

Social Innovation Fund FAQ Update #1

March 8, 2010

Intermediaries

Will simply applying to other Federal innovation funds hurt an organization's ability to obtain SIF funding?

No, the application review processes for other Federal innovation funds and the SIF are separate. However, SIF applicants who are also applying for other innovation funds should clearly describe in their Program Design narrative how SIF funding will support activities that are distinct from those that would be funded using other Federal funds. Funds used from different federal sources cannot be used to support the same activities.

I'm a potential intermediary applicant that works on a national scope. I primarily make grants to local affiliates, but want to use SIF funding to start doing competitive grantmaking using rigorous evidence (the evidence base in my field meets SIF requirements). Would I be eligible for SIF funding?

The potential intermediary applicant in this scenario would likely not be eligible for funding. They would likely not be considered an existing grantmaking institution, because national organizations that primarily grant to local affiliate organizations would not be considered to be supporting a "diverse" portfolio of nonprofit community organizations. When considering the term "diverse," applicants should assess the extent to which they already have "portfolios that leverage the combined strengths of distinct innovations to impact and inform public discussion and effect broader systems change, while improving measurable outcomes in the identified issue areas." The national organization in this scenario could apply for SIF funding in collaboration with one or more existing grantmaking institutions. In that scenario, the national organization could provide issue expertise, valuable relationships, and other assistance to support the subgrant work of collaborating existing grantmaking institutions.

I'm applying as an issue-based SIF. Do I need to articulate a geographic focus in my application?

Yes, all applicants must indicate a geographic focus in their narrative. The Kennedy Serve America Act requires issue-based SIF applications to identify specific geographic areas in which they are likely to serve, and to provide specific evidence as to why those geographic areas have high needs in the specific issue area that is the focus of the application. For an issue-based applicant, the geographic areas which they are likely to serve can be spread across the country. In describing those geographic areas, the goal is to understand why there is particular need in regard to the issue area focus.

To what extent do applicants have to describe in their narrative what activities competitively selected subgrantees will use SIF funds for?

The Corporation expects competitively selected subgrantees to have existing evidence of impact and effectiveness, and, be well-positioned to deepen their evidence base, replicate and expand. If applying with pre-selected subgrantees, applicants should provide an

overview of how funds will be used. The use of funds should conform to the applicants overall plan for achieving measurable outcomes in their priority issue area(s).

Eligibility Questions

- **We are a federally-funded developmental disability council. We are a grantmaking institution that is aligned with the state government. Can we apply or would we need to partner with a non-governmental grantmaker?**
- **Is a Community Development Finance Institution (CDFI) that provides financing to nonprofit organizations and is structured as a 501(c)(3) organization an eligible intermediary applicant?**
- **We are a state-chartered independent special district. We are a grantmaker that is financed by tax revenue. Would we be eligible to apply independently?**

With the NOFA, the Corporation has constructed a framework within which potential applicants can 1) assess their eligibility, and 2) assess their competencies and the extent to which they align with the objectives of the SIF. The Corporation cannot offer individualized assessments of eligibility. We recognize the complexity of determining eligibility and designing a SIF program, but we encourage potential applicants to pay special consideration to their competencies and how they might logically (rather than artificially) fit within the SIF structure. The SIF is designed to meet a particular need and has defined goals for its own impact. The SIF is designed to build the evidence base and replicate innovations that have the potential to make more than incremental progress on a social challenge. The Corporation encourages potential applicants to carefully review the NOFA and assess whether this fits their current mission and is consistent with their goals and expertise.

Is there a minimum limit on the size of the geography that the SIF intermediary will have to focus on?

No, there is no minimum geography that a SIF intermediary must focus on.

Can a geographically-based SIF award subgrants to nonprofit community organizations that do not currently operate in its geography? In other words, can the subgrant competition be used to attract new ventures with strong track records in other areas to launch new sites/chapters in our geography?

One of the goals of the SIF is to replicate and expand effective and innovative nonprofit community organizations. However, applicants should be aware that the Corporation does not view the SIF as a source of sustainable long-term funding for replication and expansion. If an applicant proposes to import one or more effective approaches, they should proactively address how continued funding for the initiative will exist beyond the three to five year SIF funding period.

