

Social Innovation Fund: Pay for Success Notice of Funding Opportunity Overview Webinar June 30, 2014

[Host] Welcome. My name is Jerian Abel with Education Northwest. We're hosting this first webinar on the Pay for Success grant competition. We would like to cover a couple of housekeeping items for you.

The phone lines are muted upon entry, and that is to keep down background noise. So if you want to ask a question, you can submit it via the chat panel, which is to your right. And at the end of this presentation you will be given an opportunity to ask questions verbally. At that point in time, you can use the raise-hand feature to indicate that you would like to ask a verbal question, and then we will call on you to do that.

If you happen to just call in as a call-in user only and you're not connected to the webinar, you will, at the end of this session, be given information on how to submit your questions. If you happen to not have a phone next to your name, I would suggest that you hang up and dial in, following the instructions, using the two sets of codes, and that allows WebEx to connect your call-in number with your name, and then we're able to unmute your line. I hope that all makes sense.

With that, I'm going to turn it over to Michael Smith who is the director of the Social Innovation Fund program. Michael, take it away.

[Michael Smith] Thank you Jerian, and thank you everyone for joining us today for our first webinar on the Pay for Success Grant competition. We could not be more excited to be able to take this pilot forward here at the Social Innovation Fund at the Corporation for National and Community Service, because, like all of you, we are looking for innovative solutions to make sure that our communities have solutions that work but also have the financing they need to grow and function at all cylinders.

So the purpose of today's webinar, as you can see on the screen today, is we're going to provide you an overview of the Pay for Success competition and its requirements, we'll walk you through some of the key highlights of the notice of funding, and, hopefully, by the end, we'll help you to determine if this is the right opportunity for you, your organization, or your constituents. We will be summarizing requirements on this call, but I cannot tell you enough that you should read the actual Notice of Funding Availability, which is on our website, nationalservice.gov/sif, to make sure that you get into all of the details. Also, you know, we'll walk you through this presentation, but as Jerian mentioned, we will provide plenty of time for questions at the end of this call.

I am joined by my colleague, Anna Fogel, who is leading the Pay for Success program on the Social Innovation Fund team, and so I'll be doing the first half of this presentation and then you'll be hearing from Anna.

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So just in case you don't know, I just said that it's the Pay for Success at the Social Innovation Fund at the Corporation for National and Community Service. So the Corporation for National and Community Service, if you don't know, is an independent federal agency that was created during the Clinton Administration. It has a board of director and a chief executive officer that are appointed by the President of the United States and confirmed by the Senate.

CNCS is all about improving lives, strengthening communities, fostering civic engagement, and catalyzing social innovation and evidence-based solutions, and it is also probably known as the nation's largest grant maker in the field of supporting service and volunteering, engaging more than five million Americans of all ages and backgrounds in meaningful community service, through programs that you've probably heard of, such as AmeriCorps and Senior Corps. And the Social Innovation Fund is one of the key programs of the Corporation for National and Community Service.

It was created by President Obama as a part of the Serve America Act in 2009, the bipartisan legislation.

The Social Innovation Fund is all about combining public and private resources to see that we can grow the impact of innovative community-based solutions that are really having an effect on improving the lives of people in low-income communities across the United States.

If you were around in 2009 and ever heard the President talk about why he thought it was important to create the Social Innovation Fund, or many of the founders, it was really for two reasons. The first reason that the Social Innovation Fund was created was this belief, as you can see in the quote here from the President on the screen, that there were incredible solutions that were being developed to America's challenges all across the country, but for whatever reason, government maybe didn't know about all of these, and so we needed to do what we could to shine a spotlight on these incredibly innovative organizations that were having outsized impact on issues that are facing that community, and maybe even facing the nation.

The other reason that the Social Innovation Fund was created was to make sure that we were betting on the winners, and that we were moving dollars to organizations that actually had evidence of impact. For those of you who know the nonprofit sector, you might know that we spent a lot of time measuring results based on how many people we served, as opposed to the impact that we had on actual lives. We make decisions on isolated stories of success, instead of systemic change that you can measure. And so the Social Innovation Fund is about making sure that we are putting the dollars into those organizations that can show they're having the impact and making sure that they can grow.

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And since 2009, we've been running on this model that really comes to life in the infographic that you see on the screen here. There are three major elements of the Social Innovation Fund. One, we invest in innovation. We're looking at innovative solutions and disrupting the status quo. You know, so often in the nonprofit sector we're doing the same thing over and over again, expecting different results. We want innovation that is really leading to better results for the public good. The other thing we do is we invest in evidence, so not isolated stories of success, not numbers of people served, but we're looking for actual impact. We want to see proof. The proof is in the pudding, that these organizations can have an impact.

And the other thing that's really important to us is we invest in scale. We want to grow solutions that work. The smaller bubbles that you see on your screen are really the way we operate. So down at the bottom, where you see grantmakers, our general social innovation competition, we actually make grants to grantmakers who match our dollars and then find the nonprofit solutions. In our Pay for Success competition we're not investing in grantmakers, but we are still working through intermediaries to get to the solutions, and we'll talk about that a little later.

The circle up to the right, knowledge sharing, it's really important that we invest in the solutions in our grantees, but we will not be successful if we start and end at just our grantees. We want to make sure that we're sharing knowledge every step of the way so that the whole field that cares about innovation, that cares about evidence, that cares about disrupting and creating deeper change will benefit from what we're learning.

