

115TH CONGRESS  
1ST SESSION

# S. 435

To establish programs to improve family economic security by breaking the cycle of multigenerational poverty, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 16, 2017

Mr. HEINRICH (for himself and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To establish programs to improve family economic security by breaking the cycle of multigenerational poverty, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Two-Generation Economic Empowerment Act of 2017”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings; purposes.

Sec. 3. Definitions.

TITLE I—INTERAGENCY COUNCIL ON MULTIGENERATIONAL  
POVERTY

- Sec. 101. Interagency Council on Multigenerational Poverty.  
 Sec. 102. Information displayed on Council website.  
 Sec. 103. GAO Report.  
 Sec. 104. Authorization of appropriations.

TITLE II—2-GENERATION PROGRAMS

- Sec. 201. Programs.  
 Sec. 202. General provisions.

TITLE III—PERFORMANCE PARTNERSHIP PILOT PROGRAM

- Sec. 301. Definitions.  
 Sec. 302. Performance partnership pilots.  
 Sec. 303. Reporting; evaluations.  
 Sec. 304. Applicability to existing performance partnership pilots.

TITLE IV—SOCIAL IMPACT BONDS PILOT PROGRAM

- Sec. 401. Definitions; purposes.  
 Sec. 402. Social impact bond application.  
 Sec. 403. Awarding social impact bond contracts.  
 Sec. 404. Feasibility study funding.  
 Sec. 405. Evaluations.  
 Sec. 406. Role of Interagency Council on Multigenerational Poverty.  
 Sec. 407. Availability of information related to social impact bond projects.  
 Sec. 408. Funding.  
 Sec. 409. Community Reinvestment Act.

**1 SEC. 2. FINDINGS; PURPOSES.**

2 (a) FINDINGS.—Congress finds the following:

3 (1) Almost half, or 44 percent, of children in  
 4 the United States are from low-income families.

5 (2) Individuals caught in multigenerational pov-  
 6 erty tend to lack the support needed to move beyond  
 7 day-to-day situations, make long-term financial  
 8 plans, and support the community around them.

9 (3) Twenty-five percent of children in the  
 10 United States live in single-mother households, and  
 11 80 percent of African-American or Hispanic children

1 who live in such households are from low-income  
2 families.

3 (4) Many of the services and systems that are  
4 intended to help low-income families are fragmented,  
5 with approaches that address the needs of parents  
6 and children separately. These fragmented ap-  
7 proaches often leave either the parent or the child  
8 behind and dim the family's chance at success.

9 (5) In 2009, the Department of Agriculture es-  
10 timated that 11,500,000 individuals in the United  
11 States are from low-income families that reside more  
12 than 1 mile from a supermarket, and 2,300,000 of  
13 such individuals do not have access to a car.

14 (6) Healthy communities have a variety of com-  
15 ponents, including—

16 (A) safe, sustainable, accessible, and af-  
17 fordable transportation options that enable—

18 (i) children to commute to and from  
19 school safely; and

20 (ii) parents to seek work outside of  
21 their community;

22 (B) housing that is affordable, high-qual-  
23 ity, socially integrated, and location-efficient;

1 (C) access to quality schools, parks and  
2 other recreational facilities, child care, libraries,  
3 financial services, and other daily needs; and

4 (D) support for healthy behavioral develop-  
5 ment of children and adolescents.

6 (7) A successful 2-generation program will—

7 (A) improve family economic security by  
8 creating opportunities for, and addressing the  
9 needs of, parents and children;

10 (B) break the cycle of multigenerational  
11 poverty; and

12 (C) foster and develop healthy commu-  
13 nities.

14 (8) The return on investment in education for  
15 children and their parents is high. Early childhood  
16 education programs help children develop new skills  
17 and prepare them for grade school. A parent's level  
18 of educational attainment is the best predictor of a  
19 child's success. Higher education opens the door to  
20 a stable career with a family-sustaining wage, pro-  
21 viding opportunities for families to break the cycle of  
22 multigenerational poverty.

23 (9) Social capital is a key success factor of the  
24 2-generation approach and builds on the strength  
25 and resilience of families, bolstering the aspirations

1 parents have for their children and for themselves.  
2 Family poverty is associated with a weaker social  
3 network of support. For individuals living in certain  
4 regions, the lack of community development contrib-  
5 utes to a lack of economic mobility and a lack of  
6 multigenerational success.

7 (10) Physical and mental health have a major  
8 impact on the ability of a family to thrive. There is  
9 a well-documented correlation between poor health  
10 and poor family finances, with poor health causing  
11 poor family finances and poor family finances caus-  
12 ing poor health. Improved physical health and health  
13 behaviors are associated with higher scores on stand-  
14 ardized tests. There is a link between mothers pro-  
15 viding a higher level of emotional support and posi-  
16 tive outcomes in children, such as children dem-  
17 onstrating an improved social competence and en-  
18 gagement in schooling. Meanwhile, social isolation of  
19 children is associated with a higher rate of abuse  
20 and neglect of children.

21 (b) PURPOSE.—The purpose of this Act is to improve  
22 family economic security by breaking the cycle of  
23 multigenerational poverty, including through developing 2-  
24 generation programs that involve initiatives of the Federal

1 Government, States, local governments, and tribal govern-  
2 ments and initiatives of the private sector.

3 **SEC. 3. DEFINITIONS.**

4 In this Act:

5 (1) 2-GENERATION APPROACH.—The term “2-  
6 generation approach” means the approach to break-  
7 ing the cycle of multigenerational poverty by improv-  
8 ing family economic security through the implemen-  
9 tation of 2-generation programs that create opportu-  
10 nities for, and address the needs of, parents and  
11 children together.

12 (2) 2-GENERATION PROGRAM.—The term “2-  
13 generation program” means a pilot program estab-  
14 lished under section 201(a).

15 (3) AGENCY.—The term “agency” has the  
16 meaning given such term in section 551 of title 5,  
17 United States Code.

18 (4) COUNCIL AGENCY.—The term “Council  
19 agency” means an agency listed in any of subpara-  
20 graphs (A) through (M) of section 101(c)(1).

21 (5) DISCRETIONARY APPROPRIATIONS.—The  
22 term “discretionary appropriations” has the mean-  
23 ing given such term in section 250(c) of the Bal-  
24 anced Budget and Emergency Deficit Control Act of  
25 1985 (2 U.S.C. 900(c)).

1           (6) INSTITUTION OF HIGHER EDUCATION.—The  
2 term “institution of higher education” has the  
3 meaning given such term in section 101(a) of the  
4 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

5           (7) INTERVENTION.—The term “intervention”  
6 means a specific service delivered to achieve an im-  
7 pact through a social impact bond project under title  
8 IV.

9           (8) MULTIGENERATIONAL POVERTY.—The term  
10 “multigenerational poverty” means pervasive poverty  
11 transferred from parents to their children through  
12 structural and systematic factors.

13           (9) SCHOOL READINESS.—The term “school  
14 readiness” means the development of—

15                   (A) physical well-being and motor skills;

16                   (B) social and emotional skills;

17                   (C) approaches to learning;

18                   (D) language skills (including early lit-  
19 eracy); and

20                   (E) cognition and general knowledge.

21           (10) STATE.—The term “State” means each of  
22 the several States of the United States, the District  
23 of Columbia, and each commonwealth or territory of  
24 the United States.

