

Introduced by Senator PriceDecember 3, 2012

An act to add Chapter 1.7 (commencing with Section 12099) to Part 2 of Division 3 of Title 2 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 9, as introduced, Price. State government: social innovation and entrepreneurship.

Existing law establishes the Governor's Office of Business and Economic Development to 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 establish the Office of Social Innovation and Entrepreneurship Development within the Office of the Governor to establish partnerships with government agencies, private investors, nonprofit organizations, and for-profit service providers to facilitate the use of social impact bonds (SIBs), as defined, to address social services needs. The bill would require the office to develop a strategic plan for promoting SIBs, develop model provisions for performance-based contracts, and report annually to the Legislature on the use of SIBs.

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. Chapter 1.7 (commencing with Section 12099)
2 is added to Part 2 of Division 3 of Title 2 of the Government Code,
3 to read:

4
5 CHAPTER 1.7. THE OFFICE OF SOCIAL INNOVATION AND
6 ENTREPRENEURSHIP

7
8 Article 1. Definitions

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10 12099. For purposes of this chapter:
11 (a) “Director” means the Executive Director of the Office of
12 Social Innovation and Entrepreneurship.
13 (b) “Office” or “OSIE” means the Office of Social Innovation
14 and Entrepreneurship.
15 (c) “Performance-based contract” means a contractual agreement
16 in which a government agency agrees to pay more to a nonprofit
17 organization or service provider if the results of the service exceed
18 specified indicators of success and to pay less if results of the
19 service fall short of those indicators of success.
20 (d) “Social impact bond” means an investment arrangement
21 using private funding to finance a social program administered by
22 a nonprofit organization or for-profit service provider on behalf
23 of a government agency pursuant to a performance-based contract.

24
25 Article 2. General

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27 12099.5. The Office of Social Innovation and Entrepreneurship
28 Development (OSIE) is hereby established in state government
29 within the Office of the Governor. The office shall be administered
30 by a director appointed by the Governor.
31 12099.6. The Social Impact Fund is hereby established in the
32 General Fund. Upon appropriation by the Legislature, funds
33 deposited into the account shall be used by OSIE to facilitate the
34 use of social impact bonds.

1 Article 3. Powers and Duties

2
3 12099.10. (a) OSIE shall establish partnerships with
4 government agencies, private investors, nonprofit organizations,
5 and for-profit service providers to facilitate the use of social impact
6 bonds (SIBs) to address social services needs.

7 (b) OSIE shall develop a strategic plan for promoting SIBs.

8 (c) OSIE shall develop model provisions for performance-based
9 contracts.

10 (d) Commencing on January 1, 2015, and annually thereafter,
11 OSIE shall report to the Legislature on the use of SIBs.

12 (e) (1) The requirement for submitting a report imposed under
13 subdivision (d) is inoperative on January 1, 2019, pursuant to
14 Section 10231.5.

15 (2) A report submitted pursuant to subdivision (d) shall be
16 submitted in compliance with Section 9795.