

113TH CONGRESS
2D SESSION

H. R. 4885

To encourage and support partnerships between the public and private sectors to improve our nation's social programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 18, 2014

Mr. YOUNG of Indiana (for himself, Mr. DELANEY, Mr. GRIFFIN of Arkansas, Mr. LARSON of Connecticut, Mr. REED, Mr. POLIS, Mr. ROSS, Mr. KENNEDY, and Mr. SCHOCK) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To encourage and support partnerships between the public and private sectors to improve our nation's social programs, 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.**

4 This Act may be cited as the “Social Impact Bond
5 Act”.

1 **SEC. 2. SOCIAL IMPACT BONDS.**

2 Title XX of the Social Security Act (42 U.S.C. 1397)
3 is amended—

4 (1) in the heading, by striking “to States” and
5 inserting “and Programs for”; and

6 (2) by adding at the end the following:

7 **“Subtitle C—Social Impact Bonds**

8 **“SEC. 2051. PURPOSES.**

9 “The purposes of this subtitle are the following:

10 “(1) To improve the lives of families and indi-
11 viduals in need in the United States by funding so-
12 cial programs that achieve real results.

13 “(2) To ensure Federal funds are used effec-
14 tively on social services to produce positive outcomes
15 for both service recipients and taxpayers.

16 “(3) To establish the use of social impact bonds
17 to address some of our nation’s most pressing prob-
18 lems.

19 “(4) To facilitate the creation of public-private
20 partnerships that bundle philanthropic and other
21 private resources with existing public spending to
22 scale up effective social interventions already being
23 implemented by private organizations, non-profits,
24 charitable organizations, and local governments
25 across the country.

1 “(5) To bring pay-for-performance to the social
2 sector, allowing the United States to improve the im-
3 pact and effectiveness of vital social programs.

4 **“SEC. 2052. SOCIAL IMPACT BOND APPLICATION.**

5 “(a) NOTICE.—Not later than 1 year after the date
6 of the enactment of this Act, the Secretary of the Treas-
7 ury, in consultation with the Federal Interagency Council
8 on Social Impact Bonds, shall publish in the Federal Reg-
9 ister a notice that the Department is seeking proposals
10 from States or local government for social impact bond
11 projects in accordance with this section.

12 “(b) REQUIRED OUTCOMES FOR SOCIAL IMPACT
13 BOND PROJECT.—To qualify as a social impact bond
14 project under this subtitle, a project must produce a meas-
15 urable, clearly defined outcome that results in social ben-
16 efit and Federal savings through any of the following:

17 “(1) Increasing work and earnings by individ-
18 uals who have been unemployed in the United States
19 for more than six consecutive months.

20 “(2) Increasing employment and earnings of in-
21 dividuals age 16 to 24.

22 “(3) Increasing employment among individuals
23 receiving Federal disability benefits.

24 “(4) Reducing the dependence of low-income
25 families on Federal means-tested benefits.

1 “(5) Improving rates of high school graduation.

2 “(6) Reducing teen and unplanned pregnancies.

3 “(7) Improving birth outcomes among low-in-
4 come families and individuals.

5 “(8) Reducing rates of asthma, diabetes, or
6 other preventable diseases among low-income fami-
7 lies and individuals.

8 “(9) Increasing the proportion of children living
9 in two-parent families.

10 “(10) Reducing incidences of child abuse and
11 neglect.

12 “(11) Increasing adoptions of children from fos-
13 ter care.

14 “(12) Reducing recidivism among individuals
15 released from prison.

16 “(13) Other measurable outcomes defined by
17 the State or local government that result in positive
18 social outcomes and Federal savings.

19 “(c) FEASIBILITY STUDY REQUIRED.—The notice
20 described in subsection (a) shall require a State or local
21 government to submit a feasibility study for the social im-
22 pact bond project that contains the following information:

23 “(1) The outcome goals of the project.

1 “(2) A description of each intervention in the
2 project and anticipated outcome of such interven-
3 tion.

4 “(3) Rigorous evidence demonstrating that the
5 intervention can be expected to produce the desired
6 outcomes.

7 “(4) The target population that will be served
8 by the project.

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

12 “(6) Projected Federal, State, and local govern-
13 ment costs and other costs to conduct the project.

