higher rates. All 19 OBC contracts define specific outcome goals and include payment structures that tie compensation to the achievement of those goals. A majority – 84.2% – identify a target population, 78.9% include mutual accountability provisions, and 52.6% describe continuous improvement processes. These contracts consistently include appendices or sections with defined performance metrics, timelines, and monitoring procedures.

Contracts outside of the OBC Cohort contain OBC Standards far less frequently. Among contracts involving Cohort vendors working with non-Cohort districts, only 8.0% include clear outcomes, 4.0% contain contingent payment clauses, and 4.0% include mutual accountability mechanisms. Contracts from Cohort districts working with non-Cohort vendors include outcome definitions in 25.3% of cases and contingent payment structures in 6.3%. Mutual accountability appears in 20.2%, and continuous improvement in 17.7%. Cohort districts more frequently adopt OBC Standards than Cohort vendors do in their other contracts, but overall use of OBC Standards outside of the OBC Cohort experience remains limited.

The specificity of language also varies across contract types. Non-OBC contracts that mention outcomes often use general statements, such as “improve graduation rates” or “support reading gains,” without identifying metrics or benchmarks. These statements meet the criteria for outcome inclusion but do not establish rigorous measurement. In contrast, OBC contracts define measurable outcomes with explicit performance targets. Similarly, many non-OBC contracts imply the target population through general descriptions (e.g., “elementary students”), but only OBC contracts consistently identify specific student subgroups using data such as prior achievement or program eligibility.

Across all subsamples, continuous improvement processes are the least frequently included OBC Standard. When they appear, they often take the form of data-sharing agreements or progress-monitoring checkpoints. Mutual accountability clauses in OBC contracts usually describe recurring meetings, shared oversight, or collaborative problem-solving processes. These OBC Standards remain rare in contracts developed outside of the OBC Cohort process.

The findings for RQ2 show substantial variation in the inclusion of OBC Standards across the contract sample. While some contracts contain fragments of the OBC model, only those developed through the cohort experience consistently integrate outcome definitions, performance-based payment structures, and mechanisms to support mutual accountability and continuous improvement.

RQ3: What are the sources of variance in OBC Standards of Excellence and vendor information across contracts?

Given the variation in the prevalence of vendor quality descriptors and the OBC Standards of Excellence across different subsets of our sample, we examine two possible sources of variation: contract size, measured by what the district spent, and template usage.

Finding 3A: Larger contracts contain a higher prevalence of both the OBC Standards of Excellence and vendor descriptions.

We stratify the sample by contract dollar value and observe notable differences in the prevalence of OBC elements and vendor descriptors in the largest contracts. Table 6 summarizes these patterns across the full sample (n = 123), the subset of contracts exceeding $1 million (n = 18), and the subset of those that were OBC-aligned (n = 6). In contracts valued over $1 million, vendors and districts are more likely to include descriptive and performance-oriented language than in smaller contracts. This trend aligns with findings in the public administration literature, which suggest that contract management intensity often increases with contract size (Brown & Potoski, 2003).

Table 6: Prevalence of Vendor Descriptors and OBC Standards in *Large Contracts*

	Total Sample n = 123	Contracts over $1M n = 18	OBC Contracts over $1M n=6
OBC Standards of Excellence			
Target population defined	34.9%	44.4%	83.3%
Clear outcomes identified	33.3%	44.4%	100%
Contingent Payments	19.5%	33.3%	100%
Mutual Accountability	26.0%	33.3%	66.7%
Continuous Improvement	21.1%	33.3%	50%
Vendor Description			
Vendor Quality	32.5%	44.4%	66.7%
Alignment with district needs	30.9%	33.3%	50.0%
Alignment with district context	15.4%	5.5%	0%
Alignment with district strategy	20.3%	27.8%	50.0%
At least one of the above	32.5%	44.4%	83.3%

Note: Within the subsample of contracts > $1M (n=18), 6 were OBC Contracts, 9 were non-OBC Contracts from Cohort districts, and 3 were non-OBC Contracts from Cohort vendors.