Could a SIF intermediary receive a Fiscal Year 2010 SIF award of \$2 million, and then apply to the Corporation for a smaller amount in Fiscal Year 2011?

There is no requirement that intermediaries request the same amount of funding from year one to year two (and in other continuation years). However, the Corporation is seeking to build a network of intermediaries committed to supporting an on-going portfolio of promising social innovations as they deepen their evidence base, replicate and expand. Similarly, the Corporation is looking for strong fiscal partners that can meet the substantial annual match requirements of the SIF program.

Will the Corporation further define the three priority issue areas?

No, the priority issue areas are deliberately broad in order to surface innovation and allow intermediaries and subgrantees to propose to focus on specific critical challenges within their target geographic area(s).

We used to do competitive grantmaking, but many years ago. If we meet all the other requirements, would we still be considered an existing grantmaking institution?

It would be difficult to consider such an organization an existing grantmaking institution. Applicants should consider their current competencies when apply to the SIF. If competitive grantmaking is not a current competency, an applicant might benefit from a collaboration with an existing grantmaking institution that has it as a current competency.

Can a for-profit intermediary apply?

The Corporation is not in a position to support for-profit intermediaries.

Eligible Partnerships and Collaborations

What is the difference between an “eligible partnership” and a “collaboration”?

Applicants should *not* focus on the distinction between a partnership and a collaboration. Instead, applicants should be aware that a precondition for either arrangement is the presence of an existing grantmaking institution. An existing grantmaking institution must be the lead applicant. Applicants who apply with a State Commission or a unit of local government should be aware of the matching requirements placed on such an eligible partnership, as follows:

- If the applicant is an eligible partnership that includes a State Commission or a local government office, the state or local government involved must provide not less than 30 percent and not more than 50 percent of the matching funds.

How might an “eligible partnership” be structured?

Following are two illustrative examples.

Example number one: Four community foundations across the country pool their resources and apply as an issue-based SIF working on the priority issue area of economic opportunity. Their partnership also includes an existing grantmaking institution (which we will call Grantmaker A) with deep experience in competitive grantmaking. The

eligible partnership proposes to have Grantmaker A oversee the competitive selection process across their respective geographies and with their local input. Grants would go directly from Grantmaker A to subgrantees (as two levels of subgranting are not allowable under the SIF). The community foundations would support, monitor and evaluate subgrantees and facilitate constructive relationships with local units of government and others.

Example number two: Three existing grantmaking institutions apply as a geographically-based SIF. They propose to focus on all three of the priority issue areas. They each bring their own issue expertise. They propose to run separate competitive subgrant selection processes. However, they propose to pool resources for capacity-building, evaluation and knowledge management across their subgrantees.

These are only two examples to illustrate how eligible partnerships might be structured. Many other kinds of partnerships are also possible.

If two or more organizations plan to apply for SIF funding as an eligible partnership or as a collaboration, how definitive of a structure needs to be in place at the time of application? Do the organizations need to have a legal agreement signed at the time of application submission, or is an intent to partner or collaborate sufficient until funds are awarded?

An intent to partner or collaborate is sufficient to apply. During the review process, the Corporation may request additional information about the roles and responsibilities of each partner. Before final award, all partners and collaborating organizations will be required to formally agree to the full terms and conditions of the award, including those included in the Assurances portion of the application in eGrants. Eligible partners are encouraged, but not required, to share the costs of the application cash matching requirement in order to demonstrate the seriousness of the partnership.

Can two existing grantmaking institutions in an eligible partnership share a SIF award?

Yes, the Corporation is prepared to work with eligible partnerships to make sure that appropriate financial controls and accountability are in place. That said, it would simplify the process if one organization served as the fiscal agent for a SIF.

Funding

Is SIF funding annual?

Yes, SIF awards are annual awards. Continuing intermediary funding for the second through fifth years will be contingent on the availability of appropriations, compliance with grant conditions, and satisfactory performance, including having secured sufficient matching funds.

The NOFA states that SIF award periods are up to five years, with funding provided in annual increments. In a technical assistance call, applicants were advised to submit just one year of budget information. Does this mean that if an applicant were to apply for a \$1 million award over five years with \$200,000 in expenses in year one, the project budget should just total \$200,000?

