

**NEWS:**

**New  
Contracts  
Promise  
Improved  
Services, Job  
Creation,  
Without Tax  
Dollar Risk**

**August 10, 2018** – State agencies will soon be able spur private funding of economic development initiatives and improved social services.



[Legislation](#) signed into law this week by Gov. John Carney establishes "Pay for Success" contracts. Under such agreements, investors will provide the upfront capital to fund a service, program, or economic development goal. The state agency will agree to repay the investor if the subject of the investment meets the performance measures stipulated in the contract. An independent evaluator will make that determination.

The bipartisan bill was sponsored by State Sen. Jack Walsh, D-Stanton. State Rep. Jeff Spiegelman, R-Clayton, was among the measure's House co-sponsors. "We are constantly looking for ways to make government more agile in how it tackles its responsibilities to the people of the state," Rep. Spiegelman said. "These types of [agreements] ... are a great way of getting much-needed things done in Delaware by partnering with the more efficient and effective private sector rather than relying on state programs and the numerous inherent problems therein. Plus, the legislation has built-in protections to ensure that the project is completed before the state releases the money when the contract is fulfilled."



State Rep. Jeff Spiegelman

In a prepared statement, Bryan Tracy, chief executive officer of the New Castle-based biotech firm White Dog Labs, said Pay for Success contracts give Delaware the opportunity to create thousands of new jobs with scalable enterprises that will not risk

tax dollars. "The incentives provided through this new investment vehicle reward the private sector after new jobs have been created, and provided new revenue to the state -- it pays only for success. This is a win-win for companies, local government, and the state," he said.

The legislation passed through the General Assembly with overwhelming support in both chambers and from both sides of the aisle. Rules to enable the issuance of the contracts are expected to be in place by December.