

2016 Social Innovation Fund Pay for Success Competition

Frequently Asked Questions

Updated: January 13, 2016

The Notice of Federal Funding Availability (Notice) and the application instructions are the primary sources of information about the requirements of this funding competition. This document is intended to provide further clarification, where necessary, and does not supplement nor duplicate those documents.

The Corporation for National and Community Service (CNCS) Social Innovation Fund (SIF) will host Technical Assistance (TA) conference calls or webinars for potential applicants. The schedule of these calls and the other applicant resources, including the answers to frequently asked questions, will be posted on the SIF webpage. Potential applicants are strongly encouraged to visit the website to access these resources and for updates. General inquiries may be directed to PFSApplication@cns.gov.

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Application Materials

1.1. Where do I get a SIF PFS funding competition application?

Applicants apply for SIF funds via the CNCS online grants management system called eGrants. The application instructions explain how to complete the application in eGrants. The Notice of Federal Funding Availability contains the selection criteria and other information necessary to complete an application. To create an eGrants account and begin an application, please go to the eGrants website: <http://www.nationalservice.gov/egrants/>

1.2. Is there a way to upload attachments/appendices so graphics, maps, charts, etc. can be included?

No, there is not. Beyond what is requested in the application, attachments and supplementary materials are not accepted. The only supplemental documentation that will be accepted is the match verification letter. Additional materials, including recommendation letters, will not be reviewed.

1.3. Is it correct that this NOFA does not require applicants to indicate performance measures?

That is correct. At the time of application, applicants do not need to include or indicate performance measures. During the course of the cooperative agreement, the Recipient will work with the SIF Program Officer to create performance measures for the term of the grant award.

1.4. On page 14 of the NOFA, it is indicated that applicants should draft applications as a word document and copy and paste the document into eGrants no later than 10 days before the deadline. Does this mean that applicants should ensure they can enter responses in eGrants or that full applications must be submitted 10 days prior to February 11th?

Because the eGrants system sometimes operates differently on different computers, we recommend you allocate sufficient time to test entering information in eGrants to ensure you are able to submit by the deadline of February 11, 2016. Full applications are due to CNCS by the deadline of February 11.

Eligibility and Proposed Activities

2.1. Can a for-profit organization apply?

For-profit entities are not eligible for SIF funding, as Recipients, Subrecipients, or Service Recipients. However, for-profit organizations may be contracted by Recipients or Subrecipients to in order to complete activities proposed in the application. In addition, for-profit organizations can participate as providers of funding for the match requirement.

2.2. Are current SIF Recipients eligible to apply to the 2016 PFS Competition? Can the PFS award address a similar priority as a current award?

Current SIF Recipients, Subrecipients and Service Recipients are eligible to apply. If a current SIF Recipient applies, it must seek funding for a program that is distinct from the program currently being funded. This may include a project with similar priorities as long as the program is distinct. A distinct program may include one with a similar program model but conducted with different Service Recipients and/or Subrecipients, or with the same Service Recipients or Subrecipients but for different PFS projects. A distinct program may also include one with a different program model than currently being funded by SIF. Ultimately, CNCS will determine whether the applicant's program meets the criteria for distinct.

Examples of distinct programs may include: 1) City X applies for, and was funded by Grantee Y, for a transaction structuring subgrant for an early childhood PFS project through the Grantee's 2014 SIF PFS award, and City X again applies for a transaction structuring subgrant from Grantee Y's 2016 SIF PFS award, this time for an asthma-prevention PFS project, or 2) In its 2014 SIF PFS Program, Grantee Y provided transaction structuring support as funds, and proposes for the 2016 SIF PFS Program to provide transaction structuring support through services.

2.3. If two or more organizations plan to apply for Social Innovation Fund funding as an eligible partnership, 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 intent to

partner or collaborate sufficient until funds are awarded?

Intent to partner or collaborate is sufficient to apply. Each eligible partnership should have a legal agreement, such as a memorandum of understanding that outlines each of the partners' responsibilities, which must be available for the purposes of CNCS/SIF monitoring. During the review process, CNCS 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. Further, under an eligible partnership, both entities are subject to CNCS monitoring.

2.4. How might an “eligible partnership” be structured?

There are a variety of structures that could function as an eligible partnership. The defining characteristic of a partnership, however, is that the two entities have a signed memorandum of understanding identifying their respective roles and responsibilities with regard to carrying out the program. Below is one illustrative example:

Example: State X has grown increasingly interested in encouraging PFS throughout the state, especially since the state recently passed legislation expressing support for learning more about PFS. State X and Intermediaries Unlimited (IU), a non-profit intermediary who facilitates the development of PFS financing, decided to jointly apply for an award to fund an open competition for transaction structuring proposals on PFS projects in the state. IU would be responsible for conducting an open competition and the state would provide marketing and outreach assistance and matching funds.