Among contracts exceeding $1million, 44.4% include at least one vendor descriptor, compared to 32.5% across the full sample. Similarly, 44.4% of the large contracts define a target population and specify clear outcome measures, both rates substantially above those observed in the overall dataset. In terms of payment structure, 33.3% of these high-value contracts tie payment to performance

outcomes, compared to 19.5% in the full sample. These results suggest that the contract scale is associated with greater specificity in expectations and accountability mechanisms. As contract size increases, districts may require more rigorous contract language, and vendors may agree to outcome clauses in order to secure substantial contracts.

The OBC contracts within the >$1 million subgroup consistently exhibit stronger alignment with the Standards of Excellence. All six of these contracts include defined target populations and outcome goals, and all tie payments to performance. Moreover, they demonstrate a higher prevalence of language related to vendor quality and alignment with district needs and strategy. Notably, however, alignment with district context appears in only 5.5% of the contracts over $1 million, which is lower than the 15.4% we observe across all contracts. This lower prevalence may indicate that context is assumed in large, system-wide procurements, or it may reflect limitations in how contextual alignment was coded. Although our analysis covers only 18 contracts, the data suggest that the OBC framework may provide significant value in guiding districts to develop more effective large-scale contracts, with the potential to enhance student outcomes or, if poorly implemented, lead to inefficient use of district resources.

Several qualitative observations further illustrate the relationship between contract size and the presence of performance-oriented language. Many of the large non-OBC contracts fund comprehensive initiatives such as district-wide curriculum adoptions or multi-year instructional interventions. These contracts often undergo extensive procurement processes that require vendors to submit detailed descriptions of their products or services. In one district, for example, any curriculum contract exceeding a specific dollar threshold must include an “academic impact statement” outlining alignment with state standards and evidence of effectiveness. This requirement results in contract language that states, for instance, “the curriculum is aligned to state standards and was vetted for its scientific research base.” Another large contract, which supports a targeted literacy initiative, explicitly defines the student population to be served and includes specific outcome metrics. These features likely emerge due to both the scale of investment and the district’s formal procurement protocols.

Despite the association between contract value and rigor, not all large contracts show specificity in goals or evaluation criteria. The variation across contracts appears to be partially explained by district policy. One district in particular contributes multiple large contracts to the sample, each of which is shaped by a formal review committee that documents its findings within the contract language. In contrast, large contracts from districts without such policies often lack outcome measures or descriptive content, suggesting that institutional norms and administrative practices significantly influence contract quality.

Finding 3B: Standardized contract templates create uniformity but focus almost exclusively on legal compliance, not instructional outcomes.

All districts in our sample relied on standardized contract templates to ensure legal enforceability and procedural consistency. These templates typically included sections such as recitals, general provisions, vendor and district responsibilities, terms of the agreement, compensation, notification procedures, and compliance requirements related to state law, safety standards, service provider conduct, and data privacy. While these components are essential for protecting students and ensuring compliance with legal obligations, they do not address the central instructional purposes for which many contracts are developed— namely, to improve teaching and learning or to supplement existing educational offerings.

Districts underutilize templates as potential tools for articulating instructional goals and aligning internal and external stakeholders around outcome expectations. Few templates in our sample included sections explicitly focused on educational intent or expected results. The "Scope of Work" section typically serves as the location for describing the nature of the vendor's services. Yet in practice, this section often focuses on activities rather than outcomes. For example, contract language might state that "the vendor will provide 20 days of professional development workshops and coaching sessions," without specifying what those services are intended to accomplish in terms of student learning or educator effectiveness. As a result, the emphasis remains on deliverables rather than on measurable impacts.

While the standardized nature of templates ensures a baseline of legal sufficiency, it can also constrain contract customization. When templates do not prompt users to include performance expectations or instructional goals, these elements are rarely added independently. The absence of structured prompts for educational outcomes thus contributes to variability in contract quality and undermines efforts to link expenditures to improvements in student achievement.

