

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 23, 2015

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3014** by Parker (Relating to the administration of "pay for success" contracts for state agencies.), **As Passed 2nd House**

The number of contracts that would be created under the procurement authority created by the bill is unknown, and fiscal implications of the bill therefore cannot be determined at this time.

The bill would amend the Government Code to create a new procurement authority. State agencies and the Comptroller of Public Accounts (CPA) would be permitted to jointly enter contracts with any person on contracts where the majority of the contract payment is conditioned on meeting specified performance measures, subject to certain restrictions and requirements described in the bill.

The bill would also establish a trust fund outside of the Treasury with the CPA for payments on the types of contracts authorized by the bill. The trust fund would consist of any money appropriated to the trust fund and any interest and earnings attributable to the fund but could not exceed \$50 million at any time.

The bill would require state agencies to publish an annual report on proposed and executed contracts related to the fund, including performance details of executed contracts.

CPA estimates that there would be a cost to implement the provisions of the bill. However, the number of contracts the agency would manage cannot be estimated, and therefore, the cost cannot be determined at this time. Management of the trust fund created under the bill could be absorbed within existing agency resources.

The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, SD, KMc, CL, JI

