



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2017 Wisconsin Act 267
[January 2018 Special Session
Assembly Bill 7]

Pay for Success Contracting

2017 Wisconsin Act 267 allows the Department of Administration (DOA) to use what the Act refers to as a “pay for success” contract model for certain services.

Specifically, the Act allows DOA to enter into a contract with a private organization, for which a majority of the total contract payment is specifically conditioned on the achievement of contractually identified performance measures.

Under this contract model, the private organization may provide social, employment, or correctional services to individuals. To determine if particular services to individuals are eligible for a pay for success contract, DOA must work in conjunction with the Departments of Children and Families (DCF), Corrections (DOC), Health Services (DHS), Workforce Development (DWD), or other state agency, as appropriate. Also, before entering a particular contract, DOA must determine that if its performance measures are achieved, the contract would result in significant performance improvements or significant savings.

DOA must notify the Joint Committee on Finance (JFC) when a pay for success contract is proposed. The notification must include a detailed description of the proposed contract and the proposed appropriation transfer. JFC has a 14-working day passive review period for approval of the contract. With some exceptions, the contract is generally exempt from state purchasing requirements.

An objective procedure must be defined for each pay for success contract, by which an independent evaluator must determine whether the performance measures in a contract were achieved. Also, upon completion of each pay for success contract, DOA must submit a report to JFC and the appropriate standing committees of the Legislature that describes the contract’s performance measures and the extent to which those measures were achieved. Likewise, any

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature’s Web site at: <http://www.legis.wisconsin.gov>.

other contracting state agency must submit a report to JFC and the appropriate standing committees that describes the outcome of the contract.

As a preliminary matter, the Act requires DCF, DOC, DHS, and DWD to each conduct a study to determine whether and how the pay for success contracting model could be utilized. When prepared, the reports must be submitted to JFC and the appropriate standing committees.

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