**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, SO AS TO ENACT THE “SOUTH CAROLINA PAY FOR SUCCESS PERFORMANCE ACCOUNTABILITY ACT” BY ADDING CHAPTER 55 TO TITLE 11 SO AS 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.

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

SECTION 1. Title 11 of the 1976 Code is amended by adding:

“CHAPTER 55

South Carolina Pay for Success Performance Accountability Act

Section 11‑55‑10. This chapter is known and may be cited as the ‘South Carolina Pay for Success Performance Accountability Act’.

Section 11‑55‑20. Unless a different meaning appears from the context, as used in this chapter:

(1) ‘Independent assessor’ means an individual or organization who evaluates whether the predefined outcomes of the pay for success contract have been achieved.

(2) ‘Intermediary’ means a 501(c)(3) nonprofit organization that contracts with the government to achieve the desired outcomes within the specified time period by partnering with government and private‑sector stakeholders as appropriate.

(3) ‘Pay for success contract’ means an agreement where the State contracts with a private‑sector organization to achieve specifically defined measureable outcomes for a given population over a certain period of time where the State pays only to the extent that the desired outcomes are achieved, as determined by an independent assessor.

Section 11‑55‑30. (A) There is established in the State Treasury the trust fund for Performance Accountability for the purpose of funding pay for success contracts to improve outcomes and lower costs for government services.

(B) The State Treasurer is the trustee and administrator of the trust fund, which must be maintained separately from the general fund of the state and all other funds. The Treasurer shall make payments from the trust fund in accordance with the terms and conditions of the contracts. Also, by February first of each year, the Treasurer shall provide a status report on all contracts to the Governor, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee.

(C) The Board of Economic Advisors shall account for the trust fund revenue separately from general fund revenues in reports to the Governor and the General Assembly.

Section 11‑55‑40. The intermediary activities associated with the financing and achievement of the desired outcomes of the pay for success contract may include, but are not limited to:

(1) negotiating and structuring the pay for success contracts between government, intermediaries, and private‑sector stakeholders;

(2) raising sufficient capital to fund all costs related to the pay for success contract;

(3) deploying capital and providing guidance and management to service providers working toward achieving the desired outcomes of a pay for success contract;

(4) assisting with the establishment of the evaluation by which the outcomes of the pay for success contract are determined; and

(5) repaying the providers of capital in the event the desired outcomes are achieved and verified.”

SECTION 2. This act takes effect upon approval by the Governor.

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