

NOTICE OF FEDERAL FUNDING AVAILABILITY

Federal Agency Name: Corporation for National and Community Service
Funding Opportunity Title: Round 2: FY 2016 Social Innovation Fund Pay for Success Cooperative Agreement
Announcement Type: Initial Announcement
CFDA Number: 94.024

Important Dates

- Notification of Intent to Apply are due by **August 31, 2016** at 5:00 p.m. Eastern Standard Time. Notices of Intent are not required but strongly encouraged.
- Applications are due **September 20, 2016** at 5:00 p.m. Eastern Standard Time.
- Successful applicants will be notified by **November 10, 2016**.

Disclosure: Publication of this Notice of Federal Funding Availability (*Notice*) does not obligate the Corporation for National and Community Service to award any specific number of cooperative agreements or to obligate any particular amount of funding.

FULL TEXT OF THE *NOTICE*

A. PROGRAM DESCRIPTION

1. The Social Innovation Fund (SIF) and Purpose of SIF Funding

The mission of the Corporation for National and Community Service (CNCS) is to improve lives, strengthen communities, and foster civic engagement through service and volunteering. Through AmeriCorps, Senior Corps, and the Volunteer Generation Fund, CNCS has helped to engage millions of citizens in meeting community and national challenges through service and volunteer action. Through the Social Innovation Fund (SIF), CNCS has augmented its traditional activities with an enhanced focus on identifying and growing innovative, evidence-based approaches to our nation's challenges.

The purpose of the SIF is to grow the impact of innovative community-based solutions that have compelling evidence of improving the lives of people in low-income communities throughout the United States. The SIF directs resources toward increasing the evidence-base, capacity, and scale of the organizations it funds in order to improve the lives of people served by those organizations. The SIF also generates broader impact by leveraging the grant program in various ways to improve how philanthropies, federal government departments and agencies, state and local government, and community-based organizations deploy funds to address social challenges. Additionally, it enhances the ability of the nonprofit sector to support the growth of innovative, high-impact organizations.

2. Introduction to Pay for Success (PFS), and the PFS approach at the Social Innovation Fund

a. The Concept of Pay for Success

Pay for Success (PFS) is an innovative model that ties funding for an intervention to its impact in the community. PFS offers a way to catalyze philanthropic and private sector investments to deliver better outcomes, enabling government or other Payors (for example, school districts or hospitals) to pay only for outcomes achieved – that is, to pay only for what works. PFS increases investments in

effective social interventions by changing the way government allocates and invests its resources. Learn more about Pay for Success at: https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/fact_sheets/improving-outcomes-through-pay-for-success_0.pdf and in Appendix I. Please also review the definitions in Appendix III that apply to this NOFA.

PFS projects typically involve two elements:

- PFS Agreements, in which Payors and Service Providers agree that all or some portion of payment for services will not be paid until an agreed-upon set of outcomes has been achieved, or level of impact has been verified. Achievement of outcomes is typically verified by an independent Evaluator using a robust methodology agreed upon by all parties to a transaction.
- PFS financing, sometimes referred to as “social impact bonds” or “outcomes financing,” in which third-party Investors provide financial resources necessary to carry out the intervention. Given that verification of outcomes that trigger Outcomes Payments may take several years, Service Providers often will not have the resources to self-finance the costs of implementing a preventive intervention during an agreement period. PFS financing covers these costs. Such third-party investment is typically at-risk and return of capital (and any potential return on investment) via the Payor is dependent, in whole or in part, on the achievement of outcomes identified in the PFS Agreement.

b. Programmatic Approach

For Fiscal Years 2014, 2015 and 2016, Congress gave the SIF authority to use up to 20% of SIF funds for PFS projects. In its prior competitions, SIF has funded feasibility studies and transaction structuring. This SIF PFS competition seeks to build the pipeline of “PFS-ready” governments and address the developmental needs of SIF PFS projects, to increase the likelihood that they will launch.

By (1) enhancing the Data Readiness of state and local governments and tribes where PFS Projects are currently in the pipeline or that can demonstrate specific interests in developing PFS Projects in the future, and (2) providing developmental support to SIF-supported PFS projects, this competition aims to:

- Increase the ability of Service Providers and government entities to generate, analyze, and manage data to improve outcomes across diverse issue areas and geographies
- Increase the number of High-Quality PFS Projects occurring through partnerships between state and local governments and nonprofit organizations

Ultimately, efforts are intended to:

- Accelerate the development of the field to make it easier to adopt outcomes-focused funding models.
- Attract capital to finance effective solutions to challenges facing low-income communities nationwide and to High-Performing organizations that demonstrate the ability to strengthen, grow, and sustain effective solutions for challenges facing low-income communities.

Applicants may apply to provide services or funds to eligible entities under one or both of the following approaches: 1) Data Readiness of State and Local Governments and Tribes for PFS and 2) Developmental Support for SIF PFS Projects.

1) Data Readiness for State and Local Governments and Tribes for PFS

Recipients will develop the Data Readiness of state and local governments and tribes to prepare them to engage in PFS projects. Recipients may fund or provide services for:

- Access, cleaning, and analysis of administrative or survey data
- Recommendations and technical assistance on the use of administrative or survey data to inform policy and/or practice
- Creation of integrated data systems
- Standardization of data systems and data dictionaries
- Design of formal, open access data templates
- Design of a rate card approach to pricing the value of outcomes
- Analysis of baseline program costs
- Creation of data sharing agreements, including those between state and/or local entities, either vertically (when a potential project engages multiple levels of government) or horizontally (when a potential project engages multiple issue-based agencies at the same level of government)

Applicants may propose other activities that build data capacity; advance data access, cleaning, analysis, and use; and enhance data infrastructure. Any PFS project in development should be given priority access to the activities above.

2) Developmental Support for SIF PFS Projects

Recipients will address the developmental needs of SIF PFS projects. Specifically, Recipients may:

a) Provide Data Supports

Recipients may fund or provide services to Subrecipients or Service Recipients for:

- Diagnosis of data capacity or quality constraints
- Data analysis to understand the scope, characteristics, and/or needs of the target population; map the gap between existing services, existing funding streams for those services, and existing or projected social need; costs and/or economic benefits of an intervention; costs of social problems to taxpayers and to society at large; and/or price the value of outcomes to the Outcomes Payor
- Design and/or creation of integrated data systems
- Pricing of the value of outcomes to the Outcomes Payor
- Development of data sharing agreements with the Outcomes Payor
- Design of a plan to access and analyze high-quality data for the PFS Intervention Evaluation
- Technical assistance in selecting an Evaluator to manage and analyze data for the PFS Intervention Evaluation

Applicants may provide funds or services for other data supports as may be necessary to further develop one or more SIF PFS projects.

b) Prepare Service Providers to Engage in SIF Pay for Success Projects

Recipients may fund or provide services to Service Recipients or Subrecipients for:

- Creation of new data collection systems and infrastructure for High-Performing Service Provider(s), including orienting data around outcomes and establishing benchmarks for success
- Development and execution of a detailed plan for collaboration between governments and Service Providers
- Utilization of performance measurements to increase program quality
- Support Design of recruitment, referral, and/or enrollment processes for the Service Provider(s) that is appropriate for the PFS project
- Design and/or implementation of PFS Pilots or Ramp Up activities, including service delivery
- Establishment of connections with other evidence-based initiatives to provide strategic, comprehensive PFS technical assistance (TA)
- Automation and/or systematization of service delivery
- Analysis to determine actual activities of Service Providers versus purported activities
- Cost analysis to determine true cost of service delivery

Applicants may provide funds or services for other methods that build general readiness of Service Providers to engage in SIF PFS projects.

Interventions being supported must have at least Preliminary Evidence. However, SIF encourages Recipients to pursue PFS projects that include interventions with Moderate or Strong Evidence. When projects include a mix of interventions, Recipients should ensure that at minimum one of the interventions has at least Preliminary Evidence. After the award is made, CNCS will work with Recipients to ensure that an evidence-based intervention is central to the project design and deployed for the beneficiaries of the PFS project.

3. Issue Areas and Funding Priorities

a. Issue Areas

The SIF PFS competition will only award funds to applicants targeting one or more of the issue areas listed below. Applications that do not specifically identify one or more issue areas will not be considered for funding.

- Youth Development – Preparing children and youth for success in school, active citizenship, productive work, and healthy and safe lives, including crime reduction initiatives focused on juvenile delinquency and victimization prevention and response
- Economic Opportunity – Increasing economic opportunities and financial stability for economically disadvantaged individuals and families
- Healthy Futures – Improving health outcomes, promoting healthy lifestyles, and decreasing health disparities that disproportionately affect low-income communities.

b. Funding Priorities

This competition seeks to target PFS efforts that diversify the issue areas and geographies served by PFS. SIF PFS competition reviewers will prioritize strong applications from High-Performing entities that propose to focus on the following priority areas:

- Projects supporting and consistent with the mission of the White House Data-Driven Justice Initiative (www.whitehouse.gov/datadrivenjustice) including efforts supporting: (1) high-need mental health populations that intersect frequently with services such as police, health systems and homeless services and (2) programming supporting police and other first responders in

assisting and diverting high-need mental health populations to alternative, community-based solutions.

