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**REPORT OF THE
GENERAL GOVERNMENT SUBCOMMITTEE
(Cobb-Hunter, Lowe, Finlay, Bannister, and Daning – Blythe Littlefield, staff)**

SENATE BILL 318

S. 318 -- Senators Alexander and Davis: A BILL TO AMEND TITLE 11 OF THE 1976 CODE, RELATING TO PUBLIC FINANCE, BY ADDING CHAPTER 60, TO ENACT THE "SOUTH CAROLINA PAY FOR SUCCESS PERFORMANCE ACCOUNTABILITY ACT", TO ESTABLISH THE TRUST FUND FOR PERFORMANCE ACCOUNTABILITY TO FUND PAY-FOR-SUCCESS CONTRACTS, WHEREBY THE STATE CONTRACTS WITH A PRIVATE-SECTOR ORGANIZATION TO ACHIEVE SPECIFICALLY DEFINED MEASUREABLE OUTCOMES IN WHICH THE STATE PAYS ONLY TO THE EXTENT THAT THE DESIRED OUTCOMES ARE ACHIEVED.

Received by Ways and Means: 2/28/2019

Summary of Bill: Creates a trust fund in the State Treasury for funding performance accountability pay-for-success contracts. Defines such contracts as an agreement in which the State contracts with a private-sector organization to achieve specifically defined measurable outcomes for a given population over a certain period of time and in which the State pays only to the extent that the desired outcomes are achieved. The bill also states that each year, a status report shall be provided by every state department, board, commission, committee, agency, or authority that has entered into a pay-for-success contract.

Estimated Revenue Impact: This bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds, as the State Treasurer will not incur any additional expense associated with the administration of the trust fund.

Subcommittee Recommendation: Favorable

Full Committee Recommendation:

Other Notes/Comments:

2nd Reading:

Amendments:

2nd Reading Vote:



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S. 0318	Amended by the Senate on February 26, 2019
Author:	Alexander	
Subject:	Pay for Success Performance Accountability Act	
Requestor:	House Ways and Means	
RFA Analyst(s):	Shuford	
Impact Date:	April 25, 2019	

Fiscal Impact Summary

This bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds, as the State Treasurer will not incur any additional expense associated with the administration of a trust fund for pay-for-success contracts.

Explanation of Fiscal Impact

Amended by the Senate on February 26, 2019

State Expenditure

This bill establishes a trust fund for pay-for-success contracts. Pay-for-success contracts are agreements in which the state contracts with a private-sector organization to achieve specifically defined measurable outcomes for a given population over a certain period of time and in which the state pays only to the extent that the desired outcomes are achieved, as determined by an independent assessor. Annually, on or before February first, every state entity that has entered into a pay-for-success contract shall provide a status report to the General Assembly. The Board of Economic Advisors shall account for the trust fund revenue separately from General Fund revenue.

A trust fund is to be established in the State Treasury for the purposes of funding pay-for-success contracts. The State Treasurer is the trustee and administrator of the trust fund, which must be maintained separately from the General Fund and all other funds of the state. Further, the State Treasurer is authorized to receive funds from other governmental entities when those funds are subject to a valid pay-for-success contract. The Treasurer shall make payment from the trust fund in accordance with the terms and conditions of pay-for-success contracts.

The State Treasurer indicates that the bill does not fiscally or materially alter the responsibilities of the office. As such, this bill will have no impact on the General Fund, Other Funds, or Federal Funds.

State Revenue

N/A

Local Expenditure and Revenue

N/A

Introduced on January 8, 2019

State Expenditure

This bill establishes a trust fund for pay-for-success contracts. Pay-for-success contracts are agreements in which the state contracts with a private-sector organization to achieve specifically defined measurable outcomes for a given population over a certain period of time and in which the state pays only to the extent that the desired outcomes are achieved, as determined by an independent assessor.

The trust fund is to be established in the State Treasury and will be used to improve outcomes and lower costs for government services. The State Treasurer is the trustee and administrator of the trust fund, which must be maintained separately from the General Fund and all other funds of the state. Further, the State Treasurer is authorized to receive funds from other governmental entities when those funds are subject to a valid pay-for-success contract. The Treasurer shall make payment from the trust fund in accordance with the terms and conditions of pay-for-success contracts.

The State Treasurer will establish the account, make payments from the trust fund, and provide an annual status report regarding the funding received and the disbursements from the trust fund. The State Treasurer indicates that the bill does not fiscally or materially alter the responsibilities of the office. As such, this bill will have no impact on the General Fund, Other Funds, or Federal Funds.

