

ANNOUNCEMENT OF FEDERAL FUNDING AVAILABILITY

Federal Agency Name: Corporation for National and Community Service
Funding Opportunity Title: FY 2014 Social Innovation Fund Pay for Success Grants
Competition
Announcement Type: Initial Announcement
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NOTICE OF INTENT TO APPLY: Applicants are strongly encouraged to send a Notice of Intent to Apply by Tuesday, July 15, 2014.

APPLICATION DEADLINE: Applications are due Thursday, July 31, 2014 at 5:00 p.m. Eastern Standard Time. Successful applicants will be notified before September 30, 2014.

OVERVIEW

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 its AmeriCorps, Senior Corps, and other programs and activities, CNCS has helped to engage millions of citizens in meeting community and national challenges through service and volunteer action. In 2009, Congress passed the Edward M. Kennedy Serve America Act (SAA), the most sweeping expansion of national service in a generation. This landmark law not only expands service opportunities, it focuses national service on key outcomes; builds the capacity of individuals, nonprofits, and communities to succeed; and encourages innovative approaches to solving problems, including through the establishment of the Social Innovation Fund (SIF).

Through SIF, CNCS has augmented its traditional activities with an enhanced focus on identifying and growing innovative, evidence-based approaches to the nation's challenges. SIF seeks to grow the impact of community-based solutions that have compelling evidence of improving the lives of people in low-income communities throughout the United States. 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. SIF also generates broader impact by leveraging grant funding to improve how philanthropies, federal government departments and agencies, state and local governments and community-based organizations deploy funds to address social challenges. To-date the SIF portfolio represents a \$177.6 million federal investment in 19 intermediary grantees and 217 participating nonprofits working in 37 states and the District of Columbia. This modest federal investment is expected to leverage more than \$423 million in non-federal match commitments.

As part of the 2014 Congressional appropriations, SIF was given authority to use up to 20% of 2014 grant funds for Pay for Success (PFS) projects. The SIF Pay for Success Grants Competition ("PFS Competition") seeks to advance and evaluate emerging models that align payment for social services with verified social outcomes. Consistent with the broader mission of SIF, 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.

Pay for Success offers innovative ways of partnering with philanthropic and private sector investors to create incentives for service providers to deliver better outcomes at lower cost—producing the highest return on taxpayer investments. The concept is simple: pay providers after they have demonstrated success, not based on the potential for success. Pay for Success financing is a mechanism for increasing investments in effective social interventions by changing the way government allocates and invests its resources – focusing on results and outcomes. Learn more about Pay for Success at: <http://www.whitehouse.gov/omb/factsheet/paying-for-success>.

The PFS Competition aims to:

- Assess the potential of PFS to address a multitude of social issues relating to diverse populations in diverse geographic contexts
- Strengthen and diversify the pipeline of governments and nonprofit organizations that are prepared to engage in PFS projects
- Attract capital to high-performing organizations that are seeking to strengthen, grow and sustain effective solutions for challenges facing low-income communities

CNCS is committed to transparency in grant-making. This *Notice* includes a description of the application review and selection process in section *IV. Application and Submission Information*. In addition, the following information for new and recompeting applications will be published on the [CNCS website](#) within 90 business days after all grants are awarded:

- A list of all compliant applications submitted
- Executive summaries of all compliant applications as submitted by the applicants
- Data extracted from the Face Sheet of Standard Form 424 (SF-424)
- Program narratives for successful applications

This *Notice* should be read together with the Pay for Success Competition Application Instructions. Publication of this *Notice* does not obligate CNCS to award any specific number of cooperative agreements or to obligate the entire amount of funding available.

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I. FUNDING OPPORTUNITY DESCRIPTION

A. Introduction to the SIF PFS Competition

The purpose of the Social Innovation Fund's Pay for Success Grants Competition ("PFS Competition") is to advance and develop emerging models that align payment for social services with verified social outcomes. Consistent with the broader purpose of SIF, the intent of the PFS Competition is to encourage the implementation of PFS strategies in order to enhance the reach and impact of innovative community-based solutions that have evidence of improving the lives of people in low-income communities. An additional objective of this competition is to better understand in what fields of practice and under what conditions PFS strategies can scale evidence-based practices, drive better outcomes and achieve greater cost efficiency for preventive social service interventions and services.