- Projects targeting Low-Income Communities, traditionally underserved and underrepresented geographic areas and populations, which include rural and economically depressed communities, tribal communities, disabled populations, and veterans.

Applicants may describe other traditionally underserved, underrepresented populations that they wish to target, and these may count as a priority area (a selection criterion). Applicants must explain, using data, why such populations meet the definition of underserved or underrepresented.

Applicants must demonstrate how they will prioritize these areas as a significant part of their project model and intended outcomes. Applicants proposing programs directed toward priority areas are not guaranteed funding.

4. Key Program Requirements

Please review the resources on the [SIF PFS NOFA webpage](#) for more information on the following requirements:

a. Cost Share/Matching

Both Recipients and Subrecipients are required to match 100% of federal funds expended from non-federal resources. For more information, please refer to Section C.2 below, “Matching.”

b. Selection of Subrecipients and/or Service Recipients

Within six months of receiving the federal award, Recipients are required to select Subrecipients, Service Recipients, or both through an open, competitive process. This means that Recipients must run an open competition that is available to all eligible entities beyond their own existing grant portfolio or network. Recipients must make subawards or provide services in annual amounts of at least \$75,000 but not more than \$400,000 and should be of sufficient size and scope to enable the Subrecipient or Service Recipient to build its capacity to eventually launch High-Quality PFS projects.

<i>If an entity receives from the Recipient...</i>	<i>Then the entity is referred to as a...</i>
Funds only	Subrecipient
Funds and services	Subrecipient
Services only	Service Recipient

The services must be fully described and valued and publicized in the Subrecipient / Service Recipient selection process. The value of the services must be determined by what the Recipients normally charge for the services or, if fees are not charged, at the amount the service costs the organization, such as costs for staff time, required travel, office space, allocation of indirect expenses, etc. At least one month in advance of releasing a competition notice, Recipients must submit a detailed plan to CNCS for approval. Recipients will receive instructions from CNCS with the requirements, which will be similar to that found in Appendix IV.

Recipients may propose their own processes for selecting Subrecipients and/or Service Recipients, but their selection process must be open and competitive, comply with the SIF PFS requirements and make the following information available to all potential applicants:

- How to obtain and submit an application
- The selection criteria that will be considered in reviewing applications, including the relative percentages, weights, or other means used to distinguish among the criteria
- The Subrecipient and Service Recipient requirements outlined in this *Notice*
- The desired characteristics and eligibility requirements of organizations the Recipient is seeking as Subrecipients or Service Recipients
- The specified project period.

A minimum of 80% of awarded federal funds must be directly invested in Subrecipients and/or Service Recipients through either funds or Recipient services. In the case of services, the Recipient and CNCS will use the methods outlined in 2 C.F.R. §§200.306, 200.434 to determine the value of services being provided. The remainder of the funds, up to a maximum of 20%, can be spent on administrative and other costs related to the project, including staff and resources.

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 and/or Service Recipients (for example, initiatives to build a learning community among the Subrecipient and Service Recipient cohort). These requests to access the 80% for Recipient projects must be formally submitted to CNCS for consideration at least one month prior to the proposed project's initiation date.

Please note that a Subrecipient's and Service Recipient's project period cannot exceed the Recipient's project period.

a. Deliverables

All funds and services provided to Subrecipients and Service Recipients must result in deliverables, which the applicant must specify in its application. Deliverables include but are not limited to a final report and assessment on the supported activities. Subrecipients must track and report completion of milestones to the Recipient. For Service Recipients, milestones must either be tracked by the Recipient or the Service Recipient.

b. Participation in the SIF PFS Program Evaluation

The SIF PFS Program seeks to collect evidence of strategies that produce High-Quality PFS Projects. To this end, CNCS will procure an independent, third-party evaluator to conduct an evaluation of the SIF PFS Program. The SIF commits to sharing best practices in PFS project development, as gleaned from the SIF PFS Program Evaluation.

Recipients are required to participate in the SIF PFS Program Evaluation and collaborate with the evaluator, as agreed upon in the final evaluation design. Activities include, but are not limited to:

- Support Subrecipients and Service Recipients to ensure that they are able to cooperate with the SIF PFS Program Evaluation
- Participate in interviews, data and documentation of outcomes, and outputs to the evaluator.

c. Knowledge Sharing

CNCS is committed to capturing knowledge at the SIF PFS Program level and sharing it widely with the field, and expects Recipients to contribute to and augment overall knowledge sharing activities. CNCS will incorporate SIF PFS Program findings into the SIF's various knowledge products, including webinars and tool-kits, documents created for both Recipient projects and PFS projects such as sample PFS Agreements, and communication with stakeholder groups about sharing lessons learned, best practices, and findings from specific Recipient projects.

Recipients are expected to conduct knowledge sharing activities on their own and with their Subrecipients or Service Recipients, and to collect, disseminate, and discuss best practices and lessons learned, as well as provide training and capacity building assistance to Subrecipients and/or Service Recipients. Recipients are required to make publically available all documents and tools developed as part of this process, taking into consideration the confidentiality needs of project participants as well as local, state, and federal laws.

Recipients are required to share with CNCS information including, but not limited to, quantitative and qualitative reviews of its Subrecipient and Service Recipient applications in order to assess strengths and weaknesses among stakeholders in the PFS field.

To ensure robust knowledge sharing, Recipients are also required to engage in regular conversations among the SIF community that are designed to be responsive to Recipients' needs and add value to their projects. These conversations may include but are not limited to:

- Monthly SIF PFS cohort calls / webinars
- Regular PFS work group or other issue area group calls / webinars (including all cohorts)
- Quarterly SIF-wide calls / webinars
- Annual in-person SIF-wide Convenings in Washington, DC, for which each Recipient should budget for up to four staff people to attend.

5. National Performance Measures

Please disregard the Performance Measures section of the Application Instructions.

6. Program Authority

Section 198K of the National and Community Service Act of 1990, Pub. L. No. 101-610, as amended, (42 U.S.C. § 12653k) established CNCS's Social Innovation Fund. The Consolidated and Further Continuing Appropriations Act, 2016, Pub. L. No. 114-92, Division H, Title IV, Corporation for National and Community Service, provided that up to 20% of funds made available for the Social Innovation Fund may be provided to PFS.

CNCS's legal authority to enter into cooperative agreements for this competition is found at Section 198K of the National and Community Service Act of 1990 (NCSA), Pub. L. No. 101-610, as amended (42 U.S.C. § 12653k and in the Federal Grant and Cooperative Agreement Act (31 USC §§6301-6308).

B. FEDERAL AWARD INFORMATION

1. Estimated Available Funds

Up to \$7.3 million is available for new SIF PFS awards in this competition. CNCS reserves the right to prioritize continuation awards.

a. Estimated Award Amount

Awards to Recipients will range from a minimum of \$350,000 to a maximum of \$1,800,000 per year. Recipients should provide funds and/or services to each Subrecipient and Service Recipient that are valued at a minimum of \$75,000 but not more than \$400,000 per year using SIF PFS funding, not including the required match.

b. Project Period

The cooperative agreement award covers a three-year project period. Applicants' proposals should represent the full three-year period. CNCS reserves the right to adjust the amount of an award or elect not to continue funding. Recipients are eligible for drawing down funding for years two and three contingent upon:

- Satisfactory performance
- Achieving agreed-upon deliverables
- Demonstrated capacity to manage the grant
- Compliance with grant requirements, including terms and conditions, reporting, and securing the required match.

c. Type of Award

The funding mechanism for the SIF PFS Competition is a cooperative agreement, which provides for substantial involvement by CNCS with the Recipients as the approved cooperative agreement activities are implemented. The assigned CNCS program officer will confer with the Recipient on a regular and frequent basis to advise on service delivery and review project status, including work plans, budgets, and periodic reports.

CNCS anticipates having substantial involvement in:

- Setting parameters for Subrecipient / Service Recipient selection
- Developing and approving Subrecipient / Service Recipient selection plans
- Documenting and sharing lessons learned through a CNCS-sponsored learning community
- All Recipient communications related to competitions, including press releases and public statements about the program.

C. ELIGIBILITY INFORMATION

1. Eligible Applicants

a. Eligible Recipients

This competition is open to nonprofit organizations, public or nonprofit universities, state and local governments (and other political subdivisions), tribes, as well as faith-based organizations. Eligible nonprofit organizations include those defined in 2 CFR 200.70.

