

ONE HUNDRED FOURTH LEGISLATURE

FIRST SESSION

LEGISLATIVE RESOLUTION 274

Introduced by Mello, 5.

PURPOSE: The purpose of this resolution is to examine the feasibility of using pay for success financing in Nebraska. Since 2011, states around the country have begun implementing new financing strategies for programs known as social impact bonds. This approach to funding programs allows government entities to pay for services only after the intended results have been achieved. Public-private partnerships are created through private investment to fund government programs. Investors are paid an interest rate upon completion and certification of successful results.

The study shall include, but not be limited to, an examination of the following issues:

(1) The use of pay for success financing by other states and political subdivisions;

(2) Areas of state government in Nebraska that may benefit from the use of pay-for-success financing as a funding mechanism including early childhood education, public health, juvenile justice, and reduction of inmate recidivism;

(3) The specifics of pay for success financing contracts including mechanisms to measure and evaluate results, identify appropriate funding sources, and determine appropriate interest rates to attract successful private organizations and funds; and

(4) The negative effects of pay for success financing including potential bureaucratic growth, complexities of measuring results, the potential to exclude new providers and innovative programs, and the inability and lack of willingness of local private entities to enter into pay for success contracts.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FOURTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Appropriations Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.