



SPONSOR: Rep. K. Williams
Rep. B. Short

HOUSE OF REPRESENTATIVES
149th GENERAL ASSEMBLY

HOUSE RESOLUTION NO. 20

DIRECTING THE OFFICE OF MANAGEMENT AND BUDGET, THE DEPARTMENT OF FINANCE, AND THE OFFICE OF THE CONTROLLER GENERAL TO EVALUATE THE POTENTIAL FOR APPLICATION OF PAY FOR SUCCESS METHODOLOGY IN THE STATE OF DELAWARE.

1 WHEREAS, Pay for Success is an approach to contracting for the delivery of services that ties payment for service
2 delivery to the achievement of pre-determined and measurable outcomes for a given population over a certain period of
3 time; and

4 WHEREAS, Pay for Success projects facilitate the creation of public-private partnerships that bring pay-for-
5 performance to the social sector, allowing this State to improve the impact, efficiency, and effectiveness of vital social
6 services programs while redirecting inefficient or duplicative spending to other areas; and

7 WHEREAS, the movement towards Pay for Success contracting is a means of ensuring that high-quality, effective
8 social services are working for the citizens of this State;

9 WHEREAS, the Pay for Success methodology represents an outcome-based performance agreement entered into
10 by the State with an intermediary, however, the paying party is not committed to paying for services if they do not achieve
11 the desired outcomes; and

12 WHEREAS several states and local governments throughout the country have entered into Pay for Success
13 contracts to provide services and encourage investment into economic development; and

14 WHEREAS, Pay for Success can be particularly advantageous for this State as a way to realize greater
15 accountability and efficiency by allocating resources to programs with demonstrable outcomes, as well as an effective way
16 to apply capital to strategic for-profit economic development initiatives with proven outcomes; and

17 WHEREAS, Pay for Success contracts are usually accompanied by financing agreements that include upfront
18 capital investments from private investors to support the delivery of services or economic development activities
19 throughout the life of the project, such private investors being repaid if contractually agreed upon outcomes are achieved;
20 and

21 WHEREAS, Pay for Success financing agreements also provide private investors the opportunity to make upfront
22 capital investments into business and economic development opportunities located in Delaware and to have a portion of
23 that investment repaid by the State, if contractually agreed upon outcomes are achieved; and

24 WHEREAS, before entering into a Pay for Success arrangement the State should thoroughly research best
25 practices instituted in other states and local governments and what social services and economic development projects
26 would be most suitable for such an arrangement.

27 NOW, THEREFORE:

28 BE IT RESOLVED by the House of Representatives 149th General Assembly of the State of Delaware that the
29 Office of Management and Budget, the Department of Finance, and the Office of the Controller General are hereby directed
30 to evaluate the potential for the implementation of the Pay for Success methodology for the provision of social services and
31 economic development or investments within the State.

32 BE IT FURTHER RESOLVED that in conducting such evaluation, the Office of Management and Budget, the
33 Department of Finance, and the Office of the Controller General are directed to consider any relevant aspects of
34 implementing a Pay for Success model in this State, including:

35 1. Potential for implementation of Pay for Success model into existing social services programs, and for-profit
36 economic development opportunities that could generate new sources of revenue for the State.

37 2. The amount of time that will need to be dedicated to selecting an appropriate program or project; drafting,
38 evaluating, and executing all necessary documents; and program or project evaluation both throughout the life of the
39 program or project and upon completion.

40 3. How to structure the Pay for Success program to allow for effective administration, oversight, and
41 appropriation of funds.

42 4. Strategies to ensure that during project selection there is meaningful involvement from the local
43 and regional non-profit and social services community as well as the business community.

44 5. Contracting expertise necessary to assist or represent the State to negotiate and enter into a Pay for
45 Success agreement.

46 6. Guidelines for selecting and contracting with independent professionals with the requisite
47 expertise to adequately measure and validate whether pre-determined and measurable Pay for Success metrics
48 have been achieved.

49 7. What would be necessary to lawfully authorize a Pay for Success agreement and any other considerations the
50 Office of Management and Budget, Department of Finance, and the Office of the Controller General find integral to the
51 implementation a Pay for Success model in this State.

52 BE IT FURTHER RESOLVED that a report shall be submitted to members of the General Assembly and the
53 Governor no later than December 31, 2017.

SYNOPSIS

Pay for Success arrangements, whereby a government enters into a contract that ties payment for service delivery to the achievement of measurable outcomes, are an innovative tool being used by state and local governments. This Resolution tasks the Office of Management and Budget, Department of Finance, and the Office of the Controller General with evaluating the potential for the State to enter into a Pay for Success contract with a report due to the members of the General Assembly by December 31, 2017.