



## Social Innovation Fund Pay for Success Competition FAQs

*The Notice of Federal Funds Availability (Notice) and the application instructions are the primary sources of information about the requirements of this grant 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 funding notice webpage. Potential applicants are strongly encouraged to visit the website to access these resources and for updates. General inquiries may be directed to [Innovation@CNS.gov](mailto:Innovation@CNS.gov).*

### 1. Application Materials

#### **Where do I get a SIF PFS grant 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/>

#### **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.

### 2. Eligibility

#### **Can a for-profit organization apply?**

For-profit entities are not eligible for SIF funding. However, for-profit organizations can be included as part of an eligible partnership and can be sub-contracted to complete activities proposed in the application. In addition, for-profit organizations can participate as providers of funding for the match requirement.

#### **How might an “eligible partnership” be structured?**

There are a variety of structures that could function as an eligible partnership. 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 nonprofit intermediary who facilitates the development of pay for success financing, decided to jointly apply for a grant to fund an open competition for proposals on PFS deals in the state. IU would be responsible for conducting an open competition and the state would provide marketing and outreach assistance and matching funds.

**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.

**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 an intent to partner or collaborate sufficient until funds are awarded?**

Intent to partner or collaborate is sufficient to apply. 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.

**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 program you are proposing and that would enhance your proposal.

### 3. Funding/Funding Restrictions

**How and when will funding for grantees be available?**

For applicants approved for funding, CNCS will provide information on how to establish an account in the Department of Health and Human Services (HHS) Payment Management System (PMS). CNCS will obligate the entire amount of the grant upon award. This will take place prior to September 30, 2014. Grantees will be subject to the requirements of the Federal Cash Management Act which direct grantees to draw funds as needed for grantee and sub-grantee immediate needs. For more information, see <http://fms.treas.gov/cmia/>.

**If at least 80 percent of Federal funding has to be spent on services or grants to sub-recipients, what can the remaining funding be used for?**

Grantees may use the remaining funds for other direct and indirect costs associated with implementing grantee activities including hosting a competitive sub-recipient selection process, providing support to sub-recipients, 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*.

**Do 80 percent of grantee matching funds have to be provided to sub-recipients?**

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

**How can applicants pay for the costs related to evaluation activities?**

Costs for evaluation activities should be covered by the 20 percent of funds allocated for administrative fees and other costs associated with providing grants and services.

**Are there government-wide grant requirements that apply to Social Innovation Fund?**

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 grants. All Social Innovation Fund grantees will be required to comply with the Cost Principles that are applicable to their organizations. Refer to the Federal cost principles at: <http://www.whitehouse.gov/omb/circulars/index.html> for information on allowable costs in Federal grants.

In addition, there are other government-wide requirements that generally apply to federal grant 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.

**What grant requirements apply to sub-recipients who receive sub-grants?**

The Cost Principles referenced above apply to sub-recipients as well.

**Can sub-grants go to for-profit social enterprises or small businesses?**

No, sub-grants may only go to nonprofit community organizations or city and state governments, as defined in the *Notice* as being eligible to receive sub-grants. However, as noted above, for-profit organizations can be included as part of an eligible partnership and can be sub-contracted to complete activities proposed in the application. In addition, for-profit organizations can participate as providers of funding for the match requirement.

**Can grants be spent to invest directly in a PFS transaction as a payor or investor, by providing financing as part of a PFS deal or providing a guarantee for a transaction?**

No – 2014 funds will be spent on activities which develop the PFS pipeline of deals and lay foundational groundwork for future PFS deals. However, these funds cannot be spent to fund deals directly as a payor or investor. This purpose may be allowable in future years, depending on Congressional appropriations.

## 4. Budget

**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.

**Do annual budgets have 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. Match

### **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 either the SIF grantee match requirements. The match can be made with in-kind services or funds from the sub-recipient or the grantee.

### **Can you give an example of how the match works?**

The PFS Competition requires a 100 percent match of the SIF grant. Fifty percent of the match must be in non-federal dollars and fifty percent can be in-kind services. At the time of application, 10 percent of the match must be committed in non-federal dollars. An example of how an organization could meet this match requirement is below:

Pay for Success Advisory Services, Inc. (PASI) applies for a grant of \$500,000 per year – or \$1,500,000 over 3 years. They plan to provide 50 percent of the match in services and in-kind donations, including pro-bono legal services, software to analyze data and evaluation design services. The remainder of their grant will be matched by non-federal dollars which they have raised mainly from interested foundations. In addition, they plan to work with their local city government on a project and the city provides government funding in the form of block grants to provide part of the match. At the time of application, one of the foundations is willing to commit to providing \$50,000 – the required 10 percent of the first year matching requirement.

### **How does the applicant demonstrate that its unrestricted dollars can be used as match?**

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

### **Is it possible to redirect city government funding to these programs?**

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

### **Given that SIF will be providing 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 percent of the year one match. The value of in-kind services may not be included as a component of the 10 percent cash match required at the time of application. In addition, applicants must demonstrate that they have strong fund-raising capability and have the capacity to generate the match for funding in years 2 and 3.

## 6. Other

### **How is this different from the general SIF competition?**

As part of the 2014 Congressional appropriations, SIF was given authority to use up to 20 percent of 2014 grant funds to implement a competition to test Pay for Success approaches. This allows SIF to spend up to \$11.2 million in grants for PFS which will have a complementary, though distinct, focus from the general SIF competition.

The goals of SIF and PFS 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. Funding priority for both SIF and PFS will be given to applications which focus on Youth Development, Economic Opportunity or Healthy Futures. However, the PFS Competition will target approaches which support the development of PFS projects including feasibility studies, technical assistance and capacity building, and deal structuring support.

### **What materials have to be public?**

One of the goals of the PFS Competition is to build infrastructure for the PFS sector and to share lessons learned and tools. In order to facilitate this goal, grantees will be required to make publically available all documents and tools developed as part of this process, taking local, state and federal laws into consideration, including PFS contracts.

### **What are other federal agencies that are doing Innovation Funds and PFS?**

Innovation funds currently exist in the Departments of Education, Health and Human Services, 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/) ; [http://www.hhs.gov/ash/oah/oah-initiatives/teen\\_pregnancy/db/](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/>

In addition, PFS initiatives exist at the Department of Labor and Justice. To learn more, please visit their websites:

- Department of Labor
  - Workforce Innovation Fund: [http://www.doleta.gov/workforce\\_innovation/](http://www.doleta.gov/workforce_innovation/)
  - Office of Evaluation: <http://www.dol.gov/asp/evaluation/AllStudies.htm>
  - 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](https://www.bja.gov/ProgramDetails.aspx?Program_ID=90)

**SIF was authorized by Congress to spend 20 percent of 2014 grant funds on PFS. If SIF was appropriated \$70 million, this would result in \$20 million for PFS. Why is the competition only distributing up to \$11.2 million?**

SIF spends 5 percent of grant dollars on evaluation of its programs and 1 percent of grant dollars on the general application review process. Finally, \$2 million from these grant dollars will be directed to the Performance Partnership Pilot. For more information on this model, please see: <http://www.ed.gov/blog/2014/03/performance-partnership-pilots-an-opportunity-to-improve-outcomes-for-disconnected-youth/>.

**How can I learn more about the application process?**

CNCS will host webinars and a Twitter town hall to provide an overview of the competition and to answer any outstanding questions. Please see the CNCS website for details on the schedule.

**Do you expect to offer this opportunity again in 2015?**

We hope to offer this opportunity in future years but it will depend on Congressional approval of the FY 2015 Budget and Congressional appropriations.