Partnerships of the above organizations are eligible to apply. An eligible Partnership is a formal relationship between two existing eligible applicants as defined above, where the partner organizations will share responsibilities under the award and should include a legal agreement, such as a Memorandum of Understanding, outlining the roles and responsibilities of each partner. In a cooperative agreement with a Partnership, CNCS would expect to be dealing with each partner entity with some degree of independence concerning its collective responsibilities, and both entities are subject to CNCS monitoring. For example, a Partnership could include one entity that handles all aspects of a SIF PFS Program related to Recipient Project implementation, while another entity handles all aspects related to finances and grant administration. For a partnership, a single lead entity should submit an application on behalf of the partnership.

Entities that have been convicted of a federal crime may not receive assistance described in this *Notice*.

Pursuant to the Lobbying Disclosure Act of 1995, an organization described in Section 501(c)(4) of the Internal Revenue Code of 1986, 26 U.S.C. 501(c)(4), that engages in lobbying activities is not eligible to apply.

To mitigate any conflict of interest, entities (including subsidiaries, parent companies, etc.) conducting PFS Project structuring and enabling or PFS Intervention Evaluations may not have a financial interest in the outcome of resulting PFS Projects or alternate forms of financing.

Current SIF Classic and PFS Recipients, Subrecipients, and Service Recipients are encouraged to apply. However, previous funding from CNCS or another federal agency is not required to apply. Additionally, the activities for which applicants seek funding through this competition must be distinct from those funded by an active SIF award. Please note as part of the application review process, CNCS will make the final determination of whether an applicant's proposed project is distinct from what is currently being funded.

Each applicant may only submit one application as the lead or sole applicant to this SIF PFS competition. An applicant may serve as the lead applicant for one application and serve as a partner to the lead applicant on another application.

b. Eligible Subrecipients or Service Recipients

Eligible Subrecipients or Service Recipients are nonprofit organizations, public or nonprofit universities, state and local governments (and other political subdivisions), tribes, as well as faith-based organizations. Eligible nonprofit organizations include those described in as defined in 2 CFR 200.70.

Partnerships of the above organizations are eligible to apply. An eligible Partnership is a formal relationship between two existing eligible applicants as defined above, where the partner organizations will share responsibilities under the award and should include a legal agreement, such as a Memorandum of Understanding, outlining the roles and responsibilities of each partner. In a cooperative agreement with a Partnership, the Recipient would expect to be dealing with each partner entity with some degree of independence concerning its collective responsibilities, and both Subrecipient and Service Recipient entities are subject to Recipient monitoring. A single lead entity should submit an application to the Recipient on behalf of the Partnership.

2. Matching

Recipients are required to match 100% of federal funds expended from non-federal sources. Up to 50% of the match can be from third-party, in-kind contributions. The Recipient is responsible for raising matching funds and can rely on multiple sources. At the time of application, applicants must demonstrate the ability to meet 10% of their first year match requirement in non-federal cash by submitting match verification documents, as explained in Section D.6.b of this *Notice*. For example, a \$1,000,000 annual award request must demonstrate the ability to match 10% of that first-year amount, or \$100,000, in non-federal cash.

Subrecipients are also required to match 100% of federal funds expended from non-federal sources. Up to 100% of the match may be from third party, in-kind contributions.

Service Recipients are not required to provide match. However, the Recipient may use Service Recipient cash or in-kind contributions to meet the Recipient's own match requirement.

Third Party, In-Kind Contributions

Third party, in-kind contributions means the value of non-cash contributions provided by non-federal third parties. Third-party in-kind contributions may be in the form of equipment, supplies, and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the Recipient's Project, or the monetary value of time contributed by professional and technical personnel and other skilled labor. The contributions or services provided must be a strategic, integral, and a necessary part of a funded project for which the Recipient, Subrecipient, or Service Recipient would otherwise have to pay. Some specific examples of possible sources for services to meet the in-kind match include:

- Individual employee hours dedicated to the SIF-funded project
- Pro-bono legal, accounting, project management, or other professional services
- Equipment or software to analyze data
- PFS Intervention Evaluation design and implementation services.

Recipients must follow the requirements of the 2 CFR. 200.306 to determine the value of in-kind donations of goods and services, and must document all in-kind support, such as personal services, materials, equipment, and space. The valuation of the services provided must be reasonable, necessary and consistent with the organization's established practice.

Please note that federal rules apply to the federal funds awarded as well as to the match funds contributed by the Recipient and Subrecipient. In general, the cost of raising funds in order to meet the matching funds requirement is not an allowable cost under the Cost Principles of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (hereinafter "Uniform Guidance") at 2 CFR Subpart E.

D. Application and Submission Information

1. Address to Request Application Package

This *Notice* should be read together with the SIF PFS Competition Application Instructions. Refer to [CNCS's Funding Opportunity webpage](#) to obtain the necessary information to apply. You can also send an email to SIFApplication@cns.gov or call (202) 606-3233 for a printed copy of the application package. The TTY number is (800) 833-3722.

2. Content and Form of Application Submission

Application Content

The applicant must provide a well-designed plan with a clear and compelling justification for receiving the requested funds. Reviewers will assess the application on the basis of the applicant project design, organizational capability, leadership and team, and cost effectiveness and budget adequacy.

Completed applications must have the following components:

- Standard Form 424 (SF-424) Face Sheet: This is automatically generated when you complete the data elements in the eGrants system from information you entered during your registration process.
- Narrative
 - Executive Summary: This is a brief description of your proposed Recipient Project. The Executive Summaries of all compliant applications are published on the CNCS website.
 - Program Design
 - Organizational Capacity
 - Leadership and Team
 - Cost Effectiveness and Budget Adequacy
- Standard Form 424A Budget
- Performance Measures
- Authorization, Assurances, and Certifications
- Match verification

Page Limits

Applications may not exceed **30 double-spaced pages** for the Narrative, including the SF-424 Face Sheet and Executive Summary as the pages print out from eGrants. The page limit does not include the Budget section.

Reviewers will not consider material past the page limit in the printed report, even if eGrants allows applicants to enter and submit text over the limit. CNCS strongly encourages applicants to print out the application from the “Review and Submit” page prior to submitting it to check that the application does not exceed the page limit.

3. Dun and Bradstreet Universal Numbering System (DUNS) and System for Award Management (SAM)

Applications must include a DUNS number **and** an Employer Identification. The DUNS number does not replace an Employer Identification Number. Applicants can obtain a DUNS number at no cost by calling the DUNS number request line at (866) 705-5711 or by applying online at <http://fedgov.dnb.com/webform>. The website indicates a 48-hour email turnaround time on requests for DUNS numbers; however, CNCS recommends registering at least 30 days before the application due date.

After obtaining a DUNS number, all applicants **must** register with the System for Award Management (SAM, www.sam.gov) and maintain an active SAM registration until the application process is complete and, if a grant is awarded, throughout the life of the award. SAM registration must be renewed annually.

CNCS suggests finalizing a new registration or renewing an existing one at least two weeks before the application deadline to allow time to resolve any issues that may arise.

Applicants that do not comply with these requirements may become ineligible to receive an award. See the SAM Quick Guide for Recipients at: https://www.sam.gov/sam/transcript/SAM_Quick_Guide_Grants_Registrations-v1.6.pdf.

4. Submission Dates and Times

Notice of Intent to Apply

CNCS strongly encourages applicants to submit a Notice of Intent to Apply by July 29, 2016. Please indicate your intent by completing the short survey at this link: <https://www.surveymonkey.com/r/IntentPFS>

Application Submission Deadline

Applications are due September 22, 2016 by 5:00 p.m. Eastern Time. CNCS will not consider applications received after the deadline, except as noted below. CNCS reserves the right to extend the submission deadline and any notice of such extended deadline will be posted on the CNCS website.

Late Applications

CNCS may consider an application after the deadline, but only if the applicant submits a letter to LateApplications@cns.gov explaining the extenuating technical circumstances that caused the delay. CNCS must receive the letter within a business day after the deadline. If technical issues prevent an applicant from submitting an application on time, the letter should include the eGrants ticket number provided by the National Service Hotline. Communication with CNCS staff, including an applicant's program officer, is not a substitute for sending the letter. CNCS will determine whether or not to accept a late application on a case-by-case basis. Please be advised that CNCS will not consider an advance request to submit a late application.

5. Funding Restrictions

Cooperative agreements under the SIF PFS Program are subject to all applicable federal laws and regulations, including the Uniform Guidance (2 C.F.R. Part 200 and Part 2205).

Regulations outlining funding restrictions are contained in the Administrative and National Policy Requirements section of this *Notice* (F.2. below). In addition, Social Innovation Fund awards cannot be used for construction costs.