And then the last thing is we believe in match. We want to make sure that we're not just throwing federal dollars into a community, that when our federal dollars go away that program goes away. We want to make sure that communities have skin in the game and are co-investors with us. So that gives you a little bit of a sense of the Social Innovation Fund model.

Since 2009 we have funded more than 200 nonprofit organizations across this country, which are now actually serving more than 300,000 individuals, and that's through our general Social Innovation Fund competition.

So this year, for the first time, we've had an opportunity to move beyond our general Social Innovation Fund competition to exploring this field of Pay for Success. What I like to call paying for what works when it works. So if you're on this call, it probably means you know a little bit about this field.

You know, we are trying to grow evidence-based solutions, but in times of tightening budgets we've got to make sure that we're not only investing in innovative solutions but we're bringing innovative capital to bear on these solutions. And so Pay for Success pretty much says that the government only pays when there is demonstrable proof that there has been success. And so

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this infographic that you see on the screen really demonstrates what Pay for Success looks like in most models. And so some people might be familiar with the term "Pay for Success;" others might be familiar with the term "Social Impact Bond."

So Pay for Success is all about paying for what works. Social Impact Bonds or what we call "Pay for Success financing," is the innovative model that actually pays for the cost of implementing the solution while we're waiting to see if it's going to work before the government decides to pay or not. So you can see in this model that in this Pay for Success financing you usually have a government that is there, that is looking to support opportunities for social impact bonds or Pay for Success financing in critical social areas. You have investors that are actually going to pay for the bridge cost before you get to success, so that can be private philanthropy who sometimes are helping to pay down some of the risk, or it could be big corporations that are actually paying the outcome payments. And then you have nonprofit service providers like many of the Social Innovation Fund grantees that have evidence-based solutions that say to a government, you know what, we think we can reduce recidivism. We think we can affect the asthma rates. And so if you give us five years, we will do this, and then you will pay us when we've actually been successful. So those are the key players.

For those of you who might be somewhat new to the Pay for Success arena, I like to describe it as the same way you would think about going through a house contracting project. So if you were getting your kitchen remodeled, most of the time you wouldn't give you contractor money until the job was done. Maybe you would give the contractor a little bit of money for expenses, but you would wait to make sure that your tile got put up, your cabinets were up, and once you saw that that was done, then you would actually pay the contractor. And so that's what Pay for Success is about, at its simplest terms, paying for what works when it works.

So why does this matter? Why does Pay for Success financing matter? Well, one, we've got tight budgets and we've got growing needs, which means that we can really only afford, now, to pay for those solutions that lead to better outcomes in the long term, and actually in the long run, save the government money, you know. So if you're reducing recidivism, if you're taking people out of the emergency rooms you're saving money, so let's Pay for Success.

The second thing is leveraging private sector investors and scaling effective intervention. So how are we working to make sure that we're bringing new innovative capital into the field and that we're partnering foundations and private companies to come in with the government to pay for these social solutions instead of just traditional grant programs? It's about achieving better outcomes for federal, state, and local governments and looking at a diverse range of program areas that can really be affected by Pay for Success and can really help accelerate those solutions. And then, lastly, it's about minimizing risk to the government and maximizing the return on taxpayer dollars. So that's a little bit about, you know, why Pay for Success matters and what Pay for Success is.

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What does it mean for this competition? What does it mean for the Social Innovation Fund? Well as a part of the 2014 appropriations bill, Congress said to us, "Social Innovation Fund, we like what you're doing helping to grow solutions that work across the country, but we'd really like you to try a Pay for Success pilot to see when it works, how it works, what issue areas it works on, and then report back, share every lesson with the field, and at the same time, maybe you can be rapidly enhancing and furthering solutions across the country."

So if you look down on this slide, "What are the competition objectives," as we looked at lots of different options, we decided, for the Social Innovation Fund Pay for Success competition, we're actually not going to put money on actual deals just yet. We thought that there was much more that needed to be done to really prime the pump and really help to diversify the field and give cities and states the tools that they need to go through feasibility studies, to actually structure the deal, and see if we could come up with a stronger field of deals that are ready to be put together across the country.

So the first thing that we're going to do is we're going to assess the potential of Pay for Success to address social challenges. The second thing we're going to do is we're going to diversify the pipeline of government and nonprofit organizations that are prepared to engage in Pay for Success, at the same time, really seeing if we can diversify the types of issue areas that are out there. I mentioned recidivism earlier. A lot of people are thinking about Pay for Success around recidivism, but we're seeing our first Pay for Success deal across the country studying asthma. Could it work in getting folks out of emergency rooms, could it work on all sorts of issue areas, and so we're going to test that.

And then lastly, we're looking to attract capital to high-performing organizations, and that's probably the most important point, making sure that we're bringing the dollars to the organizations that are implementing solutions that work.

Back at the top of the slide you see who is eligible to apply. For this full competition we're looking at nonprofit organizations and city and state governments. So this is a competition right now that's really looking for those organizations that are going to serve in this intermediary role, that will be our grantees on two specific issue areas, that you can now see on your slide.

One thing you could apply to do is do technical assistance and help cities and states conduct feasibility studies to assess whether or not they have the potential to put a Pay for Success deal in place. And we found that that is the first step that needs to happen. You need someone who is an expert, that's a little disconnected, to come into the city and really go through a soup-to-nuts process to figure out if you are ready. At the same time, supporting government procurement for Pay for Success projects, so helping them actually run a request for proposals once we find out that there is a successful Pay for Success deal that could be possible, and then

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at the same time, helping to build the Pay for Success infrastructure and the organizational capacity. So maybe you need to build new data systems. Maybe you need to identify regulatory barriers. Maybe you need the legal support to actually get through the feasibility study before you're ready to do a request for proposal. So that's the first thing that you could apply for, to actually provide technical assistance dollars.

