



Joint Committee on Human Services, February 14, 2013

Testimony of Howard Rifkin on RB No. 854, *An Act Concerning Social Innovation Investment*

Sen. Slossberg, Rep. Abercrombie, Sen. Markley, Rep. Wood and Members of the Committee:.

My name is Howard Rifkin. I am the Executive Director of the Partnership for Strong Communities, a statewide non-profit dedicated to finding solutions to prevent and end homelessness, promote the development of additional affordable and workforce housing and in doing so create strong, vibrant and sustainable communities.

I am here to testify in favor of Raised Committee Bill 854, *An Act Concerning Social Innovation Investment*. I have been involved in discussions about this concept dating back to when I was still Deputy State Treasurer.

The bill before you would amend a measure adopted in the last Session, which was tied to a federal grant the State did not receive. The amendment not only de-couples a potential financing of social innovation from the federal grant but also broadens the language so that this idea could be tested in other areas beyond recidivism.

The concept of Social Innovation investment grew out of academic discussions that tried to ask and answer the question of whether there are ways to accelerate proven social change other than through yearly appropriations. The first of these models was tried in Great Britain around recidivism. Not to over-simplify the idea, but the model calls for the creation of an intermediary organization that would be responsible for negotiating a performance based contract with government, hire a non-profit(s) to run the program and establish an investment vehicle for outside investors to purchase participation notes. Investors would only be paid if the performance standards were met and then the "profit" would be split between the governmental entity and the investor.

There are now two, maybe three, non-profit intermediaries that have been established in the U.S to try and apply this concept here. To date, Massachusetts, New York and New York City are moving forward with pilot programs. For Connecticut to move forward, RB 854 is a pre-requisite. If adopted, it is my understanding that the Malloy Administration would pursue an initial pilot in the area of recidivism.



I would submit that the broader language before you would allow for consideration of other proven methods of social innovation after this first effort - such as supportive housing. I can also tell you that I was involved in a number of conversations along the way that gives me comfort that the new language before you is workable - both from the perspective of developing a performance based contract and attracting initial investors.

Let me be clear: the potential of this innovation has promise but is not a panacea for all the needs that exist. It does try and build on the concept of investing, and under the right circumstances can bring private capital and philanthropy to bear in accelerating innovation we believe will work.

I urge you to give this bill a Joint Favorable report in the form before you.

Thank you very much.