Awards are subject to the law(s) under which they are made (e.g., The National and Community Service Act of 1990, as amended by the Edward M. Kennedy Serve America Act), as well as the general and specific terms and conditions established for the cooperative agreements. If necessary, applicants will have an opportunity to negotiate conditions before they accept an award.

Indirect Cost

CNCS allows applicants to include administrative (indirect) costs in application budgets. Based on qualifying factors, applicants have the option of using a federal or state approved indirect cost rate, a 10%

de minimus rate of modified total direct costs, or may claim certain administrative costs directly as outlined in [2 CFR § 200.413 Direct costs](#). All methods must be applied consistently across federal awards, as noted in the CFR, available at: <http://www.ecfr.gov/cgi-bin/ECFR?page=browse>. Applicants who hold a state or federal negotiated indirect cost rate or will be using the 10% de minimus rate must enter that information in the Organization section in eGrants.

6. Other Submission Requirements

a. Electronic Application Submission in eGrants

Applicants must submit applications electronically via eGrants, CNCS's web-based system (<https://egrants.cns.gov/espan/main/login.jsp>). CNCS recommends that applicants create an eGrants account and begin the application at least three weeks before the deadline. Applicants should draft the application as a word document, then copy and paste the document into the appropriate eGrants field no later than 10 days before the deadline.

The person who submits the application must be the applicant's authorized representative. The authorized representative must be using eGrants under his or her own account in order to sign and submit the application. A copy of the governing body's authorization for this official representative to sign must be on file in the applicant's office.

Contact the National Service Hotline at (800) 942-2677 or via (https://questions.nationalservice.gov/app/ask_eg) if a problem arises when creating an account or preparing or submitting the application. National Service Hotline hours are Monday through Thursday, 9:00 a.m. to 7:00 p.m. Eastern Time. Be prepared to provide the application ID, your organization's name, and let them know you are calling in regards to the Social Innovation Fund Pay for Success *Notice*. If the issue cannot be resolved by the deadline, applicants must continue working with the National Service Hotline to submit via eGrants.

If extenuating circumstances make it impossible for an applicant to submit in eGrants, applicants may send a paper copy of the application via overnight carrier to the following address:

Corporation for National and Community Service
ATT: Office of Grants Policy and Operations/Social Innovation Fund Pay for Success
Application
250 E Street, SW
Washington, DC 20525

Please use a non-U.S. Postal Service to avoid security-related delays. **All deadlines and requirements in this *Notice* also apply to paper applications.** Paper applications must include a cover letter detailing the circumstances that make it impossible to submit via eGrants. **CNCS does not accept applications submitted via fax or email.**

b. Submission of Additional Documents

By the application submission deadline, applicants are required to demonstrate through a letter or other form of documentation that they have either cash-on-hand or commitments (or a combination thereof) toward meeting 10% of their first year matching funds, based on the total amount of federal funds proposed.

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. Applicants may also 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 Social Innovation Fund grant by CNCS.

Signed letters verifying match can be sent via email to SIFApplication@cns.gov with the subject line “Social Innovation Fund Pay for Success Additional Documents – [Application ID number]”.

Applicants should include the following information:

- The legal applicant name and its point of contact information
- The application ID number
- A list of documents attached to the email
- Individually saved files that are clearly labeled
- Files that include the legal applicant name and application ID number within the body of the document

Do not submit supplementary material such as videos, brochures, letters of support, or any items not requested in this Notice. CNCS will not review or return them.

E. APPLICATION REVIEW INFORMATION

1. Selection Criteria

Applications must provide a well-designed plan with clear and compelling justification for receiving the requested funds. Reviewers will assess the applications against the following selection criteria – Program Design, Organizational Capacity, Leadership and Team, and Cost-Effectiveness and Budget Adequacy, and rate them accordingly considering the points assigned to each criterion and subcriterion.

Categories/Subcategories	Points
Executive Summary	--
Program Design	45
• Goals	10
• Description of activities: Provision of cash and/or services to structure and enable PFS Projects	20
• Description of activities: Knowledge sharing	5
• Work plan and deliverables	10
Organizational Capacity	35
• Track record in selecting and working with Subrecipients or Service Recipients	10
• Experience with PFS, outcomes financing, or related activities	20
• Experience in project management	5

Categories/Subcategories	Points
Leadership and Team	10
<ul style="list-style-type: none"> Proposed team – including any Partnerships – with capacity and expertise 	5
<ul style="list-style-type: none"> Proposed project lead – with expertise in PFS or social financing, experience working with relevant stakeholders 	5
Cost-Effectiveness and Budget Adequacy	10
<ul style="list-style-type: none"> Budget justification 	5
<ul style="list-style-type: none"> Description of match sources and capacity 	5

a. Executive Summary

Applicants should include in the Executive Summary:

- 1) The following information in bullet form:
 - Name of entity serving as the lead or sole applicant
 - Name(s) of entity/entities serving as partners, if applicable
 - Name of entities that have committed match and amount each has committed
 - SIF issue area(s)
 - Specific social problem(s) that will be addressed through program, if any identified yet
 - Geographic focus, if any
 - Whether the applicant will provide funds, services, or both to entities selected through a competition
 - Whether the applicant is applying for a grant for Data Readiness and/or Developmental Support for SIF PFS Projects in
 - Total federal funds requested
- 2) A brief narrative overview of its proposal, no more than one paragraph in length.

b. Program Design (45 points total)

In assessing applications, reviewers will examine the degree to which the applicant clearly and convincingly:

- 1) Goals (10 points)
 - Identifies a sound and ambitious theory of change that aligns with the Programmatic Approach in Section A.2.b of this *Notice*.
 - Identifies whether the project will target the funding priority of Low-Income Communities or whether the project will take a broader approach, and provides explanation for proposed strategy.
 - Identifies and discusses specific deliverables that will be achieved through the proposed Recipient Project, and that support the Programmatic Approach in Section A.2.b of this *Notice*.
 - If applicable (i.e., the applicant is a current Recipient of, or is under consideration for, other federal funding), clearly describes how the proposed activities are distinct from, or will supplement rather than duplicate, other federally-funded projects.

2) Description of Activities: Core Program (20 points)

- Identifies both ambitious and realistic activities the applicant will undertake to advance data capacity at the state or local government or tribal level or forward the development and execution of High-Quality PFS Projects.
- Describes how the applicant has the capacity and track record to provide its Subrecipients or Service Recipients with tailored support to implement effective strategies on the ground, resulting in increased capacity for pursuing High-Quality PFS Projects.
 - Identifies outputs and/or outcomes that the Recipient will produce, how they will help build increased capacity for outcomes-focused activities or High-Quality PFS Projects, and articulates a clear and thoughtful strategy to assess Subrecipient and Service Recipient progress in meeting benchmarks, including identification, collection, analysis, and sharing of outcomes of program activities.
 - Describes the Subrecipient and/or Service Recipient selection plan the applicant will undertake within the six month timeline as described in Section A.4.b of this Notice, including a clear description of:
 - The estimated number of Subrecipients or Service Recipients the applicant will make per year and estimated range of funding that will be given through funds and/or services in the awards, ensuring that at least 80% is invested in Subrecipients or Service Recipients per year
 - An outline or summary of an effective selection process
 - A general (for example, monthly or quarterly) sensible timeline or time frame outlining stages of the selection process that balances speed with due diligence.

For Data Readiness applicants only:

- Describe a compelling program design in which Subrecipients or Service Recipients are selected that demonstrates a link between the delivery of effective data systems, access, or capacity activities and readiness for Pay for Success activities at the state or local government or tribal level.

For Developmental Support for SIF PFS Projects applicants only:

- Describe a compelling program design in which Subrecipients or Service Recipients are selected that demonstrates a link between the additional supports funded or provided as services and the likelihood a High-Quality PFS Project launches

3) Description of Activities: Knowledge Sharing (5 points)

- Identifies how the applicant will both add knowledge to the PFS field and facilitate knowledge sharing among its Subrecipient and/or Service Recipient cohort, in ways described in Section A.4.e of this *Notice* and beyond.

4) Description of Activities: Work Plan and Deliverables (10 points)

- Provides specific, realistic, and actionable timelines tied to milestone completion within the project period.
- Includes staff time with names/roles assigned needed to complete tasks, including whether staff are part of the existing team or will need to be hired or contracted.

c. Organizational Capacity (35 points)

In assessing applications, reviewers will examine the degree to which the applicant clearly and convincingly has:

1) A Track Record in Selecting and Working with Subrecipients or Service Recipients (10 points)

- Demonstrates experience effectively running an open competition yielding positive outcomes.
- Demonstrates an ability to provide services to Subrecipients or Service Recipients, for example managing Subrecipient and/or Service Recipient challenges and their resolution, and providing at least one example of its specific role in past successes of entities to which it has competitively awarded funds and/or services.

