AN ACT Relating to public-private financing for prevention-focused social services and health care services; adding a new section to chapter 42.52 RCW; and creating new sections.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. (1) The legislature finds that there are many prevention-focused social service programs and services for health care that demonstrably result in positive impacts for individuals and families that are cost-beneficial and that efficiently utilize government resources. However, because government resources are limited, the state is often unable to fund these programs or services.

(2) The legislature also finds that new, innovative financing models, such as social impact bonds, are emerging, and these new models allow the upfront investment of funds from nongovernment entities. These upfront investments provide financing needed to provide prevention-focused programs and services. These new, innovative financing models provide an opportunity for governments to shift away from a model of paying service providers for a defined quantity of services to a model where providers are paid only upon the successful achievement of agreed-upon financial and social outcomes.
The legislature further finds that pay for success contracts encourage partnerships between public, private, and philanthropic sectors, emphasize accountability in the rendering of services, and encourage the use of sophisticated program evaluations.

The legislature intends to establish the Washington social investment steering committee to develop and monitor the implementation of at least one pilot program, financed by social impact bonds or other public-private financing models, which delivers prevention-focused services in areas such as early childhood development, child welfare, mental health, juvenile justice, public assistance, or other identified social or health care services.

**NEW SECTION.** Sec. 2. (1) The Washington social investment steering committee is established. The steering committee shall be composed of fourteen members, as identified in subsection (2) of this section.

(2)(a) The president of the senate shall appoint one member from each of the two largest caucuses of the senate.

(b) The speaker of the house of representatives shall appoint one member from each of the two largest caucuses of the house of representatives.

(c) The president of the senate and the speaker of the house of representatives shall jointly appoint the following members:

(i) Two representatives from the office of financial management to address policy and fiscal issues, respectively;

(ii) One representative from the largest Washington union representing state employees;

(iii) One representative from the office of the state treasurer;

(iv) One representative from the Washington state institute for public policy;

(v) One representative from a community development financial institution;

(vi) An expert in econometrics analysis and evaluation;

(vii) One representative from an entity that invests philanthropically;

(viii) One representative from the University of Washington evidence based practice institute;

(ix) One representative from a direct service provider; and
(x) One consultant with knowledge and expertise in social impact bonds.

(d) The cochairs of the steering committee shall be two legislative members, one from the house of representatives and one from the senate. The cochairs shall be from different caucuses. The cochairs shall determine the meeting schedule for the steering committee.

(e) Members of the Washington social investment steering committee and the organizations they represent are excluded from providing services or training in pilot programs implemented pursuant to this section. Members of the committee and their organizations may assist in the evaluation of the pilot programs if their participation does not introduce any conflict of interest.

(f) The steering committee may establish technical advisory committees, as it deems necessary, and may consult with the relevant human services or other state agencies.

(g) The first meeting of the steering committee must occur no later than July 1, 2014.

(h) Staff support for the steering committee must be provided by senate committee services and the office of program research.

(i) Private funding or grants must be used to provide for facilitation and consulting services for the steering committee.

(3) No later than December 1, 2014, the steering committee shall develop an implementation plan for at least one pilot program that uses social impact bonds or other public-private financing mechanisms to finance and deliver prevention-focused social or health care services. The plan must include the following:

(a) Identification of the financing model to be used for the pilot program, including a description of the financial mechanism for any use of state funds and for obtaining private financing;

(b) Identification of target populations and services to be provided in the pilot programs;

(c) Identification of specific and measurable outcomes to be achieved in the pilot programs and establishment of baselines using historical administrative data;

(d) Identification of the process to measure the identified outcomes; and

(e) Legislative actions needed to implement the pilot program.
(4) No later than July 1, 2015, the office of financial management, or a state agency designated by the office of financial management, shall issue a request for proposal to implement the pilot programs described in subsection (3) of this section.

(5) The pilot programs identified in subsection (3) of this section must be implemented no later than January 1, 2016.

(6) No later than December 1, 2015, the steering committee must provide a report to the legislature and the governor summarizing the work of the committee.

(7) Beginning December 1, 2016, and annually throughout the duration of the pilot programs, the steering committee must provide a report to the legislature and the governor regarding the implementation of the pilot programs and any recommendations for expanding the utilization of social impact bonds or other public-private financing mechanisms to finance and deliver prevention-focused social or health care services.

NEW SECTION. Sec. 3. A new section is added to chapter 42.52 RCW to read as follows:

When soliciting gifts, grants, or donations solely for the limited purpose of facilitation, consultation, or providing expertise to further the Washington social investment steering committee's duties as provided in section 2 of this act, state officers, legislative officers, and state employees are exempt from the laws of this chapter.

--- END ---