

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1147 Session of 2015

INTRODUCED BY SCHLOSSBERG, DERMODY, HANNA, MARKOSEK, FRANKEL, YOUNGBLOOD, GOODMAN, STURLA, BROWNLEE, SCHREIBER, PASHINSKI, DONATUCCI, KINSEY, DEAN, WATERS, M. DALEY, COHEN, MURT, McNEILL, FABRIZIO, DAVIS, WHEATLEY, THOMAS AND ROEBUCK, JUNE 1, 2015

REFERRED TO COMMITTEE ON STATE GOVERNMENT, JUNE 1, 2015

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled,
 2 as amended, "An act relating to the finances of the State
 3 government; providing for the settlement, assessment,
 4 collection, and lien of taxes, bonus, and all other accounts
 5 due the Commonwealth, the collection and recovery of fees and
 6 other money or property due or belonging to the Commonwealth,
 7 or any agency thereof, including escheated property and the
 8 proceeds of its sale, the custody and disbursement or other
 9 disposition of funds and securities belonging to or in the
 10 possession of the Commonwealth, and the settlement of claims
 11 against the Commonwealth, the resettlement of accounts and
 12 appeals to the courts, refunds of moneys erroneously paid to
 13 the Commonwealth, auditing the accounts of the Commonwealth
 14 and all agencies thereof, of all public officers collecting
 15 moneys payable to the Commonwealth, or any agency thereof,
 16 and all receipts of appropriations from the Commonwealth,
 17 authorizing the Commonwealth to issue tax anticipation notes
 18 to defray current expenses, implementing the provisions of
 19 section 7(a) of Article VIII of the Constitution of
 20 Pennsylvania authorizing and restricting the incurring of
 21 certain debt and imposing penalties; affecting every
 22 department, board, commission, and officer of the State
 23 government, every political subdivision of the State, and
 24 certain officers of such subdivisions, every person,
 25 association, and corporation required to pay, assess, or
 26 collect taxes, or to make returns or reports under the laws
 27 imposing taxes for State purposes, or to pay license fees or
 28 other moneys to the Commonwealth, or any agency thereof,
 29 every State depository and every debtor or creditor of the
 30 Commonwealth," providing for Pay for Success Contracts.

1 The General Assembly of the Commonwealth of Pennsylvania
2 hereby enacts as follows:

3 Section 1. The act of April 9, 1929 (P.L.343, No.176), known
4 as The Fiscal Code, is amended by adding an article to read:

5 ARTICLE XVII-E.2

6 PAY FOR SUCCESS CONTRACTS

7 Section 1701-E.2. Applicability.

8 This article applies to appropriations from every General
9 Appropriation Act or other act making an appropriation.

10 Section 1702-E.2. Definitions.

11 The following words and phrases when used in this article
12 shall have the meanings given to them in this section unless the
13 context clearly indicates otherwise:

14 "Agency." An agency, department, board or commission of the
15 Commonwealth. The term does not include:

16 (1) An independent agency, board or commission of the
17 Commonwealth.

18 (2) A corporate or political body of the Commonwealth.

19 "Contract." A Pay for Success Contract authorized under this
20 article.

21 "Intermediary." A not-for-profit funding intermediary or
22 private funding intermediary created to coordinate raising
23 private investment capital and the delivery of programs by
24 service providers to citizens of this Commonwealth.

25 "Not-for-profit funding intermediary." An intermediary which
26 is exempt from Federal taxation under section 501(c)(3) of the
27 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
28 501(c)(3)).

29 "Office." The Office of the Budget.

30 "Private funding intermediary." An intermediary which is not

1 a not-for-profit funding intermediary.

2 "Private investment capital." Funding which does not include
3 money sourced from the Commonwealth or from an agency,
4 department, board, commission or other entity of the
5 Commonwealth.

6 "Program." The Pay for Success Program established under
7 section 1703-E.2.

8 "Secretary." The Secretary of the Budget.

9 "Service providers." Entities retained by an intermediary to
10 deliver programs to residents of this Commonwealth under a Pay
11 for Success Contract.

12 "Third-party evaluator." A person, organization or entity
13 contracted by the Commonwealth to be responsible for
14 independently determining whether the predefined performance
15 targets and outcomes for the Pay for Success Contract have been
16 achieved.

17 Section 1703-E.2. Pay for Success Program.

18 The Pay for Success Program is established under the Office
19 of the Budget.

20 Section 1704-E.2. Pay for Success Contracts.

21 (a) Authority.--

22 (1) Notwithstanding any law to the contrary, the office
23 may procure, or may authorize one or more agencies to
24 procure, contracts with one or more intermediaries to provide
25 evidence-based services to improve economic opportunity,
26 health or safety for Commonwealth residents.

27 (2) Each contract shall include:

28 (i) A requirement that payment to the intermediary
29 be conditioned on the achievement of specific outcomes
30 based on defined performance targets and outcomes based

1 on quantifiable public benefits and monetary savings.

2 (ii) An objective process by which a third-party
3 evaluator will determine whether the performance targets
4 and outcomes have been achieved.

5 (iii) A calculation of the amount and timing of
6 payments if performance targets and outcomes have been
7 achieved.

8 (3) Prior to the award of a contract, the secretary must
9 have determined that the contract will result in the
10 generation of quantifiable public benefits and monetary
11 savings by the Commonwealth, an agency or a local government
12 entity, or any combination thereof, through cost avoidance,
13 increased economic productivity or other factors as
14 determined by the secretary.

15 (b) Competitive procurement process.--Each contract shall be
16 procured in accordance with a request for proposal under 62
17 Pa.C.S. (relating to procurement), except that 62 Pa.C.S. §§ 514
18 (relating to small procurements) and 515 (relating to sole
19 source procurement) shall not apply to a contract awarded under
20 this article. For each contract to be procured, the office, and
21 if applicable the authorized agency, shall establish specific,
22 quantifiable performance targets and outcomes which are capable
23 of objective measurement.

24 (c) Scope of contracts.--Services that may be delivered
25 under contracts include:

26 (1) Early childhood care and education, including pre-
27 kindergarten education and services that address maternal and
28 child outcomes from pregnancy through two years of age.

29 (2) Education, work force preparedness and employment,
30 including school-to-work programs and alternative education

1 services.

2 (3) Public safety, including programs that reduce
3 recidivism and address juvenile justice.

4 (4) Health and human services, including drug and
5 alcohol addiction treatment, mental health, chronic
6 homelessness, supportive housing and child welfare.

7 (5) Long-term living and home-based and community-based
8 services.

9 (d) Documentation of capital.--An intermediary's private
10 investment capital shall be documented at the commencement, and
11 then throughout the full term, of a contract.

12 Section 1705-E.2. Payment.

13 (a) Payment authorized.--Except as provided in subsection
14 (b), the office or an agency that has entered into a contract is
15 authorized to pay the intermediary from appropriations made for
16 the programs or activities which are the subject of the
17 contract.

18 (b) Performance and savings.--Neither the office nor an
19 agency may make a payment to an intermediary under a contract
20 until a third-party evaluator has verified and the office has
21 affirmed that:

22 (1) The performance targets and outcomes specified in
23 the contract have been achieved.

24 (2) The savings or other benefits delineated in the
25 contract have been achieved or received.

26 Section 2. This act shall take effect immediately.