Discussion

This study provides one of the first systematic analyses of district–vendor contracts for educational services, with a special focus on outcome-based practices. The findings reveal a clear gap between the OBC Standards of Excellence and the reality of most contracts in use today. Standard contracts primarily serve transactional and compliance-oriented purposes rather than functioning as strategic tools for improving student outcomes. Many contracts do not include basic information about vendor selection or expected success criteria. This omission highlights a disconnect in the educational procurement process: districts invest large sums in external providers to improve student learning, yet the contracts for those investments rarely mention student learning.

From a theoretical perspective, these findings underscore the tension between traditional public procurement paradigms, which are rooted in legalism, risk avoidance, and inputs, and modern

performance management ideals, which focus on results and accountability. Public administration scholarship has long noted that government contracts often emphasize oversight of process and compliance rather than outcomes (e.g., Van Slyke, 2007). In the education sector, contracts that lack an outcome focus potentially contribute to challenges in holding private vendors accountable. When contracts do not specify outcome targets or link performance to consequences, vendors lack strong extrinsic incentives to deliver effective services beyond general client satisfaction. The principal–agent problem appears as districts (principals) delegate to vendors (agents) without contractual mechanisms that fully align the vendor's success with the district's goals for student outcomes, relying instead on trust and hope that the services will work. Rather than districts taking a passive role in contracting, our results indicate that they can actively use their buying power to align spending with student outcomes. OBC offers a promising tool to align these incentives more explicitly; however, it remains rare in K–12 procurement, except in isolated efforts, such as those in OBC Cohorts.

Contracts created in OBC Cohorts demonstrate that districts and vendors can write agreements with clear goals, shared responsibilities, and payment tied to results. The OBC Contracts in our sample demonstrate that outcome-focused, collaborative agreements are possible to foster in public education. These contracts include substantially greater detail and transparency, which suggests that adopting OBC Standards can enhance how contracts function as communication and accountability tools. For instance, an OBC Contract explicitly identifies the students to be served and expected outcomes, making it easier for the district to monitor implementation and for the public to understand what was purchased. The requirement for mutual accountability in OBC Contracts can foster a more collaborative partnership than a simple vendor-for-hire relationship, which may lead to better implementation on the ground (Honig, 2006).

These qualitative benefits are harder to measure in our study, but interviews with OBC Cohort members indicated that OBC Contracts improved trust and problem-solving between districts and vendors (Lu, Groom-Thomas, & Loeb, 2025). This finding supports the idea that educational partnerships with external organizations work best when participants share a clear purpose and engage in ongoing communication (Honig & Hatch, 2004).

Our findings also counsel caution. The rarity of OBC features outside of the OBC Cohort experience indicates barriers to wider adoption. Legal constraints may prohibit pay-for-performance contracts in education, as some states restrict the use of public funds from being contingent on outcomes due to procurement regulations. Cultural resistance can arise when district procurement offices prefer familiar contract language and want to avoid risk. Limited awareness may prevent districts from adopting OBC features if they are unaware of how to write such contracts or recognize their value.

Additionally, vendors may resist outcome contingencies unless they feel confident in their ability to deliver or unless it becomes a market expectation (Lu, Groom-Thomas, & Loeb, 2025). When operating outside of the OBC Cohort process, vendors in our study did not volunteer any outcome-based

provisions, indicating that district demand may be the primary driver of implementing the OBC framework. This pattern is consistent with other sectors, where moving to performance contracts often requires a push from the payers (the government) because these agreements require providers to accept more risk (Kettl, 2015; Heinrich, 2003).

Given the implementation requirements of OBC Contracts, districts must build capacity and receive technical assistance to effectively implement the framework. Model contract templates, legal guidelines, and training can help districts adopt this approach. The Southern Education Foundation's Center for OBC works to disseminate this knowledge. State education agencies or national organizations can encourage change by issuing recommended practices or tying grant funding to the use of OBC Contracts. As more evidence emerges that outcomes-based contracts demonstrably improve student results or program utilization, the approach could gain traction. Districts can also make smaller but valuable improvements to their existing contracting practice. For example, certain types of contracts – tutoring services or software with usage data – may be more amenable to outcome clauses (e.g., usage rates, assessment gains) and can serve as starting points for aligning contracts to student outcomes.

