

As Introduced

**133rd General Assembly
Regular Session
2019-2020**

H. B. No. 170

Representative Manning, D.

A BILL

To amend sections 125.66 and 125.661; to amend, for 1
the purpose of adopting new section numbers as 2
indicated in parentheses, sections 125.66 3
(113.60) and 125.661 (113.61); and to enact 4
section 113.62 of the Revised Code; and to amend 5
Section 207.71 of Am. Sub. H.B. 49 of the 132nd 6
General Assembly to require the Treasurer of 7
State to administer the Pay for Success 8
Contracting Program and to expand the purposes 9
of the Program. 10

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 125.66 and 126.661 be amended; 11
sections 125.66 (113.60) and 125.661 (113.61) be amended for the 12
purpose of adopting new section numbers as indicated in 13
parentheses; and section 113.62 of the Revised Code be enacted 14
to read as follows: 15

Sec. ~~125.66~~ 113.60. (A) As used in this section and 16
~~section 125.661~~ sections 113.61 and 113.62 of the Revised Code: 17

(1) "~~Social service~~ Service intermediary" means a 18
~~nonprofit organization exempt from federal income taxation under~~ 19

~~section 501(c)(3) of the "Internal Revenue Code of 1986," as~~ 20
~~amended, or a wholly owned subsidiary of a nonprofit~~ 21
~~organization, that delivers or contracts for the delivery of~~ 22
~~social services, raises capital to finance the delivery of~~ 23
~~social services, and provides ongoing project management and~~ 24
~~investor relations for these activities.~~ person or entity that 25
enters into a pay for success contract with the treasurer of 26
state under this section and sections 113.61 and 113.62 of the 27
Revised Code. The service intermediary may act as the service 28
provider that delivers the services specified in the contract or 29
may contract with a separate service provider to deliver those 30
services. 31

(2) "State agency" ~~has~~ and "political subdivision" have 32
the same ~~meaning~~ meanings as in section 9.23 of the Revised 33
Code. 34

(B) ~~There is hereby established~~ The treasurer of state 35
shall administer the pay for success contracting program. Under 36
the program, the ~~director of administrative services~~ treasurer 37
of state may enter into ~~multi-year contracts~~ a pay for success 38
contract with ~~social~~ a service intermediaries to achieve certain 39
~~social goals in this state~~ intermediary for the delivery of 40
specified services that benefit the state, a political 41
subdivision, or a group of political subdivisions, such as 42
programs addressing education, public health, criminal justice, 43
or natural resource management. The treasurer of state may enter 44
into a pay for success contract under any of the following 45
circumstances: 46

(1) Upon receiving an appropriation from the general 47
assembly for the purpose of entering into a pay for success 48
contract; 49

(2) Upon receiving federal grant moneys for the purpose of 50
entering into a pay for success contract; 51

(3) At the request of a state agency, a political 52
subdivision, or a group of state agencies or political 53
subdivisions that the treasurer of state enter into a pay for 54
success contract on behalf of the requesting state agency, 55
political subdivision, or group. The requesting state agency, 56
political subdivision, or group shall deposit the cost of the 57
contract with the treasurer of state in the appropriate fund 58
established in section 113.62 of the Revised Code. 59

~~(C) A contract entered into under the program shall~~ 60
~~include provisions that do all of the following:~~ 61

~~(1) Require the department of administrative services, in~~ 62
~~consultation with an agency of this state that administers~~ 63
~~programs or services related to the contract's subject matter,~~ 64
~~to specify performance targets to be met by the social service~~ 65
~~intermediary;~~ 66

~~(2) Specify the process or methodology that an independent~~ 67
~~evaluator contracted by the department of administrative~~ 68
~~services under section 125.661 of the Revised Code must use to~~ 69
~~evaluate the social service intermediary's progress toward~~ 70
~~meeting each performance target;~~ 71

~~(3) Require the department of administrative services to~~ 72
~~pay the social service intermediary in installments at times~~ 73
~~determined by the director of administrative services that are~~ 74
~~specified in the contract and are consistent with applicable~~ 75
~~state law;~~ 76