2.5. What is the difference between a partnership and a contractual arrangement between two parties?

A partnership is a relationship which is generally accompanied by the partner applicant aiding the lead organizations in actually carrying out or running the Pay for Success program. A partner may also contribute match funds or services to the program, and within which both entities are subject to CNCS monitoring. A contractual arrangement is one in which the Recipient purchases goods or services needed to carry out the PFS program. The Recipient would need to follow the procurement standards in 2 CFR 200.317-200.326 to retain an entity in a contractual relationship.

2.6. Can an organization submit more than one application?

No, each organization may only submit one application as the lead organization. However, an organization can be a member of a partnership on multiple applications.

2.7. Can an organization that applies for a SIF PFS award also be a contractor within a separate project?

Yes, an organization that is a SIF recipient may be contracted by a separate recipient or subrecipient to perform components of a project. Recipients and Subrecipients must retain contractors consistent with Federal procurement guidelines, in CFR 200.218-200.326.

2.8. We work in coordination with other Federal agencies in our activities. Is this something we should

mention and if so how is it best to do so?

You should mention any current partnerships that are relevant to the SIF PFS program you are proposing and that would enhance your proposal.

2.9. Can a Subrecipient or Service Recipient be pre-specified in response to this Notice, based on a retroactive agreement formed on the basis of a competitive process?

No, a Subrecipient or Service Recipient may not be pre-specified in response to this solicitation, even if based on a previously held competitive process.

2.10. We are a nonprofit service provider with an evidence-backed solution. We would like to expand the program and get involved in PFS efforts, perhaps through a PFS pilot. How can we get involved? Should we apply at the Recipient level?

Nonprofit social service providers should keep in mind that the goal of the PFS Competition is to build the foundation of the PFS field by supporting project structuring for entities that are ready to take a Pay for Success project from the developmental stage to the implementation stage. The funding from these awards is intended to fund an entity that will provide services or funding for project structuring and enabling. Therefore, an entity beginning to explore PFS and is at the developmental stage is not an entity targeted at the recipient level for this NOFA.

2.11. How long does a typical “ramp-up” subaward take?

The subaward duration should be at least a year, though the average duration of the project activities is likely approximately 4-6 months, but could take up to a year or even 18 months.

2.12. To be the recipient, do you have to have a relationship to possible sub grantees or know of who these may be, or will this be a completely open competition?

Recipients must select Subrecipients or Service Recipients through completely open competitions. That is, Recipients may not know who they want to award before releasing the competition. However, so long as the Recipient takes the appropriate considerations in ensuring no conflicts of interest, they may award entities that they have worked with in the past, such as through existing partnerships.

2.13. It appears for-profit organizations are not eligible to apply for SIF funding. However, for-profit organizations can be contracted by recipients/subrecipients. How would a for-profit organization connect with recipients or subrecipients of the project?

For-profit organizations interested in serving as contractors with Recipients or Subrecipients would wait until the awards are announced to learn about opportunities for establishing contracts, and reach out to the Recipient or Subrecipient organization.

2.14. Would the “Youth Development” issue area include solutions to help more students achieve higher education?

Solutions to help more students achieve higher education may fall into the Youth Development or Economic

Opportunity issue areas, depending upon the focus of the intervention.

2.15. Are B-Corps or L3C organizations eligible to meet the “nonprofit” requirement to receive SIF funding?

These two entities would not qualify as “nonprofits” under 2 CFR 200.70, unless they are somehow unique from the traditional B-Corp or L3C. Entities created for some form of profit under the law do not qualify. As a for-profit company, a B-Corp is organized primarily for profit, and thus fails to meet 2 CFR 200.70(b). Additionally, L3C’s are not nonprofits because they are low-profit legal entities, and therefore not nonprofit.

2.16. Must projects have gone through a feasibility study in order to be funded in this competition?

Any project that is at the stage of needing Transaction Structuring support, as determined by the Recipient, would be eligible to receive a sub-award through SIF PFS funds. As described on p. 6 of the NOFA, the applicant must describe how they will assess the “readiness” of a PFS project for structuring and enabling funds and/or services.

Projects in need of Transaction Structuring assistance are those that have determined that they will be moving forward with a Pay for Success model, typically determined by having undergone some type of feasibility study, analysis, or consultation. Generally this entails knowing at least who the outcome payor is, what the target population is, what outcomes are sought, and a general sense of the service provider(s) who are able to provide the service to generate the outcomes.

As described on p. 6 of the NOFA, the Recipient must create the benchmarks that will be used to determine whether a project is truly ready for Transaction Structuring assistance, or if it needs to undergo additional assessment prior to Transaction Structuring Assistance.

2.17. If there is a new innovative project, does the feasibility study have to be conducted in partnership with your organization in order for the project to be eligible for a PFS grant?

