

ASSEMBLY BILL

No. 1837

Introduced by Assembly Member Atkins

February 18, 2014

An act to add Section 12096.3.7 to the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1837, as introduced, Atkins. Governor's Office of Business and Economic Development.

The Economic Revitalization Act establishes the Governor's Office of Business and Economic Development, also known as "GO-Biz," to, among other duties, serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth.

This bill would require GO-Biz to serve as the lead entity for efforts to explore social innovation financing, defined as an investment arrangement using private funding to finance a social program administered by a nonprofit organization or for-profit service provider on behalf of a government agency pursuant to a performance-based contract. This bill would also require GO-Biz to develop model provisions for performance-based contracts that allow private investors to provide up-front financing to service providers to achieve preagreed upon social outcomes and require a contracting government agency to pay the private investor a return on investment if successful programmatic outcomes are achieved by the service provider.

This bill would also make legislative findings and declarations in this regard.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) It is the intent of the Legislature to establish partnerships
4 between government agencies, private investors, nonprofit
5 organizations, and for-profit service providers to facilitate the use
6 of social innovation financing to achieve measurable social
7 benefits.

8 (b) The focus of initial social innovation financing efforts should
9 be towards decreasing recidivism rates in our criminal justice
10 system, reducing homelessness, and promoting workforce
11 development.

12 SEC. 2. Section 12096.3.7 is added to the Government Code,
13 to read:

14 12096.3.7. (a) The office shall serve as the lead entity for
15 efforts to explore social innovation financing and provide technical
16 assistance to local governments that are exploring the creation of
17 social innovation financing.

18 (b) The office shall develop model provisions for
19 performance-based contracts.

20 (c) For purposes of this section only, the following terms shall
21 have the following meanings:

22 (1) "Performance-based contracts" means contractual
23 agreements between government, private investors, and service
24 providers where private investors agree to provide up-front
25 financing to service providers to achieve preagreed upon social
26 outcomes and the government agency agrees to pay a return on
27 investment to the investors if successful programmatic outcomes
28 are achieved by the service provider.

29 (2) "Social innovation financing" means an investment
30 arrangement using private funding to finance a social program
31 administered by a nonprofit organization or for-profit service
32 provider on behalf of a government agency pursuant to a
33 performance-based contract.

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