

Theme: Government that Works

- Modernizing the technology used to manage \$1 billion in building and infrastructure projects administered by the Department of General Services to generate **\$3 million in annual savings**. Pennsylvania will move away from its current paper-based construction management process and employ an up-to-date contract enablement system to reduce costs and improve timeliness of projects for both contractors and the commonwealth.

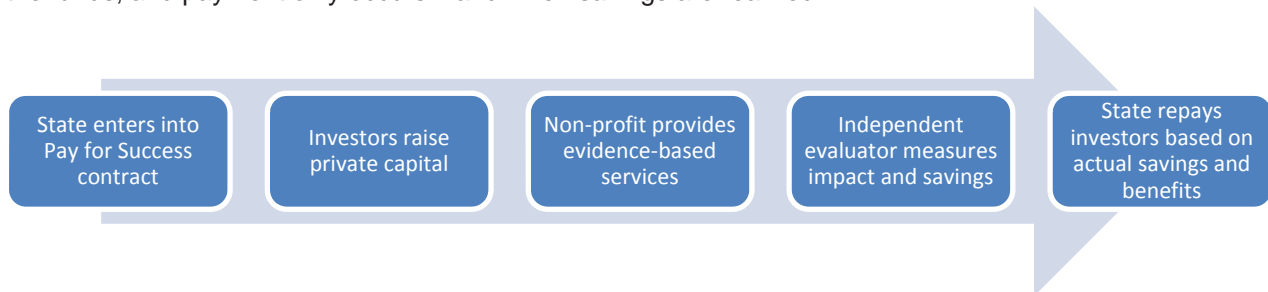
Since the launch of GO TIME, agencies and state employees have submitted more than 150 ideas to make government work more efficiently, and modernization strategies that will transform agency operations have been identified that will save millions annually. For example, consolidation of the commonwealth's 28 disparate mailrooms will result in **\$5 million** in annual savings.

Pay for Success Performance Contracts

Decades of research have demonstrated that public investment can improve the lives of Pennsylvanians while simultaneously strengthening the state's bottom line. From pre-kindergarten – where every \$1 in public funding generates more than \$7 in government savings and benefits – to public safety – where reducing recidivism avoids costs of \$42,481 per inmate each year – there are opportunities for evidence-based investments across state government.

Pay for Success performance contracts – also known as “Social Impact Bonds” – provide an innovative strategy to finance these proven programs. Pay for Success contracts are rigorous, binding agreements based on a straightforward proposition: taxpayers will only pay for services that actually get results and save money in the long-run. The strategy enables the state to fund programs and services that improve economic opportunity, health and safety that it otherwise might not be able to afford in the short-term, and it requires strict limitations based on which programs have a strong evidence base and record of effectiveness.

Under Pay for Success, the state selects the programs and sets the targets, private investors raise the funds, and payment only occurs if and when savings are realized:



Pay for Success projects on homelessness, early childhood education and recidivism are currently underway in six states, counties and cities across the country, and many more are in development. This budget enables Pennsylvania to enter into Pay for Success contracts in five high-priority areas:

- Early childhood care and education, including pre-kindergarten education and services that address maternal and child outcomes from pregnancy through age 2;
- Education, workforce preparedness and employment, including school-to-work programs and alternative education services;
- Public safety, including programs that reduce recidivism;
- Health and human services, including addiction treatment, chronic homelessness, supportive housing and child welfare; and
- Long-term living and home- and community-based services.

These public-private partnerships will be selected on a competitive basis, and payment will only occur after validation by an independent, third-party evaluator.