2) Project Experience with PFS, Outcomes Financing or Related Activities (20 points)

- Demonstrates prior and ongoing experience in PFS or social finance projects.

For Data Readiness applicants only:

- Demonstrates substantial experience, using specific examples, in the fields of building data capacity, advancing data access, and/or enhancing data infrastructure at the state or local government level.

3) Experience in Project Management (5 points)

- Demonstrates experience effectively managing projects, by providing examples of project management strategies employed, prior accomplishments and outcomes, setting and implementing goals with other entities, and the ability to respond to sudden increases or decreases in project activity. This experience may or may not overlap with experience selecting and working with Subrecipients or Service Recipients.

d. Leadership and Team (10 points)

In assessing applications, reviewers will examine the degree to which the applicant clearly and convincingly:

1) Proposed Team – including any Partnerships – with Capacity and Expertise (5 points)

- Articulates roles and specific responsibilities of staff members to effectively implement the activities in the application.
- Demonstrates sufficient internal resources to ensure programmatic success, including staff time and project buy-in from organization’s governance structure and key stakeholders.

2) Proposed Project Lead – with Expertise in PFS or Social Financing, Experience Working with Relevant Stakeholders (5 points)

- Identifies a project lead and includes in-depth demonstration of that person’s expertise in PFS or similar social financing projects, based on past experience; record of leadership; and tenure with the entity.

e. Cost Effectiveness and Budget Adequacy (10 points)

In assessing applications, reviewers will examine the degree to which the applicant clearly and convincingly:

1) Budget Justification (5 points)

- Proposes a reasonable and justifiable budget that will adequately support activities and achieve desired outputs and outcomes.
- Aligns the budget with the application narrative and provides an adequate explanation for expenses by detailing calculations for how major budget categories were determined.

2) Description of Match Sources and Capacity (5 points)

- Provides evidence of ability to secure 1:1 match, including a detailed description of required 10% of match already raised, in cash or commitments, and planned sources of match, describing both cash and third-party, in-kind contributions, if applicable.

2. Review and Selection Process

The assessment of applications involves a wide range of considerations that will produce a diversified set of high-quality Recipients that represent the priorities and selection factors described in this *Notice*.

a. Stages in the Review Process

Compliance and Eligibility Review

CNCS staff will review all applications to determine compliance with eligibility, deadline and completeness. Applications determined non-compliant will not be considered. An application is compliant if the applicant:

- Is an eligible organization or partnership
- Submits an application and all required documentation by the submission deadline
- Submits an application that is complete; in that it contains all required elements and additional documents and follows the instructions provided in this *Notice*
- Submits a budget that reflects a plan to distribute at least 80% of awarded federal funds to Subrecipients or Service Recipients through funds and/or services
- Demonstrates either cash-on-hand or cash commitments (or a combination thereof) toward meeting 10% of the required first year matching funds, based on the amount of grant funds requested
- Submits a budget between \$1,050,000 and \$5,400,000 for total federal funds (across all three years).

CNCS will screen applications in accordance with the requirements in this Notice to determine whether applications have met all eligibility and submission requirements. The screening may occur at various stages of the process. Applicants that are determined to be ineligible will not receive an award.

Blended Review

Staff from CNCS and other Federal agencies will assess applications based on the Selection Criteria. CNCS will recruit and select reviewers on the basis of demonstrated expertise in PFS programming and/or the Selection Criteria and Focus Areas, as well as assessing grant applications. All Reviewers will be screened for conflicts of interest.

Post Review Quality Control (Quality Control)

After the initial review process is complete, CNCS staff will review the results for fairness and consistency. Some applications may be selected for a Post Review Quality Control assessment. This additional level of review will be used to assess the applications for which there were significant panel anomalies.

Clarification

CNCS may ask some applicants to provide clarifying information. This information is used by CNCS staff to make funding recommendations. A request for clarification does not guarantee an award. Applicants may be recommended for funding even if they are not asked for clarification. Failure to respond to a request for clarification in a timely fashion will result in removal of applications from consideration. CNCS staff may conduct a site visit inspection, as appropriate.

Risk Assessment Evaluation

CNCS staff will evaluate the risks to the SIF PFS Program posed by each applicant, including conducting due diligence to ensure an applicant's ability to manage federal funds. This evaluation is in addition to the evaluation of the applicant's eligibility and the quality of its application on the basis of the Selection Criteria, and results from this evaluation will inform funding decisions. If CNCS determines that an award will be made, special conditions that correspond to the degree of risk assessed may be applied to the award.

In evaluating risks, CNCS may consider the following:

- Financial stability
- Quality of management systems and the ability to meet the management standards prescribed in applicable OMB Guidance
- Applicant's record in managing previous CNCS awards, cooperative agreements, or procurement awards, including:
 - Timeliness of compliance with applicable reporting requirements
 - Accuracy of data reported
 - Validity of performance measure data reported
 - Conformance to the terms and conditions of previous federal awards
 - If applicable, the extent to which any previously awarded amounts will be expended prior to future awards
- Information available through OMB-designated repositories of government-wide eligibility qualification or financial integrity information, such as:
 - Federal Awardee Performance and Integrity Information System (FAPIIS);
 - Duns and Bradstreet and SAM
 - "Do Not Pay"
- Reports and findings from single audits performed under Subpart F – Audit Requirements, 2 CFR Part 200, and findings of any other available audits
- Applicant organization's annual report
- Publicly available information, including information from the applicant organization's website
- Applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on award Recipients.

b. Selection for Funding

The review and selection process is designed to identify applications that demonstrate:

- High alignment with the selection criteria
- High alignment with the priorities outlined in the *Notice*
- High potential to yield a diversified portfolio based on social issues, geographic areas, populations, and program approach

- SIF Issue Area representation
- Innovative approaches to solving problems.

In order to obtain a balanced and diversified portfolio, the Chief Executive Officer will select the final awardees based on the staff recommendations, priorities, and strategic consideration.

CNCS reserves the right to change the review process in case of extenuating circumstances.

3. Feedback to Applicants

Following awards, compliant applicants will receive summary comments from the Blended Review. This feedback will be based on the review of the original application and will not reflect information that may have been provided in response to requests for clarification.

4. Transparency in Grant-making

CNCS is committed to transparency in grant-making and ensuring transparency in the competitions held by Recipients with CNCS funding. The following information for new applications will be published on the CNCS website at (<http://nationalservice.gov/about/open-government-initiative/transparency/results-grants-competition>) within 90 business days after all awards are announced:

- A list of all compliant applications submitted
- Executive Summaries of all compliant applications
- Data extracted from the Standard Form SF-424 Face Sheet and the submitted program narratives for successful applications.

Within 90 days of announcing awards to Subrecipients or Service Recipients, each Recipient must publish on its websites:

- A list of all compliant applications submitted
- Executive Summaries of all compliant applications
- Names of application reviewers outside the Recipient.

Recipients are encouraged to take additional steps to heighten transparency of their open, competitive selection processes.

5. Continuation Funding Information and Requirements

If approved for less than three years of funding, CNCS requires the Recipient to participate in a continuation process in order to receive funding for activities in subsequent years. Funding is contingent upon the availability of appropriations.

Recipients will submit a continuation request in response to the review criteria below. In addition to the continuation submission, the review will also be based on progress reports, the federal financial report (FFR), and CNCS staff's knowledge of the Recipient Project. To be approved for continued funding, Recipients must demonstrate satisfactory performance with respect to key program goals and requirements, as well as compliance with the terms and conditions of the current cooperative agreement.

Review Criteria

- a. Subrecipient and/or Service Recipient Selection and Continuation
 - Recipient has successfully completed its Subrecipient and/or Service Recipient selection process in alignment with the approved Subrecipient and/or Service Recipient selection plan
 - Recipient has a reasonable plan for the use of any funds recouped through the Subrecipient and/or Service Recipient continuation review process (as applicable).
- b. Building Subrecipient and/or Service Recipient Capacity
 - Recipient has made appropriate progress towards its goals for structuring PFS Projects for Subrecipients or Service Recipients, as demonstrated by achieving pre-determined goals and milestones in the project or work plan, or has otherwise built their capacity for growth and its plans for sustaining that growth.
- c. Ensuring and Maintaining Compliance with Grant Requirements and Laws
 - Recipient has provided adequate training to Subrecipients on grant requirements
 - Recipient is adequately overseeing and monitoring its Subrecipients
 - Recipient has effectively utilized (or ensured the utilization of) grant funds at the Recipient and Subrecipient and/or Service Recipient level
 - Recipient and Subrecipients are on track to meet their match requirements on an annual basis
 - Recipient has taken appropriate action in response to Subrecipient and/or Service Recipient non-compliance (if applicable)
 - Recipient has communicated Recipient's Project implementation challenges with its program officer and has adequately addressed them
 - Recipient has been responsive to CNCS's requests for information, including the timely submission of financial, evaluation, and progress reports as well as continuation applications and including frequent conferral with program officer on programmatic issues.
- d. Proposed Changes to the Recipient Project Plan and Budget/Supplemental Funding Request
 - Recipient has presented reasonable justification and sought permission for proposed changes to the Recipient Project plan or budget if above a 10% change from original proposed budget.