1           (11) VULNERABLE POPULATION.—The term  
2           “vulnerable population” means a population con-  
3           sisting of individuals who, as determined by the ap-  
4           plicable lead agency designated under section  
5           202(a)—

6                   (A) are economically disadvantaged;

7                   (B) are racial or ethnic minorities;

8                   (C) are low-income children;

9                   (D) are elderly;

10                  (E) are homeless;

11                  (F) are individuals with a disability, as de-  
12                  fined in section 3 of the Americans with Dis-  
13                  abilities Act of 1990 (42 U.S.C. 12102);

14                  (G) are infected with the human immuno-  
15                  deficiency virus (HIV); or

16                  (H) have any other chronic health condi-  
17                  tion, including a severe mental illness.

18       **TITLE I—INTERAGENCY COUN-**  
19       **CIL ON MULTIGENERATIONAL**  
20       **POVERTY**

21       **SEC. 101. INTERAGENCY COUNCIL ON MULTIGENERATION-**  
22       **AL POVERTY.**

23           (a) ESTABLISHMENT.—There is established within  
24           the Federal Government an interagency council to be  
25           known as the “Interagency Council on Multigenerational



1 Poverty” (referred to in this Act as the “Council”) to  
2 carry out the objectives under subsection (b) and the 2-  
3 generation approach, including by providing guidance, and  
4 addressing questions pertaining, to 2-generation programs  
5 and other programs engaging in efforts to break the cycle  
6 of multigenerational poverty.

7 (b) OBJECTIVES.—The objectives of the Council are  
8 each of the following:

9 (1) Establish an ongoing system of coordination  
10 among and within agencies or organizations related  
11 to programs aimed at breaking the cycle of  
12 multigenerational poverty.

13 (2) Identify knowledge gaps, research needs,  
14 and policy and program deficiencies associated with  
15 multigenerational poverty.

16 (3) Identify best practices of programs, includ-  
17 ing the 2-generation programs, and methodologies to  
18 break the cycle of multigenerational poverty.

19 (c) MEMBERSHIP.—

20 (1) COMPOSITION.—The Council shall be com-  
21 posed of at least 1 designee from each of the fol-  
22 lowing:

23 (A) The Office of Management and Budg-  
24 et.

25 (B) The Bureau of Indian Affairs.

1 (C) The Department of Agriculture.

2 (D) The Department of Education.

3 (E) The Department of Health and  
4 Human Services.

5 (F) The Department of Housing and  
6 Urban Development.

7 (G) The Department of Labor.

8 (H) The Department of Transportation.

9 (I) The Department of the Treasury.

10 (J) The Department of Veterans Affairs.

11 (K) The Corporation for National and  
12 Community Service.

13 (L) The Domestic Policy Council.

14 (M) The National Economic Council.

15 (2) DESIGNATION.—

16 (A) IN GENERAL.—The head of each  
17 Council agency shall designate at least 1 em-  
18 ployee described in subparagraph (B) of such  
19 agency to serve as a member of the Council.

20 (B) RESPONSIBILITIES.—An employee de-  
21 scribed in this subparagraph shall be a senior  
22 employee of the agency whose responsibilities  
23 relate to policies, procedures, and economics  
24 with respect to family well-being.

25 (3) CHAIRPERSON.—

1 (A) IN GENERAL.—The Chairperson of the  
2 Council (referred to in this section as the  
3 “Chairperson”) shall be a designee under para-  
4 graph (1)(E), as selected by the Council if there  
5 is more than 1 such designee.

6 (B) INITIATING GUIDANCE.—The Chair-  
7 person, on behalf of the Council, shall identify  
8 and invite individuals from diverse entities, in-  
9 cluding advocates, individuals from nonprofit  
10 organizations, small businesses, and philan-  
11 thropic organizations, and researchers from in-  
12 stitutions of higher education, to provide the  
13 Council with advice and knowledge pertaining  
14 to addressing multigenerational poverty.

15 (d) DUTIES.—

16 (1) STRATEGIC PLAN TO END AND PREVENT  
17 MULTIGENERATIONAL POVERTY.—Not later than 1  
18 year after the date of enactment of this Act, the  
19 Council shall develop, make available for public com-  
20 ment, and submit to the President and Congress, a  
21 strategic plan to end and prevent multigenerational  
22 poverty that includes activities under the 2-genera-  
23 tion approach and other activities consistent with  
24 the objectives under subsection (b). The Council  
25 shall update such plan annually.

1           (2) IMPLEMENTING AND ADVISING 2-GENERA-  
2           TION PROGRAMS.—The Council shall establish proce-  
3           dures for implementing the 2-generation approach  
4           that consist of—

5                   (A) coordinating the efforts of each 2-gen-  
6                   eration program;

7                   (B) advising and assisting relevant agen-  
8                   cies in the development and implementation of  
9                   each such program;

10                  (C) advising relevant agencies on specific  
11                  programmatic and policy matters related to  
12                  each such program;

13                  (D) providing relevant subject matter ex-  
14                  pertise to each lead agency designated under  
15                  section 202(a); and

16                  (E) identifying and addressing issues that  
17                  may influence the future of each 2-generation  
18                  program.

19           (3) REPORTS TO CONGRESS.—

20                   (A) ANNUAL REPORTS.—Not later than 1  
21                   year after the date of enactment of this Act,  
22                   and annually thereafter, the Council shall pre-  
23                   pare and submit to Congress a report that in-  
24                   cludes—

1 (i) information on the progress and  
2 results of each 2-generation program in  
3 achieving the appropriate quantitative lev-  
4 els for the outcomes described in section  
5 201(b) that each program is designed to  
6 achieve; and

7 (ii) information on any issue con-  
8 cerning each such program and rec-  
9 ommendations to address each such issue.

10 (B) BIENNIAL REPORTS.—Not later than  
11 1 year after the date of enactment of this Act,  
12 and every 2 years thereafter, the Council shall  
13 prepare and submit to Congress a report that  
14 includes—

15 (i) information on the overall progress  
16 of the Council in ending and preventing  
17 multigenerational poverty; and

18 (ii) legislative policy recommendations,  
19 including addressing any needs for greater  
20 legislative authority to meet the objectives  
21 of this Act.

22 (4) AVAILABLE FUNDING.—Not later than 90  
23 days after the date of enactment of this Act, each  
24 Council agency shall identify, prepare, and submit to  
25 the Chairperson a list of funding sources that could

1 support 2-generation programs in achieving the ap-  
2 propriate quantitative levels for the outcomes de-  
3 scribed in section 201(b) that each program is de-  
4 signed to achieve.

5 **SEC. 102. INFORMATION DISPLAYED ON COUNCIL WEBSITE.**

6 (a) IN GENERAL.—The Council shall ensure that the  
7 information listed in subsection (b) is made available to  
8 the public and displayed on the official website of the  
9 Council.

10 (b) INFORMATION.—The information listed in this  
11 subsection is each of the following:

12 (1) The national strategic plan to end and pre-  
13 vent multigenerational poverty required under sec-  
14 tion 101(d)(1).

15 (2) Information on the 2-generation programs,  
16 including—

17 (A) the outcomes described in section  
18 201(b) that each program is designed to  
19 achieve, and the appropriate quantitative levels  
20 for achieving such outcomes;

21 (B) national partners consisting of private  
22 and government entities participating in (or in-  
23 terested in participating in), including by fund-  
24 ing, a 2-generation program;

1 (C) a description of the 2-generation pro-  
2 gram described in title III, including detailed  
3 information on the performance partnership pi-  
4 lots approved under section 302(a), the discre-  
5 tionary appropriations used to carry out such  
6 program, and any waivers received under sec-  
7 tion 202(d) for such program, including infor-  
8 mation specifying the waivers used for each  
9 such pilot; and

10 (D) a description of the 2-generation pro-  
11 gram described in title IV, including the infor-  
12 mation described in section 407.

