

SENATE BILL 434

F1, P2

3lr1083
CF 3lr0835

By: **Senators Ferguson, Madaleno, and Montgomery**

Introduced and read first time: January 30, 2013

Assigned to: Budget and Taxation and Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **State Board of Education – Social Impact Bonds – Request for Proposals**

3 FOR the purpose of requiring the State Board of Education to issue requests for
4 proposals for Social Impact Bonds on or before a certain date; authorizing the
5 State Board to issue additional requests for proposals as needed; establishing
6 minimum proposal guidelines; establishing minimum project selection
7 guidelines; authorizing the State Board to contract with certain entities;
8 requiring the State Board to submit reports to the Governor and the General
9 Assembly on or before a certain date each year; defining a certain term; and
10 generally relating to the State Board of Education issuing requests for proposals
11 for Social Impact Bonds.

12 BY adding to

13 Article – Education

14 Section 2–205(r)

15 Annotated Code of Maryland

16 (2008 Replacement Volume and 2012 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article – Education**

20 2–205.

21 **(R) (1) IN THIS SUBSECTION, “SOCIAL IMPACT BOND” MEANS A**
22 **CONTRACT BETWEEN THE STATE AND A PRIVATE OR NONPROFIT**
23 **ORGANIZATION IN WHICH THE ORGANIZATION PROVIDES UP-FRONT FUNDING**
24 **FOR A PROJECT AIMED AT A PARTICULAR SOCIAL OBJECTIVE, WITH REPAYMENT**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 AND EARNED INTEREST CONTINGENT ON ACHIEVEMENT OF SPECIFIED SOCIAL
2 OUTCOMES AND FINANCIAL SAVINGS TO THE STATE.

3 (2) (I) ON OR BEFORE JANUARY 1, 2014, THE STATE BOARD
4 SHALL ISSUE A REQUEST FOR PROPOSALS FOR SOCIAL IMPACT BONDS TO
5 IMPROVE EDUCATION FOR CHILDREN IN THE STATE, PREKINDERGARTEN
6 THROUGH GRADE 12.

7 (II) THE STATE BOARD MAY ISSUE ADDITIONAL REQUESTS
8 FOR PROPOSALS FOR SOCIAL IMPACT BONDS, AS NEEDED.

9 (3) A REQUEST FOR PROPOSALS UNDER THIS SUBSECTION SHALL
10 INCLUDE:

11 (I) THE SPECIFIC GOALS OF THE SOCIAL IMPACT BONDS;

12 (II) THE OBJECTIVES AND PERFORMANCE CRITERIA THAT
13 WILL BE USED TO MEASURE THE SUCCESS OF A PROGRAM SELECTED TO
14 RECEIVE FUNDING THROUGH A SOCIAL IMPACT BOND; AND

15 (III) A REQUIREMENT THAT A RESPONSE TO THE REQUEST
16 FOR PROPOSALS INCLUDE A PLAN TO REACH THE TARGETED AUDIENCES
17 IDENTIFIED BY THE STATE BOARD.

18 (4) THE STATE BOARD SHALL CONSIDER PROPOSALS THAT:

19 (I) ARE SUITED TO ACHIEVE AN IMPROVEMENT IN
20 EDUCATION FOR CHILDREN IN THE STATE, PREKINDERGARTEN THROUGH
21 GRADE 12;

22 (II) HAVE MEASURABLE PERFORMANCE CRITERIA; AND

23 (III) PROVIDE FINANCIAL BENEFIT TO THE STATE.

24 (5) THE STATE BOARD MAY CONTRACT WITH ENTITIES TO
25 IMPLEMENT ONE OR MORE SOCIAL IMPACT BONDS.

26 (6) ON OR BEFORE SEPTEMBER 1, 2015, AND EACH YEAR
27 THEREAFTER, THE STATE BOARD SHALL SUBMIT A REPORT TO THE GOVERNOR
28 AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE
29 GENERAL ASSEMBLY ON THE RESULTS OF THE ISSUED SOCIAL IMPACT BONDS.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 July 1, 2013.