14 “(7) Projected Federal, State, and local govern-
15 ment savings and other savings, including an esti-
16 mate prepared by the State or local government of
17 the savings to the Federal, State, and local govern-
18 ment, on a program-by-program basis and in the ag-
19 gregate, if the project is implemented and the out-
20 comes are achieved.

21 “(8) If savings resulting from the successful
22 completion of the project are estimated to accrue to
23 the State or local government, the likelihood of the
24 State or local government to realize those savings.

1 “(9) A plan for delivering the intervention
2 through a social impact bond model.

3 “(10) A description of the expertise of each
4 service provider that will administer the intervention.

5 “(11) An explanation of the experience of the
6 State or local government, the intermediary, or the
7 service provider in raising private and philanthropic
8 capital to fund social service investments.

9 “(12) The detailed roles and responsibilities of
10 each entity involved in the project, including any
11 State or local government entity, intermediary, serv-
12 ice provider, independent evaluator, investor, or
13 other stakeholder.

14 “(13) A summary of the experience of the serv-
15 ice provider delivering the proposed intervention, a
16 similar intervention, or a summary demonstrating
17 the service provider has the expertise necessary to
18 deliver the intervention.

19 “(14) A summary of the unmet need in the
20 area where the intervention will be delivered or
21 among the target population who will receive the
22 intervention.

23 “(15) The payment terms, the methodology
24 used to calculate outcome payments, the payment
25 schedule, and performance thresholds.

1 “(16) The project budget.

2 “(17) The project timeline.

3 “(18) The criteria used to determine the eligi-
4 bility of an individual for the project, including how
5 selected populations will be identified, how they will
6 be referred to the project, and how they will be en-
7 rolled in the project.

8 “(19) The evaluation design.

9 “(20) The metrics that will be used to deter-
10 mine whether the outcomes have been achieved and
11 how such metrics will be measured.

12 “(21) A summary explaining the independence
13 of the evaluator from the other entities involved in
14 the project and the evaluator’s experience in con-
15 ducting rigorous evaluations of program effective-
16 ness including, where available, well-implemented
17 randomized controlled trials on the intervention or
18 similar interventions.

19 “(22) The capacity of the service provider to
20 deliver the intervention to the number of partici-
21 pants the State or local government proposes to
22 serve in the project.

23 “(d) PROJECT INTERMEDIARY INFORMATION RE-
24 QUIRED.—The feasibility study described in subsection (c)
25 shall also contain the following information about the

1 intermediary for the social impact bond project (whether
2 the intermediary is the service provider or other entity):

3 “(1) Experience and capacity for providing or
4 facilitating the provision of the type of intervention
5 proposed.

6 “(2) The mission and goals.

7 “(3) Information on whether the intermediary
8 is already working with service providers that pro-
9 vide this intervention or an explanation of the capac-
10 ity of the intermediary to begin working with service
11 providers to provide the intervention.

12 “(4) Experience working in a collaborative envi-
13 ronment across government and nongovernmental
14 entities.

15 “(5) Previous experience collaborating with
16 public or private entities to implement evidence-
17 based programs.

18 “(6) Ability to raise or provide funding to cover
19 operating costs (if applicable to the project).

20 “(7) Capacity and infrastructure to track out-
21 comes and measure results, including—

22 “(A) capacity to track and analyze pro-
23 gram performance; and

1 “(B) experience with performance-based
2 contracting and achieving project milestones
3 and targets.

4 “(8) Role in delivering the intervention.

5 “(9) How the intermediary would monitor pro-
6 gram success, including a description of the interim
7 benchmarks and outcome measures.

8 **“SEC. 2053. AWARDING SOCIAL IMPACT BOND CONTRACTS.**

9 “(a) TIMELINE IN AWARDING CONTRACT.—Not later
10 than six months after receiving an application in accord-
11 ance with section 2052, the Secretary shall determine
12 whether to enter into a contract for a social impact bond
13 project with a State or local government.

14 “(b) CONSIDERATIONS IN AWARDING CONTRACT.—
15 In determining whether to enter into a contract for a so-
16 cial impact bond project (the application for which was
17 submitted under section 2052) the Secretary, in consulta-
18 tion with the Federal Interagency Council on Social Im-
19 pact Bonds (established by section 2056) and the head
20 of any Federal agency administering a similar intervention
21 or serving a population similar to that served by the
22 project, shall consider each of the following:

23 “(1) The value to the Federal Government of
24 the outcome expected to be achieved if the outcomes
25 specified in the contract are met.