No, the minimum annual award is \$1 million. The maximum annual award is \$10 million. Thus, applications to the Corporation will include total initial annual budgets (including both federal and matching funds) of at least \$2 million. There is no maximum annual budget, but total budgets exceeding \$20 million dollars cannot receive more than \$10 million in federal funding.

Funding Restrictions

On page 17 of the NOFA, please explain what it means by “no requirement that the non-federal share of the budget “mirror” or be allocated on the same basis as the federal share of the budget.”

Although intermediaries are required to match every federal dollar, there is no requirement that, each budget line item be equally divided between federal and matching funds.

I know at least 80 percent of federal funds have to be subgranted. Can the remaining 20 percent (or less) be used for one activity, such as evaluation?

Yes. However, applicants should keep in mind that their overall budget (both federal and matching funds) will be evaluated on the basis of effectiveness as described in the NOFA.

Match

My question is regarding the 30 – 50 percent match that is required for governments that are applying to be part of an eligible partnership. Considering the budget climate for most local governments, it will be very difficult for us, or for any local government, to find new resources to direct to SIF programming. I consequently have a number of questions about the City match requirement.

- 1. Is it possible to count private funding that is raised by local government for the SIF programs, or that has been raised by government for programs similar to the SIF programs, to be counted as part of this match?**

Yes, if the donor made their donations as unrestricted funding. Funds donated for a specific local government program cannot be reallocated as SIF matching funds without the express consent of the donor.

- 2. Is it possible to redirect City government funding to these programs?**

Yes. As sovereign entities, local governments may (consistent with their legal authorities) reallocate their unobligated funding to provide SIF matching funds.

3. Can City funding that currently supports programming similar to a proposed SIF be counted towards the match?

No, local government funds which are obligated and already supporting existing programs will be treated in the same manner as restricted donor funds for nonprofits. The Corporation does not intend to allow the availability of SIF to diminish ongoing programs in order to meet the SIF matching fund requirements.

Can funds that have been previously restricted for a purpose similar to our SIF proposal be counted toward the match requirement?

No, SIF matching funds must be unrestricted new or existing funds.

If a donor to a potential intermediary has already committed funds to that intermediary, but would like to now allocate some of their commitment to help meet the SIF matching requirement, is that allowable?

Only if they are unrestricted existing dollars. Matching funds must be unrestricted new or existing dollars. They cannot be restricted funding that is redirected for purposes of meeting the SIF match requirement. One goal of the SIF is to encourage new funds to be directed to satisfy the match. However, given that the SIF is a new program and that it is a difficult environment in which to raise substantial new dollars, existing unrestricted dollars may also be used for the match.

An existing grantmaking institution has to apply with 50 percent of the required match in cash. If an institution is applying in an eligible partnership with a State Commission or a unit of local government (each of whom are required to contribute not less than 30 and not more than 50 percent of the total match for a SIF), do these partners have to apply with 50 percent of their required match at the time of application also?

No, the requirement to demonstrate 50 percent of the matching fund requirement applies to the application as a whole. In the case of an eligible partnership including a unit of local government, the local government does not have to demonstrate that it can provide 50 percent of its minimum portion of the overall match at the time the application is submitted. Compliance with the requirement to provide 30 to 50 percent of the total match will be assessed at the end of the first grant period.

I'm a nonprofit community organization. Can I reappropriate existing grant dollars in order to meet my SIF match requirement?

Yes, but only if they are unrestricted existing dollars. Matching funds must be unrestricted new or existing dollars.

We have the potential for a donor created endowment for public health. In community foundation terms that would be a field of interest fund. Those are not wholly unrestricted funds and would normally go through a competitive grant award process for those funds. (Just as we would for an issue based SIF sub grantee) Would those funds be potential match dollars for the SIF match?

Potentially, yes. Since in this hypothetical the donor has not yet provided the funds, a donation could be made under terms which would make it available as SIF matching

funds (consistent with the purposes of the applicant's proposed SIF program). The donation could also be contingently available to be a field of interest fund, if the applicant is not selected as a SIF intermediary. In any case, the donor's intent would have to be fully documented.

