

1 A bill to be entitled
 2 An act relating to pay-for-success contracts; creating
 3 s. 287.05715, F.S.; establishing the pay-for-success
 4 contract program within the Department of Management
 5 Services; authorizing the department to negotiate and
 6 enter into pay-for-success contracts pursuant to which
 7 certain not-for-profit entities are paid for
 8 contractual services to address certain public
 9 problems if successfully achieved according to an
 10 independent evaluation; providing contract
 11 requirements; directing the Office of Economic and
 12 Demographic Research to provide certain assistance to
 13 the department; exempting pay-for-success contracts
 14 from competitive procurement requirements; authorizing
 15 the department to develop model contracts and adopt
 16 rules; providing an effective date.

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 18 Be It Enacted by the Legislature of the State of Florida:

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 20 Section 1. Section 287.05715, Florida Statutes, is created
 21 to read:

22 287.05715 Pay-for-success contracts.-
 23 (1) There is established within the department the pay-
 24 for-success contract program. Subject to legislative
 25 appropriation and express authorization in the General
 26 Appropriations Act, the department, in consultation with the

27 appropriate agency, may negotiate and enter into a pay-for-
28 success contract with a private, not-for-profit entity exempt
29 from federal income taxation pursuant to s. 501(c)(3) of the
30 Internal Revenue Code of 1986, as amended, pursuant to which:

31 (a) The Legislature identifies a critical public problem
32 with historically poor outcomes.

33 (b) The private, not-for-profit entity underwrites or
34 secures upfront capital from private funders, such as
35 foundations, banks, or businesses, to underwrite a project to
36 address the public problem.

37 (c) The private, not-for-profit entity administers the
38 project by subcontracting with one or more service providers to
39 perform contractual services to address the public problem.

40 (d) The department contracts with an independent,
41 nationally recognized evaluator to evaluate the project's
42 success.

43 (e) The department, in consultation with the agency but
44 through the independent evaluator, evaluates the project's
45 success at addressing the public problem through achievement of
46 performance outcome measures established in the contract.

47 (f) The department timely pays the private, not-for-profit
48 entity pursuant to the contract based on the extent to which the
49 project achieved the performance outcome measures according to
50 the independent evaluation of the project's success. If any
51 funds appropriated for the project are not authorized to be paid
52 under the contract due to the project's failure to achieve

53 performance outcome measures, the remaining funds shall revert
54 to the fund from which the appropriation was made.

55 (2) In approving a pay-for-success contract, the
56 department must require that:

57 (a) The private, not-for-profit entity is prohibited from
58 receiving or viewing a project participant's personal
59 identifying information.

60 (b) Project participants, or their parents or guardians,
61 give written permission for the participant's personal
62 identifying information to be shared with an independent
63 evaluator for research and evaluation purposes and that the
64 private, not-for-profit entity maintain documentation of such
65 permission.

66 (c) The private, not-for-profit entity submit an annual
67 report to the department in the format and containing the data
68 prescribed by the department.

69 (3) A pay-for-success contract may be initiated in any one
70 fiscal year and extend into the next fiscal year, and
71 appropriations from either or both fiscal years may be expended
72 pursuant to the contract.

73 (4) The Office of Economic and Demographic Research, upon
74 request by the department, shall provide assistance in the
75 development of performance outcome measures for a pay-for-
76 success contract and shall estimate the cost savings to the
77 state of the implementation of a pay-for-success contract.

78 (5) The procurement requirements of s. 287.057 do not

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79 apply to funding for a pay-for-success contract.

80 (6) The department may develop model pay-for-success
81 contracts and adopt rules to administer this section.

82 Section 2. This act shall take effect upon becoming a law.