The SIF itself does not conduct feasibility studies. Rather, the SIF has funded seven grantee organizations in 2014 to conduct feasibility studies for state and local governments and nonprofit organizations across the country. A feasibility study does not have to be conducted in partnership with one of these seven grantees to be eligible for a SIF PFS sub-award, so long as the project has demonstrated the need for Transaction Structuring assistance to the Recipient.

2.18. How are services valued? In order to get the minimum service award, would a recipient need to show that \$75,000 of staff time went to deliver the service to the Service Recipient?

If providing services (as opposed to funds), Recipients must demonstrate that at least 80% of their total award is being used as services. Recipient staff time could factor into this 80%, as could contractual services being deployed specifically for the Service Recipient. The valuation of the services provided must be reasonable, necessary, and consistent with the organization’s established practice. Recipients must follow the requirements of 2 CFR 200.306, regarding valuation of services.

2.19. Is it possible to provide service awards to a group of Service Recipients (i.e., more than one provider) to meet the \$75,000 award amount?

Yes, if sub applicants apply as a Partnership, as described on p. 11 of the NOFA, the total minimum award amount per Partnership is \$75,000. Put differently, each sub entity within the Partnership could receive less than \$75,000 so long as the Partnership as a whole receives at least \$75,000 of federal funding.

2.20. May the funds be used for project development? For example: if there is a Service Provider that has implemented an intervention with improved outcomes proven by an RCT/evaluation, can we use some of the funds to bring government to the table, develop the PFS model, etc?

As described on p. 6 of the NOFA, prior to awarding Subrecipients or Service Recipients, Recipients must determine, and submit to CNCS for approval, a plan for how they will assess the “readiness” of a PFS project to move into the Transaction Structuring stage. Through working with CNCS, if the Recipient determines that an allowable activity within Transaction Structuring is to bring government to the table for an established and evaluated intervention, this would be an allowable use of SIF PFS funds.

2.21. Does the applicant need to select an evaluator now to include in the application or is that something a recipient would do once they receive a grant?

Unlike the SIF Classic program, there is no requirement for SIF PFS Recipients to select or work with an evaluator for their SIF PFS Program. However, SIF PFS Recipients will be required to work with the CNCS-selected evaluator that will be conducting an evaluation of the SIF PFS Program writ large.

If a Recipient intends to procure an evaluator to work with their Subrecipients or Service Recipients through the SIF PFS Program, that entity must be procured following federal procurement standards, available at 2 CFR §§200.317-326.

2.22. Are there requirements regarding geographic areas? It appears that projects funded are for the most part in larger metropolitan areas. Are rural areas considered?

There are no explicit requirements regarding geographic areas, and yes, rural areas are eligible for funding (both for Recipient and Subrecipient/Service Recipient projects). In fact, SIF’s Priority Areas in this NOFA include geographic areas that have not typically been the focus of PFS Projects to date (see p. 4-5 of the NOFA).

2.23. Can a certain nonprofit that is registered as a 501c3 in Guam be an eligible recipient?

If the nonprofit is registered as a 501(c)(3) with the IRS it would be eligible.

2.24. Can an eligible partnership include a 501(c)(3) and an LLC?

No, eligible partnerships must be between two eligible recipients. While a 501(c)(3) is eligible, as a for profit entity, an LLC is not eligible. Therefore, this partnership would not be an eligible recipient.

2.25. Can organizations submit an application that crosses over two focus areas? For example, college and career readiness for low-income youth?

Yes. Many PFS projects will cross over multiple focus areas. Applicants should include in their application all focus areas that they plan to target with PFS Transaction Structuring funds and/or services.

2.26. If the Service Provider(s) are involved from an early phase, does the government have to issue an

RFP, or can we come on board with a team already formed?

If a Service Provider is applying to a SIF Recipient to be a Subrecipient or Service Recipient for Transaction Structuring funds or services, it is acceptable for the Service Provider to already have been procured by a government partner for a particular PFS project.

2.27. For 2016, are you accepting applications for all stages or just construction stage?

For this current competition, we are only accepting applications for only the Transaction Structuring, or “construction” phase.

2.28. For the purpose of this grant, is a third-party investor [in a PFS project] a requirement?

No. SIF delineates between PFS Agreements, or Contracts, and PFS Financing. PFS Agreements are, most simply, contracts for outcomes that have been rigorously evaluated. Those agreements may be between a Government and a Service Provider, or other Payor (like a hospital or school district) and Service Provider. If the Service Provider achieves the agreed-upon outcomes, they receive payment.

Often times, Service Providers lack the up-front capital necessary to deploy an intervention, and may not be able to wait for an outcome payment or “success payment.” To solve for this challenge, PFS Agreements often incorporate PFS Financing, whereby one or more Investors provide the up-front resources needed by the Service Provider. Only if and when outcomes are achieved, Government (or another Payor) repays the Investor. If outcomes are not achieved, Government (or other Payor) does not pay.

SIF considers both PFS Agreements (or contracts) and PFS Financing viable models for the SIF PFS Program.

