



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0963 Introduced on February 6, 2018
Author: Alexander
Subject: Pay-for-success Contracts
Requestor: Senate Finance
RFA Analyst(s): Mitchell
Impact Date: March 27, 2018 - Updated for Revised Agency Response

Estimate of Fiscal Impact

| | FY 2018-19 | FY 2019-20 |
|----------------------------------|-------------------|-------------------|
| State Expenditure | | |
| General Fund | Undetermined | \$0 |
| Other and Federal | \$0 | \$0 |
| Full-Time Equivalent Position(s) | 0.00 | 0.00 |
| State Revenue | | |
| General Fund | \$0 | \$0 |
| Other and Federal | \$0 | \$0 |
| Local Expenditure | \$0 | \$0 |
| Local Revenue | \$0 | \$0 |

Fiscal Impact Summary

This expenditure impact of this bill is undetermined, given the uncertainty regarding the data and processes for evaluating if measures of success are met. This fiscal impact statement has been updated based on a revised response from the State Treasurer’s Office.

Explanation of Fiscal Impact

Updated for Revised Agency Response on March 27, 2018

Introduced on February 6, 2018

State Expenditure

This bill establishes a trust fund for pay-for-success contracts. Pay-for-success contracts are agreements in which the state contracts with a private-sector organization to achieve specifically defined measureable outcomes for a given population over a certain period of time and in which the state pays only to the extent that the desired outcomes are achieved, as determined by an independent assessor.

The trust fund is to be established in the State Treasury and will be used to improve outcomes and lower costs for government services. The State Treasurer is the trustee and administrator of the trust fund, which must be maintained separately from the General Fund and all other funds of the state. Further, the State Treasurer is authorized to receive funds from other governmental entities when those funds are subject to a valid pay-for-success contract. The Treasurer shall make payment from the trust fund in accordance with the terms and conditions of pay-for-success contracts. The Board of Economic Advisors shall account for the trust fund revenue separately from General Fund revenues in reports to the Governor and General Assembly.

The State Treasurer's Office indicates that there is no expenditure impact associated with trusteeship of the fund, as this function does not alter the responsibilities of the department. However, given the uncertainty regarding the data and processes by which the office would determine if measures of success are met, the expenditure impact of this bill is undetermined. This fiscal impact statement has been updated based on a revised response from the State Treasurer's Office.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A

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The State Treasurer indicates that the bill does not fiscally or materially alter the responsibilities of their office. As such, this bill will have no impact on the General Fund, Other Funds, or Federal Funds.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director