

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 170

BY EDUCATION COMMITTEE

AN ACT

1 RELATING TO PAY FOR SUCCESS CONTRACTING; AMENDING CHAPTER 1, TITLE 33, IDAHO  
2 CODE, BY THE ADDITION OF A NEW SECTION 33-125B, IDAHO CODE, TO PROVIDE  
3 THAT THE STATE DEPARTMENT OF EDUCATION MAY ENTER INTO PAY FOR SUCCESS  
4 CONTRACTS, TO PROVIDE CONTRACT REQUIREMENTS, TO PROVIDE FOR AN EXTERNAL  
5 EVALUATOR, TO PROVIDE FOR INVESTOR MONEYS, TO PROVIDE FOR A THIRD PARTY  
6 ADMINISTRATOR, TO ESTABLISH AN OVERSIGHT COMMITTEE, TO PROVIDE REPORT-  
7 ING REQUIREMENTS AND TO DEFINE TERMS.  
8

9 Be It Enacted by the Legislature of the State of Idaho:

10 SECTION 1. That Chapter 1, Title 33, Idaho Code, be, and the same is  
11 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
12 ignated as Section 33-125B, Idaho Code, and to read as follows:

13 33-125B. PAY FOR SUCCESS CONTRACTING -- DUTIES OF THE STATE DEPARTMENT  
14 OF EDUCATION. (1) The state department of education may enter into contracts  
15 for approved services. The department may issue a request for information  
16 for a contract upon identification of a need for a special service, or inter-  
17 ested parties may identify a need for service within the department and sub-  
18 mit a proposal to the department to negotiate a contract. Any contract en-  
19 tered into pursuant to this section shall provide for:

- 20 (a) An evidence-based program delivered by the service provider de-  
21 signed to enhance student academic achievement;  
22 (b) Mutually agreed upon grade-level performance targets and efficacy  
23 standards;  
24 (c) Identified source of department moneys from which savings will be  
25 realized;  
26 (d) An external evaluator who shall have expertise in all of the follow-  
27 ing areas:  
28 (i) Education;  
29 (ii) Program evaluation and assessment;  
30 (iii) Collection and maintenance of program data;  
31 (iv) Demonstrated ability to link an individual student's data  
32 from grade to grade; and  
33 (v) Knowledge of the Idaho-specific academic performance scores  
34 used to demonstrate efficacy of the service provider's program;  
35 (e) The state's payment obligations if the efficacy standards are met  
36 under the contract;  
37 (f) Terms under which the state may terminate the contract;  
38 (g) An annual audit to be performed by a certified public accountant;  
39 and  
40 (h) A mutually agreed upon formula for the distribution of savings re-  
41 alized by the service provider program.

1 An external evaluator shall approve the negotiated contract provisions re-  
2 lating to efficacy standards before the department may enter into any such  
3 contract.

4 (2) Investor moneys shall be adequate to cover all contract costs.

5 (3) The third party administrator shall:

6 (a) Manage all moneys pursuant to subsection (2) of this section;

7 (b) When appropriate, direct payments to be made under the terms of the  
8 contract;

9 (c) Ensure an annual audit is conducted under the terms of the contract;

10 (d) Issue financial reports as required by the contract; and

11 (e) Complete all other compliance requirements of state or federal law.

12 (4) The department shall approve the local education agencies (LEA)  
13 from which each cohort will be chosen. The priority for selection of LEAs  
14 shall be given to:

15 (a) LEAs reporting the greatest number of students who are not profi-  
16 cient to meet grade-level performance targets being used to evaluate  
17 the service provider's program;

18 (b) LEAs reporting the greatest number of students on free and reduced  
19 lunch; and

20 (c) LEAs in different regions of the state.

21 The selection of cohorts shall be made by mutual agreement between the ser-  
22 vice provider and the approved LEA.

23 (5) The external evaluator shall:

24 (a) Determine whether the service provider has met the agreed upon ef-  
25 ficacy standards under the terms of the contract by determining the out-  
26 comes for each cohort based on the following criteria:

27 (i) Whether there was an increase in the number of children profi-  
28 cient to meet grade-level performance targets at levels specified  
29 in the contract; and

30 (ii) Calculate moneys no longer expended or distributed by the de-  
31 partment for intervention or remediation as specified in the con-  
32 tract;

33 (b) Annually report the service provider efficacy standards to the de-  
34 partment; and

35 (c) Report the service provider efficacy standards to the third party  
36 administrator for the purpose of determining whether payment should be  
37 made under the terms of the contract.

38 (6) An oversight committee is hereby created for the purpose of decid-  
39 ing whether or not the state department of education will enter into a nego-  
40 tiation with an interested party under this section, and for the purpose of  
41 monitoring contracts entered into under this section. The committee shall  
42 meet as often as is necessary to fulfill its obligations under this subsec-  
43 tion. The committee shall consist of the following people:

44 (a) The chief financial officer of the state department of education;

45 (b) The subject matter expert at the state department of education;

46 (c) A representative from the state controller's office;

47 (d) The house of representatives education committee chairman; and

48 (e) The senate education committee chairman.

1           (7) The state department of education shall report to the legislature  
2 on or before February 1 of each year on all contracts entered into pursuant to  
3 this section.

4           (8) As used in this section:

5           (a) "Cohort" means a group of individuals who enter the service  
6 provider's program on the same date.

7           (b) "Department" means the state department of education.

8           (c) "External evaluator" means the entity that is responsible for de-  
9 termining the efficacy of a service provider's program.

10          (d) "Investor" means an individual or entity that provides the capital  
11 for the services specified in a contract.

12          (e) "Local education agency" or "LEA" means a public authority legally  
13 constituted by the state as an administrative agency to provide control  
14 of and direction for kindergarten through grade 12 public educational  
15 institutions.

16          (f) "Service provider" means an organization that implements an evi-  
17 denced-based program that conforms to the terms of the contract.

18          (g) "Third party administrator" means an SSAE-16 compliant firm or a  
19 firm licensed under chapter 2, title 54, Idaho Code, that manages all  
20 moneys deposited pursuant to this section and controlled by a contract.