Another implication concerns transparency and public accountability. We found that most contracts do not explain why a district chose a particular vendor or what outcomes they expect, indicating that school boards and stakeholders often approve contracts without enough context. Increasing the informational content of contracts could improve governance. School boards can ask superintendents to include a brief statement of expected outcomes in contract approvals. In an era of learning recovery and high spending, taxpayers and oversight bodies, such as state auditors, may demand evidence of returns on these investments. Our research indicates that contracts currently lack adequate transparency. Broadly, the public sector is calling for reforms that shift procurement from compliance to improved outcomes. Education can follow suit by redefining procurement success as achieving results for students, rather than merely following rules and securing vendors. One policy analyst argues that the focus of public procurement should be shifted from compliance to outcomes by measuring how effectively government programs help their beneficiaries. In K–12, this shift means evaluating how contracts with private providers contribute to student learning and using those metrics in management decisions.

Our analysis suggests that contract templates act as a double-edged sword. In their current form, templates reinforce the status quo of compliance-centric contracts. However, when a district revises its template to include a section on "Goals and Outcomes" or a description of how the contract supports strategic goals, future contracts can systematically include those elements. This approach could be a powerful lever for change. It is a low-cost reform, as it simply involves modifying existing documents. The OBC Cohort experience demonstrates that districts can develop new template language; some districts created effective OBC addenda or templates. The challenge is ensuring legal clarity for the new

sections and training staff to complete them meaningfully.

Our study's findings contribute to the literature by empirically documenting the status quo and highlighting a pathway for improvement. While prior work discussed the idea of performance-based contracting in education (Hill, Pierce, Lawrence, & Guthrie, 1997) or noted the expansion of private involvement (Burch, 2006), we provide concrete data on contract contents and quantify how rarely contracts include outcome-oriented elements. This evidence can serve as a baseline for future research; researchers can use our coding scheme to track changes over time or compare across states. If outcomes-based contracting gains momentum, the percentage of contracts with targets and similar features will increase. Alternatively, if these numbers remain low, that would suggest deeper institutional inertia.

Notably, the presence of OBC features in contracts does not automatically guarantee better student outcomes – that question is beyond the scope of this study. An important next step for research is to correlate contract features with actual performance. Future research can examine whether districts that adopt OBC achieve larger gains or better vendor execution than those that do not. Although this study cannot answer this question, we identified which contracts include mechanisms that could theoretically drive better results. As more data accumulates, researchers will be able to evaluate the efficacy of OBC as a mechanism for better aligning spending with student outcomes.

Conclusion

Our analysis shows that instructional contracts in public education often lack key details and provisions that promote performance and accountability. Traditional contracts mainly focus on protecting the district legally and listing services. They rarely include student outcome goals, vendor track records, or plans for collaborative improvement.

Contracts designed under an outcomes-based contracting (OBC) framework are different: they include clear outcome targets, shared responsibilities, and incentives tied to success, building accountability into the contract itself. Comparing OBC Cohort contracts to conventional ones shows a stark contrast—almost all OBC contracts in our sample included clear outcome metrics and payment contingencies, while these features were almost entirely missing from the rest.

By adopting outcomes-based contracting, districts may fundamentally change how they manage partnerships. Contracts that explicitly focus on student outcomes can set clear expectations for results from the start. Vendors know that their compensation depends on delivering results, not just services. This approach may help ensure that public education funds lead to measurable benefits for students and may improve transparency by clearly showing stakeholders what outcomes are expected.

