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Testimony By:
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SB: 105 "An Act Concerning Social Innovation Financing"

Senators Slossberg, Coleman, and Markley and Representatives Abercrombie, Stallworth, and Wood and Distinguished members of the Human Services Committee:

My name is James Maroney and I am the representative from the 119th district, which consists of Milford Orange. I want to thank you for the opportunity to testify before you on SB 105 An Act Concerning Social Innovation Financing. Pay for Success funding is a natural extension of the movement towards Results-Based Accountability and Performance Based Budgeting. This is a system where we look to fund based on outcomes rather than outputs. This is a very exciting time in PFS a recently both of our neighbors announced pilot project. Massachusetts has contracted with a non-profit ROCA for a project to work with high risk young men either on probation or leaving the juvenile justice system. The Commonwealth of Massachusetts will only make payments if the interventions are proven to have positive societal outcomes and produce savings for the Commonwealth. Similarly the state of New York in January announced a four-year program aimed at reducing recidivism among 2,000 recently released inmates.

One important aspect of Pay for Success it enables us to shift to funding prevention instead of funding a cure. At a time when we know that every dollar is important, it allows us to try innovative research based solutions, without putting the tax payer's money at risk, as the state only makes payments if the programs are successful. In addition to the two programs I already mentioned, South Carolina is exploring a Nurse Family Partnership, California has pending legislation to create an Office of Planning and Research which will then conduct the Social Impact Partnership Pilot Program, and in Salt Lake City Utah they have launched a program that funds pre-school scholarships which are paid back by the savings in special education costs. The U.S. Department of Labor has launched a Pay for Success competition through the Workforce

Innovation Fund designed to model new and more effective strategies for delivering workforce development and preventive social services that cut across existing program siloes, increase job placement and improve job retention. As you can see, PFS can fund initiatives in a broad range of areas.

Which leads me to my suggestions for improving SB 105. First, since this is a rapidly evolving field, and there are many subject areas that can potentially benefit from this source of funding, I do not think we should be as specific as stating that we can only enter in to a social innovation investment for the purpose of “a child well-being early intervention and prevention program.” Instead, I would recommend that we leave it open and allow for us in our pilot program to go with the most promising project, whether that be recidivism, early childhood education, workforce development, or an area that hasn’t previously thought of yet but has the research, data, and quantifiable outcomes that might make it an outstanding project. Second, in other states they do not limit the delivery of the services to come only from nonprofit service providers. In fact, in the New Jersey legislation after public testimony they chose to change from originally allowing only non-profits to including all entities. As we once again are looking at raising legislation to create a designation of a B-corp in Connecticut, we are recognizing the fact that there are for profit companies formed with a social mission, and I fear that this clause may also limit options and preclude some quality providers. The previous legislation was contingent upon receiving a grant, which we ultimately did not receive and necessitated us revisiting the concept. Similarly, I would hate to see narrow language constrain options in the future.

Necessity is the mother of invention, and we know that the past couple of years have been financially difficult for our constituents, our state, and other states. We can no longer continue to do things just because “that is the way it has always been done.” We have an obligation to our constituents to explore new and innovative ways of delivering the quality services to our residents that they have come to expect and they deserve while also being fiscally responsible. I am available to answer any questions and offer my assistance in any way to help you improve upon this important legislation.

Thank you for your time.

Resources:

Massachusetts Legislation:

<https://malegislature.gov/Bills/187/House/H4219>

Massachusetts -- Roca project fact sheet:

<http://www.thirdsectorcap.org/wp-content/uploads/2014/01/MA-JJ-PFS-Fact-Sheet.pdf>

Massachusetts SIB – Roca Contract

[https://muckrock.s3.amazonaws.com/foia_files/Final Pay for Success Contract Executed 1 7 2013.pdf](https://muckrock.s3.amazonaws.com/foia_files/Final_Pay_for_Success_Contract_Executed_1_7_2013.pdf)

New York Legislation:

http://assembly.state.ny.us/leg/?default_fld=&bn=S05523&term=2013&Summary=Y&Text=Y

New York Project Summary:

<http://www.socialfinanceus.org/what-we-do/select-current-engagements/social-finance-drives-landmark-new-york-state-deal>

California Legislation:

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140SB593

South Carolina Legislation:

<http://www.scstatehouse.gov/billsearch.php?billnumbers=763&session=120&summary=B>

Utah Early Childhood Program:

http://www.readynation.org/uploads/db_files/RN%20PFS%20Finance%20Dubno%20Dugger%20Smith%20Paper%20130610.pdf

Oregon Report on Pay for Success:

<http://www.oregon.gov/gov/docs/OEIB/PayforSuccess.pdf>