



General Assembly

Amendment

February Session, 2014

LCO No. 4786

SB0010504786SD0

Offered by:
SEN. SLOSSBERG, 14th Dist.

To: Subst. Senate Bill No. 105

File No. 370

Cal. No. 263

"AN ACT CONCERNING SOCIAL INNOVATION INVESTMENT."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

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 Section 4-68aa of the general statutes is repealed and the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

5 (a) As used in this section:

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

8 [(1)] (2) "Secretary" means the Secretary of the Office of Policy and
9 Management, or the secretary's designee;

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

14 contracts and contracting with service providers;

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

18 [(4)] (5) "Outcome-based performance contract" means a contract
19 entered into between the secretary or an agency authorized by the
20 secretary and a social innovation investment enterprise that establishes
21 outcome-based performance standards for preventive social programs
22 delivered by nonprofit service providers and provides that investors in
23 any social investment vehicle shall receive a return of their investment
24 and earnings thereon only if outcome-based performance standards
25 are met by the social innovation investment enterprise.

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

41 (c) Any outcome-based performance contract authorized by the
42 secretary, pursuant to the provisions of this section, shall include, but
43 not be limited to: (1) Payment conditioned on the achievement of
44 specific, quantifiable outcomes based on defined performance
45 benchmarks; (2) an objective determination by an independent

46 evaluator that the performance benchmarks have been achieved; (3) a
47 calculation of the amount and timing of payments that would be
48 earned by the providers of capital in the social investment vehicle
49 established in this section during each year of the agreement if
50 performance targets are achieved as determined by the independent
51 evaluator; (4) a provision stating that the budget document submitted
52 to the General Assembly pursuant to section 4-71 shall include an
53 appropriation request for each fiscal year that the contract is in effect,
54 in an amount equal to the expected payments that the state would
55 ultimately be obligated to pay based upon service provided during
56 that fiscal year if performance targets were achieved, for the non-
57 lapsing social innovation account created pursuant to this section; and
58 (5) a fiscal analysis by the secretary or any agency authorized by the
59 secretary as to projected savings in specific governmental service areas
60 related to achievement of specific, quantifiable performance
61 benchmarks.

62 (d) When considering entering into an outcome-based performance
63 contract with a social innovation investment enterprise, the secretary,
64 or any agency authorized by the secretary, shall present, for
65 informational purposes, a summary statement that shall include policy
66 areas to be addressed by such contract, the preventive social program
67 to be delivered, a general description of performance metrics and a
68 general estimate of savings to the joint standing committees of the
69 General Assembly having cognizance over the subject matter of the
70 preventive social program and the joint standing committee on
71 appropriations.

72 (e) After entering into such contract, the secretary, or any agency
73 authorized by the secretary, shall present to said committees the terms
74 and conditions of the contract, along with an executive summary of the
75 agreement, detailing: (1) The social innovation investment for which
76 the contract is being entered into; (2) the performance measures being
77 used; (3) a calculation of the amount and timing of payments that
78 would be earned by the providers of capital in the social investment
79 vehicle established in this section during each year of the agreement if

80 performance targets are achieved as determined by the independent
81 evaluator; (4) projected savings in specific governmental service areas
82 related to achievement of specific, quantifiable performance
83 benchmarks; and (5) projected appropriations necessary for fiscal years
84 subsequent to the current biennium to fund the social innovation
85 account established pursuant to this section. For each outcome-based
86 performance contract entered into pursuant to this section, the
87 secretary, or any agency authorized by the secretary, shall report
88 annually during the contract period and not later than six months after
89 the conclusion of the contract period on the status of such contracts to
90 said joint standing committees. Such reports shall include information
91 on (A) the achievement by the nonprofit service provider of specific,
92 quantifiable outcomes based on defined performance benchmarks as
93 determined by an independent evaluator, (B) returns on investment for
94 the social innovation investment enterprise, and (C) fiscal analyses of
95 savings achieved in specific governmental service areas related to the
96 achievement of specific, quantifiable performance benchmarks.

97 [(c)] (f) The secretary or any agency authorized by the secretary
98 pursuant to subsection (b) of this section shall comply with the
99 provisions of section 4e-16 relating to privatization contracts when
100 entering into an outcome-based performance contract with a social
101 innovation investment enterprise pursuant to this section.

102 [(d)] (g) There is established an account to be known as the "social
103 innovation account" which shall be a separate, nonlapsing account
104 within the General Fund. The account shall contain any moneys
105 required by law to be deposited in the account. Any interest accruing
106 to the account shall be credited to the account. Moneys may be
107 transferred to the account from the General Fund. Moneys in the
108 account shall be expended by the [Secretary of the Office of Policy and
109 Management for the purposes of facilitating the reentry of moderate
110 and high-risk offenders into the community] secretary, or any agency
111 authorized by the secretary, solely to provide payments to the social
112 innovation enterprise, investors or both, and related administrative
113 costs, in accordance with the terms of an outcome-based performance

114 contract. The secretary, or any agency authorized by the secretary, may
115 apply for and accept gifts, grants or donations from public or private
116 sources to enable the account to be a source of payments to investors
117 purchasing interests in a social investment vehicle."

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