

By: West

S.B. No. 2340

A BILL TO BE ENTITLED

AN ACT

relating to the administration of "pay for success" contracts for state agencies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 403.110(c), (e), and (f), Government Code, are amended to read as follows:

(c) The trust fund consists of money gifted, granted, donated, or appropriated for deposit to the credit of the trust fund and any interest or other earnings attributable to the trust fund. The comptroller shall hold money credited to the trust fund for use only for payments due in accordance with success contract terms and expenses incurred in administering the trust fund or in administering the success contracts for which the trust fund is established. The balance of the trust fund may not exceed \$50 million at any time. The comptroller may establish in the trust fund one or more accounts to administer money for a particular success contract for which money has been credited to the trust fund.

(e) A contract executed under this section is not enforceable until ~~[The comptroller and a state agency may not finally execute a proposed success contract under this section unless]~~:

(1) the state agency and the Legislative Budget Board certify that the proposed contract is expected to result in significant performance improvements and significant budgetary

1 savings for the state agency or agencies party to the contract if  
2 the performance targets are achieved; and

3 (2) a grantor or donor has gifted, granted, or  
4 donated, or the legislature has appropriated for deposit to the  
5 credit of the trust fund, contingent on the execution of the  
6 contract, an amount of money necessary to administer the contract  
7 and make all payments that may become due under the contract over  
8 the effective period of the contract.

9 (f) The comptroller shall make the contract payments for the  
10 success contracts only from the trust fund and only in accordance  
11 with the terms of the success contracts. The comptroller shall  
12 deposit to the credit of the trust fund any money the comptroller  
13 recovers from a contractor for overpayment or for a penalty or other  
14 amount recoverable under the terms of a success contract and shall  
15 hold the money in the trust fund in the same manner as the money held  
16 for payments for the success contract. To the extent that any money  
17 credited to the trust fund for a particular success contract  
18 remains unpaid at the time the particular contract expires or is  
19 terminated, as soon after the contract expiration as is  
20 practicable, the comptroller shall return the unpaid amount to the  
21 grantor, donor, or state treasury fund or account from which the  
22 money was gifted, granted, donated, or appropriated.

23 SECTION 2. This Act takes effect September 1, 2019.