The other thing that you could apply for is to structure those Pay for Success transactions. So there are cities and states all around the country that are ready. They've gone through feasibility studies, and now they actually need to put the deal together. They need the legal. They need the evaluation. They need someone to figure out when will payment be made, how will payments be triggered, and it's a very complex and complicated process. So we're looking for the types of folks that want to put expert transaction coordinators on the ground to structure those deals, to make sure they're as solid as possible, based on lessons learned, and actually get those cities and states through a deal that is closed and ready to operate in cities and states across the country.

So what sort of dollars are we talking about? Over all the competition is \$11.16 million and organizations can apply for grants between \$200,000 to \$1.8 million per year, for up to three years. So if you're applying to do feasibility work, getting through the feasibility process, the minimum you could apply for is \$200,000 per year, and the maximum you could apply for is \$1.2 million a year. If you're applying to do structuring, the minimum you could apply for is \$350,000, and the maximum you could apply for is \$1.8 million, again that's per year for up to three years.

So let me give you a scenario of how that can work. I'm going to go back to the other slide just to make sure that you're clear. So on the providing feasibility technical assistance, maybe you are the State of California that wants to apply, and you want to be our grantee because you want to run an open competition just in the State of California to really get cities in California through these feasibility studies. So you would accept applications and you would then use the Social Innovation Fund dollars to fund the expert technical assistance to work with these individual cities to get them through these feasibility studies. You would provide oversight. You would manage every step of the process. Maybe you would do convenings. You would share knowledge. And we'll talk about some of those expectations later. So maybe that's the State of California doing it.

Maybe you're a nonprofit technical assistance provider and you want to do something similar that's national in scope. We're just going to see what what's happening across the nation, and you let cities and states apply, and you put technical assistance providers with cities and state across the nation. Or maybe you're a private foundation that has some experience in the whole social impact bonds and social finance space and you're really curious about the role that this could play as it relates to reducing alcoholism in low-income communities, and so you're going

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to put something together maybe just in the northeast region, or maybe nationally, that's just looking at what Pay for Success could mean for alcoholism. So that's a couple of ways that it could work on the technical assistance side. You would get dollars from us and then you would run an open competition to select the cities and states that then get the expert technical assistance they need to get through feasibility studies.

On the structuring the Pay for Success transaction side it looks similar but a little different. So in that case we're looking for intermediary organizations that would have some sort of competition for cities and states that are ready to actually close those deals and put those deals together. They would select a city or state who says "I now need someone to help me structure this deal." I need a transaction coordinator. And the intermediary in this case would say, "Okay, that sounds really good, Springfield, Massachusetts. I think that's a great idea. We will then place a transaction coordinator with your city to actually make sure that you get through that structured deal." That intermediary organization will select the transaction coordinator, they'll provide the transaction coordinator, and really be a champion of success all along the way. So that gives you a little bit of an example of what those situations could look like.

We've also left this pretty flexible in some ways, because you might have ideas on how this can work that we haven't even considered. But at end of the day, what's important for you to know, and as you read through the Notice of Funding Availability, you'll notice that this is about Pay for Success financing. It's not about Pay for Success writ large. We really are looking at the Pay for Success financing space, both on the feasibility side and the deal structuring side.

The key deadlines that you need to pay attention to are on this page. We're asking applicants to submit notice of intent to apply by July 15th. That's encouraged, not required, just to get a sense of where things are coming from. The application is due on July 31st, so you have five weeks to complete this application. Congress gave us this great new authority, but they also said we have to get the dollars out of the door by the end of the fiscal year, which is the end of September. So that's why the timeline is a little short. And with that timeline, we'll make grant awards by September 30th. So that gives you a little bit of an idea.

I also just want to share with you a couple of the funding priorities. So, one, the Pay for Success grant competition funding priorities and areas of focus will be the Social Innovation Fund areas of focus: Youth Development, Economic Opportunity, and Healthy Futures. And so, you know, you can learn more about these issue areas in the Notice of Funding Availability. They're deliberately broad because we want to test what this can look like in low-income communities across lots of different spaces.

The tier around priority areas is where we are trying to diversify the pipeline of cities and states. We are also trying to diversify the issue areas. We're also trying to diversify the

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intermediaries. So we will prioritize those applications that are coming in that are helping to diversify this pipeline when it comes to Pay for Success.

And then the last things are kind of optional funding priorities, as we look to diverse issue areas, we just want to mention that the administration is especially interested in seeing proposals as it relates to Opportunity Youth, this group of young people age 16 to 24 that are disconnected from school and work. We're also looking to hopefully get applications for folks that want to work with traditionally underserved and underrepresented areas and populations. You know, to us at CNCS, we're often looking at veterans or disabled populations or tribal communities, but we know that there are traditionally underserved and underrepresented populations in your communities as well. So that gives you a little bit of an idea.

I'm now going to turn it over to Anna just to walk you through a couple of the other key program requirements. And I see that we already have questions that are coming in, so keep those coming through chat and we'll get to those really soon, or, also, you'll be able to raise your hands later and ask questions verbally. So Anna, let me turn this section over to you.