What is required from a grantor to certify that unrestricted dollars given to the applicant may be used as match funds? A letter to this effect?

Applicants may demonstrate commitments by a dated and signed letter from each donor/foundation, indicating the amount of funds committed for the specific use of supporting the Social Innovation Fund grant. Such a letter must contain a firm commitment to provide the applicant the stated funding upon award of a SIF grant by the Corporation.

Can program income count toward the match?

Yes, program income (as defined in the applicable OMB Circulars), may count toward the match requirements.

Can the cash match be donated goods and services?

No, the SIF match must be in cash. Donated or otherwise in-kind goods or services may not be counted as matching funds.

If we have currently restricted dollars that are restricted for the purposes of running a competition that aligns with the SIF goals and priorities, can we use that money to meet our match requirement?

No, SIF matching funds must be unrestricted new or existing dollars.

Can funds that we currently invest in subgrantees be counted toward the match requirement?

No, funding provided by a SIF intermediary to subgrantee prior to either the intermediary's selection as a SIF or the subgrantee's competitive selection by the SIF intermediary cannot be counted toward the SIF intermediary's matching requirement.

As a community foundation, we already have regular granting cycles that use unrestricted money for youth, human services, and environment. However, these granting cycles don't have \$100,000 minimums or require that our subgrantees match the grants. Can we include the unrestricted money we use for these existing granting cycles as part of our match for SIF?

Yes, if the granting cycles are made to be consistent with the requirements of a SIF subgrant competition.

We are a community foundation with donor advised funds that have unrestricted money granted at the request of our donors. Can we use these unrestricted grants as part of our match for SIF if they are granted for the purpose of youth, economic opportunity, or healthy futures?

Yes. However, your donors will have to consent to the funding being distributed based solely on the subgrant competition.

What are the implications of not meeting the match on the part of the intermediary and the part of the subgrantee?

Please read the transcript or listen to the audio recording of the February 24, 2010 SIF technical assistance call for a detailed answer.

Can I use funds that I receive from my State as part of a federally supported grant program to meet the SIF matching requirement?

Generally, no. Federally-supported grants (including State matching funds included in those grants) cannot be used to meet SIF matching fund requirements. The sole exception to this will be federal block grant funds which are given to states and are comingled with other state funds. Because states may use comingled block grant funds without having to account for those costs, they may be used to meet the SIF matching fund requirements. [Corporation Note: The answer to this question modifies a similar FAQ posted on February 23, 2010. Applicants should consider this answer the Corporation's guidance.]

Subgranting

Is there a preference for applicants who apply with some competitively pre-selected subgrantees?

No, the NOFA does not have a preference for applicants who apply with some competitively pre-selected subgrantees. Based on feedback received from the public, the previous preference for having pre-selected subgrantees has been removed from the NOFA.

Will organizations that receive other Federal innovation funds be prohibited from receiving SIF funding?

No, there is no prohibition on SIF organizations receiving other Federal innovation funding. However, funding received under two federal programs cannot be used for the same activities. The funding could be working toward the same measurable outcomes, but would be working to achieve them in distinct ways.

What is the desired ratio of pre-award versus post-award competitively selected subgrantees?

There is no ideal or preferred ratio of pre-award versus post-award competitively selected subgrantees. Applicants must justify subgrants, either way. The selection process for pre-selected subgrantees must meet the requirements for a competitive subgrant selection process, as defined in the NOFA.

I'm a nonprofit community organization that wants to apply to be a subgrantee after SIF intermediaries receive awards. Will the Corporation publicize subgrant opportunities?

The Corporation will announce the names of SIF intermediaries on its [website](#). All grantees will have to complete a competitive subgrant selection process within six months of award.

Do you recommend that intermediaries run separate granting cycles just for SIF funds?

The match, competitive subgrant selection, accounting and reporting requirements placed on SIF funds are unique and substantial. SIF intermediaries may find it advantageous to run a specific grant cycle for the purpose of making SIF subgrants.

Can we run two separate SIF subgrant competitions?

More than one competitive subgrant selection process could be held by a SIF. This would most likely be the case if a geographically-based SIF proposes to fund in more than one priority issue area. In their narrative, applicants should clearly justify the rationale for having more than one competition. All competitions must be completed within six months of award.