2.29. Is the open competitive process intended to select Subs for Year 1 or for all three years of a possible award?

The competitive process that must be undertaken within six months of the award to select subs may be to select subs for year 1 *or* for all three years, depending upon the recipient’s program design.

2.30. Is it permissible for the open competition to allow applicants to apply for different things in the same competition (i.e., a competition could make up to \$X available for funding and up to \$Y available for various types of services)?

Yes, Recipients may offer both funds and services to subs and should indicate as such in their application.

Funding / Funding Restrictions

3.1. Are Recipients only “paid for success” or will they receive the funding upfront?

If selected as a SIF PFS Recipient, funds for the entire award will be disbursed upon award of the cooperative agreement to the Recipient and before September 30, 2016. After signing the cooperative agreement, the funds will be disbursed to the recipient’s U.S. Department of Health and Human Services (HHS) Payment Management System (PMS) account. Recipients must follow 2 CFR 200.305 “Payment”, which specifies rules for the drawdown of the funds. The funding will be placed in the HHS PMS account before September 30, 2016.

Recipients that are states will be subject to the requirements of the Cash Management Improvement Act which direct Recipients to draw funds as needed for Recipients' and Subrecipients' immediate needs. For more information, see <http://fms.treas.gov/cmia/>.

3.2. If at least 80% of Federal funding must be spent on services or awards to Service Recipients or Subrecipients, what can the remaining funding be used for?

Recipients may use the remaining funds for other direct and indirect costs associated with implementing recipient activities including hosting a competitive Service Recipient or Subrecipient selection process, providing support to Service Recipients or Subrecipients, supporting the program-wide evaluation, and other activities designed to contribute to measurable outcomes of their portfolio. However, applicants should keep in mind that their overall budget (both Federal and matching funds) will be evaluated as described in the *Notice*.

As explained in the *Notice*, after the award is made, in certain cases, CNCS may consider granting the Recipient permission to access funds within the 80% for Recipient projects that may directly or indirectly benefit the Subrecipients or Service Recipients. Examples where this permission may be granted could include projects that build data capacity and infrastructure for subrecipient or service recipient projects, or initiatives to build a learning community among the subrecipient/service recipient cohort. At the time of the application, however, applicants must submit a budget that allocates at least 80% of Federal funding to Subrecipients or Service Recipients.

3.3. Do 80% of Recipient matching funds have to be provided to Subrecipients or Service Recipients?

No, there is no requirement that Recipient matching funds “mirror” the use of Federal funds. However, of matching funds that are not used for Service Recipients, the balance must go toward program support costs, including evaluation, knowledge management and Social Innovation Fund program implementation.

3.4. If the Notice says one of the funding priorities is to diversify the geography and issue areas served by PFS, does that mean I should not apply if I want to target an issue area already addressed by PFS, such as recidivism, or target an issue in a place where PFS is already being implemented?

We encourage all eligible applicants to apply. Applications that target an issue areas already being addressed by PFS or in geographies where PFS is already being implemented may not receive priority consideration.

3.5. Are there government-wide award requirements that apply to Social Innovation Fund Recipients and Subrecipients?

Please refer to the Federal cost principles at: 2 C.F.R. Subpart E for information on allowable costs in Federal awards. There are government-wide regulations (referred to as the Cost Principles) which govern the costs that may be charged to Federal funds and matching funds under Federal awards. All Social Innovation Fund recipients will be required to comply with the Cost Principles. In addition, there are other government-wide requirements that generally apply to Federal award programs. These are referenced in the assurances which are part of the application in eGrants. A copy can be found in the appendix of the application instructions.

Service Recipients are not subject to requirements to comply with Cost Principles.

3.6. Can awards be spent to invest directly in a PFS project as a payor or investor, by providing financing as part of a PFS project or providing a guarantee for a project?

No – This competition’s funds will be spent on activities which develop the PFS pipeline of projects and lay foundational groundwork for future PFS projects. These funds cannot be spent to fund projects directly as a payor or investor. This purpose may be allowable in future years.

3.7. Is the PFS Competition open to programs that target low-income communities outside the United States?

No, SIF funding can only be used to target low-income communities in the United States and U.S. territories.

3.8. Can a SIF award be used to obtain legislation needed in the respective state and/or municipality?

Federal awards, including SIF awards, cannot be used for lobbying purposes. Please see the cost principles at 2 CFR §200.450 for more information.

3.9. Can services be provided to governments and service providers? And does the open competition to select Service Recipients have to target only governments or only service providers?

A Recipient can provide services to all eligible Subrecipients and Service Recipients, which, as stated in the Notice, includes state or local government (as defined in 2 CFR §200.63) entities and nonprofit organizations (as defined in 2 CFR 200.70), or any partnerships of the above. This includes entities within those categories that are service providers. Applicants should propose their strategy for conducting an open, competitive, Subrecipient or Service Recipient selection process.

