

### Fiscal Estimate - 2017 Session

Original     
  Updated     
  Corrected     
  Supplemental

|                             |  |
|-----------------------------|--|
| LRB Number <b>17-5218/1</b> | Introduction Number <b>AB-0007 (JR8)</b> |
|-----------------------------|--|

**Description**  
 pay for success contracting, establishment of pay for success trust fund, and making an appropriation

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate

|  |  |   |
|--|--|---|
| <input type="checkbox"/> Increase Existing Appropriations<br><input type="checkbox"/> Decrease Existing Appropriations<br><input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues<br><input type="checkbox"/> Decrease Existing Revenues | <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br><input type="checkbox"/> Yes <input type="checkbox"/> No<br><input type="checkbox"/> Decrease Costs |
|--|--|---|

**Local:**

No Local Government Costs  
 Indeterminate

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|--|--|--|
| 1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>4. <input type="checkbox"/> Decrease Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected<br><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|--|

|  |                                       |
|--|---------------------------------------|
| <b>Fund Sources Affected</b>   | <b>Affected Ch. 20 Appropriations</b> |
| <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS |                                       |

|   |   |                          |
|---|---|--------------------------|
| <b>Agency/Prepared By</b><br>DCF/ Sasha Bong (608) 422-6348 | <b>Authorized Signature</b><br>Kim Swissdorf (608) 422-6351 | <b>Date</b><br>1/30/2018 |
|---|---|--------------------------|

## Fiscal Estimate Narratives

DCF 1/30/2018

|   |                                   |                        |
|---|-----------------------------------|------------------------|
| LRB Number 17-5218/1  | Introduction Number AB-0007 (JR8) | Estimate Type Original |
| <b>Description</b><br>pay for success contracting, establishment of pay for success trust fund, and making an appropriation |                                   |                        |

### Assumptions Used in Arriving at Fiscal Estimate

The bill creates a "pay for success" contracting structure and associated nonlapsible trust fund to finance contracts held by the Department of Administration (DOA) with a private service provider for payments to provide social, employment, or correctional services to individuals. The Department of Administration may contract jointly with another state agency or local government. The department may only execute a "pay for success" contract if it determines the contract is expected to result in significant performance improvements or significant budgetary savings for the state or a local government if the contract objectives are achieved. Each "pay for success" contract must be approved by the Joint Committee on Finance under 14-day passive review. Upon completion of a pay for success contract, DOA or the other state agency with which DOA jointly contracts must submit a report to the appropriate standing committees of the Legislature describing the contract outcomes in detail.

The bill requires the Department of Children and Families (DCF) to study and submit a report to the Joint Committee on Finance and appropriate standing committees of the Legislature about the programs DCF administers and whether and how the "pay for success" contract model could be used as an alternative to current funding models for DCF services.

Fulfilling this requirement will require that staff time be dedicated to learning about the "pay for success" model, evaluating DCF programs for "pay for success" appropriateness, and compiling DCF's report to the Legislature. The exact number of hours involved in satisfying this reporting requirement, and its fiscal effect, is unknown at this time.

Additional fiscal effects may result from the bill if a DCF program is selected for the "pay for success" model. The role of federal funding and regulations may also warrant consideration, depending on the program chosen.

### Long-Range Fiscal Implications