1 “(2) The ability of the State or local govern-
2 ment in collaboration with the intermediary and the
3 service providers to achieve the outcomes.

4 “(3) The savings to the Federal Government if
5 the outcomes specified in contract are met.

6 “(4) The savings to the State and local govern-
7 ments if the outcomes specific in the contract are
8 met.

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

11 “(c) CONTRACT AUTHORITY.—

12 “(1) CONTRACT REQUIREMENTS.—In accord-
13 ance with this section, the Secretary, in consultation
14 with the Federal Interagency Council on Social Im-
15 pact Bonds and the head of any Federal agency ad-
16 ministering a similar intervention or serving a popu-
17 lation similar to that served by the project, may
18 enter into a contract for a social impact bond project
19 with a State or local government if the Secretary de-
20 termines that each of the following requirements are
21 met:

22 “(A) The State or local government agrees
23 to achieve an outcome specified in the contract
24 in order to receive payment.

1 “(B) The Federal payment to the State or
2 local government for each outcome specified is
3 less than or equal to the value of the outcome
4 to the Federal Government over a period not to
5 exceed 10 years, as determined by the Sec-
6 retary, in consultation with the State or local
7 government.

8 “(C) The duration of the project does not
9 exceed 10 years.

10 “(D) The State or local government has
11 demonstrated, through the application sub-
12 mitted under section 2052, that, based on prior
13 rigorous experimental evaluations or rigorous
14 quasi-experimental studies, the intervention can
15 be expected to achieve each outcome specified in
16 the contract.

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

22 “(F) The State or local government has
23 shown that each service provider has experience
24 delivering the intervention, a similar interven-

1 tion, or has otherwise demonstrated the exper-
2 tise necessary to deliver the intervention.

3 “(2) PAYMENT.—The Secretary shall pay the
4 State or local government only if the independent
5 evaluator described in section 2055 determines that
6 the social impact bond project has met the require-
7 ments specified in the contract and achieved an out-
8 come specified in the contract.

9 “(3) LIMITATION.—The Secretary may not
10 enter into a contract for a social impact bond project
11 under paragraph (1) after the date that is 10 years
12 after the date of the enactment of the Social Impact
13 Bond Act.

14 “(d) NOTICE OF CONTRACT AWARD.—Not later than
15 30 days after entering into a contract under this section,
16 the Secretary shall publish a notice in the Federal Reg-
17 ister that includes, with regard to such contract, the fol-
18 lowing:

19 “(1) The outcome goals of the social impact
20 bond project.

21 “(2) A description of each intervention in the
22 project.

23 “(3) The target population that will be served
24 by the project.

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

4 “(5) The detailed roles, responsibilities, and
5 purposes of each Federal, State, or local government
6 entity, intermediary, service provider, independent
7 evaluator, investor, or other stakeholder.

8 “(6) The payment terms, the methodology used
9 to calculate outcome payments, the payment sched-
10 ule, and performance thresholds.

11 “(7) The project budget.

12 “(8) The project timeline.

13 “(9) The project eligibility criteria.

14 “(10) The evaluation design.

15 “(11) The metrics that will be used to deter-
16 mine whether the outcomes have been achieved and
17 how these metrics will be measured.

18 “(12) The estimate prepared by the State or
19 local government of the savings to the Federal,
20 State, and local government, on a program-by-pro-
21 gram basis and in the aggregate, if the contract is
22 entered into and implemented and the outcomes are
23 achieved.

1 **“SEC. 2054. FEASIBILITY STUDY FUNDING.**

2 “(a) REQUESTS FOR FUNDING FOR FEASIBILITY
3 STUDIES.—The Secretary shall reserve a portion of the
4 funding provided in section 2057 to assist States or local
5 governments in developing feasibility studies required by
6 section 2052. To be eligible to receive funding to assist
7 with completing a feasibility study, a State or local govern-
8 ment shall submit an application for feasibility study fund-
9 ing containing the following information:

10 “(1) A description of the outcome goals of the
11 social impact bond project.

12 “(2) A description of the intervention, including
13 anticipated program design, target population, an
14 estimate regarding the number of individuals to be
15 served, and setting for the intervention.

16 “(3) Evidence to support the likelihood that
17 such intervention will produce the desired outcome.

18 “(4) The expected social benefits to participants
19 who receive the intervention and others who may be
20 impacted.