[Anna Fogel] Great. So Michael gave us an overview of the program and how it fits in with the Social Innovation Fund, so I'm just going to talk a little bit about some of the key program requirements. And, again, as Michael mentioned earlier, this is an overview, but you should certainly refer back to the Notice of Funding Availability for more information. So the three main key program requirements I'm going to just go over quickly are the match requirement, the participation of sub-recipients, and the role of evaluation and knowledge sharing.

And so the first component is the match requirement. For those of you who are familiar with the Social Innovation Fund, you'll know this is, as Michael pointed out, really a key part of the Social Innovation Fund, a way to make sure that communities are really co-investors and have skin in the game. It also gives us a chance to really leverage federal dollars with private and philanthropic dollars. And so, as it says on the slide, grantees will be required to match their awards on a dollar-for-dollar basis, but this match can be made in two ways. One is that a minimum of 50% of the match has to be with nonfederal cash, and, again, as I mentioned, that can be philanthropic, private sector dollars. It can come from cities and states. There's a number of ways of meeting that match, and again, there are some suggestions in the Notice of Funding Availability. And, for the first time, the Social Innovation Fund will allow 50% of the match to be an in-kind contribution for services. So this can include something like pro bono legal advice, software to analyze data, key components that you would otherwise have to be paying for that are being contributed as in-kind.

And then the last component of the match is that when, at the time of application, so in a little less than five weeks now, applicants must demonstrate the ability to meet 10% of just the first year cash match requirement, and so there's more about that, again, in the Notice of Funding

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Availability. And we're happy to answer more questions about that in the question-and-answer component.

The second program requirement I just wanted to flesh out is the role of intermediaries and sub-recipients, and I know there is already a question about this in the chat. And so as Michael explained, we're really focused on building the foundation for Pay for Success and working through intermediaries. And so what we expect to see the dollars used for is either, as Michael said, to provide technical assistance or to support the structuring of actual transactions or deals. And so to do that the intermediary or grantee will be responsible for selecting what we're calling "sub-recipients," or those that will be receiving either grants or services from the grantees, and that can be on the technical assistance side, or, again, on the deal structuring side.

And so as you see here on the slide, the way this is done in the Social Innovation Fund is subgrantees or sub-recipients are selected on an open competitive basis, so grantees will hold an open competition. But given that this is a, that there's a lot of different ways of creating an open venue for selecting sub-recipients, especially with the deal structuring side, we would certainly be open to other strategies for an open and transparent way of selecting either recipients of technical assistance, such as states and cities, or recipients of structuring the Pay for Success transactions. And, again, we're happy to answer more questions about that.

In addition, there's a couple of requirements in terms of how much of the services or grants must go through a sub-recipient. So just as a Social Innovation Fund, 80% of the grants that grantees receive must be spent on services or subgrants that are going directly to the sub-recipients that we were just describing in the last slide. And this does give a lot of flexibility for grantees. It means that you can spend the other 20% on administrative costs, on other project costs, such as evaluation costs. And so you can see on this slide that we do require certain levels of subgrantee services or subgrants. And so for TA sub-recipients, they have to receive services valued between \$50,000 and \$250,000. And for deal structuring, we expect to see subgrants or services valued at \$75,000 to \$250,000. And, again, that is the value that the grantee will be providing to the sub-recipients.

So, finally, the third program requirement we just wanted to highlight is the importance of evidence and knowledge sharing. As Michael said, one of the goals of this competition is really to share knowledge every step of the way, because we think this is a crucial part of building the Pay for Success field, and so as part of that, CNCS is committed to leading a national evaluation for the Pay for Success program. And this will be done by contracting out a third-party independent evaluator who will engage with each of the grantees and many of the sub-recipients to conduct an evaluation of the individual programs that are funded through the competition, as well as to place these programs in the national context of Pay for Success.

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And then we also wanted to emphasize that the tools and documents, such as contracts that are created as part of this competition, should be created with the intent to be made public, because we believe this is really important for moving this forward and helping streamline the process and standardize the process for creating Pay for Success Transactions.

So just to give you a sense of what will happen after July 31st, there will be an extensive review process. Each application will be read three times. There will be an expert review, as well as a blended staff and quality control assessment. There will, as you can see on the slide, be a clarifications period if necessary. So this will happen between when the applications are reviewed and the selection of grantees, and we will provide, in the coming weeks, more information about what dates you should plan to be available to respond to clarifications. And then as Michael mentioned, we'll have a final decision, and the notifications will go out before September 30th, the end of the fiscal year.

So I'm just going to turn this back to Michael to just wrap up the presentation, and then we'll head straight to questions and answers.

[Michael Smith] Thank you, Anna. And so just to quickly, you know, we talked to many of our grantees about why they thought it was important to apply to the Social Innovation Fund, and so we thought we'd end with this slide. I mean everything from "It's an opportunity to double, and in this case, more than double your dollars, to be a part of something bigger in terms of this movement towards innovation, towards evidence, towards scaling solutions that work."

We create a very tight network of our Social Innovation Fund grantees, so it's not going to be one of those situations where you get a grant and we walk away for a year and you write a progress report. Instead, you will come to grantee meetings. You will have a knowledge network that you can access. You will have a community of peers who will be co-champions of your success. As a White House initiative and program of the Corporation for a National and Community Service, we feel like it is our job to amplify your success, so we'll do that. We hear a lot that people see a Social Innovation Fund grant as a seal of approval. If you can make it through this application process, go through the vetting that we provide, then it is really a kind of a good housekeeping seal of approval.

