

1 SECTION 1. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 9010.1 of Title 62, unless there
3 is created a duplication in numbering, reads as follows:

4 This act shall be known and may be cited as the "Pay for Success
5 Act".

6 SECTION 2. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 9010.2 of Title 62, unless there
8 is created a duplication in numbering, reads as follows:

9 A. It is the intent of the Legislature, through enactment of
10 the Pay for Success Act, to:

11 1. Authorize innovation opportunities in the form of pay-for-
12 success contracts and authorize success payments to be made from
13 appropriated or other agency funds;

14 2. Address outcomes that span the mission and purpose of
15 multiple agencies; and

16 3. Provide a fund that may be used by agencies for success
17 payments.

18 B. It is the intent of the Legislature that nothing in this act
19 shall prohibit the use of pay-for-success contracts by
20 municipalities, counties or other local jurisdictions.

21 SECTION 3. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 9010.3 of Title 62, unless there
23 is created a duplication in numbering, reads as follows:

24 As used in the Pay for Success Act:

1 1. "Pay-for-success contract" or "contract" means a written
2 agreement executed in order to create a public-private partnership
3 contingent upon a specified service or program meeting specified
4 performance targets and outcome measures; and

5 2. "Success payment" means a single payment or schedule of
6 payments that is identified in a pay-for-success contract to be paid
7 when specified performance targets and outcome measures are met.

8 SECTION 4. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 9010.4 of Title 62, unless there
10 is created a duplication in numbering, reads as follows:

11 A. An agency or agencies may enter into a pay-for-success
12 contract with a private entity or entities to receive up-front
13 capital to fund a service or program. The agency or agencies may
14 not enter into a pay-for-success contract until each state agency
15 head entering into the contract determines with reasonable certainty
16 that the contract will result in a public benefit to the state.

17 B. Each pay-for-success contract shall:

18 1. Require a private entity to underwrite or secure up-front
19 capital from private funding sources, including foundations,
20 financial institutions, businesses or individuals;

21 2. Identify the specific service or program to be funded under
22 the contract;

23 3. Identify performance targets and outcome measures against
24 which the service or program's success can be measured to determine

1 whether the service or program has achieved quantifiable public
2 benefits or monetary savings;

3 4. Require and specify an independent third-party evaluator to
4 review and issue reports annually at specific times during the
5 contract term specifying the degree to which the service or program
6 has met the identified performance targets and outcome measures
7 specified in the contract;

8 5. Identify the calculation or algorithm to be used by the
9 agency or agencies in determining the amount and timing of
10 reimbursable success payments to the private entity;

11 6. Contain a statement that the independent third-party
12 evaluator will annually provide a report to the agency or agencies
13 that includes data deemed relevant by the agency or agencies; and

14 7. State that the amount of funds to be reimbursed to the
15 private entity is contingent upon the degree to which the service or
16 program has met the performance targets and outcome measures as
17 evaluated by the independent third-party evaluator.

18 C. No later than April 1 annually, the agency or agencies shall
19 provide a report to the chairs of the legislative appropriations
20 committees that contains the evaluation from the independent third-
21 party evaluator.

22 D. Payments to private entities for the delivery of performance
23 targets and outcome measures as authorized in this section shall be
24 made only in accordance with the terms of the pay-for-success

1 contract. Payments may be made utilizing the Pay for Success
2 Innovation Fund created in Section 5 of this act or utilizing other
3 appropriated agency funds in accordance with Oklahoma law.

4 SECTION 5. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 9010.5 of Title 62, unless there
6 is created a duplication in numbering, reads as follows:

7 A. There is hereby created in the State Treasury a revolving
8 fund for the Office of Management and Enterprise Services to be
9 designated the "Pay for Success Innovation Fund". The fund shall be
10 a continuing fund, not subject to fiscal year limitations, and shall
11 consist of all monies designated by state agencies to the Pay for
12 Success Innovation Fund and monies which may otherwise be available
13 to the Office of Management and Enterprise Services for use as
14 provided for in this section.

15 B. All monies appropriated to the fund shall be budgeted and
16 expended by the Office of Management and Enterprise Services for the
17 purpose of funding contracts as authorized by this act. Pursuant to
18 contract, the Office of Management and Enterprise Services shall
19 provide payment to private entities for the delivery of performance
20 targets and outcome measures at the direction of the agency engaged
21 in the contract and only in accordance with the terms of the pay-
22 for-success contract.

23 C. To the extent that any money credited to this fund for a
24 particular pay-for-success contract remains unpaid at the time the

1 particular contract expires or is terminated, as soon after the
2 contract expiration as is practicable, the Office of Management and
3 Enterprise Services shall return the unpaid amount to the agency to
4 which the money was originally appropriated.

5 D. The Office of Management and Enterprise Services may enter
6 into memorandums of understanding with other agencies and promulgate
7 rules as necessary to administer this section and pay-for-success
8 contracts entered into under this section.

9 SECTION 6. This act shall become effective November 1, 2019.

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11 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
12 02/14/2019 - DO PASS, As Coauthored.

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