

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 SENATE BILL 483

By: Shaw

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6 AS INTRODUCED

7 An Act relating to state contracts; establishing the
8 Social Innovation Financing Trust Fund; defining
9 term; authorizing the Director of the Office of
10 Management and Enterprise Services to enter into
11 certain contracts; providing contract requirements;
12 authorizing that certain payments may be general
obligations of the state; placing certain limitation
on credit of the state; naming Director as trustee
and administrator of trust; requiring status report;
providing for codification; and providing an
effective date.

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15 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

16 SECTION 1. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 855.2 of Title 74, unless there
18 is created a duplication in numbering, reads as follows:

19 A. There shall be established a trust to be known as the
20 "Social Innovation Financing Trust Fund" for the purpose of funding
21 contracts to improve outcomes and lower costs for contracted
22 government services, hereinafter referred to as "pay for success
23 contracts".
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1 B. Notwithstanding any general or special law to the contrary,
2 the State Purchasing Director, under the direction of the Director
3 of the Office of Management and Enterprise Services, may enter into
4 "pay for success contracts". Each contract shall include:

5 1. A requirement that a substantial portion of the payment be
6 conditioned on the achievement of specific outcomes based on defined
7 performance targets;

8 2. An objective process by which an independent evaluator will
9 determine whether the performance targets have been achieved;

10 3. A calculation of the amount and timing of payments that
11 would be earned by the service provider during each year of the
12 agreement if performance targets are achieved as determined by the
13 independent evaluator;

14 4. A sinking fund requirement under which the secretary shall
15 request an appropriation for each fiscal year that the contract is
16 in effect, in an amount equal to the expected payments that the
17 state would ultimately be obligated to pay in the future based upon
18 service provided during that fiscal year, if performance targets
19 were achieved; and

20 5. A determination by the Director that the contract will
21 result in significant performance improvements and budgetary savings
22 across all impacted agencies if the performance targets are
23 achieved.

1 C. The Director may provide that payments in future years under
2 any such contracts shall constitute a general obligation of the
3 state for which the full faith and credit of the state shall be
4 pledged for the benefit of the providers of the contracted
5 government services, but the total amount of payments under such
6 contracts secured by a pledge of the full faith and credit of the
7 state shall not exceed, in the aggregate, Fifty Million Dollars
8 (\$50,000,000.00).

9 D. The Director shall be the trustee of the trust, shall
10 administer the trust and shall ensure that all funds appropriated as
11 described in this section are deposited in the trust and shall make
12 payments from the trust in accordance with the terms and conditions
13 of the contracts, without further appropriation. The Director shall
14 provide an annual status report on all contracts not later than
15 February 1 to the Chairs of the Appropriations Committee of the
16 Oklahoma State Senate and the Oklahoma House of Representatives.

17 SECTION 2. This act shall become effective November 1, 2017.

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