Our program officers, we consider them partners in your success, and so you'll have someone that will be there for one-on-one consulting and technical assistance that will help you. We heard a lot of folks say that it provides air cover and unanimity. So that when you're trying something new you get to try it with others. You're not jumping off that cliff by yourself. We also heard it brings new funding, whether that be local, state, or other, you know, private philanthropy. And then lastly, you know, we are looking for national models, so, you know, this is potentially a gate way.

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There are key documents and resources. Hopefully you all have already had a chance to see in nationalservice.gov/sif. We've got fact sheets. We have FAQs. We have communications toolkits. There are more webinars. There will be a Twitter chat that we'll do. And so, you know, as we're getting ready to go into these questions, I hope you really will ask questions. No such thing as a stupid one. I'll tell you I've been doing philanthropy for a long time and this was the hardest notice of funding to write because this is such a new and complex arena, and so your questions will only make this better and make sure that we can make this more clear to the next folks that are coming in and looking for information.

So with that, we will open it up for your questions. So, Jerian, do you have any additional instructions before we get there?

[Host] Submit your questions via the chat, and be sure to send to all participants, that way somebody may ask your question and you won't need to repeat it. And, again, if you do not have a phone or a headset next to your name, you could try hanging up and calling back in following the instructions that are provided. Otherwise we will not be able to unmute your line. But, again, you can submit your questions via the chat. And the raise hand is right below the submit panel.

[Anna Fogel] Great. So maybe just to kick this off, the first thing I just wanted to say -- I know a number of people have asked -- is that we will provide a recording of the webinar. It will be on our website, so it will be open to all participants and anyone else that can access the website, just to clarify that. So one of the first questions that was asked is by Kevin Jordan, who asked, "Is the goal to support the development of this work in government or to support the development of intermediaries interested in this work?"

[Michael Smith] So I think it's definitely -- Kevin, great question -- it's both. On the one hand, and probably the most important, it's making sure that governments get the resources that they need, state and local governments, to actually assess whether or not they can do this, and if so to give them the tools they need to get set up and start in a really strong and powerful way.

We are also interested in diversifying the intermediaries. There are a few that are out there that are helping people, and if this space is going to continue and advance and accelerate like we think it will, we think that there are universities and states and nonprofits and foundations that can really help to play this intermediary role. So we're looking at diversifying the pipeline of intermediaries as being a wonderful side consequence, if you will, and very much deliberately written into the way that we structured this competition to get us there.

[Anna Fogel] Great. And please just write in the chat if you have follow-up questions or need any further information to your question. The next question is from Kira who asked, "If you're a current subgrantee can you speak to eligibility for this competition. Concurrent SIF grantees

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address similar priorities as their current grants such as youth development but not fund the exact same program. What are the actual differences that you would need to see?"

[Michael Smith] So current Social Innovation Fund grantees are more than welcome to apply. It's a very different competition, Kira, so, you know, it's a different role that you will play. This isn't about evaluating a particular program. It really is about playing this intermediary role and helping advance Pay for Success on the city, state, and local level. And so since grantees can apply and you can apply within the rules of the areas of focus and the priority areas, I think what will be important for the Social Innovation Fund current grantees is just being able to prove to us that you have the capacity and the expertise to be able to do both.

[Anna Fogel] Great. The next question is from Rosie, who asks, "Can you use the fund to obtain legislation needed in your state and or municipality?"

[Michael Smith] Say that one more time, Anna.

[Anna Fogel] Can you use the funding to obtain legislation needed in your state and/or municipality?

[Michael Smith] So Social Innovation Fund dollars are congressionally authorized dollars, and you cannot lobby with federal congressional funds. So that is the clear answer. There are lot of rules about the difference between advocacy and lobbying, which I encourage you to explore on your own to see where that line is. But you definitely can't lobby. We are very much supporting knowledge sharing, and you hosting your own convenings, and you issue white papers, and, you know, doing whatever it is to make sure that we're strengthening the community at the same time. But lobbying is out of the question.

[Anna Fogel] The next question is from Nina who asks, "With respect to the required match, if applying as a collaborative partnership, is the lead agency required to show the match, or can it be between all partners?"

[Michael Smith] So the match can certainly be between all partners, but there will be a lead agency that will ultimately sign the cooperative agreement with us that will be held responsible. I think all you have to do is show that you have the ability to raise that match, both the 10% that's required up front and then the more long-term plan. And we definitely realize that the source of that match will ultimately be diverse. It's probably not going to come from one organization. It will probably come from many. So certainly it can come from the folks that are part of your partnership.

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[Anna Fogel] Great. The next couple questions are from Alena. The first is, "Can you give an example of an alternative method of open and transparent sub-recipient selection processes, other than a competition."

[Michael Smith] Good question. So on the feasibility side an open competition is probably going to be the best way that it works. Now there are many different types of open competitions. You can create your own rules. You could say this is wide open, anything that meets the rules of the Social Innovation Fund, Pay for Success competition are eligible. Or you could say this is just for Cleveland, or this is just for Ohio, or this is just about alcoholism or diabetes. And so you can create different types of rules on your open competition.

On the structuring side, that's where it gets a little bit more complicated. We don't expect, all of a sudden, that every state that's working through their feasibility studies will be able to compete in an open competition at once. They will finish those feasibility studies at different times. So we'll imagine what will happen there is there will be an open process where anyone can apply for the transaction coordinators within a certain window of time, where the rules are clear, open, and transparent, but it might be more on a rolling basis than a one-time open competition. And so the words that we're really looking for there are open, are transparent, and also clear rules that are clear to all participants.

