



State of Wisconsin
2017 - 2018 LEGISLATURE

January 2018 Special Session

LRBs0288/1
MPG:ahe&amn

**SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 7**

February 9, 2018 - Offered by JOINT COMMITTEE ON FINANCE.

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

Analysis by the Legislative Reference Bureau

This substitute amendment authorizes the Department of Administration to contract with a private service provider for payments to provide social, employment, or correctional services to individuals.

DOA may not execute a contract under the substitute amendment unless DOA determines that the contract is expected to result in significant performance improvements or significant budgetary savings for the state if the contract objectives are achieved. Additionally, each contract under the substitute amendment is subject to approval by the Joint Committee on Finance and must include all of the following:

1. A requirement that a majority of the total contract payment must be conditioned on the service provider achieving certain performance measures 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 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.

The substitute amendment also requires the Departments of Health Services, Corrections, Children and Families, and Workforce Development to submit, after study, reports to the legislature concerning the programs those departments

administer and advise whether and how the kind of contracting provided for under the substitute amendment could be utilized as an alternative to current funding models for those agencies' provision of program services.

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

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

2 **16.298 Pay for success contracting. (1) DEFINITIONS.** In this section:

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

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

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

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

15 **(2) CONTRACT EXECUTION.** (a) The department may contract, including jointly
16 with another state agency, with a service provider for the payment of moneys to the
17 service provider for the provision of eligible services to individuals.

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

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

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

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

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

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

14 2. The department notifies the joint committee on finance in writing of the
15 proposed contract. The notification shall describe in detail the department's
16 proposal for the contract and shall identify all appropriations from which the
17 department proposes to transfers moneys to the appropriation under s. 20.505 (1)
18 (kp) and the amounts the department proposes to transfer. If the cochairpersons of
19 the committee do not notify the department within 14 working days after the date
20 of the department's notification that the committee has scheduled a meeting for the
21 purpose of reviewing the proposed contract, the department may execute the
22 contract as proposed in its notification, and the secretary may make each proposed
23 transfer. If, within 14 working days after the date of the department's notification,
24 the cochairpersons of the committee notify the department that the committee has
25 scheduled a meeting for the purpose of reviewing the proposed contract, the

1 department may execute the contract and the secretary may transfer moneys to the
2 appropriation under s. 20.505 (1) (kp) only with the approval of the committee.

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

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

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

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

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

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