~~(4) Require the installment payments to the social service~~ 77
~~intermediary to be based on the social service intermediary's~~ 78

~~progress toward achieving each performance target, as determined~~ 79
~~by the independent evaluator contracted by the department of~~ 80
~~administrative services under section 125.661 of the Revised~~ 81
~~Code;~~ 82

~~(5) Specify the maximum amount a social service~~ 83
~~intermediary may earn for its progress toward achieving~~ 84
~~performance targets specified under division (C) (1) of this~~ 85
~~section;~~ 86

~~(6) Require the department of administrative services to~~ 87
~~ensure, in accordance with applicable state and federal laws,~~ 88
~~that the social service intermediary has access to any data in~~ 89
~~the possession of a state agency, including historical data,~~ 90
~~that the social service intermediary requests for the purpose of~~ 91
~~performing contractual duties. The treasurer of state shall~~ 92
~~adopt rules in accordance with Chapter 119. of the Revised Code~~ 93
~~to administer the pay for success contracting program, including~~ 94
~~rules concerning all of the following:~~ 95

(1) The procedure for a state agency, political 96
subdivision, or group of state agencies or political 97
subdivisions to request the treasurer of state to enter into a 98
pay for success contract and to deposit the cost of the contract 99
with the treasurer of state; 100

(2) The types of services that are appropriate for a 101
service provider to provide under a pay for success contract; 102

(3) The processes by which the treasurer of state may 103
award and administer a pay for success contract. 104

~~Sec. 125.661~~ 113.61. ~~If (A)~~ A pay for success contract 105
entered into under section 113.60 of the Revised Code shall 106
include provisions that do all of the following: 107

(1) Require the treasurer of state, in consultation with the requesting state agency, political subdivision, or group of state agencies or political subdivisions, to specify performance targets to be met by the service provider; 108
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(2) Specify the process or methodology that an independent evaluator contracted by the treasurer of state under division (B) of this section must use to evaluate the service provider's progress toward meeting each performance target; 112
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(3) Require the treasurer of state to pay the service intermediary in installments at times determined by the treasurer that are specified in the contract and are consistent with applicable state law; 116
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(4) Require the installment payments to the service intermediary to be based on the service provider's progress toward achieving each performance target, as determined by the independent evaluator; 120
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(5) Specify the maximum amount a service intermediary may earn for the service provider's progress toward achieving the performance targets; 124
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(6) Require a state agency, political subdivision, or group that requested the treasurer of state to enter into the contract to ensure, in accordance with applicable laws, that the service intermediary has access to any data in the possession of the state agency, political subdivision, or group, including historical data, that the service intermediary requests for the purpose of fulfilling the contract. 127
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(B) When the director of administrative services—treasurer of state contracts with a social-service intermediary under section ~~125.66~~—113.60 of the Revised Code, the director— 134
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treasurer also shall contract with a person or government 137
entity, other than a state agency, a political subdivision, or a 138
group of state agencies or political subdivisions that requested 139
the treasurer to enter into the contract, to evaluate the ~~social-~~ 140
service ~~intermediary's~~ provider's progress toward meeting each 141
performance target specified in the contract ~~pursuant to~~ 142
~~division (C)(1) of section 125.66 of the Revised Code.~~ The 143
~~director~~ treasurer shall choose an evaluator that is independent 144
from the ~~social-service intermediary~~ and the service provider, 145
ensuring that ~~both parties do~~ the evaluator does not have common 146
owners or administrators, managers, or employees with the 147
service intermediary or the service provider. 148

Sec. 113.62. (A) There is in the state treasury the state 149
pay for success contract fund. The fund shall consist of any 150
moneys transferred to the treasurer of state by state agencies 151
for the purpose of making payments to service intermediaries 152
under pay for success contracts the treasurer of state enters 153
into on behalf of the state agencies and any moneys appropriated 154
to the fund. Any investment earnings on the fund shall be 155
credited to it. The treasurer shall use the moneys in the fund 156
for the purpose of making those payments to service 157
intermediaries, provided that the treasurer may use any 158
investment earnings on the fund to pay the costs of 159
administering the pay for success contracting program. When the 160
term of a pay for success contract expires, the treasurer of 161
state shall transfer any remaining unencumbered funds received 162
from a state agency or group of state agencies for the purpose 163
of making payments under the contract to that agency or group. 164

