



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 Section 4-68aa of the general statutes is repealed and the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, subject 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 be calculated on
43 an ascending scale based upon achievement of specific, quantifiable
44 performance benchmarks; (3) nonprofit service providers which
45 deliver services as part of such contract receive a percentage of any
46 return on investment; (4) an objective process be established by which
47 an independent evaluator shall determine whether the performance
48 benchmarks have been achieved; (5) a calculation be completed of the
49 amount and timing of payments that would be earned by nonprofit

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

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

84 committees do not so advise the secretary during the thirty-day period,
85 the contract proposal shall be deemed rejected.

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.] Moneys in said account
99 may be used to provide payments to the social innovation enterprise,
100 investors or both in accordance with the terms of an outcome-based
101 performance contract. The secretary may apply for and accept gifts,
102 grants or donations from public or private sources to enable the
103 account to be a source of payments to investors purchasing interests in
104 a social investment vehicle.

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

Statement of Legislative Commissioners:

In section (1)(c)(2) "for the social innovation investment enterprise" was deleted for consistency with other provisions of the section; in section 1(f), new language was redrafted for consistency with other provisions of the subsection.

HS

Joint Favorable Subst. C/R

APP

APP *Joint Favorable Subst.*