13 (3) Each report, including the data contained in  
14 each such report, that—

15 (A) the Council submits to Congress under  
16 section 101(d)(3);

17 (B) the Comptroller General of the United  
18 States submits under section 103 or 303(e);  
19 and

20 (C) is submitted to the Council under sec-  
21 tion 303(d) or subsection (d) or (e) of section  
22 405.

23 (4) Information describing the best practices  
24 (as determined by the Council) of the 2-generation  
25 programs, and other programs engaging in efforts to

1 break the cycle of multigenerational poverty, to en-  
2 able interested entities to emulate such best prac-  
3 tices in any efforts to end or prevent  
4 multigenerational poverty.

5 **SEC. 103. GAO REPORT.**

6 (a) IN GENERAL.—Not later than 1 year after the  
7 date of enactment of this Act, the Comptroller General  
8 of the United States shall conduct a study, and submit  
9 a report to Congress and the Interagency Council on  
10 Multigenerational Poverty, on Federal block grants under  
11 the jurisdiction of council participants to identify barriers  
12 and opportunities for collaboration in order to carry out  
13 the 2-generation approach.

14 (b) CONTENTS.—The study and report under sub-  
15 section (a) shall—

16 (1) identify block grants that could be used for  
17 the 2-generation approach and whether waiver of  
18 any funding restriction or requirement in particular  
19 would facilitate the 2-generation approach without  
20 compromising the policy goals of those block grants;

21 (2) identify opportunities and barriers for col-  
22 laboration among block-grant recipients; and

23 (3) examine any duplications of reporting or ap-  
24 plications as a result of such collaboration.



1 **SEC. 104. AUTHORIZATION OF APPROPRIATIONS.**

2       There are authorized to be appropriated for each of  
3 fiscal years 2017 through 2022 such sums as may be nec-  
4 essary to carry out this title.

5                   **TITLE II—2-GENERATION**  
6                   **PROGRAMS**

7 **SEC. 201. PROGRAMS.**

8       (a) **IN GENERAL.**—The Council shall establish, as 2-  
9 generation programs, each of the following:

10           (1) The 2-generation performance partnership  
11 pilot program described in title III.

12           (2) The 2-generation social impact bonds pilot  
13 program described in title IV.

14       (b) **OUTCOME MEASURES.**—

15           (1) **ESTABLISHMENT.**—The Council shall estab-  
16 lish clearly defined outcome measures for each 2-  
17 generation program that include the outcomes de-  
18 scribed in paragraphs (2) and (3) that each program  
19 is designed to achieve and the appropriate quan-  
20 titative levels for achieving such outcomes.

21           (2) **PRIMARY OUTCOMES.**—Each 2-generation  
22 program shall be designed to achieve primary out-  
23 comes consisting of—

24                   (A) improved academic achievement of  
25 children and increased earning potential of par-  
26 ents, including enhanced—

1 (i) school readiness of children from  
2 birth through age 5; and

3 (ii) educational attainment of parents;  
4 and

5 (B) two or more of the following outcomes:

6 (i) Improved financial stability of fam-  
7 ilies, including increased financial capa-  
8 bility of, and savings for, parents and chil-  
9 dren, achieved through increased earning  
10 potential and enhanced financial decision-  
11 making skills of parents and children.

12 (ii) Increased access for parents and  
13 children to programs that foster healthy  
14 parent-child relationships.

15 (iii) Increased opportunities for all  
16 family members to participate in programs  
17 that address the mental health needs of  
18 parents and children.

19 (iv) Improved education of parents  
20 and children on obesity prevention and nu-  
21 trition, and a subsequent reduction in  
22 rates of obesity and related diseases among  
23 parents and children.

24 (v) Improved maternal and child  
25 health, including social and emotional

1 health and development of mothers and  
2 children.

3 (3) COST-EFFECTIVE OUTCOMES.—In achieving  
4 the primary outcomes described in paragraph (2),  
5 each 2-generation program shall make better use of  
6 budgetary resources to seek enhanced outcomes that  
7 are cost-effective for regions, communities, or vul-  
8 nerable populations.

9 **SEC. 202. GENERAL PROVISIONS.**

10 (a) LEAD AGENCIES.—The Director of the Office of  
11 Management and Budget shall, in collaboration with the  
12 Council—

13 (1) designate a lead agency from among the  
14 Council agencies for the purpose of carrying out the  
15 2-generation program described in title III; and

16 (2) designate a lead agency from among the  
17 Council agencies for the purpose of carrying out the  
18 2-generation program described in title IV.

19 (b) AGENCY HEAD DETERMINATIONS.—

20 (1) IN GENERAL.—A Council agency may par-  
21 ticipate (directly or by providing discretionary appro-  
22 priations that have been appropriated to such agen-  
23 cy) in the 2-generation program described in title III  
24 only upon providing a written determination by the  
25 head of such agency to the lead agency designated

1 under subsection (a)(1) that, based on the best  
2 available information, transferring resources to par-  
3 ticipate in such program will not—

4 (A) result in such agency reducing any  
5 services (funded in whole or in part by the dis-  
6 cretionary appropriations of such agency) that  
7 such agency provided prior to participating in  
8 the 2-generation program; and

9 (B) otherwise adversely affect vulnerable  
10 populations that are recipients of such services.

11 (2) CONSIDERATION.—In making the deter-  
12 mination under paragraph (1), the head of the  
13 Council agency may take into consideration the dis-  
14 cretionary appropriations that will be used in the 2-  
15 generation program.

16 (c) TRANSFER AUTHORITY.—

17 (1) 2-GENERATION ACCOUNT.—The lead agency  
18 designated under subsection (a)(1) may establish an  
19 account for the purpose of carrying out the 2-gen-  
20 eration program described in title III, allowing mul-  
21 tiple Council agencies participating in the 2-genera-  
22 tion program to combine discretionary appropria-  
23 tions for the purpose of carrying out the 2-genera-  
24 tion program.

1           (2) TRANSFERS.—Subject to the written ap-  
2           proval of the Director of the Office of Management  
3           and Budget and paragraph (4), the head of each  
4           Council agency participating in the 2-generation pro-  
5           gram described in title III may transfer discre-  
6           tionary appropriations of the agency to the account  
7           established under paragraph (1), to be used for such  
8           2-generation program.

9           (3) AVAILABILITY.—

10           (A) PURPOSES.—Subject to the waiver au-  
11           thority under subsection (d), the discretionary  
12           appropriations transferred under paragraph (2)  
13           shall remain available for the same purposes for  
14           which the appropriations were originally appro-  
15           priated.

16           (B) OBLIGATION BY THE FEDERAL GOV-  
17           ERNMENT.—The discretionary appropriations  
18           transferred under paragraph (2) shall remain  
19           available for obligation by the Federal Govern-  
20           ment for the period for which such appropria-  
21           tions were permitted to remain available, as of  
22           the day before the date of the transfer.

23           (4) NOTICE REQUIREMENT.—Not later than 30  
24           days prior to transferring any discretionary appro-  
25           priations under paragraph (2), the head of the

1 Council agency transferring the appropriations shall  
2 provide written notice of the transfer to the Com-  
3 mittee on Appropriations of the House of Represent-  
4 atives, the Committee on Appropriations of the Sen-  
5 ate, and other appropriate committees of Congress.

