



Representative Don Manning
59th Ohio House District

HB 170 Sponsor Testimony

Chairman Jordan, Vice Chair Hillyer, Ranking Member Smith, and members of the House Financial Institutions Committee, thank you for the opportunity to provide sponsor testimony on House Bill 170.

Too often, we as policymakers are asked to provide upfront funding for programs that have little evidence of effectiveness. In contrast, a new model called Pay for Success requires data collection to confirm desired outcomes are achieved first before public sector support is given to such projects.

House Bill 170 creates ResultsOhio, which would enable our state to establish a pay for success model that funds projects based on the results they achieve in addressing our most pressing public policy concerns.

In the pay for success model, private sector dollars are leveraged to initiate a project rather than public sector dollars. That private sector investment is backed by a performance contract with the government. Policymaker goals become performance objectives that are included in those performance contracts with project participants. The performance contracts stipulate what results have to be achieved during a set period of time in order to grant public sector funding support. An independent third party data validator serves to ensure that project results meet the requirements of the performance contract.

If project results meet the performance objectives, contracts generally stipulate that public sector dollars will pay back the project participants at a level that would allow some return on investment be paid to the private sector investors. If performance doesn't meet the contracted objectives, taxpayers don't pay for the project.

In the end, the model diverts risks away from taxpayers by first ensuring measurable outcomes are achieved. It helps us allocate scarce resources to projects that we know get results. Many times, objectives in the contract stipulate that results must lead to government savings, which help pay for the projects themselves and generally help build efficiencies in government.

Under House Bill 170, the State Treasurer's office would act as a facilitator of ResultsOhio by managing funds and serving as fiscal agent of the program. The Treasurer's office would partner with appropriate state agencies to create and issue the performance contracts. The bill would also require the Treasurer to utilize an independent evaluator to track the progress of services provided, and ultimately determine whether or not the benchmarks were appropriately met. This accountability and evaluation will demonstrate whether or not a specific project is truly successful.

Under this bill, the ResultsOhio Fund has the ability to house dollars allocated by the legislature, the administration, or local entities to back the performance contracts. It gives policy makers the flexibility to encourage innovative projects without putting taxpayer dollars at risk.

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Several other states have adopted similar legislation and have pay for success projects currently in progress. Examples of issues that this model could be used to address in our state include addiction, early childhood education preparedness, infant mortality, and water quality.

House Bill 170 would bring private sector innovation to meet some of Ohio's biggest challenges. Rather than paying for unproven services and hoping for good results, pay for success contracts would empower policy makers at the state and local level to invest in programs that they know will be a good use of public funds, address the issue at hand, and ultimately save tax payer dollars.

I want to thank you for your time and attention to this matter and am happy to answer any questions that you may have.

