

Introduced by

Representatives Boschee, Mitskog, Nelson, O'Brien, M. Ruby, Weisz

Senators Burckhard, Cleary, Dever, Hogan, Lee, Mathern

1 A BILL for an Act to create and enact a new section to chapter 50-06 of the North Dakota
2 Century Code, relating to a pay for success fund; to provide for a report; to provide for a
3 continuing appropriation; to provide for a transfer; and to provide an effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new section to chapter 50-06 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Pay for success fund - Continuing appropriation - Report to legislative management.**

- 8 1. There is created in the state treasury the pay for success fund. The fund consists of all
9 transfers to the fund and fund earnings. Moneys in the fund are appropriated to the
10 department of health and human services on a continuing basis for defraying the
11 expenses associated with a pay for success program developed by the department.
12 The department shall develop the program with outcomes focused on improving
13 educational, social, or emotional achievement of at-risk children, improving the health
14 of children, and increasing participation in the workforce by individuals who qualify for
15 government assistance.
- 16 2. The pay for success program may include a performance-based grant, contract, or
17 other agreement for initiatives to improve outcomes that result in increased public
18 value and social benefits, including improved outcomes, cost-savings, increased
19 public revenue, and minimal administrative requirements.
- 20 3. The pay for success program must include the following:
- 21 a. A feasibility study to determine the effectiveness of a proposed initiative;
- 22 b. A requirement that payments are made to the recipient of a grant, contract, or
23 agreement only when agreed-upon outcomes are achieved;

- 1 c. A provision that a bonus payment may be provided to the recipient of the grant,
2 contract, or agreement to expand capacity for a proposed initiative;
3 d. A provision that a bonus payment may be provided to the recipient of the grant,
4 contract, or agreement only after a twenty-percent cost reduction has been
5 achieved;
6 e. A provision that a bonus payment may not exceed half of the cost reduction;
7 f. A third-party evaluation to determine whether the program has met its proposed
8 outcomes; and
9 g. An annual report to the legislative management on the progress of the program.

10 **SECTION 2. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND -**

11 **PAY FOR SUCCESS FUND.** During the biennium beginning July 1, 2023, and ending June 30,
12 2025, the office of management and budget shall transfer the sum of \$2,500,000 from the
13 strategic investment and improvements fund to the pay for success fund. On July 1, 2027, the
14 director of the office of management and budget shall transfer the unobligated balance in the
15 pay for success fund to the strategic investment and improvements fund.

16 **SECTION 3. EFFECTIVE DATE.** This Act is effective January 1, 2024.