



**WISCONSIN LEGISLATIVE COUNCIL  
AMENDMENT MEMO**

**January 2018 Special Session  
Assembly Bill 7**

**Assembly Substitute  
Amendment 1**

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**JANUARY 2018 SPECIAL SESSION ASSEMBLY BILL 7**

January 2018 Special Session Assembly Bill 7 allows the Department of Administration (DOA) to contract with a private organization to provide social, employment, or correctional services, for which payment on the contract is specifically conditioned on the achievement of contractually identified performance measures. The bill refers to a contract under this model as a “pay for success contract.”

DOA must determine that a particular pay for success contract will result in significant performance improvements or significant savings, and must submit a proposed contract to the Joint Committee on Finance (JFC), before it may enter into the contract. JFC has a 14-working day period upon that notification to determine if a meeting will be held to review the contract, and, if a meeting is scheduled, DOA may execute the contract only with the committee’s approval. With some exceptions, the contract is generally exempt from state purchasing requirements.

For each pay for success contract, DOA must deposit a sufficient amount to cover payments that may become due under the contract into a pay for success trust fund, up to a maximum fund balance of \$20 million. Upon completion of each pay for success contract, DOA must submit a report to the appropriate standing committees of the Legislature that describes the contract’s performance measures and the extent to which those measures were achieved. DOA must also return any amounts not expended under the contract to the general fund.

The bill also requires the Departments of Children and Families (DCF), Corrections (DOC), Health Services (DHS), and Workforce Development (DWD) to study the programs that each department administers to determine whether the pay for success contract model could be

used as an alternative model for services in the programs. When prepared, the reports must be submitted to JFC and the appropriate standing committees of the Legislature.

### **ASSEMBLY SUBSTITUTE AMENDMENT 1**

Assembly Substitute Amendment 1 to the bill maintains the general pay for success contract model that is authorized in the bill, but makes the following revisions:

- Removes references to a local governmental unit participating in the contract.
- Removes the pay for success trust fund and its \$20 million limit and instead requires DOA to transfer the approved contract funds to an appropriation for the pay for success contract program.
- Adds that DOA would work in conjunction with DCF, DOC, DHS, and DWD, or other state agency, as appropriate, to determine the social, employment, and correctional services that are eligible for a pay for success contract.
- Adds that DOA must submit the report upon completion of a contract to JFC, in addition to submitting it to the appropriate standing committees, as specified in the bill.

### **BILL HISTORY**

The JFC introduced Assembly Substitute Amendment 1 on February 8, 2018. That same day the committee recommended adoption of the substitute amendment, and recommended passage of the bill, as amended, on votes of Ayes, 12; Noes, 4.

On February 15, 2018, the Assembly adopted the substitute amendment on a voice vote, and passed the bill, as amended, on a vote of Ayes, 62; Noes, 35.

MSK:jal;mcm