F. FEDERAL AWARD ADMINISTRATION INFORMATION

1. Federal Award Notices

CNCS will make awards following its announcement of awardees selected through the SIF PFS Competition. CNCS anticipates making this announcement by **December 2016**. Applicants will be notified via email as to funding decisions. This notification is not an authorization to begin activities to be funded by the SIF PFS award. The Notice of Grant Award signed by the grant officer is the authorizing document for cooperative agreement activities.

An awardee may not expend federal grant funds until the start of the Project Period identified on the Notice of Grant Award.

Unsuccessful applicants will also receive a notification that their application was not approved for funding.

2. Administrative and National Policy Requirements

The Notice of Grant Award incorporates the approved application as part of the binding commitments under the cooperative agreement, as well as the requirements of applicable sections of the National and Community Service Act of 1990, Pub. L. No. 101-610, as amended, and other applicable statutes and regulations. Awards will also be subject to the General and Specific Terms and Conditions established for cooperative agreements and any Special Conditions attached to the award.

Cooperative agreements under this SIF PFS Program are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance, now consolidated in 2 CFR Parts 200 and 2205). This final guidance supersedes and streamlines requirements from OMB Circulars A-21, A-87, and A-122 (the former Cost Principles), A-110 and A-102 (the former Administrative Requirements), A-133 and A-50 (the former Audits and Audit Follow up), and A-89 (the former Federal Domestic Assistance Program Information).

CNCS may from time to time request documentation from Recipients in order to monitor the award or to comply with other legal requirements, such as the Improper Payments Information Act of 2002, as amended. Failure to make timely responses to such requests may result in award funds being placed on temporary manual hold, reimbursement only, or other remedies as appropriate. In addition, CNCS may, in appropriate circumstances, consider any previous failures to make timely responses in its funding decisions.

National Service Criminal History Check Requirements

The National Service Criminal History Check (NSCHC) is a screening procedure established by law to protect the beneficiaries of national service. The law requires recipients to conduct and document NSCHCs on any person (including award-funded staff, national service participant, or volunteer) receiving a salary, living allowance, stipend or education award through a program receiving CNCS funds. An individual is ineligible to serve in a position that receives such CNCS funding if the individual is registered, or required to be registered, as a sex offender or has been convicted of murder. The cost of conducting NSCHCs is an allowable expense under the award.

Unless CNCS has provided a Recipient with a written exemption or written approval of an alternative search procedure, Recipients must perform the following checks—

All award-funded staff, national service participants, and volunteers must undergo NSCHCs that include:

A nationwide name-based search of the National Sex Offender Public Website (NSOPW)

and

Either

- A name- or fingerprint-based search of the statewide criminal history registry in the person's state of residence and in the state where the person will serve/work or
- A fingerprint-based FBI criminal history check

Special Rule for Persons Serving Vulnerable Populations. Award-funded staff, national service participants, and volunteers with recurring access to vulnerable populations (i.e., children age 17 or younger, individuals age 60 or older, or individuals with disabilities) must undergo NSCHCs that include:

1. A nationwide name-based check of the NSOPW; and

2. Both

- A name- or fingerprint-based search of the statewide criminal history registry in the person's state of residence and in the state where the person will serve/work; and
- A fingerprint-based FBI criminal history check.

See 45 C.F.R. § 2540.200–§ 2540.207 and <http://www.nationalservice.gov/resources/criminalhistory-check> for complete information and FAQs.

3. Use of Material

To ensure that materials generated with CNCS funding are available to other Recipients and the public, CNCS reserves a royalty-free, nonexclusive, and irrevocable right to obtain, use, modify, reproduce, publish, or disseminate publications and materials produced under the award, including data, and to authorize others to do so (2 CFR §200.315).

4. Reporting

Recipients are required to submit a variety of reports which are due at specific times during the life cycle of an award. All reports must be accurate, complete, and submitted on time.

Recipients are required to provide annual progress reports and semi-annual financial and narrative progress reports through eGrants, CNCS's web-based grants management system. All Recipients must provide quarterly expense reports through the Payment Management System (PMS) at the U.S. Department of Health and Human Services.

In addition, at the end of the award period, Recipients must submit final financial and progress reports that are cumulative over the entire award period and consistent with the close-out requirements of CNCS's Office of Grants Management. The final reports are due 90 days after the end of the agreement.

Award Recipients will be required to report at <https://www.fsrs.gov/> on all subawards over \$25,000, and may be required to report on executive compensation for the Recipient organization and its Subrecipients. Recipients and Subrecipients must have the necessary systems in place to collect and report this information. See [2 CFR Part 170](#) for more information and to determine how these requirements apply.

Once the grant is awarded, Recipients will be expected to have data collection and data management policies, processes, and practices that provide reasonable assurance that they are giving CNCS high quality performance measure data. At a minimum, Recipients should have policies, processes, and practices that address the following five aspects of data quality as applicable for themselves and for Subrecipients and Service Recipients:

- the data measures that which it intends to measure
- the data reported is complete
- the Recipient collects data in a consistent manner
- the Recipient takes steps to correct data errors
- the Recipient actively reviews data for accuracy prior to submission.

Failure to submit accurate, complete, and timely required reports may affect the Recipient's ability to secure future CNCS funding.

For further guidance and training resources see – Resources: Data Collection and Instruments: https://www.nationalserviceresources.gov/npm/home#.U9qVL_ldW3o

Recipients must also:

- Participate in a SIF PFS learning community that will work collaboratively to capture and share lessons and insights within the network and social sector to inform the work of the larger philanthropic, nonprofit, and public sectors
- Meet, as necessary, with their CNCS program officer, and other staff or consultants
- Provide ongoing information about and access to Subrecipients, Service Recipients, match funders, and any partners or contractors as well as key data about and applications submitted by Subrecipient and Service Recipient applicants
- Encourage Subrecipients, Service Recipients, and match funders to provide information about progress and to participate in SIF network events and conversations
- Require attendance from senior-level leadership and SIF project staff at annual meetings.

G. FEDERAL AWARDING AGENCY CONTACTS

For more information or a printed copy of related material(s), call (202) (202) 606-3223 or email SIFApplication@cns.gov. The TTY number is (800) 833-3722. For technical questions and problems with the eGrants system, call the National Service Hotline at (800) 942-2677. National Service Hotline hours are Monday through Friday 9:00 a.m. to 7:00 p.m. Eastern Time. Potential applicants can also use this link: https://questions.nationalservice.gov/app/ask_eg. Be prepared to provide the application ID, organization's name, and the name of the *Notice* to which the organization is applying.

H. Other Information

1. Technical Assistance

CNCS will host technical assistance calls or webinars to answer questions about the funding opportunity and eGrants. CNCS strongly encourages all applicants to participate in these sessions. The schedule of calls and call-in information will be posted on CNCS's website: <http://www.nationalservice.gov/build-your-capacity/grants/funding-opportunities>.

2. Re-Focusing of Funding

CNCS reserves the right to re-focus program dollars in the event of disaster or other compelling needs.

APPENDIX I: The Social Innovation Fund

As one of the President's tiered-evidence initiatives, the SIF embodies a commitment to use rigorous evidence both to select recipients of federal funding and to validate the impact of its funded program models. The SIF is driven by three core principles: (1) many of the most compelling solutions to persistent social problems in low-income communities are being developed in those communities and not in federal offices in Washington, D.C.; (2) significant impact can be generated for society by proactively identifying the best community-based solutions, strengthening their evidence base, and supporting the growth of their impact; and (3) the federal government can help drive social innovation by stimulating, focusing, and enhancing public-private partnerships and cross-sector collaborations to grow the impact of the best community solutions.