3.10. If a feasibility project is currently underway, can the organization apply for transaction structuring funding or services as a subrecipient or service recipient?

As stated in the *Notice* on page 4, to receive funds or services, Subrecipients or Service Recipients will be selected on an open and transparent basis. The Recipient will be responsible for selecting its Subrecipients or Service Recipients and can determine whether to include the completion of a feasibility study or a feasibility study which is currently underway as a component of its selection criteria. Ultimately, the goal of the SIF PFS program is to maximize the number of High-Quality PFS Projects, and as such, Recipients may incorporate the likelihood of a project’s implementation after transaction structuring assistance as a component within their selection criteria.

3.11. Will SIF funding only be focused on construction in 2016? Any chance on feasibility?

For this competition, SIF is focused exclusively on Transaction Structuring. SIF may consider funding other stages in Pay for Success development, including feasibility analyses, capacity building, evaluation, or outcomes payments, in future competitions

Conflict of Interest

4.1. Can a Recipient, in its separate and ongoing business activity, act as an investor in any of the projects?

If the Recipient is providing direct services for project structuring (as opposed to funds to Subrecipients to structure projects), the Recipient should not act as an investor in any of the projects in which it provides project structuring services.

In order to mitigate any potential conflict of interest:

- The Recipient should not select a Project Coordinator for a project if also considering investing in the project. In these situations, the city or state government will be responsible for selecting the Project Coordinator that the Recipient would fund.
- The Recipient should not have funded or conducted the feasibility study design if also investing in the project.

4.2. Can the recipient also serve as a subrecipient? In many cases the expertise and knowledge on best practices is also housed in the same organization that delivers services. In this case, unnecessary "middle-man" participation would decrease effectiveness.

Yes, a Recipient may serve as a Subrecipient or Service Recipient so long as they were selected through an open and competitive process held by a Recipient.

4.3. Our organization has subgranted federal funds within our own network/affiliates. Would we be allowed to choose subgrantees in our affiliate network?

Yes, a Recipient may select a Subrecipient or Service Recipient within their own network/affiliate so long as they held an open, competitive process to select their Subs, which was available to entities also outside of their own network/affiliate.

4.4. Can a Recipient selected under a previous SIF PFS competition to Assess Feasibility and Build Capacity also be selected as a Subrecipient to Structure and Enable PFS Projects? In other words, can one organization act as a Service Provider and a Project Coordinator?

Yes, a Recipient from a previous SIF Competition, the 2014 Provide Services to Assess Feasibility and Build PFS Capacity program can also act as a Project Coordinator for the 2015 Subrecipient to Structure and Enable PFS Projects.

Budget

5.1. Do applicants have to submit budgets for the total project period or just for year 1?

Applicants must submit annual budgets for all three years of the project period. Costs should be divided by year, using subsidiary budgets to reflect years 2 and 3.

5.2. Do annual budgets need to have the same costs for all three years in the project period?

No, budgets can differ each year of the project period depending on the activities proposed per year.

5.3. Can annual budgets exceed 20% for administrative costs if the budget over the project period includes no more than 20% for administrative costs?

It is not prohibited for more than 20% of an annual budget to be administrative costs as long as the budget for the overall project period includes no more than 20% for administrative costs. However, any annual budget which exceeds 20% for administrative costs must be approved by CNCS on an individual basis.

5.4. Should the submitted application budget include only the requested award amount or include the total project cost (i.e. including matching funds)?

Budgets should reflect the total project cost, including matching funds. For example, an application for \$500,000 of SIF funding per year or a \$1,500,000 award over 3 years should include a budget for a project cost of \$1,000,000 per year or \$3,000,000 over 3 years.

5.5. Which parts of the budget are included in the page limit?

The narrative section on Cost Effectiveness and Budget Adequacy is part of the page limit of 30 pages. However, the budget itself – the budget entered in eGrants – is not included in the page limit.

5.6. Does the indirect cost rate apply to both the federal share and match?

Yes, the Federal Indirect Cost Rate applies to both Federal share and match. Also, if you have already negotiated an Indirect Cost Rate with another Federal agency, you may use that rate to apply to the CNCS award.

5.7. If our organization wanted to provide cohort education and training for the benefit of all of the subrecipients we had selected through an open, competitive process, could the funding for such education and training come from the 80% of SIF funds intended to support direct services (rather than the 20% intended to support program administration)? If so, should this be reflected in the budget submitted in response to the NOFA?

Yes, cohort education and training for the benefit of all Subrecipients could be included in the initial 80% of SIF funds to support direct services. The 20% generally includes more administrative items such as staffing (if not directly providing services to Service Recipients), IT, or overall grant administration.

