



OKLAHOMA
Office of Management
& Enterprise Services

Central Purchasing

PROCUREMENT INFORMATION MEMORANDUM

Subject: Pay for Success Program
Effective Date: June 9, 2025
Issued by: Amanda Otis, Esq., State Purchasing Director

I. **Introduction**

As a means of disseminating relevant state procurement information to state entities, the Purchasing Division of Office of Management and Enterprise Services issues Procurement Information Memoranda. To the extent any information in this Procurement Information Memorandum (“PIM”) conflicts with information in a previously issued memorandum, the information in this PIM controls. For questions about this or any PIM, please contact [Central Purchasing](#).

II. **Summary**

The Pay for Success (PFS) Program in Oklahoma is a performance-based contracting model that allows the state to partner with private entities to deliver public services in a way that ties payments to measurable outcomes. Established under the Oklahoma Pay for Success Act (62 O.S. §§ 9010.1-9010.5), the program is designed to promote innovation, efficiency, and accountability in how public funds are used to address social challenges. To create a new PFS contract, four parties must be involved: 1) the Agency, 2) the private supplier, 3) the independent third-party evaluator and 4) the Office of Management and Enterprise Services (OMES).

The Agency contracts with the private supplier regarding the funding and the performance targets and outcome measures against which the program’s success will be measured. The private supplier secures upfront capital from private funding sources which is maintained in the Pay for Success Innovation Fund by OMES. The Agency enters a Memorandum of Understanding (MOU) with OMES to administer the reimbursements to the private supplier pursuant to the contract. Each party’s statutory responsibilities are outlined below.

RESPONSIBILITIES OF PARTIES INVOLVED

I. **Agency shall:**

- A. Reach out to OMES at financebudget@omes.ok.gov to confirm there are adequate funds available for the specific service or program.
- B. Enter a contract with the private supplier meeting the standards set forth in 62 O.S. §9010.4.

- C. All state agencies entering the contract must determine that the contract will result in public benefit to the state.
- D. Determine the calculation or algorithm to be used to determine reimbursable success payments to the private supplier.
- E. Identify the independent third-party evaluator.
- F. Draft Memorandum of Understanding (MOU) between Agency and OMES, using the template in this PIM, for payment of funds to Vendor.
- G. No later than April 1 each year provide a report to the chairs of the legislative appropriations committee containing the evaluations from the independent third-party evaluator.

II. **Private Supplier shall:**

- A. Enter a contract with the Agency meeting the standards set forth in 62 O.S. § 9010.4;
- B. Agree to underwrite or secure up-front capital from private funding sources;
- C. Agree to fund the specific service or program identified in the contract; and
- D. Meet the performance targets and outcome measures defined in the contract before receiving reimbursable success payments.

III. **Independent third-party evaluator shall:**

- A. Review and issue a report as specified in the Pay for Success contract, no less than annually and due by March 1 each year.
- B. The reports must specify the degree to which the service or program has met the identified performance targets and outcome measures as set out in the contract.

IV. **OMES shall:**

- A. Enter into a Memorandum of Understanding (MOU) with agencies who have Pay For Success contracts for the purpose of budgeting and expending the funds in the Pay for Success Innovation Fund.
- B. Provide payment to private supplier for the delivery of performance targets and outcome measures at the direction of the agency engaged in the contract and only in accordance with the terms of the contract.
 - i. OMES will use the following exemption when processing the reimbursement to the supplier: 62 O.S. § 9010.4-Pay For Success Act Contract.
- C. Return unpaid amounts to the agency to which the money was originally appropriated upon expiration of the contract.

V. **OMES internal actions**

A. **OMES Legal**

A member of the OMES legal division shall be responsible for drafting and negotiating the Memorandum of Understanding (MOU) with the pertinent Agency. The assigned attorney must receive written confirmation from a member of the OMES Finance team that OMES does have the required funds pertinent to Pay For Success Contract between the Agency and Private Supplier. This confirmation is required before moving to the signature stage of the MOU process. When creating the MOU, the attorney must ensure that the draft:

- 1. Clearly states whether OMES is a party to the contract, or a signatory attesting to knowledge of the Memorandum of Understanding (MOU);

2. Clearly states who OMES shall pay the funds to;
3. Clearly states that OMES shall pay upon receipt of the Independent third-party evaluator's report advising that the Private Supplier has completed the contracted work and payment for said work is now required;
4. Clearly states that OMES is neither making any independent decision making, nor receiving documents from the Private Supplier that any or all work was completed; and
5. Clearly dictates the terms of the Memorandum of Understanding (MOU). MOU to reflect what is required by statute or State Purchasing Director.
6. Designates proper signatories, which will be:
 - a. The Director of OMES; and
 - b. The Director or designated signatory of the pertinent Agency.