

Revised

AGN. NO.

MOTION BY SUPERVISORS MARK RIDLEY-THOMAS AND DON KNABE March 17, 2015

SUPPORT LEGISLATION PROMOTING SOCIAL IMPACT BONDS

On November 18, 2014, the Board of Supervisors (Board) approved a Pay for Success Blueprint that was developed to facilitate the launching and implementation of Pay for Success initiatives in the County of Los Angeles. In addition, the Board directed the Chief Executive Officer to solicit County departments for potential projects with high impact and performance-based outcome measures. On March 4, 2015, House Representative Todd C. Young (R-IN) introduced Legislation H.R. 1336 (Bill), which would authorize \$300 million through a one-time mandatory appropriation for states and/or local governments that launch “Pay-for-Success” initiatives. The Obama administration has also supported a similar proposal in its budget for FY 2015-2016, released last month. The Bill specifies 21 types of allowable projects, including other areas of focus, such as increased work and earnings, improving high school graduation rates, and reducing rates of asthma, diabetes, or other preventable diseases. Authorized payments will only be issued if agreed upon outcomes are verified by independent evaluations “using random assignment or other research methodologies that allow for the strongest

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evidence of effectiveness possible.” Fiscal savings to the federal, state and local government are among the factors that must be considered when approving local partnerships.

The Bill authorizes the Office of Management and Budget to spend up to \$2 million each year for federal technical assistance in the development or support of social impact partnerships and \$10 million to cover up to half of the cost of state/local feasibility studies. In addition, the Bill reserves up to \$45 million (15% of all funds) for evaluations, and permits bank investments in social impact partnerships to be considered as part of the bank’s requirement under the Community Reinvestment Act to help meet the credit needs in their communities. This allowance is structured to sunset after 10 years.

Given this Board’s interest in advancing and implementing the concept of Pay for Success in the County of Los Angeles, it is important to support the proposed federal legislation that would provide a mechanism to fund local Pay for Success initiatives.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

Support federal legislation that authorizes and appropriates funding of social impact bond “Pay for Success” programs with high impact and performance-based outcome measures accompanied by funding for evaluation, technical assistance and state/local feasibility analyses such as H.R. 1336.

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(DJJ)