The SIF Model

The SIF currently administers two grant programs: SIF Classic and SIF Pay for Success (PFS). The following key characteristics are similar in both:

- *Innovation and evidence*: The SIF requires that all proposed interventions be innovative, based on best practices, deemed by CNCS to advance the sector's knowledge base, and aim to result in investment in evidence-based solutions in communities nationwide.
- *Intermediaries (Recipients)*: The SIF competitively selects entities (Intermediaries or "Recipients" in this *Notice*) with strong skills and track records of success to do the critical work of identifying promising solutions (interventions) to community problems. Recipients select High-Performing entities (Subrecipients and, in the SIF PFS Program, Subrecipients or Service Recipients) on a competitive basis to validate and grow effective interventions.
- *Scale*: The SIF funds Recipients to help implement and assess programs that get results, while simultaneously growing the impact and reach of effective solutions and service providers leading to deeper or broader impact in communities. To ensure the successful expansion of awarded programs, the SIF selects Recipients that have expertise in assisting Subrecipients and Service Recipients in building their capacity to reach more people and change more lives, and provides training and capacity building assistance to their Subrecipients and/or Service Recipients to enrich their work.
- *Match*: The SIF requires that each federal dollar granted by the SIF Program be matched 1:1 by non-federal cash (or in-kind contributions for the SIF PFS Program). This match requirement doubles the federal investment, augments working capital, and sparks new collaborations, helping Subrecipients and Service Recipients more effectively transform lives beyond the initial funding period.
- *Knowledge sharing*: The SIF requires each Recipient to commit to knowledge sharing and other initiatives that advance understanding and more effective models in the social sector. The SIF's Knowledge Initiative is an effort to capture and share the results and lessons learned from SIF investments.

APPENDIX II: The Pay for Success Concept

PFS strategies are often public-private arrangements that enable a government to test or expand innovative interventions, typically advancing preventive social solutions, while paying only for those that achieve agreed-upon target outcomes.

PFS Projects typically involve two elements:

- PFS Agreements, which involve Payors and Service Providers who agree that all or some portion of payment for services will not be paid until an agreed-upon set of outcomes or level of impact has been verified. Such payments for outcomes are known as Outcomes Payments. Achievement of outcomes is typically verified by an independent Evaluator agreed upon by all parties to a transaction.
- PFS financing, sometimes referred to as “social impact bonds” or “outcomes financing,” through which third-party Investors provide financial resources necessary to carry out the intervention. Given that verification of outcomes that trigger Outcomes Payments may take several years, Service Providers often will not have the resources to self-finance costs of implementing a preventive intervention during an agreement period. PFS financing covers these costs. Such third-party investment is typically at-risk and return of capital (and any potential return on investment) via the Payor is dependent, in whole or in part, on the achievement of outcomes identified in the PFS Agreement.

PFS Agreements involving PFS financing require partnership between multiple stakeholders to fully and successfully implement an outcomes-based contracting approach. Required partners include a Payor, Service Provider, Investor, and Evaluator. Some PFS Projects include a third-party validator to certify the findings of the Evaluator. Most PFS Projects to date have included a Project Coordinator.

The Challenge Addressed by PFS

There can be multiple barriers to broad implementation of outcomes-driven payment for social services. These include:

- Lack of existing tools for rigorous outcomes measurement, including integrative data system that may facilitate sharing of outcomes between PFS stakeholders
- Lack of knowledge of valid and reliable intermediate outcomes
- Lack of expertise about what outcomes could reasonably be expected
- Lack of easily available data and tools to assess performance effectively
- Lack of experience and understanding of PFS mechanics, including how to develop a PFS Agreement within existing procurement systems
- High costs associated with evaluation
- Inability of nonprofits to expand operations to scale, due to lack of capital and organizational capacity, and to self-finance operations while waiting for longer-term verification of outcomes
- Lack of expertise and capacity in structuring solutions that align payment for services around outcomes.

In addition, there can be political and budgetary constraints that impede governments from investing in preventive strategies, such as:

- Political constraints which may include risk of failure, risk of loss of government resources – both human and financial – in completing initial stages of PFS, and limited ability to ensure future payment for outcomes
- Budgetary constraints which may include restrictions on the use of funds, lack of funds for innovative interventions focused on prevention rather than remediation, and the “wrong pockets” problems wherein investment by one arm of government may save resources for another but where misaligned incentives or program rules do not allow it.

The PFS Response

Typically, PFS Projects proceed through three distinct phases:

(a) Feasibility Analysis. During this phase, the interested parties assesses community needs and capacity; identify the current total costs associated with a population or social problem; project the potential public value, including savings, to be achieved through potential interventions; identify opportunities to achieve outcomes more cost-effectively; evaluate the suitability of implementing one or more interventions; and evaluate the willingness and capacity of stakeholders to implement a PFS Project.

(b) Transaction Structuring. During this phase of the PFS process, a Project Coordinator works with the government entity to identify and finalize key factors such as:

- The outcomes that will be measured and how to measure them;
- How effects of the project on relevant local, state, and federal funding sources will be tracked in order to measure cost savings and/or cost-effectiveness as part of public value;
- The level of risk involved for the government entity;
- Outcome targets that will trigger Outcome Payments;
- A schedule of Outcome Payments linked to specific outcomes;
- The available sources of capital for upfront financing, Success Payments, and any other costs related to the project;
- The participation of key stakeholders (i.e., state or local government agencies, service providers, financial institution(s) or foundation(s), third-party Evaluator(s) and the responsibilities of each entity; and
- Compatibility of the project, including the implementation of the intervention(s) and data collection, with the independent evaluation.

Also within this phase and informed by the above, stakeholders negotiate the specific terms of the PFS Agreement for the implementation of one or more interventions. In fidelity to the PFS model, PFS Agreements comprehensively account for all costs and all risk under the PFS Project. PFS Agreements should also account for any potential changes associated with Ramp Up activities and allow for potential appropriate contract modifications based on lessons learned during the Ramp Up phase, including potential modification of outcome targets, time horizons, programmatic changes, and the amount and structure of Success Payments.

(c) PFS Agreement Implementation. During this phase, the terms of the PFS Agreement are carried out. Service providers administer the intervention(s) to the target population; the Project Coordinator provides continued oversight and support throughout service delivery; third-party Evaluators collect data, monitor performance, and provide an ongoing assessment of performance outcomes. At the point that the third-

party Evaluator validates that an outcome target has been reached, an outcome payment is made to the Investor(s), per the terms of the PFS Agreement.

PFS Public Value: All PFS Projects should have demonstrable public value, which may include savings or cost-effectiveness. Often through PFS projects, a government Payor may achieve savings when the preventive intervention carried out under the PFS Agreement achieves desired results. In PFS Agreements, Outcomes Payments may be funded in full or in part by savings that result from preventive interventions. PFS structures that drive government savings at the local, state or federal level is a desired, though not mandatory, element of a PFS Project. Even when there are not savings, the project must be able to demonstrate public value.

In order to determine public value, it is important to identify and estimate potential local, state, and federal funding sources that will be impacted by the project, including costs and savings to each affected level of government and program. These funding sources should be used to estimate potential net savings, as well as opportunities to achieve outcomes more cost-effectively at each level of government through the implementation of the intervention(s). Also, estimates of total cost savings should account for the net effect of any cost shifting among levels of government.

APPENDIX III: Key SIF PFS Competition Terminology

SIF PFS Program Definitions

- *High-Performing*: High-performing is a characteristic of entities that are well-run and financially healthy with capable leadership, clear goals, and objectives; that diligently collect quality data and use this data to understand which of their efforts work and which do not; and that use this knowledge to make adjustments to their approach to continuously improve.
- *Innovation*: Innovation is a new approach to solving old problems that are reasonably expected to be faster, less expensive, or more effective in improving outcomes for the public good.
- *Levels of Evidence*:
 - Preliminary Evidence: Evidence that is based on a reasonable hypothesis and supported by credible research findings. Examples of research that meet the standards include: 1) outcome studies that track participants through an intervention and measure participants' responses at the end of the intervention, and 2) third-party pre- and post-test research that determines whether participants have improved on an intended outcome.
 - Moderate Evidence: Evidence from previous studies on the intervention, the designs of which can support causal conclusions (i.e., studies with high internal validity) but have limited generalizability (i.e., moderate external validity). This also can include studies for which the reverse is true—studies that only support moderate causal conclusions but have broad general applicability.
 - Strong Evidence: Evidence from previous studies on the intervention, the designs of which can support causal conclusions (i.e., studies with high internal validity), and that, in total, include enough of the range of participants and settings to support scaling up to the state, regional, or national level (i.e., studies with high external validity).
- *Low-Income Community*: A Low-Income Community is either:
 - A population of individuals or households having, on average, a household income that is 200% or less of the applicable federal poverty guideline, or
 - A population of individuals or households, or a specific local geographic area, with specific measurable indicators that correlate to low-income status, such as, but not exclusive to, K-12 students qualifying for free or reduced lunch, long-term unemployment, risk of homelessness, low school achievement, persistent hunger, or serious mental illness.
- *Recipient*: A Recipient is an entity or partnership that applies for and receives funding through the SIF PFS Competition. Once a Recipient awards funds or services to Subrecipients or Service Recipients, the Recipient may also be referred to as a pass-through entity.
- *Service Recipient*: A Service Recipient is an entity receiving only non-cash contributions, such as staff time in structuring or enabling PFS Projects, from a Recipient to carry out activities under the SIF PFS Competition Cooperative Agreement.
- *Subrecipient*: A Subrecipient is an entity receiving cash funds from a Recipient to carry out activities under the SIF PFS Competition Cooperative Agreement. Subrecipients may also receive services from Recipients but must receive cash funds.

