

AMENDED IN SENATE JANUARY 27, 2014

AMENDED IN SENATE JANUARY 6, 2014

AMENDED IN SENATE APRIL 23, 2013

SENATE BILL

No. 593

Introduced by Senator Lieu

February 22, 2013

An act to add and repeal Title 15.5 (commencing with Section 97000) of the Government Code, relating to social impact partnerships.

LEGISLATIVE COUNSEL'S DIGEST

SB 593, as amended, Lieu. Social impact partnerships: pilot program.

Existing law establishes the Office of Planning and Research and sets forth its powers and duties as the comprehensive state planning agency.

This bill would require the Office of Planning and Research to conduct the Social Impact Partnership Pilot Program. The bill would ~~require the director~~ *authorize the Director* of the Office of Planning and Research to identify and submit ~~at least 3~~ proposed social impact partnerships to the Legislature for consideration with the May Revision of the Governor's Budget each year beginning in 2015. The bill would create the Social Innovation Financing Trust Fund from which funds appropriated by the Legislature would be spent on contracts entered into by the office with approved applicants, as specified. The bill would authorize the office to adopt regulations to implement these ~~provisions~~ *provisions and to establish an application fee to cover the expenses of the office*. The bill would also require the director to report annually to the Governor and Legislature on the status of ongoing social impact partnerships and the Social Innovation Financing Trust Fund, as specified. This bill would repeal these provisions on January 1, 2020.

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. Title 15.5 (commencing with Section 97000) is
2 added to the Government Code, to read:

3
4 TITLE 15.5. SOCIAL IMPACT PARTNERSHIPS PILOT
5 PROGRAM

6
7 CHAPTER 1. GENERAL

8
9 97000. (a) For purposes of this title, “social impact
10 partnership,” also referred to as a “pay for success contract,” means
11 a contract for services provided to address a defined demographic
12 group’s particular needs that are traditionally addressed through
13 state programs and funding therefor, in order to improve outcomes
14 and lower costs because payment is made only after measured
15 results are achieved.

16 (b) “Director” means the ~~director~~ *Director* of the Office of
17 Planning and Research established pursuant to Section 65037.

18 97001. (a) The Office of Planning and Research shall conduct
19 the Social Impact Partnerships Pilot Program.

20 (b) (1) The director ~~shall~~ *may* identify and submit ~~at least three~~
21 proposed social impact partnerships to the ~~Chair of the Assembly~~
22 ~~and Senate Budget Committees~~ *chairs of the Senate and Assembly*
23 *budget committees* and the ~~Chair~~ *chairs* of the relevant
24 subcommittee for consideration with the May Revision of the
25 Governor’s Budget each year beginning in 2015.

26 (2) Prior to the submission of any proposed social impact
27 partnerships, the director shall consult with the appropriate state
28 agency or department responsible for administering any affected
29 state program.

30 (3) At a minimum, each submission shall include all of the
31 following:

- 32 (A) A description of the proposed social program.
- 33 (B) A description of the organization’s experience in providing
34 the proposed social program.
- 35 (C) A description of the financial stability of the organization.

1 (D) An identification of each component of the social program
2 to be provided.

3 (E) A description of how the social program will be provided.

4 (F) A description of the recruitment or selection process, or
5 both, for participants in the social program.

6 (G) The proposed quantifiable results upon which success of
7 the social program will be measured.

8 (H) An itemization of all expenses proposed to be reimbursed
9 under the contract.

10 97002. (a) Upon appropriation of sufficient funds by the
11 Legislature, the director shall enter into a contract with the
12 approved applicant.

13 (b) Each contract shall include all of the following:

14 (1) A requirement that the payment be conditioned on the
15 achievement of specific outcomes based upon defined performance
16 targets.

17 (2) An objective process by which an independent evaluator,
18 selected by the director, will determine whether the performance
19 targets have been achieved.

20 (3) A calculation of the amount and timing of payments that
21 would be earned by the service provider during each year of the
22 agreement if performance targets are achieved as determined by
23 the independent evaluator.

24 (4) A determination by the director that the contract will result
25 in significant performance improvements and budgetary savings
26 across impacted agencies or departments if the performance targets
27 are achieved.

28 (c) The director shall not enter into any contract that exceeds
29 the funds appropriated for it by the Legislature.

30 97003. (a) The Social Innovation Financing Trust Fund is
31 hereby created in the State Treasury. All funds appropriated by
32 the Legislature pursuant to Section 97002 shall be deposited into
33 the Social Innovation Financing Trust Fund.

34 (b) Social impact partnership contracts entered into by the office
35 with approved applicants shall be paid from the Social Innovation
36 Financing Trust Fund.

37 97004. (a) The Office of Planning and Research may adopt
38 regulations to implement this title.

39 (b) *The office shall adopt an application fee that is sufficient to*
40 *cover the expenses incurred by the office, including startup costs.*

1 97005. The director shall report annually to the Governor and
2 Legislature on the status of each ongoing social impact partnership,
3 including, but not limited to, a description of the desired outcome
4 and an overview of the independent evaluator’s findings. The
5 report shall also contain an accounting of the Social Innovation
6 Financing Trust Fund.

7 97006. This title shall not create a statutory entitlement to
8 services or any contractual obligation on the part of the state. It is
9 the intent of the Legislature that a proposed contract under Section
10 97001 is subject to legislative review and approval before its
11 execution, and that any appropriation only occur after the review
12 and approval.

13 97007. This title shall be repealed on January 1, 2020.