21 “(5) Estimated costs to conduct the project.

22 “(6) Estimates of Federal, State, and local gov-
23 ernment savings and other savings if the project is
24 implemented and the outcomes are achieved.

1 “(7) An estimated timeline for implementation
2 and completion of the project, which shall not exceed
3 10 years.

4 “(8) With respect to a project for which the
5 State or local government selects an intermediary to
6 operate the project, any partnerships needed to suc-
7 cessfully execute the project and the ability of the
8 intermediary to foster such partnerships.

9 “(9) The expected resources needed to complete
10 the feasibility study for the State or local govern-
11 ment to apply for social impact bond funding under
12 section 2052.

13 “(b) FEDERAL SELECTION OF APPLICATIONS FOR
14 FEASIBILITY STUDY.—Not later than 6 months after re-
15 ceiving an application for feasibility study funding under
16 subsection (a), the Secretary, in consultation with the
17 Federal Interagency Council on Social Impact Bonds and
18 the head of any Federal agency administering a similar
19 intervention or serving a population similar to that served
20 by the project, shall select State or local government feasi-
21 bility study proposals for funding based on the following:

22 “(1) The likelihood that the proposal will
23 achieve the desired outcome.

24 “(2) The value of the outcome expected to be
25 achieved.

1 “(3) The potential savings to the Federal Gov-
2 ernment if the social impact bond project is success-
3 ful.

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

6 “(c) PUBLIC DISCLOSURE.—Not later than 30 days
7 after selecting a State or local government for feasibility
8 study funding under this section, the Secretary shall cause
9 to be published on the website of the Federal Interagency
10 Council on Social Impact Bonds information explaining
11 why a State or local government was granted feasibility
12 study funding.

13 “(d) FUNDING RESTRICTION.—

14 “(1) FEASIBILITY STUDY RESTRICTION.—The
15 Secretary may not provide feasibility study funding
16 under this section for more than 50 percent of the
17 estimated total cost of the feasibility study reported
18 in the State or local government application sub-
19 mitted under subsection (a).

20 “(2) AGGREGATE RESTRICTION.—Of the total
21 amount appropriated under section 2057, the Sec-
22 retary may not use more than \$10,000,000 to pro-
23 vide feasibility study funding to States or local gov-
24 ernments under this section.

1 “(e) SUBMISSION OF FEASIBILITY STUDY RE-
2 QUIRED.—Not later than six months after the receipt of
3 feasibility study funding under this section, a State or
4 local government receiving such funding shall complete the
5 feasibility study and submit the study to the Federal
6 Interagency Council on Social Impact Bonds.

7 **“SEC. 2055. EVALUATIONS.**

8 “(a) CONTRACT AUTHORITY.—For each State or
9 local government awarded a social impact bond project ap-
10 proved by the Secretary under this Act, the head of the
11 relevant agency, as determined by the Federal Interagency
12 Council on Social Impact Bonds, shall enter into a con-
13 tract with such State or local government to pay for the
14 independent evaluation to determine whether the State or
15 local government project has met an outcome specified in
16 the contract in order for the State or local government
17 to receive outcome payments under this subtitle.

18 “(b) EVALUATOR QUALIFICATIONS.—The head of the
19 relevant agency may not enter into a contract with a State
20 or local government unless the head determines that the
21 evaluator is independent of the other parties to the con-
22 tract and has demonstrated substantial experience in con-
23 ducting rigorous evaluations of program effectiveness in-
24 cluding, where available, well-implemented randomized

1 controlled trials on the intervention or similar interven-
2 tions.

3 “(c) METHODOLOGIES TO BE USED.—The evalua-
4 tion used to determine whether a State or local govern-
5 ment will receive outcome payments under this subtitle
6 shall use experimental designs using random assignment
7 or other research methodologies that allow for the strong-
8 est possible causal inferences when random assignment is
9 not feasible.

10 “(d) PROGRESS REPORT.—

11 “(1) SUBMISSION OF REPORT.—The inde-
12 pendent evaluator shall—

13 “(A) not later than two years after a
14 project has been approved by the Secretary and
15 biannually thereafter until the project is con-
16 cluded, submit to the head of the relevant agen-
17 cy and the Federal Interagency Council on So-
18 cial Impact Bonds a written report summa-
19 rizing the progress that has been made in
20 achieving each outcome specified in the con-
21 tract; and

22 “(B) at the scheduled time of the first out-
23 come payment and at the time of each subse-
24 quent payment, submit to the head of the rel-
25 evant agency and the Federal Interagency

1 Council on Social Impact Bonds a written re-
2 port that includes the results of the evaluation
3 conducted to determine whether an outcome
4 payment should be made along with information
5 on the unique factors that contributed to
6 achieving or failing to achieve the outcome, the
7 challenges faced in attempting to achieve the
8 outcome, and information on the improved fu-
9 ture delivery of this or similar interventions.