Pay for Success Definitions

- *Data readiness*: Data Readiness is the stage when an entity has access to any necessary data, evaluation tools, and/or personnel to conduct a PFS project. A data-ready entity has sufficient preparation for data collection under the PFS project, any necessary data management systems, and also personnel equipped to support the accumulation and analysis of the data for the project metrics. The SIF recognizes that Data Readiness may look different in every project.
- *Evaluator*: An Evaluator is an independent entity that rigorously evaluates whether the intervention achieved the outcome(s) sought at pre-set target levels.
- *Investor*: An Investor is an individual, entity, or group thereof that provides upfront capital to cover the operating costs and other associated costs, in part or whole, of the intervention delivered by the Service Provider.
- *High-Quality Pay for Success (PFS) Project*: A High-Quality PFS Project includes the following components:
 - A well-defined problem and associated target population
 - A preventative service delivery strategy that is managed, coordinated, and guided by the service provider, is flexible and adaptive to the target problem and population, and has a robust, rigorous evidence base or a compelling theory of change with pre- and post-intervention outcomes achieving at least Preliminary Evidence
 - One or more well-defined, achievable potential outcome target(s) that are a significant improvement on the current condition of the target population and have been agreed to by all required project partners
 - A plan for rigorous PFS Intervention Evaluation using a randomized controlled trial, quasi-experimental evaluation, or other scientific methodology to be executed by an Evaluator
 - A financial model that shows public sector value, including cost savings or efficiency, and tracks effects of the project on relevant federal, state, and local funding sources
 - A commitment from an individual or entity to act as an Outcomes Payor (whose Outcomes Payments may be directed to Investors if they have covered, in part or in whole, costs associated with delivering the intervention)
 - If needed, a binding commitment of funds from one or more independent Investors to cover all operating costs of the intervention, including administrative and overhead costs of the intermediary
 - A PFS Agreement and any associated necessary agreements that incorporate all elements above.
- *Outcomes Payments*: Outcomes Payments, per the terms of the PFS Agreement, are payments deployed to cover repayment of the principal investment and a return in the case that an Investor has covered part or all of the costs of service delivery and/or other associated costs and outcomes have been achieved according to an independent Evaluator.
- *Pay for Success (PFS) Agreement*: A PFS Agreement (also commonly called “PFS Contract”) is a multiparty agreement (1) which, when executed, delivers an innovative or evidence-based intervention intended to improve one or more outcomes, in which ultimate payment to the service provider is made only if the outcome(s) are achieved at pre-set target levels, as demonstrated by an Evaluator, and (2) to which the following entities are signatories:

- Service Provider(s);
 - Outcomes Payor(s); and may include
 - Project Coordinator or legal entity for this Agreement created by the Project Coordinator.
- *Pay for Success (PFS) Pilot*: A PFS Pilot is a PFS Project that is deployed on a smaller scale. It includes service delivery, evaluation of outcomes, and the release of Outcomes Payments if triggered. It is often used in order to develop a greater evidence base for the Service Provider’s intervention that is likely to be deployed through a fuller PFS Project.
 - *Payor (Outcomes Payor)*: A Payor (or Outcomes Payor) is an entity that funds Outcomes Payments if, as determined by the Evaluator, outcomes are achieved at pre-set target levels. It is generally, but not always, an entity such as a state or local government, which realizes a budgetary savings or other beneficial social outcomes, upon the achievement of certain programmatic outcomes of a PFS project.
 - *Project Coordinator*: A Project Coordinator, is an entity that serves as the project facilitator between the parties. Responsibilities may include but are not limited to: coordinating the development and execution of the PFS Agreement, including building a financial model to guide the terms of the PFS Agreement, and raising capital from Investors for the PFS Agreements. In the broader field of PFS, Project Coordinators are often referred to as “Intermediaries.” For the purposes of this *Notice*, we exclusively use the term Project Coordinator to refer specifically to an organization’s role in facilitating a PFS project.
 - *Ramp Up*: Ramp Up is a period of the optional PFS development process wherein some or all of the following activities take place:
 - Provide capacity building assistance to ensure Service Provider personnel are able to accomplish all service delivery and PFS Intervention Evaluation requirements and continue to measure their intervention’s impact into the future
 - Ensure that the evaluation design and service delivery plans are fully compatible
 - Establish Service Provider infrastructure in the jurisdiction of the PFS Project, including hiring and training Service Provider personnel and building or expanding IT databases for PFS data capture
 - Begin preliminary service delivery in order to identify issues in need of course correction prior to full PFS Project implementation
 - Ensure that the PFS Agreement accounts for any potential changes in risk associated with the separate funding of Ramp Up activities and allows for potential appropriate contract modifications based on lessons learned during the Ramp Up phase, including potential modification of outcome targets, time horizons, programmatic changes, and the amount and structure of Outcome Payments.
 - *Service Provider*: A Service Provider is an entity that delivers the intervention designed to achieve the outcomes sought in a PFS Agreement.

APPENDIX IV: Subrecipient and Service Recipient Selection Process

After being approved for funding, Recipients will receive detailed instructions about the required submission of Subrecipient and Service Recipient selection plans. These requirements will be similar to the following:

- At least one month in advance of releasing a competition notice, Recipients must submit a detailed plan to CNCS for approval, which must include the following:
 - An identification of whether the applicant will select Subrecipients, Service Recipients, or both
 - Estimated number of Subrecipients and range of cash funding amount and/or value of services per award
 - Strategy for selecting Subrecipients or Service Recipients, including eligibility criteria and the review and selection process. The process must include the statutory criteria listed in Appendix IV, and the process should describe:
 - How key eligibility criteria required by this *Notice* will be determined (per section C.1.b of this *Notice*)
 - How the Recipient will ensure that Subrecipients or Service Recipients receive the appropriate amount of funding or services to reach project goals during the specified project period
 - How the Recipient will ensure that Subrecipients or Service Recipients have the information they need, based on previous experience working with Subrecipients or Service Recipients, to develop adequate budgets and to create budget plans accordingly
 - How the Recipient will ensure that Subrecipients or Service Recipients have addressed sustainability and funding streams to continue the PFS work after the cooperative agreement has ended
 - How the Recipient will ensure that the Subrecipients or Service Recipients provide a meaningful, ongoing commitment of resources to the PFS project, both through match commitment and internal capacity, ensuring that the Subrecipient or Service Recipient can effectively fill any relevant staffing vacancies that occur during the project period
 - How the Recipient will assess the “readiness” of a PFS project for the services it will provide, what specific standards will be applied as part of that assessment, and the minimum criteria used on determining whether the PFS project is sufficiently ready to receive that support
 - How the Recipient’s selection process includes provisions to accurately identify the level of evidence in support of the project’s proposed intervention, given that all proposed PFS projects must include interventions that have *at least* Preliminary Evidence
 - How the Recipient(s) will ensure Subrecipients or Service Recipients have strong leadership and financial and management systems
 - How the Recipient(s) will select Subrecipients or Service Recipients that articulate a new solution with a significant likelihood for substantial impact
- How the process will comply with requirements for open and competitive competitions and how the process will ensure that appropriate conflict of interest policies are in place
- The timeline by which the Recipient’s request for proposals or other competition document will be released. Note that CNCS may establish this timeline to ensure cohesion for potential applicants in each round of competitions held by SIF PFS Recipients.

Recipients may propose their own processes for selecting Subrecipients or Service Recipients, but their selection process must be open and competitive, comply with the requirements of Appendix IV, and make the following information is available to all potential applicants:

- How to obtain and submit an application
- The selection criteria that will be considered in reviewing applications, including the relative percentages, weights, or other means used to distinguish among the criteria
- The Subrecipient and Service Recipient requirements outlined in this *Notice*
- The desired characteristics and eligibility requirements of organizations the Recipient is seeking as Subrecipients or Service Recipients
- The specified project period.

APPENDIX V: Assurances

- Will consult with a diverse cross section of community representatives in making decisions about subawards for communities (including individuals from the public nonprofit private, and for-profit sectors)
- Will make sub-grants of a sufficient size and scope to enable the community organization to build their capacity to manage initiatives and sustain replication or expansion of the initiatives
- Will not make any subawards to:
 - The parent organizations of the applicant;
 - A subsidiary organization of the parent organization of the applicant, or;
 - If the applicant applied for a SIF award as a partnership, any member of the partnership
- Commits to meeting the matching cash fund requirements of section 198K(i) of the National and Community Service Act of 1990, as amended (42 USC 12653k(i))
- Commits to use data and evaluations to improve the applicant's own model and improve the initiatives funded by the applicant
- Commits to cooperate with any evaluation activities undertaken by CNCS.