SIF and its Operating Model

In line with SIF's primary focus, the PFS Competition will target activities in three focus areas:

- Youth Development – Preparing America's youth for success in school, active citizenship, productive work, and healthy and safe lives
- Economic Opportunity – Increasing economic opportunities for economically disadvantaged individuals
- Healthy Futures – Promoting healthy lifestyles and reducing the risk factors that can lead to illness

SIF's operating model is distinguished by six key characteristics: innovation, evidence, scale, intermediary grantees, match dollars and knowledge sharing. While the PFS Competition has many features that are distinct from the general SIF competition, the following key characteristics are core to the PFS Competition:

- *Innovation and evidence:* Requires that all proposed interventions be innovative, in addition to advancing the Pay for Success model which in itself is innovative, based on best practices, subsequently defined by CNCS to advance the sector's knowledge base, and aim to result in investment in evidence-based solutions in communities nationwide
- *Scale:* Funds grantees 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, SIF selects grantees that have expertise in assisting sub-recipients in building their capacity to reach more people and change more lives, and provides training and technical assistance to their sub-recipients to enrich their work.
- *Intermediary grantees:* Relies on intermediary grantees with strong skills and track

records of success to do the critical work of competitively selecting, validating, and growing high-performing sub-recipients. In this context, high-performing refers to organizations that are well-run and financially healthy with capable leadership, clear goals and clear 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. At least 80% of awarded federal funds must be invested in sub-recipient programs.

- *Match*: Requires that each federal dollar granted by SIF be matched 1:1 by non-federal dollars or services. This match requirement doubles the federal investment, augments working capital and sparks new collaborations, helping sub-recipients more effectively transform lives beyond the initial grant period.
- *Knowledge sharing*: Requires each grantee to commit to knowledge sharing and other initiatives that advance understanding and more effective models more generally in the social sector. SIF's Knowledge Initiative is an effort to capture and share the results and lessons learned from SIF investments.

The Pay for Success Concept

PFS strategies are often public-private arrangements that enable a government to test or expand innovative programs while paying only for those that achieve agreed-upon target outcomes. PFS strategies are typically associated with preventive social solutions and are put in action through PFS contracts between a government (or other payor for social outcomes) and a nonprofit social service provider. PFS contracting models 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 success payments. Achievement of outcomes is typically verified by an independent evaluator agreed upon by all parties to a transaction.

PFS financing: Given that verification of outcomes that trigger success payments may take several years, service providers often will not have the resources to self-finance costs of implementing a preventive intervention during a contract period. For this reason, PFS contracting may require PFS financing, such as “social impact bonds” or other forms of outcomes financing, through which third-party investors provide financial resources necessary to carry out the intervention. Such third-party investment is typically at-risk and return of capital (and any potential return on investment) is dependent, in whole or in part, on the achievement of outcomes identified in the PFS contract.

PFS projects: The PFS Competition seeks to support and advance PFS strategies by funding a variety of PFS projects that support the objectives of this *Notice*. PFS projects include support for PFS contracting and financing as well as other PFS-related efforts to advance the field, build essential capacity and data infrastructure, advance understanding and learning, or otherwise support or contribute to the PFS field.

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
- 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
- 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 prevent governments from investing in preventive strategies, such as:

- Political constraints which may include risk of failure, risk of loss of taxpayer resources, and limited ability to ensure future payment for outcomes when political priorities change
- Budgetary constraints which may include restrictions on use of funds, lack of funds for innovative programs 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 deals go through three distinct phases:

- Feasibility assessment – in which interested parties identify promising investment areas, potential evidence-based interventions, and assessments of internal and external capacity to implement a PFS deal
- Deal structuring – in which multiple stakeholders (including the PFS sponsoring entity, the organization providing services, the provider of capital, and the evaluator) negotiate the specific terms of the PFS deal
- Deal implementation – which includes service provision, implementation of the evaluation, ongoing assessment of performance outcomes, payment flows, etc.

The PFS Competition seeks to evaluate PFS strategies as a means of overcoming the above barriers by funding activities that advance PFS projects and transactions in the near term. In particular, the current PFS competition intends to provide grants to facilitate work in the first two phases of the PFS process. The PFS Competition will fund Grantees that propose one of the following approaches:

- 1) Provide Technical Assistance to Assess Feasibility and Develop PFS Capacity:**
Increase, strengthen and diversify the range of governments and nonprofit organizations that are prepared to engage in PFS transactions by identifying evidence-

based preventive interventions; conduct feasibility studies and prepare for PFS implementation; and analyze alternate social finance strategies. Activities may also include supporting the infrastructure required to implement PFS contracts, such as improving data collection and analysis capacity.

- 2) Structure PFS Transactions:** Assist governments and nonprofit entities that have identified viable PFS projects to structure and close PFS transactions. In this approach, the grant would ultimately culminate in fully structured PFS transaction agreements and/or analyses of alternative financing structures if a PFS agreement is impossible or determined to be inappropriate. Grantees will provide sub-grants to Transaction Coordinators who directly support deal structuring. In addition, Grantees will provide services to certify high-quality PFS transaction candidates and support knowledge sharing initiatives to benefit the sector and enable future PFS deals.