6 (d) WAIVER AUTHORITY.—

7 (1) IN GENERAL.—To reduce administrative  
8 burdens (including application and reporting re-  
9 quirements) and subject to other provisions of this  
10 Act (but notwithstanding subsection (c)(3)(A)), the  
11 head of a Council agency participating in the 2-gen-  
12 eration program described in title III may waive (in  
13 whole or in part) the application, solely with respect  
14 to discretionary appropriations used in such 2-gen-  
15 eration program, of any statutory, regulatory, or ad-  
16 ministrative requirement that such agency head—

17 (A) is authorized to waive (in accordance  
18 with the terms and conditions of the Federal  
19 law authorizing such appropriations); or

20 (B) would not otherwise be authorized to  
21 waive, but for the application of this subsection.

22 (2) LIMITATIONS.—

23 (A) IN GENERAL.—An agency head de-  
24 scribed in paragraph (1) shall not waive any re-  
25 quirement related to nondiscrimination, wage

1 and labor standards, or allocation of funds to  
2 State or sub-State levels.

3 (B) REQUIREMENTS.—For the waiver of  
4 any statutory, regulatory, or administrative re-  
5 quirement described in paragraph (1)(B), an  
6 agency head described in paragraph (1) shall—

7 (i) prior to granting the waiver, sub-  
8 mit to the lead agency designated under  
9 subsection (a)(1) a written determination,  
10 with respect to the discretionary appropria-  
11 tions described in paragraph (1), that the  
12 granting of such waiver for purposes of the  
13 2-generation program described in title  
14 III—

15 (I) is consistent with the statu-  
16 tory purposes of the Federal program  
17 for which such discretionary appropria-  
18 tions were appropriated and the  
19 other provisions of this section, as  
20 well as the written determination by  
21 such agency head under subsection  
22 (b)(1);

23 (II) is necessary to achieve the  
24 appropriate quantitative levels for the  
25 outcomes described in section 201(b)

1 that the program is designed to  
2 achieve, and is no broader in scope  
3 than is necessary to achieve such lev-  
4 els; and

5 (III) will result in—

6 (aa) realizing efficiencies by  
7 simplifying reporting burdens or  
8 reducing administrative barriers  
9 with respect to such discretionary  
10 appropriations; or

11 (bb) increasing the ability of  
12 individuals to obtain access to  
13 services that are provided  
14 through such discretionary ap-  
15 propriations; and

16 (ii) provide at least 60 days of ad-  
17 vance written notice to the Committee on  
18 Appropriations of the House of Represent-  
19 atives, the Committee on Appropriations of  
20 the Senate, and other appropriate commit-  
21 tees of Congress.

22 (e) PROHIBITED USE OF ASSESSMENT FOR YOUNG  
23 CHILDREN.—To participate in a 2-generation program de-  
24 scribed in title III or IV, an entity shall provide an assur-  
25 ance that the entity will not assess the achievement of chil-



1 dren from birth through grade 2, or programs providing  
2 services to such children, by engaging in activities that in-  
3 clude—

4           (1) assessing such children or programs in a  
5 manner that provides or leads to any reward or  
6 sanction for any individual child, teacher, early  
7 childhood education program, as defined in section  
8 103 of the Higher Education Act of 1965 (20  
9 U.S.C. 1003), or school;

10           (2) using a single method for assessing the ef-  
11 fectiveness of a program serving such children as the  
12 primary or only method for assessing such program;  
13 or

14           (3) evaluating such children for any purpose  
15 other than to—

16                   (A) improve instruction or classroom envi-  
17 ronment;

18                   (B) target high-quality, evidence-based  
19 professional development;

20                   (C) determine the need for health (includ-  
21 ing mental health), disability, or family support  
22 services;

23                   (D) inform the quality improvement proc-  
24 ess for such programs at the State level;

1           (E) evaluate such a program for the pur-  
 2           poses of program improvement and providing  
 3           information to the parents of children partici-  
 4           pating in such program; or

5           (F) provide research conducted as part of  
 6           a national evaluation.

7           **TITLE III—PERFORMANCE**  
 8           **PARTNERSHIP PILOT PROGRAM**

9           **SEC. 301. DEFINITIONS.**

10          In this title:

11           (1) **LEAD AGENCY.**—The term “lead agency”  
 12           means the lead agency designated under section  
 13           202(a)(1).

14           (2) **PERFORMANCE PARTNERSHIP PILOT.**—The  
 15           term “performance partnership pilot” means a  
 16           project that—

17           (A) seeks to identify, through a demonstra-  
 18           tion, cost-effective strategies for providing serv-  
 19           ices at the State, regional, or local level;

20           (B) involves two or more Federal programs  
 21           (administered by one or more Federal agen-  
 22           cies)—

23           (i) with related policy goals; and

1 (ii) at least one of which is adminis-  
 2 tered (in whole or in part) by a State, local  
 3 government, or tribal government;

4 (C) carries out the 2-generation approach  
 5 by achieving the outcomes described in section  
 6 201(b), including making better use of budg-  
 7 etary resources to seek enhanced outcomes that  
 8 are cost-effective for regions, communities, or  
 9 vulnerable populations; and

10 (D) consistent with this title, allows—

11 (i) an entity participating in the  
 12 project to combine multiple sources of  
 13 funding acquired by the entity; and

14 (ii) multiple entities participating in  
 15 the project to combine sources of funding  
 16 acquired by the entities.

17 **SEC. 302. PERFORMANCE PARTNERSHIP PILOTS.**

18 (a) APPROVAL OF PILOTS.—In accordance with title  
 19 II and this title, the lead agency shall approve not more  
 20 than 5 performance partnership pilots under the program  
 21 described in this title, by entering into performance part-  
 22 nership agreements under subsection (c).

23 (b) USE OF DISCRETIONARY APPROPRIATIONS.—  
 24 Subject to section 202 and subsections (a) and (c), a  
 25 Council agency may use discretionary appropriations ap-

1 appropriated to such agency to participate in one or more  
2 of the approved performance partnership pilots.

3 (c) PERFORMANCE PARTNERSHIP AGREEMENTS.—

4 (1) IN GENERAL.—A Council agency may use  
5 discretionary appropriations to participate in a per-  
6 formance partnership pilot only in accordance with  
7 the terms of a performance partnership agreement,  
8 described in paragraph (3), that is entered into be-  
9 tween—

10 (A) subject to paragraph (2), the lead  
11 agency on behalf of each Council agency partici-  
12 pating in such pilot; and

13 (B) a representative of each State, local  
14 government, or tribal government that has ap-  
15 plied for participation in such pilot, in accord-  
16 ance with application procedures established by  
17 the lead agency.

18 (2) LIMITATION.—The lead agency may only  
19 enter into an agreement under paragraph (1) upon  
20 receiving, from the head of each Council agency to  
21 be participating in such pilot, a written concurrence  
22 to enter into such agreement, including an agree-  
23 ment that such Council agency will comply with all  
24 requirements under this Act for participating in  
25 such pilot.

1           (3) TERMS OF THE AGREEMENT.—A perform-  
2           ance partnership agreement entered into under para-  
3           graph (1) shall specify, at a minimum, each of the  
4           following:

5                   (A) The length of such agreement, which  
6                   shall end not later than 5 fiscal years after the  
7                   date of enactment of this Act.

8                   (B) The Federal programs and federally  
9                   funded services that are involved in such pilot.

10                  (C) The discretionary appropriations that  
11                  are being used in the performance partnership  
12                  pilot (by the respective Federal account identi-  
13                  fier, and the total amount from such account  
14                  that is being used in such pilot), and the period  
15                  of availability for obligation by the Federal Gov-  
16                  ernment of such funds.