State Revenue

N/A

Local Expenditure and Revenue

N/A



Frank A. Rainwater, Executive Director

South Carolina General Assembly
123rd Session, 2019-2020

S. 318

STATUS INFORMATION

General Bill

Sponsors: Senators Alexander and Davis

Document Path: I:\s-res\tca\005pay-.kmm.tca.docx

Companion/Similar bill(s): 3591

Introduced in the Senate on January 8, 2019

Introduced in the House on February 28, 2019

Last Amended on February 26, 2019

Currently residing in the House Committee on **Ways and Means**

Summary: SC Pay for Success Performance Accountability Act

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
1/8/2019	Senate	Introduced and read first time (Senate Journal-page 181)
1/8/2019	Senate	Referred to Committee on Finance (Senate Journal-page 181)
2/20/2019	Senate	Committee report: Favorable with amendment Finance (Senate Journal-page 11)
2/21/2019		Scrivener's error corrected
2/26/2019	Senate	Committee Amendment Adopted (Senate Journal-page 29)
2/26/2019	Senate	Read second time (Senate Journal-page 29)
2/26/2019	Senate	Roll call Ayes-38 Nays-1 (Senate Journal-page 29)
2/27/2019		Scrivener's error corrected
2/27/2019	Senate	Read third time and sent to House (Senate Journal-page 23)
2/28/2019	House	Introduced and read first time (House Journal-page 68)
2/28/2019	House	Referred to Committee on Ways and Means (House Journal-page 68)

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VERSIONS OF THIS BILL

[1/8/2019](#)

[2/20/2019](#)

[2/21/2019](#)

[2/26/2019](#)

[2/27/2019](#)

1 COMMITTEE AMENDMENT ADOPTED

2 February 26, 2019

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S. 318

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6 Introduced by Senators Alexander and Davis

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8 S. Printed 2/26/19--S. [SEC 2/27/19 12:01 PM]

9 Read the first time January 8, 2019.

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[318-1]

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A BILL

11 TO AMEND TITLE 11 OF THE 1976 CODE, RELATING TO
12 PUBLIC FINANCE, BY ADDING CHAPTER 60, TO ENACT
13 THE "SOUTH CAROLINA PAY FOR SUCCESS
14 PERFORMANCE ACCOUNTABILITY ACT", TO ESTABLISH
15 THE TRUST FUND FOR PERFORMANCE ACCOUNTABILITY
16 TO FUND PAY-FOR-SUCCESS CONTRACTS, WHEREBY
17 THE STATE CONTRACTS WITH A PRIVATE-SECTOR
18 ORGANIZATION TO ACHIEVE SPECIFICALLY DEFINED
19 MEASUREABLE OUTCOMES IN WHICH THE STATE PAYS
20 ONLY TO THE EXTENT THAT THE DESIRED OUTCOMES
21 ARE ACHIEVED.

22 Amend Title To Conform

23

24 Be it enacted by the General Assembly of the State of South
25 Carolina:

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27 SECTION 1. This act is known and may be cited as the "South
28 Carolina Pay for Success Performance Accountability Act".

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30 SECTION 2. Title 11 of the 1976 Code is amended by adding:

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32

"CHAPTER 60

33

34 South Carolina Pay for Success Performance Accountability Act

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36 Section 11-60-10. For the purposes of this chapter, 'pay-for-
37 success contract' means an agreement in which the State contracts
38 with a private-sector organization to achieve specifically defined
39 measureable outcomes for a given population over a certain period
40 of time and in which the State pays only to the extent that the desired
41 outcomes are achieved, as determined by an independent assessor.

42

1 Section 11-60-20. There is established in the State Treasury the
2 trust fund for performance accountability for the purpose of funding
3 pay-for-success contracts to improve outcomes and lower costs for
4 government services. The State Treasurer is the trustee and
5 administrator of the trust fund, which must be maintained separately
6 from the general fund of the State and all other funds
7

8 Section 11-60-30. (A) Annually, on or before February first,
9 every state department, board, commission, committee, agency, or
10 authority that has entered into a pay-for-success contract shall
11 provide a status report for its outstanding pay-for-success contracts,
12 provided that each contract's procurement is compliant with the
13 procurement code governing procurements made by the state
14 department, board, commission, committee, agency, or authority.

15 (B) Status reports pursuant to subsection (A) must be provided
16 to the Governor, the Chairman of the Senate Finance Committee,
17 and the Chairman of the House of Representatives Ways and Means
18 Committee.

19 (C) In status reports to the Governor and the General Assembly
20 pursuant to subsection (A), the Board of Economic Advisors shall
21 account for the trust fund revenue separately from general fund
22 revenues.

23 (D) The State Treasurer is authorized to receive funds from other
24 governmental entities if those funds are subject to a valid pay-for-
25 success contract. The State Treasurer shall make payments from the
26 trust fund in accordance with the terms and conditions of the pay-
27 for-success contracts.”
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29 SECTION 3. This act takes effect upon approval by the Governor.
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