To realize the full potential of OBC, districts may need to adjust procurement practices, revise policies, and build capacity to draft and negotiate contracts with outcome clauses. Vendors may need to adapt by taking on performance risk and developing systems to track and report results. State policy can support this shift by requiring performance measures in certain contracts, such as tutoring agreements funded by government grants. At the same time, setting fair and realistic targets and maintaining collaborative relationships are likely important, as overly punitive approaches can harm partnerships or create narrow focus on metrics at the expense of quality.

The OBC Cohorts show that with goodwill and iterative adjustments, districts and providers can create contracts that are both rigorous and collaborative. Contracts can be more than legal documents—they can serve as governance tools that can either maintain the status quo or drive improvement. Today, most contracts support a compliance-oriented approach. With intentional effort, districts can redesign contracts to become tools for continuous improvement and accountability for student outcomes.

This study provides baseline data on current contracting practices and shows how contract practices can evolve by comparing them to OBC Contracts. For researchers, policymakers, and education leaders, the key takeaway is that contract content matters—it can be either a routine formality or a lever for better results. Reframing contracts as strategic tools may strengthen district–vendor relationships and improve the services students receive.

References

Brown, T. L., & Potoski, M. (2003). Contract-management capacity in municipal and county governments. *Public Administration Review, 63*(2), 153–164.

Burch, P. (2006). The new educational privatization: Educational contracting and the restructuring of public education. *Teachers College Record, 108*(12), 2582–2610. https://doi.org/10.1111/j.1467-9620.2006.00797.x

Forbes S. & Gordon N. (2012). When Educators Are the Learners: Private Contracting by Public Schools, *The B.E. Journal of Economic Analysis & Policy*, De Gruyter, *12*(1), 1-29.

Gramlich, E. M., & Koshel, P. P. (1975). *Educational performance contracting: An evaluation of an experiment.* Washington, DC: The Brookings Institution.

Heinrich, C. J., & Choi, Y. (2007). Performance-based contracting in social welfare programs. *The American Review of Public Administration, 37*(4), 409–435. https://doi.org/10.1177/0275074006297553

Heinrich, C. (2003). Measuring Public Sector Performance and Effectiveness. In *Handbook of Public*

Administration, Guy Peters and Jon Pierre, (eds.), London: Sage Publications, Ltd., pp. 25-37.

Hill, P. T., Pierce, J, Lawrence, C., & Guthrie, J. (1997). Reinventing public education: How contracting can transform America's schools. Chicago: University of Chicago Press.Kettl, D. F. (2015). "The Job of Government: Interweaving Public Functions and Private Hands." *Public Administration Review, 75*(2), 219–29. http://www.jstor.org/stable/24757413

Koning, P., & Heinrich, C. J. (2013). Cream skimming, parking and other intended and unintended effects of high-powered, performance-based contracts. *Journal of Policy Analysis and Management, 32*(3), 461–483. https://doi.org/10.1002/pam.21695

Lu, A., Groom-Thomas, L. & Loeb, S. (2025). Exploring the Potentials of Outcomes-Based Contracting: Findings from Initial Implementations. (EdWorkingPaper: 25-1145). Retrieved from Annenberg Institute at Brown University: https://doi.org/10.26300/8r8r-7f03

Maas, T. & Lake, R (2015). *A Blueprint for Effective and Adaptable School District Procurement*. CPRE Report.

McCormick, M., Hsueh, J., Weiland, C., & Banger, M. (2017). The challenge of sustaining preschool impacts: Introducing ExCEL P-3, a study from the Expanding Children's Early Learning Network. New York: NY: MDRC Policy Brief.

Schreier, M. (2012). *Qualitative content analysis in practice.* (Vols. 1-0). SAGE Publications Ltd, https://doi.org/10.4135/9781529682571

Van Slyke, D.M. (2007). Agents or Stewards: Using Theory to Understand the Government-Nonprofit Social Service Contracting Relationship, *Journal of Public Administration Research and Theory, 17*(2), 157–187, https://doi.org/10.1093/jopart/mul012

Williamson, O.E. (2002). The theory of the firm as governance structure: From choice to contract. *Journal of Economic Perspectives, 16* (3), pp. 171-195