

State of Wisconsin



January 2018 Special Session
Assembly Bill 7

Date of enactment: **April 10, 2018**
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2017 WISCONSIN ACT 267

AN ACT *to create* 16.298 and 20.505 (1) (kp) of the statutes; **relating to:** pay for success contracting and making an appropriation.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 16.298 of the statutes is created to read:

16.298 Pay for success contracting. (1) DEFINITIONS. In this section:

(a) "Eligible services" means social, employment, or correctional services, as determined by the department in conjunction with the department of health services, department of corrections, department of children and families, department of workforce development, or other state agency, as appropriate.

(b) "Pay for success contract" means a contract authorized under sub. (2) (a).

(c) "Service provider" means a private organization, whether operated for profit or not for profit, that provides eligible services to individuals.

(d) "State agency" means any office, department, agency, institution of higher education, association, society, or other body in state government that is created or authorized to be created by the constitution or any law and is entitled to expend moneys appropriated by law, including any authority, but not including the legislature or the courts.

(2) CONTRACT EXECUTION. (a) The department may contract, including jointly with another state agency, with a service provider for the payment of moneys to the ser-

vice provider for the provision of eligible services to individuals.

(b) Each pay for success contract shall provide all of the following:

1. That a majority of the total contract payment is conditioned on the service provider achieving performance measures, as specified in the contract, toward the outcome of the contract objectives.

2. A defined objective procedure by which an independent evaluator is required to determine whether the performance measures specified under subd. 1. have been achieved.

3. A schedule of the amounts and timing of payments to be earned by the service provider during each year or other specified period of the contract.

(c) For each pay for success contract, the department may not execute the contract unless all of the following occur first:

1. The department determines that the contract is expected to result in significant performance improvements or significant budgetary savings for the state if the contract objectives specified in the proposed contract are achieved.

2. The department notifies the joint committee on finance in writing of the proposed contract. The notification shall describe in detail the department's proposal for

* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

the contract and shall identify all appropriations from which the department proposes to transfer moneys to the appropriation under s. 20.505 (1) (kp) and the amounts the department proposes to transfer. If the cochairpersons of the committee do not notify the department within 14 working days after the date of the department's notification that the committee has scheduled a meeting for the purpose of reviewing the proposed contract, the department may execute the contract as proposed in its notification, and the secretary may make each proposed transfer. If, within 14 working days after the date of the department's notification, the cochairpersons of the committee notify the department that the committee has scheduled a meeting for the purpose of reviewing the proposed contract, the department may execute the contract and the secretary may transfer moneys to the appropriation under s. 20.505 (1) (kp) only with the approval of the committee.

(3) **CONTRACT PAYMENTS.** (a) For each pay for success contract, from the appropriation under s. 20.505 (1) (kp), the department shall make payments under sub. (2) (b) 3. subject to the contract terms.

(b) For each pay for success contract, the secretary shall transfer the following moneys, if any, from the appropriation under s. 20.505 (1) (kp) to the appropriation from which the moneys were transferred under sub. (2) (c) 2.:

1. If the contract is terminated or otherwise expires, an amount equal to the amount transferred to the appropriation under s. 20.505 (1) (kp) but not expended under the contract.

2. Any amount the department recovers from a service provider for overpayment under the contract and any amount the department otherwise recovers under the terms of the contract.

(4) **REPORTS.** (a) Upon completion of each pay for success contract, the department shall submit a report to the joint committee on finance and the appropriate standing committees of the legislature under s. 13.172 (3) that describes in detail the performance measures specified for the contract under sub. (2) (b) 1. and the extent to which those performance measures were achieved.

(b) Upon completion of each pay for success contract under which another state agency jointly contracts with the department under sub. (2) (a), the other state agency shall submit to the joint committee on finance and the appropriate standing committees of the legislature under s. 13.172 (3) a report that describes in detail the outcomes of the contract.

(5) **PURCHASING EXEMPTION.** A contract is subject to ss. 16.753 and 16.765, but is otherwise exempt from subch. IV.

SECTION 2. 20.505 (1) (kp) of the statutes is created to read:

20.505 (1) (kp) *Pay for success contracts.* All moneys transferred under s. 16.298 (2) (c) 2. for the purpose of administering contracts under s. 16.298 and making contract payments under s. 16.298 (3) (a).

SECTION 3. Nonstatutory provisions.

(1) **AGENCY STUDIES AND REPORTS.** The departments of health services, corrections, children and families, and workforce development shall each conduct a study of the programs it administers to determine whether and how pay for success contracting under section 16.298 of the statutes could be utilized as an alternative to current funding models for the provision of services under the programs. Each of those departments shall submit to the joint committee on finance and the appropriate standing committees of the legislature under section 13.172 (3) of the statutes a report that details its findings from the study.