



General Assembly

**Substitute Bill No. 854**

January Session, 2013



**AN ACT CONCERNING SOCIAL INNOVATION INVESTMENT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 4-68aa of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2014*):

3 (a) As used in this section:

4 (1) "Savings" means a reduction in state expenditures, as such  
5 expenditures are defined in an outcome-based performance contract;

6 ~~[(1)]~~ (2) "Secretary" means the Secretary of the Office of Policy and  
7 Management, or the secretary's designee;

8 ~~[(2)]~~ (3) "Social innovation investment enterprise" means an entity  
9 created to coordinate the delivery of preventive social programs by  
10 nonprofit service providers, which has the capability of creating a  
11 social investment vehicle, entering into outcome-based performance  
12 contracts and contracting with service providers;

13 ~~[(3)]~~ (4) "Social investment vehicle" means an investment product  
14 established by a social innovation investment enterprise to raise  
15 private investment capital; and

16 ~~[(4)]~~ (5) "Outcome-based performance contract" means a contract  
17 entered into between the secretary and a social innovation investment

18 enterprise that establishes outcome-based performance standards for  
19 preventive social programs delivered by nonprofit service providers  
20 and provides that investors in any social investment vehicle shall  
21 receive a return of their investment and earnings thereon only if  
22 outcome-based performance standards are met by the social  
23 innovation investment enterprise.

24 (b) The secretary may, pursuant to the legislative review process set  
25 forth in subsection (d) of this section, enter into an outcome-based  
26 performance contract with a social innovation investment enterprise  
27 [for the purpose of accepting a United States Department of Justice  
28 fiscal year 2012 Second Chance Act Adult Offender Reentry Program  
29 Demonstration Category 2 Implementation grant. The outcome-based  
30 performance contract between the secretary and a social innovation  
31 investment enterprise may provide for payments from the social  
32 innovation account, established pursuant to subsection (d) of this  
33 section, to the social innovation investment enterprise or to investors  
34 or to both] based on a written proposal deemed sufficient by the  
35 secretary that demonstrates savings will be generated by the social  
36 innovation investment enterprise through the accelerated delivery of  
37 preventive social programs within the state.

38 (c) Any outcome-based performance contract entered into by the  
39 secretary, pursuant to the provisions of this section, shall include, but  
40 not be limited to, requirements that: (1) Payment be conditioned on the  
41 achievement of specific, quantifiable outcomes based on defined  
42 performance benchmarks; (2) returns on investment for the social  
43 innovation investment enterprise be calculated on an ascending scale  
44 based upon achievement of specific, quantifiable performance  
45 benchmarks; (3) nonprofit service providers which deliver services as  
46 part of such contracts receive a percentage of any return on  
47 investment; (4) an objective process be established by which an  
48 independent evaluator shall determine whether the performance  
49 benchmarks have been achieved; (5) a calculation be completed of the  
50 amount and timing of payments that would be earned by the nonprofit

51 service provider during each year of the agreement if performance  
52 benchmarks are achieved as determined by the independent evaluator;  
53 and (6) a fiscal analysis be completed by the secretary as to projected  
54 savings in specific governmental service areas related to achievement  
55 of specific, quantifiable performance benchmarks.

56 (d) Prior to entering into an outcome-based performance contract  
57 with a social innovation investment enterprise, the secretary shall  
58 request approval of such contract by the joint standing committees of  
59 the General Assembly having cognizance of matters relating to human  
60 services and appropriations and the budgets of state agencies. Each  
61 committee shall have thirty days from the date such request is received  
62 to convene a meeting to vote to approve or disapprove such contract. If  
63 such contract proposal is altered, amended or otherwise changed, the  
64 secretary shall resubmit such request, and each committee shall have  
65 thirty days from the date of such resubmittal to convene a meeting to  
66 vote to approve or disapprove such action. If a committee does not act  
67 on the initial request or the resubmittal of a request within the  
68 specified time frame the request shall be deemed to be approved by  
69 the committee. If such committees do not concur, the committee  
70 chairpersons shall appoint a committee of conference which shall be  
71 composed of three members from each joint standing committee. At  
72 least one member appointed from each joint standing committee shall  
73 be a member of the minority party. The report of the committee of  
74 conference shall be made to each joint standing committee, which shall  
75 vote to accept or reject the report. The report of the committee of  
76 conference may not be amended. If a joint standing committee rejects  
77 the report of the committee of conference, that joint standing  
78 committee shall notify the secretary of the rejection and the contract  
79 proposal shall be deemed approved. If the joint standing committees  
80 accept the report, the committee having cognizance of matters relating  
81 to appropriations and the budgets of state agencies shall advise the  
82 secretary of the approval, denial or modifications, if any, of the  
83 contract proposal. If the joint standing committees do not so advise the  
84 secretary during the thirty-day period, the contract proposal shall be

85 deemed approved.

86 [(c)] (e) The secretary shall comply with the provisions of section 4e-  
87 16 relating to privatization contracts when entering into an outcome-  
88 based performance contract with a social innovation investment  
89 enterprise pursuant to this section.

90 [(d)] (f) There is established an account to be known as the "social  
91 innovation account" which shall be a separate, nonlapsing account  
92 within the General Fund. The account shall contain any moneys  
93 required by law to be deposited in the account. Any interest accruing  
94 to the account shall be credited to the account. Moneys may be  
95 transferred to the account from the General Fund. [Moneys in the  
96 account shall be expended by the Secretary of the Office of Policy and  
97 Management for the purposes of facilitating the reentry of moderate  
98 and high-risk offenders into the community.] The outcome-based  
99 performance contract between the secretary and a social innovation  
100 investment enterprise may provide for payments from the social  
101 innovation account to the social innovation investment enterprise, to  
102 investors, or to both. The secretary may apply for and accept gifts,  
103 grants or donations from public or private sources to enable the  
104 account to be a source of payments to investors purchasing interests in  
105 a social investment vehicle.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2014	4-68aa

**HS**

*Joint Favorable Subst. C/R*

**APP**