17                  (D) The non-Federal funds that are being  
18                  used in such pilot, by source (which may in-  
19                  clude private funds and governmental funds)  
20                  and by amount.

21                  (E) The State, local, or tribal programs  
22                  that are involved in such pilot.

23                  (F) The populations to be served by such  
24                  pilot.

1           (G) The cost-effective Federal oversight  
2 procedures that will be used for the purpose of  
3 maintaining the necessary level of account-  
4 ability for the use of the discretionary appro-  
5 priations in such pilot.

6           (H) The cost-effective State, local, or tribal  
7 oversight procedures that will be used for the  
8 purpose of maintaining the necessary level of  
9 accountability for the use of the discretionary  
10 appropriations in such pilot.

11          (I) The outcomes described in section  
12 201(b) that such pilot is designed to achieve  
13 and the appropriate quantitative levels for  
14 achieving such outcomes.

15          (J) The appropriate, reliable, and objective  
16 outcome-measurement methodology that will be  
17 used in carrying out such pilot, to determine  
18 the success of such pilot in achieving any out-  
19 come, and the appropriate quantitative level for  
20 achieving such outcome, specified under sub-  
21 paragraph (I).

22          (K) Any statutory, regulatory, or adminis-  
23 trative requirements related to a Federal man-  
24 datory program that are barriers to achieving

1 any outcome or level specified under subpara-  
2 graph (I).

3 (L) In a case in which, during the course  
4 of such pilot, it is determined that the pilot is  
5 not achieving the appropriate quantitative levels  
6 for the outcomes specified under subparagraph  
7 (I)—

8 (i) any consequence that will result  
9 from the failure to achieve such levels, with  
10 respect to the discretionary appropriations  
11 that are being used in such pilot; and

12 (ii) the corrective actions that will be  
13 taken to increase the likelihood that such  
14 pilot, upon completion, will have achieved  
15 such levels.

16 **SEC. 303. REPORTING; EVALUATIONS.**

17 (a) STATE, LOCAL GOVERNMENT, OR TRIBAL GOV-  
18 ERNMENT REPORTS.—

19 (1) IN GENERAL.—Not later than 90 days after  
20 the first day of each fiscal year, a State, local gov-  
21 ernment, or tribal government participating (in  
22 whole or in part) in a performance partnership pilot  
23 shall submit a report to the lead agency.

24 (2) CONTENTS.—The report under paragraph  
25 (1) shall include information on—

1 (A) the progress of such performance part-  
2 nership pilot in achieving the appropriate quan-  
3 titative levels for the outcomes the pilot is de-  
4 signed to achieve under section 302(c)(3)(I), in-  
5 cluding data supporting such progress; and

6 (B) the discretionary appropriations, and  
7 any other funds, used to carry out such per-  
8 formance partnership pilot.

9 (b) COUNCIL AGENCY REPORTS.—Not later than 120  
10 days after the first day of each fiscal year, each Council  
11 agency participating in a performance partnership pilot  
12 shall submit a report to the lead agency in such manner  
13 and containing such information about the performance  
14 partnership pilot as the lead agency may require.

15 (c) EVALUATION BY COMPTROLLER GENERAL.—

16 (1) IN GENERAL.—The Comptroller General of  
17 the United States shall conduct an evaluation of the  
18 2-generation program described in this title, which  
19 shall include information describing—

20 (A) the criteria used by the lead agency to  
21 approve performance partnership pilots;

22 (B) the States, local governments, and  
23 tribal governments that participated in any per-  
24 formance partnership pilot;



1 (C) how each such State, local government,  
 2 and tribal government used funds received  
 3 under such performance partnership pilot; and

4 (D) the success of each performance part-  
 5 nership pilot in achieving the appropriate quan-  
 6 titative levels for the outcomes the pilot is de-  
 7 signed to achieve under section 302(c)(3)(I).

8 (2) SUBMISSION.—Not later than 90 days after  
 9 the first day of each fiscal year, the Comptroller  
 10 General of the United States shall submit a report  
 11 containing the evaluation conducted under para-  
 12 graph (1) to the lead agency and the Council.

13 (d) LEAD AGENCY REPORT TO THE COUNCIL.—Not  
 14 later than 180 days after the first day of each fiscal year,  
 15 the lead agency shall submit a report to the Council that  
 16 evaluates the information provided in the reports under  
 17 subsections (a), (b), and (c).

18 **SEC. 304. APPLICABILITY TO EXISTING PERFORMANCE**  
 19 **PARTNERSHIP PILOTS.**

20 Nothing in this Act shall be construed to apply to  
 21 any performance partnership pilot authorized under sec-  
 22 tion 526 of the Departments of Labor, Health and Human  
 23 Services, and Education, and Related Agencies Appropria-  
 24 tions Act, 2014 (Public Law 113–76), section 524 of the  
 25 Departments of Labor, Health and Human Services, and

1 Education, and Related Agencies Appropriations Act,  
2 2015 (Public Law 113–235), or section 525 of the Depart-  
3 ments of Labor, Health and Human Services, and Edu-  
4 cation, and Related Agencies Appropriations Act, 2016  
5 (Public Law 114–113).

6 **TITLE IV—SOCIAL IMPACT**  
7 **BONDS PILOT PROGRAM**

8 **SEC. 401. DEFINITIONS; PURPOSES.**

9 (a) DEFINITIONS OF SOCIAL IMPACT BOND MODEL  
10 AND SOCIAL IMPACT BOND PROJECT.—

11 (1) SOCIAL IMPACT BOND MODEL.—The term  
12 “social impact bond model” means a method of fi-  
13 nancing social services in which—

14 (A) Federal funds are awarded to a State  
15 or local government only if such State or local  
16 government achieves appropriate quantitative  
17 levels for certain outcomes agreed upon by the  
18 State or local government and the lead agency  
19 designated under section 202(a)(2); and

20 (B) the State or local government collabo-  
21 rates with service providers, investors (if appli-  
22 cable to the project), and (if necessary) an  
23 intermediary to identify—

1 (i) an intervention expected to  
2 produce such achievement on appropriate  
3 quantitative levels;

4 (ii) a service provider to deliver the  
5 intervention to the target population; and

6 (iii) if applicable, investors to assist in  
7 funding the delivery of the intervention.

8 (2) SOCIAL IMPACT BOND PROJECT.—The term  
9 “social impact bond project” means a project that fi-  
10 nances social services using a social impact bond  
11 model.

12 (b) PURPOSES.—The purposes of this title are the  
13 following:

14 (1) To reduce poverty among parents and chil-  
15 dren.

16 (2) To improve the lives of families and individ-  
17 uals in need in the United States by funding social  
18 programs that achieve real results.

19 (3) To ensure Federal funds are used effectively  
20 on social services to produce positive outcomes for  
21 both service recipients and taxpayers.

22 (4) To establish programs that lessen the pov-  
23 erty burden families face in the short-term while fos-  
24 tering opportunities for families to achieve long-term  
25 success.

1           (5) To establish the use of social impact bonds  
2           to address some of our Nation’s most pressing prob-  
3           lems.

4           (6) To facilitate the creation of public-private  
5           partnerships that bundle philanthropic and other  
6           private resources with existing public spending to  
7           scale up effective social interventions already being  
8           implemented by private organizations, nonprofits,  
9           charitable organizations, and local governments  
10          across the country.

11          (7) To bring pay-for-performance to the social  
12          sector, allowing the United States to improve the im-  
13          pact and effectiveness of vital social programs.