Match

6.1. What sources of matching funds are allowable?

Matching funds may come from state, local, or private sources, which may include state or local agencies, businesses, private philanthropic organizations, or individuals. Federal funds may not be used towards the SIF PFS Recipient or Subrecipient match requirements. For Recipients up to 50% of the match can come from third party, in-kind contributions. Service Recipients are not required to match Federal funds. For Subrecipients, up to 100% of the match can come from third party, in-kind contributions. Please see page 8 of the Notice for more information.

6.2. Can loans be used to meet the match requirement?

Loans cannot be part of the 10% match of year one funding that is required at the time of application; the 10%

match at the time of application must be met by nonfederal cash. However, applicants can incorporate low-interest or no-interest loans as a small part of a diverse and sustainable plan for raising the match over the project period. Ultimately, raising the match is the responsibility of the Recipient and Subrecipient, and it must be raised and spent on an annual basis. If an applicant is proposing to use loans as part of a diverse portfolio of match funds, applicants must demonstrate a viable, strong plan to repay such loans. CNCS will only fund applicants that demonstrate strong, feasible sustainability and match raising plans with reputable, reliable funding streams.

6.3. Can you give an example of how the match works?

The PFS Competition requires a 100% match of the SIF PFS award for both the Recipient and Subrecipients.

An example of how an organization could meet this match requirement is below:

Pay for Success Advisory Services, Inc. (PASI) applies for an award of \$500,000 per year – or \$1,500,000 over 3 years. They plan to reach the match through the following:

- 1) 50% of the match will be third party in-kind services and in-kind donations, including pro-bono legal services, software to analyze data, and evaluation design services valued under 2 C.F.R. 200.306. However, the value of in-kind services may not be included as a component of the 10% cash match required at the time of application.
- 2) The remaining 50% of their award will be matched in non-federal cash from:
 - a. Interested foundations; or
 - b. The local city government. PASI plans to work with their local city government on a grant project, and the city provides government funding in the form of block awards to provide part of the match.

At the time of application, one of the foundations is willing to write a letter to commit to providing \$50,000 and meet the required 10% of the first year matching requirement for the application as required in C.2 (Match) of the NOFA.

An example of how a Subrecipient could meet this match requirement is below:

Anytown, USA is awarded funds to structure a PFS transaction from a SIF Recipient. The award is \$200,000 for advisory services directed toward Anytown, USA's exploration of using a Pay for Success strategy in a particular policy area of their choosing. To meet this match, Anytown, USA may choose to allocate one full-time contractor (valued at \$100,000 per employee for 12 months under 2 C.F.R. 200.306(f)) and add an additional \$100,000 in non-federal cash match, perhaps from a local reserve fund, to cover the remaining cost of the match. This represents Anytown, USA meeting 50% of the match through third-party, in-kind contributions and 50% non-federal cash.

6.4. How does the applicant demonstrate that its unrestricted cash-on-hand can be used as match?

Applicants may demonstrate cash-on-hand by a statement from the Chief Financial Officer or other officer that

the organization has established a reserve of otherwise uncommitted funds for the purposes of performing a Social Innovation Fund grant. A bank statement or report of assets is not sufficient without the accompanying statement that the funds are uncommitted.

6.5. Given that SIF may provide three years of funding up front for the project, does the three years of match also need to be available up front?

No, it does not. However, in its application for funding, the applicant must demonstrate that they have cash-on-hand or commitments toward meeting 10% of the year one match. The value of in-kind services may not be included as a component of the 10% cash match required at the time of application. In addition, applicants must demonstrate that they have strong fundraising capability and have the capacity to generate the match for funding in years 2 and 3.

6.6. Does the match requirement have to be met by the lead organization in a partnership, or can the match be shared with partners?

The Recipient is responsible for raising matching funds and can rely on multiple sources, including cash from partners.

6.7. Where can I find information on valuing in-kind donations?

2 CFR 200.306 is the regulation on match. It provides that in-kind donations must be valued in accordance with 2 CFR 200.434 (Contributions and Donations).

6.8 May the Subrecipient match come from in-kind services?

Yes, up to 100% of the required Subrecipient match may come from third-party, in-kind services. For more information, please see p. 11 of the NOFA.

6.9. Does the Subrecipient match apply to subs that receive only services from the Recipient?

No. Entities that receive only services (as opposed to funds) from Recipients are referred to as Service Recipients, and are not required to provide match per CNCS policy. It is at the discretion of the Recipient whether to require its Service Recipient subs to provide match, which could be used to meet the Recipient's own match requirement.

6.10. If the eligible partner provides services to the direct Recipient, but is paid from non-federal matching funds of the direct Recipient, is the eligible partner held to federal funds management and reporting requirements?

Regardless of the source of funds (federal or matching), so long as the partner is delivering services or providing funds under the SIF Competition, they are held to the same requirements and Terms and Conditions. Alternatively, if the entity providing services were contracted through a procurement process following federal regulations (rather than applying in partnership), they may or may not be held to the same requirements, depending on whether their services were central, or essential, to the administration of the grant program. It would be up to the Recipient to determine whether the services performed by their contractor were central to the administration of the grant.

