

November 15, 2016

The Honorable Mitch McConnell
Majority Leader of the U.S. Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Harry Reid
Minority Leader of the U.S. Senate
522 Hart Senate Office Building
Washington, DC 20510

Re: Support for the Social Impact Partnership Act (S.1089)

Dear Majority Leader McConnell and Minority Leader Reid:

The undersigned organizations respectfully request your support for the Social Impact Partnership Act (S.1089), which was introduced by Senators Orrin Hatch (R-UT) and Michael Bennet (D-CO) in April 2015. We urge you and your colleagues to include the bill in any year-end spending or tax extender package.

This bipartisan legislation would clarify the federal role in supporting state and local Social Impact Partnerships, also known as Social Impact Bonds or Pay for Success contracts. Social Impact Partnerships are an innovative contracting approach for creating new public-private partnerships to address some of the most pressing social, economic, health, and environmental problems facing our country, all while ensuring that any taxpayer investment yields measurable results.

Under a typical Social Impact Partnership, private investors may provide upfront capital to fund a particular program. Those investors are paid back by the government with a financial return only if predefined outcomes are achieved. Often the financial return to investors comes from the money saved through a reduction in ongoing government spending. If the program falls short, investors do not recoup their upfront investment and incur losses. More importantly, government tax dollars are preserved.

A total of at least 12 Social Impact Partnerships have been launched to date in the U.S., and there are currently dozens more initiatives under development across the country that tackle a range of social, economic, health, and environmental issues. So far, each of these initiatives has been devised and negotiated at the state or local level, and they only incorporate state and local budgetary savings. However, many of these initiatives also have the potential to yield meaningful long-term federal savings.

Unfortunately, Social Impact Partnerships can meet resistance due to the “wrong pockets” problem, where one government entity takes risk or incurs a cost while another government entity reaps the financial benefits. S.1089 would go a long way toward solving the wrong pockets problem. Among other things, the bill would establish a new interagency council to identify eligible state and local Social Impact Partnerships that could save federal dollars and create a new fund to support those initiatives through success payments, feasibility studies and independent evaluations. Similar legislation (H.R. 5170) unanimously passed the House of Representatives in June, demonstrating the proposal’s strong bipartisan support.

Now more than ever, we need the public and private sectors to work together to tackle pressing social, economic, health, and environmental problems with transparent and accountable solutions. We thank Senators Hatch and Bennet, as well as Representatives John Delaney (D-MD) and (now senator-elect) Todd Young (R-IN), for their leadership on this issue, and we urge swift passage of this crucial legislation in the Senate.

Sincerely,

Accelerating Impact Investing Initiative (AI3)
America Forward
Anacostia Waterfront Trust
AppleTree Institute for Education Innovation
Center for Employment Opportunities (CEO)
Connecticut Center for Social Innovation, Inc.
Corporation for Supportive Housing
Council for a Strong America
Enterprise Community Partners
Gorman Health Group
Green & Healthy Homes Initiative
Institute for Child Success
Jerry L. Slatter Innovation Institute
Jewish Vocational Service (JVS Boston)
KidSucceed LLC
Latin American Youth Center
Local Initiatives Support Corporation (LISC)
Logistic Specialties, Inc. (LSI)
LSI Business Development, Inc.
Meals on Wheels America
Mental Health Resources
Nonprofit Finance Fund
Nurse-Family Partnership
Pacific Community Ventures
Preble Street
Primo Center for Women and Children
Quantified Ventures
REDF
Results for America
Roca
Save the Children Action Network
Social Finance, Inc.
Sorenson Impact Center
Third Sector Capital Partners
Youth Villages, Inc.

Cc: Senator Orrin Hatch, Senator Michael Bennet, Senate Leadership