14 **SEC. 402. SOCIAL IMPACT BOND APPLICATION.**

15          (a) NOTICE.—Not later than 1 year after the date  
16          of the enactment of this Act, the agency designated by  
17          the Council under section 202(a)(2) (referred to in this  
18          title as the “lead agency”), in consultation with the Coun-  
19          cil, shall publish in the Federal Register a notice that the  
20          lead agency is seeking proposals from States or local gov-  
21          ernments for social impact bond projects in accordance  
22          with this section.

23          (b) REQUIREMENTS FOR SOCIAL IMPACT BOND  
24          PROJECTS.—To qualify as a social impact bond project

1 under this title, the services provided by the State or local  
2 government through the project must—

3 (1) produce social benefits and Federal savings  
4 by achieving outcomes under section 201(b) at the  
5 appropriate quantitative levels; and

6 (2) supplement and not supplant any services  
7 provided by the State or local government prior to  
8 the commencement of the project.

9 (c) FEASIBILITY STUDY REQUIRED.—The notice de-  
10 scribed in subsection (a) shall require a State or local gov-  
11 ernment to submit a feasibility study for the social impact  
12 bond project that contains the following information:

13 (1) The outcome goals of the project.

14 (2) A description of each intervention in the  
15 project and the anticipated outcome of such inter-  
16 vention.

17 (3) Rigorous evidence demonstrating that the  
18 intervention can be expected to produce the desired  
19 outcome.

20 (4) The target population that will be served by  
21 the project.

22 (5) The expected social benefits to participants  
23 who receive the intervention and others who may be  
24 impacted.

1           (6) Projected Federal, State, and local govern-  
2           ment costs and other costs to conduct the project.

3           (7) Projected Federal, State, and local govern-  
4           ment savings and other savings, including an esti-  
5           mate prepared by the State or local government of  
6           the savings to the Federal, State, and local govern-  
7           ment, on a program-by-program basis and in the ag-  
8           gregate, if the project is implemented and the out-  
9           comes are achieved.

10          (8) If savings resulting from the successful  
11          completion of the project are estimated to accrue to  
12          the State or local government, the likelihood of the  
13          State or local government to realize those savings.

14          (9) A plan for delivering the intervention  
15          through a social impact bond model.

16          (10) A description of the expertise of each serv-  
17          ice provider that will administer the intervention.

18          (11) An explanation of the experience of the  
19          State or local government, the intermediary, or the  
20          service provider in raising private and philanthropic  
21          capital to fund social service investments.

22          (12) The detailed roles and responsibilities of  
23          each entity involved in the project, including any  
24          State or local government entity, intermediary, serv-

1 ice provider, independent evaluator, investor, or  
2 other stakeholder.

3 (13) A summary of the experience of the service  
4 provider delivering the proposed intervention, a simi-  
5 lar intervention, or a summary demonstrating the  
6 service provider has the expertise necessary to de-  
7 liver the intervention.

8 (14) A summary of the unmet need in the area  
9 where the intervention will be delivered or among the  
10 target population who will receive the intervention.

11 (15) The payment terms, the methodology used  
12 to calculate outcome payments, the payment sched-  
13 ule, and performance thresholds.

14 (16) The project budget.

15 (17) The project timeline.

16 (18) The criteria used to determine the eligi-  
17 bility of an individual for the project, including how  
18 selected populations will be identified, how they will  
19 be referred to the project, and how they will be en-  
20 rolled in the project.

21 (19) The evaluation design.

22 (20) The metrics that will be used to determine  
23 whether the outcomes have been achieved and how  
24 such metrics will be measured.

1           (21) A summary explaining the independence of  
2           the evaluator from the other entities involved in the  
3           project and the evaluator’s experience in conducting  
4           rigorous evaluations of program effectiveness includ-  
5           ing, where available, well-implemented randomized  
6           controlled trials on the intervention or similar inter-  
7           ventions.

8           (22) The capacity of the service provider to de-  
9           liver the intervention to the number of participants  
10          the State or local government proposes to serve in  
11          the project.

12          (23) An assurance that the services provided by  
13          the State or local government through the project  
14          will supplement and not supplant any services pro-  
15          vided by the State or local government prior to the  
16          commencement of the project.

17          (d) PROJECT INTERMEDIARY INFORMATION RE-  
18          QUIRED.—The feasibility study described in subsection (c)  
19          shall also contain the following information about the  
20          intermediary for the social impact bond project (whether  
21          the intermediary is the service provider or other entity):

22                (1) Experience and capacity for providing or fa-  
23                cilitating the provision of the type of intervention  
24                proposed.

25                (2) The mission and goals.



1           (3) Information on whether the intermediary is  
2 already working with service providers that provide  
3 this intervention or an explanation of the capacity of  
4 the intermediary to begin working with service pro-  
5 viders to provide the intervention.

6           (4) Experience working in a collaborative envi-  
7 ronment across government and nongovernmental  
8 entities.

9           (5) Previous experience collaborating with pub-  
10 lic or private entities to implement evidence-based  
11 programs.

12           (6) Ability to raise or provide funding to cover  
13 operating costs (if applicable to the project).

14           (7) Capacity and infrastructure to track out-  
15 comes and measure results, including—

16               (A) capacity to track and analyze program  
17 performance; and

18               (B) experience with performance-based  
19 contracting and achieving project milestones  
20 and targets.

21           (8) Role in delivering the intervention.

22           (9) How the intermediary would monitor pro-  
23 gram success, including a description of the interim  
24 benchmarks and outcome measures.

1 **SEC. 403. AWARDING SOCIAL IMPACT BOND CONTRACTS.**

2 (a) **TIMELINE IN AWARDING CONTRACT.**—Not later  
3 than 6 months after receiving an application in accordance  
4 with section 402, the lead agency shall determine whether  
5 to enter into a contract for a social impact bond project  
6 with a State or local government.

7 (b) **CONSIDERATIONS IN AWARDING CONTRACT.**—In  
8 determining whether to enter into a contract for a social  
9 impact bond project (the application for which was sub-  
10 mitted under section 402) the lead agency, in consultation  
11 with the Council and the head of any Federal agency ad-  
12 ministering a similar intervention or serving a population  
13 similar to that served by the project, shall consider each  
14 of the following:

15 (1) The value to the Federal Government of the  
16 outcome expected to be achieved if the outcomes  
17 specified in the contract are met at the appropriate  
18 quantitative levels.

19 (2) The ability of the State or local government  
20 in collaboration with the intermediary and the serv-  
21 ice providers to achieve the outcomes at the appro-  
22 priate quantitative levels.

23 (3) The savings to the Federal Government if  
24 the outcomes specified in the contract are met at the  
25 appropriate quantitative levels.

1           (4) The savings to the State and local govern-  
2           ments if the outcomes specified in the contract are  
3           met at the appropriate quantitative levels.

4           (5) The expected quality of the evaluation that  
5           would be conducted with respect to the contract.

6           (c) CONTRACT AUTHORITY.—

7           (1) CONTRACT REQUIREMENTS.—In accordance  
8           with this section, the lead agency, in consultation  
9           with the Council and the head of any Federal agency  
10          administering a similar intervention or serving a  
11          population similar to that served by the project, may  
12          enter into a contract for a social impact bond project  
13          with a State or local government if the lead agency  
14          determines that each of the following requirements  
15          are met:

16                (A) The State or local government agrees  
17                to achieve an outcome specified in the contract  
18                at the appropriate quantitative level in order to  
19                receive payment.

