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(Original Signature of Member)

113TH CONGRESS
2D SESSION

H. R.

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

Mr. YOUNG of Indiana introduced the following bill; which was referred to the Committee on _____

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”.

6 **SEC. 2. SOCIAL IMPACT BONDS.**

7 Title XX of the Social Security Act (42 U.S.C. 1397)

8 is amended—

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

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

4 **“Subtitle C—Social Impact Bonds**

5 **“SEC. 2051. PURPOSES.**

6 “The purposes of this subtitle are the following:

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

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

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

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

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

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

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

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

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

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

19 “(3) Increasing employment among individuals
20 receiving Federal disability benefits.

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

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

24 “(6) Reducing teen and unplanned pregnancies.

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

1 “(8) Reducing rates of asthma, diabetes, or
2 other preventable diseases among low-income fami-
3 lies and individuals.

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

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

8 “(11) Increasing adoptions of children from fos-
9 ter care.

10 “(12) Reducing recidivism among individuals
11 released from prison.

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

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

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

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

23 “(3) Rigorous evidence demonstrating that the
24 intervention can be expected to produce the desired
25 outcomes.

1 “(4) The target population that will be served
2 by the project.

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

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

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

15 “(8) If savings resulting from the successful
16 completion of the project are estimated to accrue to
17 the State or local government, the likelihood of the
18 State or local government to realize those savings.

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

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

23 “(11) An explanation of the experience of the
24 State or local government, the intermediary, or the

1 service provider in raising private and philanthropic
2 capital to fund social service investments.

3 “(12) The detailed roles and responsibilities of
4 each entity involved in the project, including any
5 State or local government entity, intermediary, serv-
6 ice provider, independent evaluator, investor, or
7 other stakeholder.

8 “(13) A summary of the experience of the serv-
9 ice provider delivering the proposed intervention, a
10 similar intervention, or a summary demonstrating
11 the service provider has the expertise necessary to
12 deliver the intervention.

13 “(14) A summary of the unmet need in the
14 area where the intervention will be delivered or
15 among the target population who will receive the
16 intervention.

17 “(15) The payment terms, the methodology
18 used to calculate outcome payments, the payment
19 schedule, and performance thresholds.

20 “(16) The project budget.

21 “(17) The project timeline.

22 “(18) The criteria used to determine the eligi-
23 bility of an individual for the project, including how
24 selected populations will be identified, how they will

1 be referred to the project, and how they will be en-
2 rolled in the project.

3 “(19) The evaluation design.

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

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

14 “(22) The capacity of the service provider to
15 deliver the intervention to the number of partici-
16 pants the State or local government proposes to
17 serve in the project.

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

23 “(1) Experience and capacity for providing or
24 facilitating the provision of the type of intervention
25 proposed.

1 “(2) The mission and goals.

2 “(3) Information on whether the intermediary
3 is already working with service providers that pro-
4 vide this intervention or an explanation of the capac-
5 ity of the intermediary to begin working with service
6 providers to provide the intervention.

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

10 “(5) Previous experience collaborating with
11 public or private entities to implement evidence-
12 based programs.

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

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

17 “(A) capacity to track and analyze pro-
18 gram performance; and

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

22 “(8) Role in delivering the intervention.

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

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

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

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

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

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

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

24 “(4) The savings to the State and local govern-
25 ments if the outcomes specific in the contract are
26 met.

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

3 “(c) CONTRACT AUTHORITY.—

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

14 “(A) The State or local government agrees
15 to achieve an outcome specified in the contract
16 in order to receive payment.

17 “(B) The Federal payment to the State or
18 local government for each outcome specified is
19 less than or equal to the value of the outcome
20 to the Federal Government over a period not to
21 exceed 10 years, as determined by the Sec-
22 retary, in consultation with the State or local
23 government.

24 “(C) The duration of the project does not
25 exceed 10 years.

1 “(D) The State or local government has
2 demonstrated, through the application sub-
3 mitted under section 2052, that, based on prior
4 rigorous experimental evaluations or rigorous
5 quasi-experimental studies, the intervention can
6 be expected to achieve each outcome specified in
7 the contract.

8 “(E) The State, local government, inter-
9 mediary, or service provider has experience rais-
10 ing private or philanthropic capital to fund so-
11 cial service investments (if applicable to the
12 project).

13 “(F) The State or local government has
14 shown that each service provider has experience
15 delivering the intervention, a similar interven-
16 tion, or has otherwise demonstrated the exper-
17 tise necessary to deliver the intervention.

18 “(2) PAYMENT.—The Secretary shall pay the
19 State or local government only if the independent
20 evaluator described in section 2055 determines that
21 the social impact bond project has met the require-
22 ments specified in the contract and achieved an out-
23 come specified in the contract.

24 “(3) LIMITATION.—The Secretary may not
25 enter into a contract for a social impact bond project

1 under paragraph (1) after the date that is 10 years
2 after the date of the enactment of the Social Impact
3 Bond Act.

4 “(d) NOTICE OF CONTRACT AWARD.—Not later than
5 30 days after entering into a contract under this section,
6 the Secretary shall publish a notice in the Federal Reg-
7 ister that includes, with regard to such contract, the fol-
8 lowing:

9 “(1) The outcome goals of the social impact
10 bond project.