6.11. We are interested in confirming CNCS's intent with requiring matching funds from the Recipient and (potentially) Subrecipients. To make sure we understand, we would appreciate you confirming the following scenario:

Example: Direct Recipient A receives \$100 from CNCS. Recipient A subgrants \$40 to subrecipient #1 and \$40 to subrecipient #2.

Matching Requirements: Recipient A must match the \$100 with non-federal dollars 1:1, and subrecipients #1 and #2 must match their \$40 awards with additional non-federal dollars 1:1, separate from the Recipient's matching funds (and as we understand, 100% of the sub match can be in-kind). We also understand that if one of the subs was a service recipient, there is no further matching requirement.

This interpretation is correct, but we offer a few additions:

First, Recipient A may use up to 50% of third-party, in-kind services to meet their match of \$100.

Second, if the Subrecipients in the above scenario are indeed receiving *funds* then yes, the 1:1 match requirement applies. If they are receiving only *services*, then the requirement does not apply. If the sub receives a mix of funds and services, the sub must match the portion of the subaward that was funds only. For example, if the sub received a total value of \$40 (\$25 in funds and \$15 in services), the sub would have to match \$25 (up to 100% of that \$25 match could be from third-party, in-kind services).

Other

7.1. The Notice mentions that CNCS will lead a national evaluation of the PFS program. Can a Recipient or Subrecipient or Service Recipient under the PFS program apply to be the third party evaluator?

No, this would demonstrate a conflict of interest.

7.2. How is this different from the general SIF competition?

As part of the 2015 Congressional appropriations, SIF was given authority to use up to 20% of 2015 SIF award funds to implement a competition to test Pay for Success approaches. This allows SIF to spend up to \$14 million in awards for PFS which will have a complementary, though distinct, focus from the general SIF competition.

The goals of the SIF Classic competition and the SIF PFS Competition are aligned: SIF has the simple, but essential goal of finding solutions that work, and making them work for more people. In line with this goal, the PFS Competition intends to encourage the implementation of PFS projects in order to enhance the reach and impact of innovative community-based solutions in low-income communities. Focus areas for both SIF Classic and SIF PFS are Youth Development, Economic Opportunity, and Healthy Futures. The PFS Competition specifically targets funding approaches that support the development of PFS projects including feasibility studies, capacity building, early-stage implementation and project structuring support.

7.3. How can we learn which other organizations are applying to the competition to serve as Recipients? Is there a clearinghouse or list that would help us know who is applying?

No, there is not a public list of potential applicants. Interested parties can learn more about organizations that

are involved in Pay for Success and Social Impact Bonds by reading about existing projects, such as those in Chicago, IL, Cuyahoga County, OH, Massachusetts, New York City, NY, New York State, Santa Clara County, CA, and Salt Lake County, UT.

Applicants may also learn more about Pay for Success and current organizations involved in PFS projects on the SIF website, at <http://www.nationalservice.gov/programs/social-innovation-fund/our-programs/pay-success/pay-success-resources>.

7.4. Are performance measures required at the time of application?

No, performance measures are not required at the time of application. Once applicants are selected, they will work with CNCS to finalize the expected performance measures they will use in the Cooperative Agreement.

7.5. What materials have to be public?

One of the goals of the PFS Competition is to build infrastructure for the PFS field and to share lessons learned and tools. In order to facilitate this goal, Recipients will be required to make publically available all documents and tools developed as part of this process, including PFS contracts, taking local, state and Federal laws into consideration, and also including PFS agreements, taking into consideration the confidentiality needs of project participants as well as local, state, and Federal laws.

7.6. What other Federal agencies are doing Innovation Funds and PFS?

Several Federal agencies are currently exploring PFS either through Innovation Funds or other grant mechanisms, including the Departments of Education, Health and Human Services, Housing and Urban Development, Justice, and Labor to invest specifically in evidence-based programs in education, employment and training system delivery, teen pregnancy prevention, home visiting, and health care delivery.

- Department of Education
 - Investing in Innovation Fund: <http://www2.ed.gov/programs/innovation/index.html>
- Department of Health and Human Services
 - Teen Pregnancy Prevention Tiered Evidence Initiative: http://www.hhs.gov/ash/oah/oah-initiatives/teen_pregnancy/; http://www.hhs.gov/ash/oah/oah-initiatives/teen_pregnancy/db/
 - Maternal, Infant, and Early Childhood Home Visiting Tiered Evidence Initiative: <http://homvee.acf.hhs.gov/>; <http://mchb.hrsa.gov/programs/homevisiting/>
 - Employment Opportunity and Youth Development Research and Evaluation: <http://www.acf.hhs.gov/programs/opre>
 - Health Care Innovation: <http://innovation.cms.gov/>
- Department of Labor
 - Workforce Innovation Fund: http://www.doleta.gov/workforce_innovation/
 - Office of Evaluation: <http://www.dol.gov/asp/evaluation/>