20                (B) The Federal payment to the State or  
21                local government for each outcome specified is  
22                less than or equal to the value of the outcome  
23                to the Federal Government over a period not to  
24                exceed 15 years, as determined by the lead

1 agency, in consultation with the State or local  
2 government.

3 (C) The duration of the project does not  
4 exceed 15 years, unless the lead agency grants  
5 an extension pursuant to paragraph (3)(B).

6 (D) The State or local government has  
7 demonstrated, through the application sub-  
8 mitted under section 402, that, based on prior  
9 rigorous experimental evaluations or rigorous  
10 quasi-experimental studies, the intervention can  
11 be expected to achieve each outcome specified in  
12 the contract at the appropriate quantitative  
13 level.

14 (E) The State, local government, inter-  
15 mediary, or service provider has experience rais-  
16 ing private or philanthropic capital to fund so-  
17 cial service investments (if applicable to the  
18 project).

19 (F) The State or local government has  
20 shown that each service provider has experience  
21 delivering the intervention, a similar interven-  
22 tion, or has otherwise demonstrated the exper-  
23 tise necessary to deliver the intervention.

24 (2) PAYMENT.—The lead agency shall pay the  
25 State or local government only if the independent

1 evaluator described in section 405 determines that  
2 the social impact bond project has met the require-  
3 ments specified in the contract and achieved an out-  
4 come specified in the contract.

5 (3) LIMITATION; OPTIONAL EXTENSION TO  
6 ACHIEVE SAVINGS.—

7 (A) IN GENERAL.—Subject to subpara-  
8 graph (B), the lead agency may not enter into  
9 a contract for a social impact bond project  
10 under paragraph (1) after the date that is 5  
11 years after the date of the enactment of this  
12 Act.

13 (B) EXTENSION.—If the lead agency de-  
14 termines that a social impact bond project that  
15 has not achieved the Federal savings it was  
16 projected to achieve would achieve such savings  
17 if the project were continued for a period that  
18 is not greater than 5 years, the lead agency  
19 may extend the project for not more than 5 ad-  
20 ditional years without requiring the State or  
21 local government conducting the project to re-  
22 submit an application in accordance with sec-  
23 tion 402.

24 (d) NOTICE OF CONTRACT AWARD.—Not later than  
25 30 days after entering into a contract under this section,

1 the lead agency shall publish a notice in the Federal Reg-  
2 ister that includes, with regard to such contract, the fol-  
3 lowing:

4 (1) The outcome goals of the social impact bond  
5 project.

6 (2) A description of each intervention in the  
7 project.

8 (3) The target population that will be served by  
9 the project.

10 (4) The expected social benefits to participants  
11 who receive the intervention and others who may be  
12 impacted.

13 (5) The detailed roles, responsibilities, and pur-  
14 poses of each Federal, State, or local government en-  
15 tity, intermediary, service provider, independent  
16 evaluator, investor, or other stakeholder.

17 (6) The payment terms, the methodology used  
18 to calculate outcome payments, the payment sched-  
19 ule, and performance thresholds.

20 (7) The project budget.

21 (8) The project timeline.

22 (9) The project eligibility criteria.

23 (10) The evaluation design.

24 (11) The metrics that will be used to determine  
25 whether the outcomes have been achieved and how

1 these metrics will be measured, including scenarios  
2 when only partial outcomes have been achieved.

3 (12) The estimate prepared by the State or  
4 local government of the savings to the Federal,  
5 State, and local government, on a program-by-pro-  
6 gram basis and in the aggregate, if the contract is  
7 entered into and implemented and the outcomes are  
8 achieved.

9 **SEC. 404. FEASIBILITY STUDY FUNDING.**

10 (a) REQUESTS FOR FUNDING FOR FEASIBILITY  
11 STUDIES.—The lead agency shall reserve a portion of the  
12 funding provided in section 408 to assist States or local  
13 governments in developing feasibility studies required by  
14 section 402(c). To be eligible to receive funding to assist  
15 with completing a feasibility study, a State or local govern-  
16 ment shall submit an application for feasibility study fund-  
17 ing containing the following information:

18 (1) A description of the outcome goals of the  
19 social impact bond project.

20 (2) A description of the intervention, including  
21 anticipated program design, target population, an  
22 estimate regarding the number of individuals to be  
23 served, and setting for the intervention.

24 (3) Evidence to support the likelihood that such  
25 intervention will produce the desired outcome.

1           (4) The expected social benefits to participants  
2 who receive the intervention and others who may be  
3 impacted.

4           (5) Estimated costs to conduct the project.

5           (6) Estimates of Federal, State, and local gov-  
6 ernment savings and other savings if the project is  
7 implemented and the outcomes are achieved at the  
8 appropriate quantitative levels.

9           (7) An estimated timeline for implementation  
10 and completion of the project, which shall not exceed  
11 15 years.

12           (8) With respect to a project for which the  
13 State or local government selects an intermediary to  
14 operate the project, any partnerships needed to suc-  
15 cessfully execute the project, the ability of the inter-  
16 mediary to foster such partnerships, the identity of  
17 likely partners, and whether commitments to partici-  
18 pate in the project have been secured from such  
19 partners.

20           (9) The expected resources needed to complete  
21 the feasibility study.

22           (10) An assurance that the services provided by  
23 the State or local government through the project  
24 will supplement and not supplant any services pro-



1 vided by the State or local government prior to the  
2 commencement of the project.

3 (b) FEDERAL SELECTION OF APPLICATIONS FOR  
4 FEASIBILITY STUDY.—Not later than 6 months after re-  
5 ceiving an application for feasibility study funding under  
6 subsection (a), the lead agency, in consultation with the  
7 Council and the head of any Federal agency administering  
8 a similar intervention or serving a population similar to  
9 that served by the project, shall select State or local gov-  
10 ernment feasibility study proposals for funding based on  
11 the following:

12 (1) The likelihood that the proposal will achieve  
13 the desired outcome at the appropriate quantitative  
14 level.

15 (2) The value of the outcome expected to be  
16 achieved.

17 (3) The potential savings to the Federal Gov-  
18 ernment if the social impact bond project is success-  
19 ful.

20 (4) The potential savings to the State and local  
21 governments if the project is successful.

22 (c) PUBLIC DISCLOSURE.—Not later than 30 days  
23 after selecting a State or local government for feasibility  
24 study funding under this section, the lead agency shall  
25 publish on the website of the Council information explain-

1 ing why a State or local government was granted feasi-  
2 bility study funding.

3 (d) FUNDING RESTRICTION.—

4 (1) FEASIBILITY STUDY RESTRICTION.—The  
5 lead agency may not provide feasibility study fund-  
6 ing under this section for more than 50 percent of  
7 the estimated total cost of the feasibility study re-  
8 ported in the State or local government application  
9 submitted under subsection (a).

10 (2) AGGREGATE RESTRICTION.—Of the total  
11 amount appropriated under section 408, the lead  
12 agency may not use more than \$5,000,000 to pro-  
13 vide feasibility study funding to States or local gov-  
14 ernments under this section.

15 (e) SUBMISSION OF FEASIBILITY STUDY RE-  
16 QUIRED.—Not later than 6 months after the receipt of  
17 feasibility study funding under this section, a State or  
18 local government receiving such funding shall complete the  
19 feasibility study and submit the study to the Council.

20 **SEC. 405. EVALUATIONS.**

21 (a) CONTRACT AUTHORITY.—For each State or local  
22 government awarded a social impact bond project ap-  
23 proved by the lead agency under this title, the head of  
24 the relevant agency, as determined by the Council, shall  
25 enter into a contract with such State or local government

1 to pay, from the amount made available under section  
2 408, for an independent evaluation to determine whether  
3 the State or local government project has met an outcome  
4 specified in the contract at the appropriate quantitative  
5 level in order for the State or local government to receive  
6 outcome payments under this title.