10 “(2) SUBMISSION TO CONGRESS.—Not later
11 than 30 days after receipt of the written report pur-
12 suant to paragraph (1)(B), the Federal Interagency
13 Council on Social Impact Bonds shall submit such
14 report to each committee of jurisdiction in the
15 House of Representatives and the Senate.

16 “(e) FINAL REPORT.—

17 “(1) SUBMISSION OF REPORT.—Within six
18 months after the social impact bond project is com-
19 pleted, the independent evaluator shall—

20 “(A) evaluate the effects of the activities
21 undertaken pursuant to the contract with re-
22 gard to each outcome specified in the contract;
23 and

24 “(B) submit to the head of the relevant
25 agency and the Federal Interagency Council on

1 Social Impact Bonds a written report that in-
2 cludes the results of the evaluation and the con-
3 clusion of the evaluator as to whether the State
4 or local government has fulfilled each obligation
5 of the contract, along with information on the
6 unique factors that contributed to the success
7 or failure of the project, the challenges faced in
8 attempting to achieve the outcome, and infor-
9 mation on the improved future delivery of this
10 or similar interventions.

11 “(2) SUBMISSION TO CONGRESS.—Not later
12 than 30 days after receipt of the written report pur-
13 suant to paragraph (1)(B), the Federal Interagency
14 Council on Social Impact Bonds shall submit such
15 report to each committee of jurisdiction in the
16 House of Representatives and the Senate.

17 “(f) LIMITATION ON COST OF EVALUATIONS.—Of
18 the amount made available for social impact bond projects
19 in section 2057, the Secretary may not obligate more than
20 15 percent to evaluate the implementation and outcomes
21 of such projects.

1 **“SEC. 2056. FEDERAL INTERAGENCY COUNCIL ON SOCIAL**
2 **IMPACT BONDS.**

3 “(a) ESTABLISHMENT.—There is established the
4 Federal Interagency Council on Social Impact Bonds (in
5 this section, referred to as the ‘Council’) to—

6 “(1) coordinate the efforts of social impact
7 bond projects funded by this subtitle;

8 “(2) advise and assist the Secretary in the de-
9 velopment and implementation of such projects;

10 “(3) advise the Secretary on specific pro-
11 grammatic and policy matter related to such
12 projects;

13 “(4) provide subject-matter expertise to the De-
14 partment of the Treasury with regard to such
15 projects;

16 “(5) ensure that each State or local government
17 that has entered into a contract with the Secretary
18 for a social impact bond project under this subtitle
19 and each evaluator selected by the head of the rel-
20 evant agency under section 2055 has access to Fed-
21 eral administrative data to assist the State or local
22 government and the evaluator in evaluating the per-
23 formance and outcomes of the project; and

24 “(6) address issues that will influence the fu-
25 ture of social impact bond projects in the United
26 States.

1 “(b) COMPOSITION OF COUNCIL.—The Chair of the
2 council shall be a member of the National Economic Coun-
3 cil or the Domestic Policy Council. The Council shall be
4 composed of one designee, designated by the head of the
5 relevant agency, from each of the following:

6 “(1) Office of Management and Budget.

7 “(2) Department of Labor.

8 “(3) Department of Health and Human Serv-
9 ices.

10 “(4) Social Security Administration.

11 “(5) Department of Agriculture.

12 “(6) Department of Justice.

13 “(7) Department of Housing and Urban Devel-
14 opment.

15 “(8) Department of Education.

16 “(9) Department of Veterans Affairs.

17 “(10) Department of the Treasury.

18 **“SEC. 2057. FUNDING.**

19 “(a) IN GENERAL.—Out of any money in the Treas-
20 ury not otherwise appropriated, there is hereby appro-
21 priated \$300,000,000, to remain available until 10 years
22 after the date specified in section 2053(c)(3), to carry out
23 the activities authorized under this subtitle.