- Employment and Training Administration PFS:
<http://webapps.dol.gov/federalregister/HtmlDisplay.aspx?DocId=26150&AgencyId=15>
- Department of Justice
 - Second Chance Act and PFS: https://www.bja.gov/ProgramDetails.aspx?Program_ID=90
- Department of Housing and Urban Development
 - Supportive Housing and PFS:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail/nofa2015/pfspshdemo

7.7. How can I learn more about the application process?

CNCS will host webinars and a town hall to provide an overview of the competition and to answer any outstanding questions, and may update these FAQs accordingly. Please see the CNCS website for details on the schedule: <http://www.nationalservice.gov/programs/social-innovation-fund/grant-competitions>

7.8. Will the recordings of the webinars be available to participants?

Yes. All webinars will be recorded and recordings will be posted on our website.

7.9. Do you expect to offer this opportunity again in future years?

We hope to offer this opportunity in future years, but it will depend on the availability of appropriations.

7.10. Will there be future opportunities for feasibility stages for PFS models? I am with a city and we are interested in seeking assistance (both funding and technical support) to undertake Pay for Success model.

There may be opportunities for local and state governments to obtain technical assistance through feasibility. Those interested in being funded for feasibility analyses should look to the SIF's current slate of Pay for Success Grantees that are funding feasibility, available here: <http://www.nationalservice.gov/programs/social-innovation-fund/our-programs/pay-success>.

7.11. Where can I access information on past awardees?

You can access information on past awardees by clicking on the following website, scrolling to the bottom of the page, and selecting the Grant Competition Name and Year of your choice:

<http://www.nationalservice.gov/about/open-government-initiative/transparency/results-grants-competition>.

7.12. Can you please describe the difference between the traditional SIF program vs. the PFS program?

The SIF was created in 2009 after the passage of the *Edward M. Kennedy Serve America Act*. For its first five years, SIF operated only the “Classic” Program, funding experienced grantmakers to evaluate and grow innovative community-based solutions making an impact on low-income communities across the country. Starting in 2014, SIF was authorized by Congress to use up to 20% of its funding to test Pay for Success initiatives. The SIF Pay for Success, or PFS, Program funds nonprofits and state and local governments to enable communities to pursue new models of financing social interventions that measurably improve the lives of low-

income individuals.

Both programs include a focus on finding and scaling evidence-based initiatives, employing a matching requirement to catalyze more investment into interventions shown to produce demonstrable results, and producing better outcomes for individuals living in low-income communities across the country, employing interventions within the focus areas of economic opportunity, healthy futures, and youth development.

7.13. At what stage do service providers get involved [in Pay for Success] and how do we identify opportunities in stage 3 [the Transaction Structuring stage]?

Generally, Service Providers may get involved for the first time in a Pay for Success project after applying to a government's (or other payor's) Request for Proposals, Request for Application, or Request for Information (RFP, RFA, RFI) soliciting Service Provider feedback on a particular PFS project design. However, Service Providers may also, in some cases, be the initiator of a Pay for Success project within a particular government jurisdiction. In these cases, typically the Service Provider has a clear understanding of the outcome(s) that can be achieved by their intervention, the target population(s) it serves, and a robust data collection and analysis strategy to enable rigorous evaluation.

There are many resources through which Service Providers can learn more about getting involved in any stage of Pay for Success. Please visit the Social Innovation Fund Pay for Success Resources page (<http://www.nationalservice.gov/programs/social-innovation-fund/our-programs/pay-success/pay-success-resources>) and SIF PFS Grantees page (<http://www.nationalservice.gov/programs/social-innovation-fund/our-programs/pay-success>) for more information.

7.14. What risks do service providers assume [in getting involved in a PFS project]?

A principal risk that Service Providers may assume in engaging in a PFS project is reputational risk in the event that the intervention fails to meet its target outcome(s). To mitigate this risk, during the Transaction Structuring, or “construction” stage, all parties to the PFS agreement, or contract (Government or other Payor, Investor(s), Service Provider, generally guided by a Project Coordinator), should ensure that benchmarks set for outcomes are achievable based on prior and past evidence of the Service Provider's effectiveness within the same or similar target population.

7.15. Can the grant money be used directly for financing [a PFS project]?

No, SIF PFS award funds (neither federal funds nor match funds) may be used to finance a PFS project in the implementation stage. Currently, SIF is not funding the implementation stage, or outcomes payments, for PFS projects.

7.16. Is the eligible partner held to the same reporting requirements and federal funds compliance / management standards as the direct Recipient?

Yes, both partner organizations within an eligible partnership (or, if applying as a partnership of three or more, all organizations applying in partnership) are held to the same reporting requirements as the direct

Recipient. This includes but is not limited to financial reporting, site visits, desk audits, criminal history checks, etc.