11 “(2) A description of each intervention in the
12 project.

13 “(3) The target population that will be served
14 by the project.

15 “(4) The expected social benefits to participants
16 who receive the intervention and others who may be
17 impacted.

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

22 “(6) The payment terms, the methodology used
23 to calculate outcome payments, the payment sched-
24 ule, and performance thresholds.

25 “(7) The project budget.

1 “(8) The project timeline.

2 “(9) The project eligibility criteria.

3 “(10) The evaluation design.

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

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

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

14 “(a) REQUESTS FOR FUNDING FOR FEASIBILITY
15 STUDIES.—The Secretary shall reserve a portion of the
16 funding provided in section 2057 to assist States or local
17 governments in developing feasibility studies required by
18 section 2052. To be eligible to receive funding to assist
19 with completing a feasibility study, a State or local govern-
20 ment shall submit an application for feasibility study fund-
21 ing containing the following information:

22 “(1) A description of the outcome goals of the
23 social impact bond project.

24 “(2) A description of the intervention, including
25 anticipated program design, target population, an

1 estimate regarding the number of individuals to be
2 served, and setting for the intervention.

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

5 “(4) The expected social benefits to participants
6 who receive the intervention and others who may be
7 impacted.

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

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

12 “(7) An estimated timeline for implementation
13 and completion of the project, which shall not exceed
14 10 years.

15 “(8) With respect to a project for which the
16 State or local government selects an intermediary to
17 operate the project, any partnerships needed to suc-
18 cessfully execute the project and the ability of the
19 intermediary to foster such partnerships.

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

24 “(b) FEDERAL SELECTION OF APPLICATIONS FOR
25 FEASIBILITY STUDY.—Not later than 6 months after re-

1 ceiving an application for feasibility study funding under
2 subsection (a), the Secretary, in consultation with the
3 Federal Interagency Council on Social Impact Bonds and
4 the head of any Federal agency administering a similar
5 intervention or serving a population similar to that served
6 by the project, shall select State or local government feasi-
7 bility study proposals for funding based on the following:

8 “(1) The likelihood that the proposal will
9 achieve the desired outcome.

10 “(2) The value of the outcome expected to be
11 achieved.

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

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

17 “(c) PUBLIC DISCLOSURE.—Not later than 30 days
18 after selecting a State or local government for feasibility
19 study funding under this section, the Secretary shall cause
20 to be published on the website of the Federal Interagency
21 Council on Social Impact Bonds information explaining
22 why a State or local government was granted feasibility
23 study funding.

24 “(d) FUNDING RESTRICTION.—

1 “(1) FEASIBILITY STUDY RESTRICTION.—The
2 Secretary may not provide feasibility study funding
3 under this section for more than 50 percent of the
4 estimated total cost of the feasibility study reported
5 in the State or local government application sub-
6 mitted under subsection (a).

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

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

18 **“SEC. 2055. EVALUATIONS.**

19 “(a) CONTRACT AUTHORITY.—For each State or
20 local government awarded a social impact bond project ap-
21 proved by the Secretary under this Act, the head of the
22 relevant agency, as determined by the Federal Interagency
23 Council on Social Impact Bonds, shall enter into a con-
24 tract with such State or local government to pay for the
25 independent evaluation to determine whether the State or

1 local government project has met an outcome specified in
2 the contract in order for the State or local government
3 to receive outcome payments under this subtitle.

4 “(b) EVALUATOR QUALIFICATIONS.—The head of the
5 relevant agency may not enter into a contract with a State
6 or local government unless the head determines that the
7 evaluator is independent of the other parties to the con-
8 tract and has demonstrated substantial experience in con-
9 ducting rigorous evaluations of program effectiveness in-
10 cluding, where available, well-implemented randomized
11 controlled trials on the intervention or similar interven-
12 tions.

13 “(c) METHODOLOGIES TO BE USED.—The evalua-
14 tion used to determine whether a State or local govern-
15 ment will receive outcome payments under this subtitle
16 shall use experimental designs using random assignment
17 or other research methodologies that allow for the strong-
18 est possible causal inferences when random assignment is
19 not feasible.

20 “(d) PROGRESS REPORT.—

21 “(1) SUBMISSION OF REPORT.—The inde-
22 pendent evaluator shall—

23 “(A) not later than two years after a
24 project has been approved by the Secretary and
25 biannually thereafter until the project is con-

1 cluded, submit to the head of the relevant agen-
2 cy and the Federal Interagency Council on So-
3 cial Impact Bonds a written report summa-
4 rizing the progress that has been made in
5 achieving each outcome specified in the con-
6 tract; and

7 “(B) at the scheduled time of the first out-
8 come payment and at the time of each subse-
9 quent payment, submit to the head of the rel-
10 evant agency and the Federal Interagency
11 Council on Social Impact Bonds a written re-
12 port that includes the results of the evaluation
13 conducted to determine whether an outcome
14 payment should be made along with information
15 on the unique factors that contributed to
16 achieving or failing to achieve the outcome, the
17 challenges faced in attempting to achieve the
18 outcome, and information on the improved fu-
19 ture delivery of this or similar interventions.

