

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 115 Session of 2015

INTRODUCED BY WILEY, COSTA, FONTANA, BLAKE, GREENLEAF, BREWSTER, TARTAGLIONE, TEPLITZ, WOZNIAK AND HAYWOOD, MAY 14, 2015

REFERRED TO STATE GOVERNMENT, MAY 14, 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.

31 The General Assembly of the Commonwealth of Pennsylvania  
 32 hereby enacts as follows:

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

3 ARTICLE XVII-E.2

4 PAY FOR SUCCESS CONTRACTS

5 Section 1701-E.2. Applicability.

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

8 Section 1702-E.2. Definitions.

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

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

14 (1) An independent agency, board or commission of the  
15 Commonwealth.

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

17 "Contract." A Pay for Success Contract authorized under this  
18 article.

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

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

27 "Office." The Office of the Budget.

28 "Private funding intermediary." An intermediary which is not  
29 a not-for-profit funding intermediary.

30 "Private investment capital." Funding which does not include

1 money sourced from the Commonwealth or from an agency,  
2 department, board, commission or other entity of the  
3 Commonwealth.

4 "Program." The Pay for Success Program established under  
5 section 1703-E.2.

6 "Secretary." The Secretary of the Budget.

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

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

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

16 The Pay for Success Program is established under the Office  
17 of the Budget.

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

19 (a) Authority.--

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

25 (2) Each contract shall include:

26 (i) A requirement that payment to the intermediary  
27 be conditioned on the achievement of specific outcomes  
28 based on defined performance targets and outcomes based  
29 on quantifiable public benefits and monetary savings.

30 (ii) An objective process by which a third-party

1 evaluator will determine whether the performance targets  
2 and outcomes have been achieved.

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

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

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

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

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

27 (2) Education, work force preparedness and employment,  
28 including school-to-work programs and alternative education  
29 services.

30 (3) Public safety, including programs that reduce

1 recidivism and address juvenile justice.

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

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

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

10 Section 1705-E.2. Payment.

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

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

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

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

24 Section 2. This act shall take effect immediately.