Would a public school be considered a nonprofit community organization? How about a tribe?

For purposes of the SIF, nonprofit community organizations which may receive subgrants will include:

- Organizations described in section 501(c)(3) of the Internal Revenue Code and exempt from taxation under section 501(a); and
- Any entity or organization described in sections 170(c)(1) or (2) of the Internal Revenue Code.

It should be noted that the types of organizations which can receive SIF subgrants includes most charitable organizations, states, local governments (and other political subdivisions), public schools, tribes, as well as certain faith-based organizations and other educational institutions. [Corporation Note: The answer to this question modifies a similar FAQ posted on February 23, 2010. Applicants should consider this answer the Corporation's guidance.]

Does a subgrant have to be a combination of Federal and matching funds? For example, would a \$200,000 subgrant have to be comprised of \$100,000 in Federal funds and \$100,000 in matching funds?

No. A SIF intermediary will make their subgrants from the pool of funding (both federal and matching funds) which they include in their budget. There is no requirement that SIF intermediaries or their subgrantees separately identify a federal or match component to the amount of the subgrant. All funds provided to subgrantees will be subject to the same requirements, regardless of whether they can be “traced” to federal or matching fund sources.

In terms of the competitive subgranting process, could we hold a competition limited to programs that we currently fund? Or is there an expectation that the process be open to all relevant service providers in our geographic area?

No, you cannot propose to hold a competitive subgrant selection process limited to current programs. The NOFA lists the requirements of a competitive process, one of which is that the funding opportunity is made available to all “eligible nonprofit

community organizations within the specific local geographic areas and issue area(s) to be covered under the proposed SIF intermediary award”.

How do you expect intermediaries to assess whether a subgrantee works in a low-income community as defined in the NOFA?

There is a deep community of practice in the public and nonprofit sectors about how to determine income eligibility. The Corporation expects intermediaries to be knowledgeable about, and operate in accordance with, best practices.

Can awards made to subgrantees include in-kind goods and services in place of cash?

No, subgrant awards must be cash awards.

Evidence

All of our funded programs are required to measure and report outcomes; most use a pre-post measurement protocol. Would programs that have a track record of positive outcomes meet the “preliminary evidence of effectiveness” standard?

Yes, as stated in the NOFA, “pre- and post-test research that determines whether participants have improved on an outcome of interest” could meet the “preliminary” standard of evidence. However, that should not be interpreted to mean that all pre- and post-test research meets the preliminary standard. Quality will be assessed by expert reviewers. Applicants should submit information both about evidence generated and the research design that resulted in that evidence. As stated in the NOFA, in their narrative, applicants are asked to “Describe the study or studies that generated the evidence (e.g., methodology), and the evidence that was derived from the evaluation(s). Provide web links to recent report(s) (both published and unpublished) from these studies. Links should be to full reports and appendices; i.e., not executive summaries or journal articles. Preferably, the reports will include design documentation.”

Is independent evaluation of subgrantees required?

There is no statutory requirement in the Kennedy Serve America Act that evaluation conducted prior to becoming a SIF grantee be performed by an entity other than an intermediary or a subgrantee. However, page six of the NOFA clearly states that to be eligible for a SIF intermediary award, an applicant must:

Have a well-articulated plan to:

- Replicate and expand research-proven initiatives that have been shown to produce sizable, sustained benefits to participants or society; and/or
- Collaborate with a research organization to undertake rigorous evaluations to assess the effectiveness of initiatives.

As a cooperative grant agreement partner, the Corporation expects to work closely with SIF intermediaries on the development of final, detailed plans for evaluation of major subgrantees.

Should outcomes and metrics be defined for three to five years, even though the funding request is only for one year?

Yes, applicants should outline a multi-year plan for subgrantee selection, investment, support and monitoring in their narrative. The formal budget request should be for one year of Federal funding. The exact terms of reporting and accountability will be negotiated with the Corporation during the grant award period.

Miscellaneous

Will you be publishing a list of all those who submit Letters of Intent for the March 1, 2010 deadline?

No, the Corporation requested Letters of Intent to Apply for internal planning purposes only. Specifically, the Letters are designed to help the Corporation better estimate the volume of potential applications.