

**Proposed Substitute
Bill No. 6763**

LCO No. 5353

AN ACT CONCERNING SOCIAL INNOVATION.

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 Section 4-68aa of the general statutes is repealed and the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, 2015*):

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 (A) created to coordinate the delivery of preventive social programs by
10 nonprofit service providers, [which] and (B) that has the capability of
11 creating a social investment vehicle, entering into outcome-based
12 performance 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 or an agency authorized by the
18 secretary and a social innovation investment enterprise that establishes
19 outcome-based performance [standards] benchmarks for preventive
20 social programs delivered by nonprofit service providers and provides
21 that investors in any social investment vehicle shall receive a return of
22 their investment and earnings thereon only if such outcome-based
23 performance [standards] benchmarks are met by the social innovation
24 investment enterprise; and

25 (6) "Preventive social program" means a program designed to
26 reduce, reverse or eliminate societal problems, including, but not
27 limited to, poverty, homelessness, unemployment, poor academic
28 achievement, offender recidivism, child abuse and neglect, juvenile
29 delinquency and poor health.

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

45 (c) Any outcome-based performance contract authorized by the
46 secretary, pursuant to the provisions of this section, shall include, but
47 not be limited to: (1) Payment conditioned on the achievement of
48 outcome-based performance benchmarks; (2) an objective
49 determination by an independent evaluator that the outcome-based

50 performance benchmarks have been met; (3) a calculation of the
51 amount and timing of payments that would be earned by the
52 providers of capital in the social investment vehicle each year of the
53 contract if outcome-based performance benchmarks are achieved; (4) a
54 provision concerning appropriation requests for each fiscal year for the
55 nonlapsing social innovation account established pursuant to this
56 section in an amount equal to the expected payments that the state
57 would ultimately be obligated to pay if outcome-based performance
58 benchmarks were achieved; and (5) a fiscal analysis by the secretary or
59 any agency authorized by the secretary as to projected savings in
60 specific governmental service areas related to achievement of outcome-
61 based performance 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 to the joint
65 standing committees of the General Assembly having cognizance of
66 matters concerning the preventive social program and appropriations
67 and the budgets of state agencies: (1) A summary statement that shall
68 include policy areas to be addressed by such contract; (2) the
69 preventive social program to be delivered; (3) a general description of
70 outcome-based performance benchmarks and metrics used to measure
71 whether such benchmarks were achieved; and (4) a general estimate of
72 savings.

73 (e) After entering into an outcome-based performance contract with
74 a social innovation investment enterprise, the secretary, or any agency
75 authorized by the secretary, shall present to said joint standing
76 committees the terms and conditions of the contract, along with the
77 executive summary of the agreement, detailing: (1) The social
78 innovation investment for which the contract is being entered into; (2)
79 the outcome-based performance benchmarks being used; (3) a
80 calculation of the amount and timing of state payments if outcome-
81 based performance benchmarks are achieved; (4) projected savings in
82 specific governmental service areas related to achievement of outcome-
83 based performance benchmarks; and (5) projected appropriations

84 necessary for fiscal years subsequent to the current biennium to fund
85 the social innovation account established pursuant to this section.

86 (f) For each outcome-based performance contract entered into
87 pursuant to this section, the secretary, or any agency authorized by the
88 secretary, shall report annually during the contract period and not
89 later than six months after the conclusion of the contract period on the
90 status of such contracts to said joint standing committees. Such report
91 shall include information on (1) the achievement by the nonprofit
92 service provider of outcome-based performance benchmarks; (2)
93 returns on investment for the social investment vehicle; and (3) fiscal
94 analyses of savings achieved in specific governmental service areas
95 related to the contract.

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

101 ~~[(d)]~~ (h) There is established an account to be known as the "social
102 innovation account" which shall be a separate, nonlapsing account
103 within the General Fund. The account shall contain any moneys
104 required by law to be deposited in the account. Any interest accruing
105 to the account shall be credited to the account. Moneys may be
106 transferred to the account from the General Fund. Moneys in the
107 account shall be expended by the [Secretary of the Office of Policy and
108 Management for the purposes of facilitating the reentry of moderate
109 and high-risk offenders into the community] secretary, or any agency
110 authorized by the secretary, solely to provide payments to the social
111 innovation enterprise, investors or both, and related administrative
112 costs, in accordance with the terms of an outcome-based performance
113 contract. The secretary, or any agency authorized by the secretary, may
114 apply for and accept gifts, grants or donations from public or private
115 sources to enable the account to be a source of payments to investors
116 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, 2015</i>	4-68aa
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