7       (b) EVALUATOR QUALIFICATIONS.—The head of the  
8 relevant agency may not enter into a contract with a State  
9 or local government unless the head determines that the  
10 entity that will serve as the independent evaluator is inde-  
11 pendent of the other parties to the contract and has dem-  
12 onstrated substantial experience in conducting rigorous  
13 evaluations of program effectiveness including, where  
14 available, well-implemented randomized controlled trials  
15 on the intervention or similar interventions.

16       (c) METHODOLOGIES TO BE USED.—The evaluation  
17 used to determine whether a State or local government  
18 will receive outcome payments under this title shall use  
19 experimental designs using random assignment or other  
20 research methodologies that allow for the strongest pos-  
21 sible causal inferences when random assignment is not  
22 feasible.

23       (d) PROGRESS REPORT.—

24           (1) SUBMISSION OF REPORT.—The independent  
25 evaluator shall—

1 (A) not later than two years after a project  
2 has been approved by the lead agency and bian-  
3 nually thereafter until the project is concluded,  
4 submit to the head of the relevant agency and  
5 the Council a written report summarizing the  
6 progress that has been made in achieving each  
7 outcome specified in the contract at the appro-  
8 priate quantitative level; and

9 (B) at the scheduled time of the first out-  
10 come payment and at the time of each subse-  
11 quent payment, submit to the head of the rel-  
12 evant agency and the Council a written report  
13 that includes the results of the evaluation con-  
14 ducted to determine whether an outcome pay-  
15 ment should be made along with information on  
16 the unique factors that contributed to achieving  
17 or failing to achieve the outcome, the challenges  
18 faced in attempting to achieve the outcome, and  
19 information on the improved future delivery of  
20 this or similar interventions.

21 (2) SUBMISSION TO CONGRESS.—Not later than  
22 30 days after receipt of the written report pursuant  
23 to paragraph (1)(B), the Council shall submit such  
24 report to each committee of jurisdiction in the  
25 House of Representatives and the Senate.

1 (e) FINAL REPORT.—

2 (1) SUBMISSION OF REPORT.—Within 6 months  
3 after the social impact bond project is completed, the  
4 independent evaluator shall—

5 (A) evaluate the effects of the activities  
6 undertaken pursuant to the contract with re-  
7 gard to each outcome specified in the contract;  
8 and

9 (B) submit to the head of the relevant  
10 agency and the Council a written report that in-  
11 cludes the results of the evaluation and the con-  
12 clusion of the evaluator as to whether the State  
13 or local government has fulfilled each obligation  
14 of the contract, along with information on the  
15 unique factors that contributed to the success  
16 or failure of the project, the challenges faced in  
17 attempting to achieve the outcome, and infor-  
18 mation on the improved future delivery of this  
19 or similar interventions.

20 (2) SUBMISSION TO CONGRESS.—Not later than  
21 30 days after receipt of the written report pursuant  
22 to paragraph (1)(B), the Council shall submit such  
23 report to each committee of jurisdiction in the  
24 House of Representatives and the Senate.

1 (f) LIMITATION ON COST OF EVALUATIONS.—Of the  
2 amount made available for social impact bond projects in  
3 section 408, the lead agency may not obligate more than  
4 15 percent to evaluate the implementation and outcomes  
5 of such projects.

6 **SEC. 406. ROLE OF INTERAGENCY COUNCIL ON**  
7 **MULTIGENERATIONAL POVERTY.**

8 The Council shall—

9 (1) coordinate the efforts of social impact bond  
10 projects funded by this title;

11 (2) advise and assist the lead agency in the de-  
12 velopment and implementation of such projects;

13 (3) advise the lead agency on specific pro-  
14 grammatic and policy matter related to such  
15 projects;

16 (4) provide subject matter expertise to Council  
17 member agencies with regard to such projects;

18 (5) ensure that each State or local government  
19 that has entered into a contract with the lead agency  
20 for a social impact bond project under this title and  
21 each evaluator selected by the head of the relevant  
22 agency under section 405 has access to Federal ad-  
23 ministrative data to assist the State or local govern-  
24 ment and the evaluator in evaluating the perform-  
25 ance and outcomes of the project; and

1           (6) address issues that will influence the future  
2           of social impact bond projects in the United States.

3 **SEC. 407. AVAILABILITY OF INFORMATION RELATED TO SO-**  
4 **CIAL IMPACT BOND PROJECTS.**

5           The Council shall make publicly available, on its offi-  
6 cial website, a description of the 2-generation program de-  
7 scribed in this title and information related to the social  
8 impact bond projects conducted under this title, includ-  
9 ing—

10           (1) a copy of, or method of accessing, each no-  
11 tice published regarding a social impact bond project  
12 pursuant to such title; and

13           (2) for each social impact bond project con-  
14 ducted under such title—

15           (A) the outcome goals of such project de-  
16 scribed in section 402(b);

17           (B) a description of each intervention in  
18 such project;

19           (C) the target population to be served by  
20 such project;

21           (D) the expected social benefits to partici-  
22 pants who receive intervention in each such  
23 project and other individuals who may be im-  
24 pacted by such intervention;

1           (E) the detailed roles, responsibilities, and  
2 purposes of each Federal, State, or local gov-  
3 ernment entity, intermediary, service provider,  
4 independent evaluator, investor, or other stake-  
5 holder;

6           (F) the payment terms, methodology used  
7 to calculate outcome payments, payment sched-  
8 ule, and performance thresholds;

9           (G) the project budget;

10          (H) the project timeline;

11          (I) the project eligibility criteria;

12          (J) the evaluation design;

13          (K) the metrics used to determine whether  
14 the proposed outcomes have been achieved and  
15 how these metrics are measured;

16          (L) a copy of the progress reports and the  
17 final reports described in section 405 relating to  
18 each social impact bond project; and

19          (M) an estimate of the savings to Federal,  
20 State, and local governments, on a program-by-  
21 program basis and in the aggregate, resulting  
22 from the successful completion of a social im-  
23 pact bond project.



1 **SEC. 408. FUNDING.**

2 (a) IN GENERAL.—Out of any money in the Treasury  
3 not otherwise appropriated, there is hereby appropriated  
4 \$100,000,000, to remain available until 5 years after the  
5 date specified in section 403(c)(3), to carry out the activi-  
6 ties authorized under this title.

7 (b) LIMITATION.—Of the amounts made available  
8 under subsection (a), the lead agency may not use more  
9 than \$1,000,000 in any fiscal year to support the review,  
10 approval, and oversight of social impact bond projects, in-  
11 cluding activities conducted by—

12 (1) the Council; and

13 (2) any other agency consulted by the lead  
14 agency before approving a social impact bond project  
15 under section 403 or awarding funding for a feasi-  
16 bility study under section 404.

17 **SEC. 409. COMMUNITY REINVESTMENT ACT.**

18 Section 804 of the Community Reinvestment Act of  
19 1977 (12 U.S.C. 2903) is amended by adding at the end  
20 the following:

21 “(e) SOCIAL IMPACT BOND PROJECTS.—In assessing  
22 and taking into account, under subsection (a), the record  
23 of a financial institution, the appropriate Federal financial  
24 supervisory agency shall consider, as a factor, investments  
25 made by the financial institution in social impact bond

- 1 projects under title IV of the Two-Generation Economic
- 2 Empowerment Act of 2017.”.

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