

Statement of Support

Social Impact Partnerships Act: H.R. 1336 / S. 1089

The Green & Healthy Homes Initiative (GHHI), a national nonprofit organization that creates, implements and promotes programs and policies to eradicate childhood lead poisoning, reduce asthma episodes and increase the stock of healthy, safe and energy efficient homes, supports the passage of H.R. 1336 and S. 1089 the Social Impact Partnerships Act.

Background of the Social Impact Partnership Act

The Act is the first legislative proposal (originally introduced in 2014) to adapt the Pay for Success / Social Impact Bond model for broad use at the federal level, and the first proposal to incentivize collective savings across multiple layers of government (i.e. federal, state and local). Under the bill, state and local governments would submit proposals to implement transactions to increase the impact of proven social programs that result in federal savings. Social impact partnerships allow for private investment to pay the upfront costs for providing social services (e.g. education, health or criminal justice). If the services achieve agreed-upon outcomes, such as higher graduation rates, decreased healthcare expenditures or decreased recidivism, government agencies repay the upfront investment and an agreed upon return.

GHHI and Social Impact

GHHI is developing a social impact partnership around providing healthy homes intervention and education services for high-cost asthma patients in Baltimore. GHHI has also been funded by the Corporation for National and Community Service (CNCS) to provide technical assistance to five healthcare organizations around the country to explore the feasibility of this model to address asthma.

Key Provisions and Reasons for GHHI's Support:

\$300 million to support social impact projects that state and local governments are pursuing: States and local government can apply for federal funding to augment private sector investment for social impact partnerships. Several outcomes included in the Act are addressed through healthy housing: reducing the rates of asthma and other preventable diseases among low-income families; reducing emergency care costs; improving educational outcomes of low-income children; and improving employment and wages.

Up to \$10 million supporting feasibility studies: GHHI is one of only seven organizations that have been funded to conduct feasibility studies for CNCS. Feasibility studies are essential to determine if this model can work for any single project. There is a great need in the healthcare, housing and education sectors for resources to conduct feasibility studies.

Up to 15% used to fund rigorous evaluation of social impact projects: To determine if the services provided achieved the agreed-upon outcomes, rigorous evaluation by an independent agency is necessary. Evaluation costs for this level of rigor, including randomized control trials, have significant costs that could be a barrier for social impact partnerships.

Coordinating federal efforts: The Federal Interagency Council on Social Impact Partnerships would be established to coordinate the efforts of social impact partnerships and advise the Office of Management and Budget (OMB) and other agencies including HUD and HHS in the development and implementation of social impact partnerships.

Leveraging local investment: OMB would permit a bank's investment in social impact partnerships to be considered as part of the bank's requirement under the Community Reinvestment Act (CRA) to help meet the credit needs in their communities. This would incentivize a new set of potential investment for social impact partnerships.