

# ND Pay for Success Fund

Update to Interim Human Services Committee | 12-18-23

## 50-06-47. Pay for success fund - Continuing appropriation - Report to legislative management. (Effective after December 31, 2023)

1. There is created in the state treasury the pay for success fund. The fund consists of all transfers to the fund and fund earnings. Moneys in the fund are appropriated to the department of health and human services on a continuing basis for defraying the expenses associated with a pay for success program developed by the department. The department shall develop the program with outcomes focused on improving educational, social, or emotional achievement of at-risk children, improving the health of children, and increasing participation in the workforce by individuals who qualify for government assistance.
2. The pay for success program may include a performance-based grant, contract, or other agreement for initiatives to improve outcomes that result in increased public value and social benefits, including improved outcomes, cost-savings, increased public revenue, or minimal administrative requirements.
3. The pay for success program must include the following:
  - a. A provision that a bonus payment may be provided to the recipient of the grant, contract, or agreement to expand capacity for a proposed initiative;
  - b. A provision that a bonus payment may be provided to the recipient of the grant, contract, or agreement only after a twenty-percent cost reduction has been achieved;
  - c. A provision that a bonus payment may not exceed half of the cost reduction;
  - d. A formal evaluation to determine whether the program has met its proposed outcomes; and
  - e. An annual report to the legislative management on the progress of the program.
4. The requirements of chapter 54-44.4 do not apply to the selection of a grant recipient, the grant award, or payments made under this section.
5. All moneys designated for the fund from whatever source derived must be deposited by the state treasurer in the pay for success fund. The state treasurer shall invest moneys in the fund in interest-bearing accounts as is designated by the department of health and human services and the interest earned must be retained in the fund. The state treasurer shall apply the prudent investor rule in investing the moneys in the fund. The commissioner of the department of health and human services or the director's designee shall administer the fund.

## PAY FOR SUCCESS:

Impact-aligned capital  
Elevating solutions that work

- ✓ Government funds pay based on measurable difference in people's lives
- ✓ Private capital gives service providers funds they need to operate

## NEXT STEPS

- Framework for potential projects
- Coordination with key partners
- Finalize structure for selected project