(B) There is in the state treasury the federal pay for 165
success contract fund. The fund shall consist of any moneys the 166
treasurer receives from federal agencies pursuant to grant 167

agreements that require the treasurer to enter into pay for 168
success contracts. Any investment earnings on the fund shall be 169
credited to it. The treasurer shall use the moneys in the fund 170
for the purpose of making payments to service intermediaries 171
under pay for success contracts the treasurer enters into 172
pursuant to those grant agreements, provided that the treasurer 173
may use any investment earnings on the fund to pay the costs of 174
administering the pay for success contracting program. When the 175
term of a pay for success contract expires, the treasurer of 176
state shall transfer any remaining unencumbered funds received 177
from a federal agency pursuant to a grant agreement that 178
required the treasurer of state to enter into the contract in 179
accordance with the grant agreement. 180

(C) There is in the state treasury the local government 181
pay for success contract fund. The fund shall consist of any 182
moneys paid to the treasurer of state by political subdivisions 183
for the purpose of making payments to service intermediaries 184
under pay for success contracts the treasurer enters into on 185
behalf of the political subdivisions. Any investment earnings on 186
the fund shall be credited to it. The treasurer shall use the 187
moneys in the fund for the purpose of making those payments to 188
service intermediaries, provided that the treasurer may use any 189
investment earnings on the fund to pay the costs of 190
administering the pay for success contracting program. When the 191
term of a pay for success contract expires, the treasurer of 192
state shall transfer any remaining unencumbered funds received 193
from a political subdivision or group of political subdivisions 194
for the purpose of making payments under the contract to that 195
political subdivision or group. 196

Section 2. That existing sections 125.66 and 125.661 of 197
the Revised Code are hereby repealed. 198

Section 3. That Section 207.71 of Am. Sub. H.B. 49 of the 132nd General Assembly be amended to read as follows:

Sec. 207.71. PAY FOR SUCCESS CONTRACTING PROGRAM

(A) As used in this section, "social service intermediary" has the same meaning as in section 125.66 of the Revised Code, as enacted by Am. Sub. H.B. 49 of the 132nd General Assembly.

(B) Not later than six months after ~~the effective date of this section~~ June 29, 2017, the Director of Administrative Services shall, in consultation with the Department of Health and as part of the Pay for Success Contracting Program established under section 125.66 of the Revised Code, as enacted by Am. Sub. H.B. 49 of the 132nd General Assembly, contract with one or more social service intermediaries to administer one or two pilot projects intended to do both of the following:

(1) Reduce the incidence of infant mortality, low-birthweight births, premature births, and stillbirths in the urban and rural communities of this state that are specified by the Director of Health under section 3701.142 of the Revised Code;

(2) Promote equity in birth outcomes among infants of different races in this state.

(C) The Director of Administrative Services may request that the Director of Health pay the costs of the Pay for Success Contracting Program under appropriations to the Department of Health. Upon approval of the Director of Health, these costs shall be paid from General Revenue Fund appropriation item 440474, Infant Vitality.

(D) Notwithstanding any contrary provision of sections 113.60 to 113.62 of the Revised Code, the Director of

Administrative Services and the Department of Health may 228
continue to contract with social service intermediaries to 229
administer the pilot projects described in division (B) of this 230
section in accordance with this section and sections 125.66 and 231
125.661 of the Revised Code, as enacted by Am. Sub. H.B. 49 of 232
the 132nd General Assembly, on and after the effective date of 233
this amendment. 234

Section 4. That existing Section 207.71 of Am. Sub. H.B. 235
49 of the 132nd General Assembly is hereby repealed. 236