20 “(2) SUBMISSION TO CONGRESS.—Not later
21 than 30 days after receipt of the written report pur-
22 suant to paragraph (1)(B), the Federal Interagency
23 Council on Social Impact Bonds 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 six
3 months after the social impact bond project is com-
4 pleted, the 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 Federal Interagency Council on
11 Social Impact Bonds a written report that in-
12 cludes the results of the evaluation and the con-
13 clusion of the evaluator as to whether the State
14 or local government has fulfilled each obligation
15 of the contract, along with information on the
16 unique factors that contributed to the success
17 or failure of the project, the challenges faced in
18 attempting to achieve the outcome, and infor-
19 mation on the improved future delivery of this
20 or similar interventions.

21 “(2) SUBMISSION TO CONGRESS.—Not later
22 than 30 days after receipt of the written report pur-
23 suant to paragraph (1)(B), the Federal Interagency
24 Council on Social Impact Bonds shall submit such

1 report to each committee of jurisdiction in the
2 House of Representatives and the Senate.

3 “(f) **LIMITATION ON COST OF EVALUATIONS.**—Of
4 the amount made available for social impact bond projects
5 in section 2057, the Secretary may not obligate more than
6 15 percent to evaluate the implementation and outcomes
7 of such projects.

8 **“SEC. 2056. FEDERAL INTERAGENCY COUNCIL ON SOCIAL**
9 **IMPACT BONDS.**

10 “(a) **ESTABLISHMENT.**—There is established the
11 Federal Interagency Council on Social Impact Bonds (in
12 this section, referred to as the ‘Council’) to—

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

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

17 “(3) advise the Secretary on specific pro-
18 grammatic and policy matter related to such
19 projects;

20 “(4) provide subject-matter expertise to the De-
21 partment of the Treasury with regard to such
22 projects;

23 “(5) ensure that each State or local government
24 that has entered into a contract with the Secretary
25 for a social impact bond project under this subtitle

1 and each evaluator selected by the head of the rel-
2 evant agency under section 2055 has access to Fed-
3 eral administrative data to assist the State or local
4 government and the evaluator in evaluating the per-
5 formance and outcomes of the project; and

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

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

14 “(1) Office of Management and Budget.

15 “(2) Department of Labor.

16 “(3) Department of Health and Human Serv-
17 ices.

18 “(4) Social Security Administration.

19 “(5) Department of Agriculture.

20 “(6) Department of Justice.

21 “(7) Department of Housing and Urban Devel-
22 opment.

23 “(8) Department of Education.

24 “(9) Department of Veterans Affairs.

25 “(10) Department of the Treasury.

1 **“SEC. 2057. FUNDING.**

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

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

12 “(1) the Federal Interagency Council on Social
13 Impact Bonds; and

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

17 **“SEC. 2058. WEBSITE.**

18 “The Federal Interagency Council on Social Impact
19 Bonds shall establish and maintain a public website that
20 shall display the following:

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

24 “(2) For each State or local government that
25 has entered into a contract with the Secretary for a

1 social impact bond project, the website shall contain
2 the following information:

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

4 “(B) A description of each intervention in
5 the project.

6 “(C) The target population that will be
7 served by the project.

8 “(D) The expected social benefits to par-
9 ticipants who receive the intervention and oth-
10 ers who may be impacted.

11 “(E) The detailed roles, responsibilities,
12 and purposes of each Federal, State, or local
13 government entity, intermediary, service pro-
14 vider, independent evaluator, investor, or other
15 stakeholder.

16 “(F) The payment terms, methodology
17 used to calculate outcome payments, the pay-
18 ment schedule, and performance thresholds.

19 “(G) The project budget.

20 “(H) The project timeline.

21 “(I) The project eligibility criteria.

22 “(J) The evaluation design.

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

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

4 “(4) An estimate of the savings to the Federal,
5 State, and local government, on a program-by-pro-
6 gram basis and in the aggregate, resulting from the
7 successful completion of the social impact bond
8 project.

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

10 “Section 804 of the Community Reinvestment Act of
11 1977 (12 U.S.C. 2903) is amended by adding at the end
12 the following:

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

20 **“SEC. 2060. REGULATIONS.**

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

24 **“SEC. 2061. DEFINITIONS.**

25 “In this subtitle:

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

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

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

9 “(4) SOCIAL IMPACT BOND PROJECT.—The
10 term ‘social impact bond project’ means a project
11 that finances social services using a social impact
12 bond model.

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

16 “(A) Federal funds are awarded to a State
17 or local government only if a State or local gov-
18 ernment achieves certain outcomes agreed upon
19 by the State or local government and the Sec-
20 retary; and

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

1 “(i) an intervention expected to
2 produce the outcome;

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

5 “(iii) investors to fund the delivery of
6 the intervention.

7 “(6) STATE.—The term ‘State’ means each
8 State of the United States, the District of Columbia,
9 each commonwealth, territory or possession of the
10 United States, and each federally recognized Indian
11 tribe.”.