[Anna Fogel] Great. The next question is also from Alena, but on a separate topic. "Do retroactive agreements for a city or states to work with a transaction coordinator formed on the basis of competitive process avoid the need for a grantee to cast a wide net for sub-recipients or transaction coordinators?"

[Michael Smith] I quite frankly don't think I understand that question. Anna, do you?

[Anna Fogel] Well I think the idea is can the funding go towards -- Alena, let us know if we're understanding this. Can the funding go towards a retroactive agreement, so they've already agreed for a transaction coordinator to work with a city or state. And, actually, there's a similar question from Christina Altmayer, who asked, "If you already have a feasibility effort under way can you apply for TA funding?" So I think it's a similar question.

[Michael Smith] Yes. So let me clarify a couple different things, and then, Jerian, after this, we can go to any verbal calls if folks have their hands raised, and we'll come back to the ones that are written. So during this competition we are looking for the intermediaries that are going to run the open competitions to select the cities or states that need to go through these feasibility studies and RFP processes or need to get a deal structured. So what that would mean is if you are a city or state that just needs a transaction coordinator, you wouldn't apply for us because we're looking for the intermediaries that are helping to grow the fields and identify other cities and states. You all would probably apply. If you're ready for your deal to be structured or you

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need a feasibility study, you would probably, then, apply a few months, from now from the people that win this first competition. And so that's pretty much the way that I see that.

I'm trying to think in a way that we've envisioned the program if it would work any other way. And so if you're an intermediary and you already have transaction coordinators that you work with, that's certainly fine. If you already have technical assistance providers that you work with that you will deploy to cities and states, that's certainly fine as well. And if I did not answer that question in a way that you had hoped I would, I just threw our email address and phone number up on the screen, innovation@cns.gov, and we'll get you a better answer if that didn't get to it.

Jerian, do we have any hands raised?

[Host] We do not at this time.

[Michael Smith] All right. So if anyone wanted to ask a question verbally just click the hand-raise button on your screen, otherwise we'll keep going through the ones that were submitted in the chat box.

[Anna Fogel] Yes. So the next question in the chat box is from Kira who asks, "Does the evidence, knowledge sharing count as part of the 20% administrative cost, or can it be embedded into the 80% of program funds?"

[Michael Smith] Great question, Kira. So, one, the Corporation for National and Community Service and Social Innovation Fund are going to take on this evaluation. And so this is not to evaluate a nonprofit service provider, this is to evaluate the technical assistance that you provided. What did you do? How did you do it? What were your target audiences? What strategies worked? What strategies didn't work? And so we are going to pay for and administer that national evaluation process.

And in terms of your involvement, yeah, you'll probably need some percentage of an FTE that's going to need to work with our evaluator and help to make that possible, and those expenses need to be included at a part of your 20% administrative fee, your administrative overhead. Anything beyond that, you can take out of your match if you want to do more than we're doing.

[Anna Fogel] Great. So the next question is from Willy who asks, "Do grant dollars tie into youth programs?" And Willy, I think we might need a little more information, so if you want to either raise your hand or write in the chat box. I'm not sure we know exactly what you're referring to.

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[Michael Smith] The only thing I'll say is youth development is a core component of the Social Innovation Fund model, so if you have a strategy for Pay for Success as it relates to youth, we hope it's a winning one. It's certainly eligible.

[Anna Fogel] Great. The next question from Christina, we sort of tied into Alena's earlier question about, if you already have a project feasibility effort underway, can you apply for technical assistance, and, if so, how can you meet the competitive requirements? Do you feel like we --

[Michael Smith] Christina, hopefully you got the question answered, as you had someone with a similar one earlier. If not, please do feel free to email us.

[Anna Fogel] Great. So the next question is from Dana who asks, "In terms of the contracting, when are we paid for success and what does that look like each year at the end of five years, and where is that money coming from?"

[Michael Smith] That is a great question, Dana. Thanks for asking it. So this grant program is all about accelerating, advancing, and studying Pay for Success. We are not necessarily making success payments as a part of this grant program. So we are walking our talk in the sense that we are only going to select grantees that have a track record of success. But once you are awarded a Social Innovation Fund grant you will get those dollars right away, because it's a little different. This is not about paying dollars on a deal. This is not an outcome payment. So you'll get those dollars so that you can implement your program right away.

You will have to write a budget that has benchmarks; how much will you need from the time that you get an award to the time that you do subgrantee selection, how much in year one, how much in year two? And we will have check points all along the way. And so if you are not spending the way that we thought you would spend, if you're overspending, if you're not having success, then we can have very real conversations about, you know, maybe providing a little support to get you on the right path. Or in some cases, if it's not working at all, we'll rescind the grant. So Congress gave us recapture and reallocation authority. And so we have a little bit of a different approach with Pay for Success as it relates to this competition, but hopefully that answers the question for you.

[Anna Fogel] The next question is from Gerald who asks, "Given the uncertainty about how many organizations will apply for the available dollars in each approach, is it possible that CNCS will ask high-scoring applicants to scale back their budgets to allow for the funding of more intermediaries and applicants?"

[Michael Smith] That is certainly always possible Gerald. You know, with the intermediary process we think we'll end up with a diversity of applicants. We made the minimums and

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maximums in such a way that we hope we would end with a diversity of applicants. But CNCS certainly has the right, if we feel like we didn't get the diversity we need, to ask during clarification for applicants to think about modifying their budgets.

