

SUBJECT: Requiring TDCJ to study pay-for-performance contract program

COMMITTEE: Corrections — favorable, without amendment

VOTE: 7 ayes — Murphy, J. White, Allen, Keough, Krause, Schubert, Tinderholt
0 nays

WITNESSES: For — None
Against — None
On — (*Registered, but did not testify*: Bryan Collier, Texas Department of Criminal Justice)

BACKGROUND: Pay-for-performance contracting is a financing model that can include allowing a governmental entity to partner with private organizations, investors, and others to provide a service. The model can include the development and implementation by partnering entities of strategies to meet measurable outcomes in return for success payments from the governmental entity for meeting those outcomes.

DIGEST: HB 307 would require the Texas Department of Criminal Justice (TDCJ) to conduct a study to determine the feasibility and potential costs and benefits of a pay-for-performance contract program.

Under such a program, TDCJ would contract for the operation of criminal justice programs or the provision of services that would be funded with investor-provided financial capital. TDCJ would make payments to the contractor using general obligation bond proceeds or other money only if performance requirements and outcomes were achieved and there was a positive return on the investment to the state.

TDCJ would produce a report on the study, which would have to include whether the agency determined that a pay-for-performance program would be cost effective and feasible. If TDCJ made such a determination,

the report would have to make recommendations on operating the program, the types of programs and services that would be selected, and changes in laws needed to implement the program.

TDCJ could request assistance with the study from the comptroller, the Texas Public Finance Authority, or other state agencies.

TDCJ would have to submit the report by November 1, 2016, to the governor, lieutenant governor, and the heads of the House and Senate committees with jurisdiction over criminal justice programs and services.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.