

SUBJECT: Amending Success Contract Payments Trust Fund administration

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 13 ayes — Phelan, Hernandez, Deshotel, Guerra, Harless, Holland,  
Hunter, P. King, Parker, Raymond, E. Rodriguez, Smithee, Springer

0 nays

WITNESSES: For — Nathan Cook, Rice University; (*Registered, but did not testify:*  
Calvin Tillman)

Against — None

BACKGROUND: Government Code sec. 403.110 establishes a trust fund to provide success contract payments due in accordance with the contract terms. The Success Contract Payments Trust Fund consists of appropriated funds and interest or other earnings.

Under the statute, a state agency and the comptroller may enter into a success contract with any person if the majority of contract payment is conditioned on certain performance measures and independent evaluation of those measures. A proposed success contract cannot be finally executed by the comptroller and state agency unless it meets certain qualifications, including expected significant performance improvements and budgetary savings and funding necessary to administer the contract.

Some interested parties have called for changes to ensure that the Success Contract Payments Trust Fund is well funded and to provide better administration of "pay for success" contracts, or contracts made between a governmental entity and private company where payment is dependent on the achievement of certain performance measures.

DIGEST: HB 982 would allow money to be gifted, granted, or donated to the Success Contract Payments Trust Fund.

The bill would repeal the prohibition on the comptroller and a state agency from executing a proposed success contract that did not meet certain qualifications, and instead would prohibit a contract from being enforced until those qualifications were met.

The bill would take effect September 1, 2019.