[Anna Fogel] Great. So the next couple questions are from Alena. The first one says, "On page 10 of this notice," she asks, "Would a short pilot period of service deliveries and test operations be considered acceptable for an early post-closing phase activity?"

[Michael Smith] Sounds good to me, Alena. That is so much further down the road than now when you would actually be getting to that phase, maybe even more than a year. That's certainly something you would discuss with your program officer. But on face value, that certainly sounds like an acceptable post-closing phase activity.

[Anna Fogel] And the next two questions from -- well actually I'm going to separate them. So Alena asked, "In terms of the concerns about conflict of interest, does this preclude a TA feasibility grantee from acting as a transaction coordinator and a transaction resulting from the feasibility grant work, or essentially vice versa?"

[Michael Smith] So I'm so glad you asked that question, Alena, and I'm so glad to know that you're in the NOFA and you're referring to page numbers. If I had a gold star to give, you would get it. We should have stated that. So in order to avoid a conflict of interest, applicants cannot apply to do both. You have to pick whether or not you want to be the TA feasibility grantee or you want to be the structuring grantee. You can not apply to do both.

Now if you are a feasibility grantee and you've kind of done that process and you've decided that you also want to do structuring, there's nothing that would prohibit you from, then, applying to one of our field structuring grantees to do that work. But applying to us, it has to be one or the other.

[Anna Fogel] And so just to clarify, further down the road, after you've applied to the deal structuring grantee, you are eligible to apply to a transaction coordinator, so you're not conflicted out by serving as the grantee for TA, just to emphasize that. And so I think, Alexis, this answers your question. For the most part, yes, can you apply for TA and be a collaborative in the other?

[Michael Smith] Absolutely, yes.

[Anna Fogel] Great.

[Michael Smith] These are great questions. Thank you so much.

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[Anna Fogel] Yeah. So Wendy asked about an individual case and getting a sense of what kind of experience and expertise and track record you needed, and asks about if there are any grant coaches available for this grant, given that some of the organizations on this list may have written private grants but not governmental grant.

[Michael Smith] So, one, on the type of expertise that is needed, we go into little detail on the notice of funding, but you have to know the space. You have to know social innovation. You have to know social finance. You've had to have some experience on your leadership team with the Pay for Success, your social impact bond space. We certainly believe you can put teams together, that you can hire new people, but as an intermediary, we have to have full faith and confidence that you're going to know how to select cities and states that are eligible and are ready, and then you can provide the type of technical assistance and/or select the technical assistance providers to get folks to success. So if you haven't had any experience whatsoever on your leadership team, this probably isn't for you.

In terms of the grant coaching, this is as much as we do for grant coaching. You'll see some other technical assistance resources on our site, but anything beyond this, you'd have to look to other places, like Foundation Center, et cetera, to find support.

[Anna Fogel] Great. So the next question is from Carolyn, who asks, "Are feasibility studies limited to cities and states to be separate at the end, or can the RFP cast a net to service providers to conduct feasibility studies with them in the context of their communities? So with them as their recipient and not just the city and state?"

[Michael Smith] So the way that -- and so Carolyn, you may have identified something we didn't think about completely. But the way that we imagine this is because the government, the local government is the one that is always the payer, they would be the sub-recipient. But we've provided a lot of flexibility and encouragement that nonprofit service providers be thought about as partners, and, you know, you could even require that your city comes with that partner. And there's certainly funding that you could provide for both the local government and for the nonprofit service provider.

We couldn't think of a scenario where you would have a nonprofit service provider that needed to go through feasibility study or get a deal structured without the local government that was ready to do the paying. If you can think of a way that that could work, please email us. And anybody who emails us, we have to provide the answer back to the whole public, so if you have a good example for us to look at, we will take a look and respond.

[Anna Fogel] Definitely. The next question is from Tyler, who asks, "Is it correct to assume that one government should not apply for one feasibility grant. With that match, it would be a \$400,000 feasibility grant, which seems too large for just one." Which is correct. We are

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assuming that -- I mean you could make the case for a much larger feasibility study. So, for example, if you were going to do a feasibility study for, let's say, Pay for Success opportunities across a region or a state, you certainly may be applying for a grant with -- the smallest grant, as you know, with a match would be 400,000. Or it may be that you're planning to conduct a number of feasibility studies for individual cities or states, in which case it may be that the \$200,000 grant minimum, which would be \$400,000 with a match, would be too large for your project. So we're open to either one larger project or a number of different feasibility studies.

Carol then asks, "Where can we find a list of entities that have conducted feasibility studies or have a transaction coordinator?"

[Michael Smith] So we are a little hand tied on answering this question, because the field is so small. We feel like if we start naming sources, we might be naming potential applicants. But here is what I'll say. If you go to our website we list a White House resource on Pay for Success, and I would also say that Rockefeller Foundation has probably done the most funding in the technical assistance space, so if you Google Rockefeller Foundation and social impact bonds and Pay for Success, you could probably find a lot that's been written about this space and who has been doing this kind of work.

[Anna Fogel] Definitely. The last question from Barry -- I mentioned before for Barry and anyone else, there will be a recording available that will be posted on our website on nationalservice.gov/sif or S-I-F. And if there are any other questions, please raise your hand or write them in the chat box. So I see a couple other follow-up questions that we have a couple more minutes we can go through.

So the next one is from Alice. She writes, "On Page 25 on the description of activities the proposal to identify innovative more effective solutions, applicants to describe how the strategy and service delivery model is innovative or transformative. Is this asking about TA service delivery model or the selected intervention service delivery model?"