24 “(b) LIMITATION.—Of the amounts made available
25 under subsection (a), the Secretary may not use more than

1 \$1,000,000 in any fiscal year to support the review, ap-
2 proval, and oversight of social impact bond projects, in-
3 cluding activities conducted by—

4 “(1) the Federal Interagency Council on Social
5 Impact Bonds; and

6 “(2) any other agency consulted by the Sec-
7 retary before approving a social impact bond project
8 or a feasibility study under section 2054.

9 **“SEC. 2058. WEBSITE.**

10 “The Federal Interagency Council on Social Impact
11 Bonds shall establish and maintain a public website that
12 shall display the following:

13 “(1) A copy of, or method of accessing, each
14 notice published regarding a social impact bond
15 project pursuant to this subtitle.

16 “(2) For each State or local government that
17 has entered into a contract with the Secretary for a
18 social impact bond project, the website shall contain
19 the following information:

20 “(A) The outcome goals of the project.

21 “(B) A description of each intervention in
22 the project.

23 “(C) The target population that will be
24 served by the project.

1 “(D) The expected social benefits to par-
2 ticipants who receive the intervention and oth-
3 ers who may be impacted.

4 “(E) The detailed roles, responsibilities,
5 and purposes of each Federal, State, or local
6 government entity, intermediary, service pro-
7 vider, independent evaluator, investor, or other
8 stakeholder.

9 “(F) The payment terms, methodology
10 used to calculate outcome payments, the pay-
11 ment schedule, and performance thresholds.

12 “(G) The project budget.

13 “(H) The project timeline.

14 “(I) The project eligibility criteria.

15 “(J) The evaluation design.

16 “(K) The metrics used to determine wheth-
17 er the proposed outcomes have been achieved
18 and how these metrics are measured.

19 “(3) A copy of the progress reports and the
20 final reports relating to each social impact bond
21 project.

22 “(4) An estimate of the savings to the Federal,
23 State, and local government, on a program-by-pro-
24 gram basis and in the aggregate, resulting from the

1 successful completion of the social impact bond
2 project.

3 **“SEC. 2059. COMMUNITY REINVESTMENT ACT.**

4 “Section 804 of the Community Reinvestment Act of
5 1977 (12 U.S.C. 2903) is amended by adding at the end
6 the following:

7 “‘(e) SOCIAL IMPACT BOND PROJECTS.—In assess-
8 ing and taking into account, under subsection (a), the
9 record of a financial institution, the appropriate Federal
10 financial supervisory agency shall consider, as a factor, in-
11 vestments made by the financial institution in social im-
12 pact bond projects under subtitle C of title XX of the So-
13 cial Security Act.’.

14 **“SEC. 2060. REGULATIONS.**

15 “The Secretary, in consultation with the Federal
16 Interagency Council on Social Impact Bonds, may issue
17 regulations as necessary to carry out this subtitle.

18 **“SEC. 2061. DEFINITIONS.**

19 “In this subtitle:

20 “(1) AGENCY.—The term ‘agency’ has the
21 meaning given that term in section 551 of title 5,
22 United States Code.

23 “(2) INTERVENTION.—The term ‘intervention’
24 means a specific service delivered to achieve an im-
25 pact through a social impact bond project.

1 “(3) SECRETARY.—The term ‘Secretary’ means
2 the Secretary of the Treasury.

3 “(4) SOCIAL IMPACT BOND PROJECT.—The
4 term ‘social impact bond project’ means a project
5 that finances social services using a social impact
6 bond model.

7 “(5) SOCIAL IMPACT BOND MODEL.—The term
8 ‘social impact bond model’ means a method of fi-
9 nancing social services in which—

10 “(A) Federal funds are awarded to a State
11 or local government only if a State or local gov-
12 ernment achieves certain outcomes agreed upon
13 by the State or local government and the Sec-
14 retary; and

15 “(B) the State or local government coordi-
16 nates with service providers, investors (if appli-
17 cable to the project), and (if necessary) an
18 intermediary to identify—

19 “(i) an intervention expected to
20 produce the outcome;

21 “(ii) a service provider to deliver the
22 intervention to the target population; and

23 “(iii) investors to fund the delivery of
24 the intervention.

1 “(6) STATE.—The term ‘State’ means each
2 State of the United States, the District of Columbia,
3 each commonwealth, territory or possession of the
4 United States, and each federally recognized Indian
5 tribe.”.

○