

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

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|-----------------------------|---|
| LRB Number 17-5282/1 | Introduction Number SB-007 (JR8) |
|-----------------------------|---|

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

Local:

No Local Government Costs
 Indeterminate

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|--|--|--|
| 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
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| | |
|---|---------------------------------------|
| Fund Sources Affected | Affected Ch. 20 Appropriations |
| <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.505(1)(rm); 20.505(1)(a), et seq. | |

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|------------------------------------|-------------------------------|-------------|
| Agency/Prepared By | Authorized Signature | Date |
| DOA/ Kris Frederick (608) 261-2292 | Colleen Holtan (608) 266-1359 | 2/1/2018 |

Fiscal Estimate Narratives

DOA 2/1/2018

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|---|-------------------------------------|------------------------|
| LRB Number 17-5282/1 | Introduction Number SB-007 (JR8) | Estimate Type Original |
| Description pay for success contracting, establishment of pay for success trust fund, and making an appropriation | | |

Assumptions Used in Arriving at Fiscal Estimate

Special Session Senate Bill 7 (SB 7) authorizes the Department of Administration (DOA) to contract with a private service provider for payments to provide social, employment, or correctional services to individuals. A majority of the total payment for each contract must be conditioned on the service provider achieving performance measures toward the outcome of the contract objectives. For each pay for success contract, DOA must determine that the contract is expected to result in significant performance improvements or significant budgetary savings.

The bill also creates a trust fund to be known as the "pay for success trust fund" from which payments under such contracts will be made. The trust fund is funded from the general fund (not to exceed \$20 million) through the newly created 20.505(1)(rm).

Prior to executing any pay for success contract, DOA must the notify the joint committee on finance in writing of the proposed contract. Each contract is then subject to 14-day passive review by the joint committee on finance. Subsequent to approval, the Secretary of DOA shall transfer from the general fund to the pay for success trust fund an amount sufficient to administer the contract and make all payments that may become due over the effective period of the contract.

DOA is required, at the completion of each pay for success contract, to submit a report to the appropriate legislative committees describing the extent to which the performance measure in the contract were achieved.

Depending on the number of contracts approved, the fiscal impact of the pay for success trust fund (20.505(1)(rm)) could be up to (not to exceed) \$20 million GPR.

DOA will also incur costs associated with the administration of the pay for success contract program, including the solicitation and review of proposals, contract negotiation, contractor performance monitoring, payment of amounts due and development of the final report for each contract. For purposes of this estimate, it is anticipated that the State Bureau of Procurement would handle any proposals or solicitation, the State Budget Office would be the lead group for evaluating any proposal, the Division of Legal Services would develop/negotiate any contracts, and the Bureau of Financial Management would process invoices and payments. Contract performance monitoring would be jointly coordinated between these DOA Divisions and any other participating state agencies.

Because the number and scope of any pay for success contracts that would be implemented cannot be predicted, a specific fiscal impact for the program administration component cannot be estimated. However, for purposes of this fiscal estimate, DOA assumes that the workload can be absorbed with existing resources.

Long-Range Fiscal Implications