[Michael Smith] This is about what you will do. This is about the TA service delivery model. How will you provide services in an innovative way that leads to more effective results? We certainly know and, we hope, that you will create grant competitions that will lead to innovative nonprofit service providers, but this really is talking about your work.

[Anna Fogel] Yes. Alena follows up on the conflict of interest question. And, thanks, Alena, for being nitpicky so make sure everyone is on the same page. Alena asks, "So a TA feasibility grantee could act as a transaction coordinator on a transaction resulting from the initial grant work?"

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[Michael Smith] Yes. But you cannot apply to do both from us. So if you were to be a transaction coordinator, that would be because you got those dollars from another -- from one of the SIF grantees or someone else that is doing that work.

[Anna Fogel] Great. And, Alena, let us know if that is not clear. And then another follow up from Alice, who asks, "For TA feasibility, does open competition have to be only for government or only for service providers?"

[Michael Smith] So the way that we've imagined this is that the TA for feasibility, your sub-recipients would be a state or local government or some sort partnership of state and local government and nonprofit service providers. So it's not a choice. We just can't imagine how it would happen without a local government who acts as the payer.

[Anna Fogel] Yeah. And then the next question is from Megan, who I believe is following up on Alena's questions about the conflict of interest between being a TA feasibility grantee and a transaction coordinator. Megan asks, "Can a transaction coordinator serve as an intermediary in the eventual social impact fund?"

[Michael Smith] I wouldn't see why not. I wouldn't see why not.

[Anna Fogel] Yeah. We would just emphasize that you're not going to be able to apply to us to be the deal structuring intermediary.

[Michael Smith] Right.

[Anna Fogel] So I think we've gone through all of the questions in the chat room. If there's any other questions in the last few minutes, please chime them in or raise your hand.

[Michael Smith] It looks like we just got one from Gerald.

[Anna Fogel] Gerald asks, "How much will go to the deal structuring grantees versus TA, and will you have more than one deal structuring intermediary?"

[Michael Smith] So we don't have an actual amount. We're going to actually see what the market bears and see what folks apply for. We hope that we end up with a diversity of applications, but we don't have a 50% here or 40% here pool. And would you have more than one deal structuring intermediary? Possibly, ideally, but we'll wait and see what the applications look like.

[Anna Fogel] Great. Any other questions? Christina asks, "If you are applying as a TA intermediary, do you have to have the government backend tier identified?"

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[Michael Smith] No. Your job as a TA intermediary would be to host an open competition to find the state or local governments that want to go through your feasibility study process.

[Anna Fogel] Any other questions? From Kira -- okay, a number of other questions, and I think these maybe are our last ones.

[Michael Smith] We've got three more minutes.

[Anna Fogel] All right.

[Michael Smith] But you can always email us.

[Anna Fogel] So from Kira, "Following up on knowledge sharing, is the knowledge sharing that's described on page 45 directly related to what a grantee is doing with sub-recipients and TA services, or does that include the activities described on Page 11 of advancing learning through awareness building that's larger in the field?"

[Michael Smith] You know, I feel like I am a bad director, because I do not have the actual Notice of Funding Availability in front of me to refer to page 25. But I think Anna does. I'll tell you what our goal here was; is, one, we want intermediaries who will provide technical assistance to their sub-recipients, but we also, when we open talk about knowledge sharing, those are the sorts of things that will help with making sure that your learnings are translated to the entire field.

[Anna Fogel] And, Kira, just because I have the Notice of Funding in front of me, and she's looking at the selection criteria, which is under the knowledge sharing part, and as you highlighted, that includes both. It includes both how the grantees will sort of support the national evaluation that CNCS is funding, and it also can include any sort of knowledge sharing that the grantee is interested in hosting, as Michael explained earlier, whether it's holding conferences or sharing documents or anything like that. So in answer to your question, it's really both. It's related both directly to what grantees are doing, as well as additional knowledge sharing, as well as working with the evaluation that CNCS is doing.

Gerald asks, "If you have more than one, how will people know which deal structuring intermediary to apply to for transaction coordinator?"

[Michael Smith] I think maybe you mean if we, the Social Innovation Fund, end up with more than one deal structuring intermediary. One, this is America, it's all about competition. May the best entity win. And, you know, I would imagine that some deal structurers might be looking just regionally. Some might be looking to state. Some might be looking nationally. Some might

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have a certain issue area focus. So, again, we're looking to diversify and strengthen the field and the pipeline, so it would really just be up to that state and local government to decide which one to apply for.

[Anna Fogel] The last question from Carolyn asks, "If we apply as a TA intermediary, do we have to have the Pay for Success experience or can we contract an expert?"

[Michael Smith] You have to have the experience. You have to have experience as a part of your team. Now you could, in your application, talk about what that team is going to look like, and maybe that involves you bringing on other people, because it is a mix of experience. You need the social finance. You need the social innovation. But you also have to manage sub-recipients and how to select sub-recipients. So you could put together, in your proposal, that team, and you have to show how it's strong together.

[Anna Fogel] Great. And we also should just, as we've mentioned before, we will have the recording of the webinar up on our website very shortly, and we will also include many of these questions and the frequently asked questions on our website, so that will also be publicly available.

[Michael Smith] So once again, thank you everyone for participating in the Pay for Success webinar. The deadline for submission is July 31st, so get started. Feel free to email or call us if you have questions, and please do spread the word. Thank you and have a great rest of your week, and happy 4th of July.

[Host] Thank you, and this concludes this session. Bye now.