This document defines the terms Grantee, Sub-Grantee, and Sub-Recipient as follows:

- *Grantee:* The term Grantee refers to the PFS Competition grant recipient. For Technical Assistance applicants, grantees will be nonprofit Technical Assistance (TA) Providers. For Transaction Structuring applicants, grantees will be intermediary organizations who do not provide services directly to execute deal structuring, but instead provide grants to Transaction Coordinators.
- *Sub-Grantee:* For Transaction Structuring applicants, the term Sub-Grantee refers to the Transaction Coordinators, funded by Grantees, who directly support deal structuring.
- *Sub-Recipient:* The term Sub-Recipient refers to any entity receiving services or resources from a Grantee or Sub-Grantee, such as technical assistance or deal structuring assistance, or grants of goods. Sub-Recipients will typically be state and local governments and nonprofit organizations.

Grantee, Sub-Grantee, and Sub-Recipient eligibility are defined in the *Notice* but typically will include states, municipalities, nonprofit service providers, or existing partnerships of these entities. Partnerships are eligible to apply as grantees, in which case a single lead entity should submit an application on behalf of the partnership. Here and throughout this document, the term “partnership” refers to collaborative joint initiatives which may include, but does not require, legal incorporation as partnership.

Applicants may only apply to perform one of these two approaches. However, applicants who are selected as TA Providers will not be excluded from competing to participate as Transaction Coordinators in PFS projects being conducted by other SIF Grantees or other organizations in general. All applicants must provide a comprehensive description of their approach. See section *I.B. Programmatic Approach* for more details.

Theory of Change

By providing technical assistance to state and local governments and high-performing nonprofits, this competition aims to:

- Provide local and state governments with the resources and expertise needed to effectively determine their ability to participate in PFS deals and structure transactions

- that have high likelihood of success and meaningful social return on investment;
- Increase the capacity of nonprofit organizations, philanthropies and government funders to identify, assess, support and scale evidence-based solutions
- Increase the pipeline and diversity of PFS transaction service providers, issue areas and geographies leveraging PFS projects and related approaches

By providing support for deal structuring activities, this competition aims to:

- Ensure that high-quality PFS transactions have access to sufficient expertise to be well-implemented
- Increase awareness in the field about how to successfully structure PFS transactions, leading to routinized and repeatable structures that can become a well-defined social financing tool

Ultimately, these combined efforts, and the associated national evaluation and knowledge building activities, are intended to:

- Increase awareness and understanding of PFS and outcomes-based financing as a viable funding mechanism among government, nonprofits and investors
- Increase knowledge in the social sector about which TA and deal-structuring practices effectively increase the likelihood of successful PFS projects and related social financing mechanisms
- Accelerate the maturation of the field such that it is easier to adopt outcomes-focused funding models, and attract capital to finance effective solutions to challenges facing low-income communities nationwide

B. Programmatic Approach

As described above, the PFS Competition seeks to fund programmatic approaches that advance PFS in the following ways:

- Provide Technical Assistance to Assess Feasibility and Develop PFS Capacity
- Provide Technical Assistance to Structure PFS Transactions

Provide Technical Assistance to Assess Feasibility and Develop PFS Capacity

The PFS Competition seeks to support efforts to provide technical assistance to states, municipalities, nonprofit service providers, or existing partnerships thereof to identify PFS financing opportunities or similar models and to prepare for PFS transactions.

Appropriate TA services may include, but are not limited to, working with Sub-Recipients in the following areas (as applicable or allowed by federal, state and local laws and regulations):

- Organizational/Programmatic
 - Ascertain local needs and priority areas for social services most appropriate for a PFS project, for example: by identifying the areas most applicable for PFS activities, assessing the evidence base for different interventions, and assessing the likelihood of success of those interventions in the local context

- Assess strength, expertise and capacity of relevant nonprofit social service providers to deliver desired outcomes
- Assess available local, state, federal, administrative data and other available evidence, data and information relevant to carrying out potential PFS projects, including data matching and analysis
- Provide due diligence, program design and advisory services to assist Sub-Recipients in determining whether and how to engage in planned PFS projects and to build capacity to pursue PFS projects on an ongoing basis
- Budgetary/Financial
 - Identify and estimate potential savings at each level of government and for each program
 - Develop a framework and conduct analyses for estimating public sector saving and benefits and performance-based payments for potential PFS projects to inform decision-making
- Legal/Regulatory
 - Identify statutory, regulatory and programmatic barriers to PFS projects
 - Review agreements and contracts for legal requirements and protections
 - Assess and address appropriation risks (i.e. the risk that the relevant government agency may not be able to make future outcome payments)
- Procurement
 - Support government efforts to design and implement process for collecting relevant information from the public or key audiences to inform PFS projects, regarding priorities, service delivery, transaction structuring, evaluation, or other relevant issues, priorities, concepts and strategies
 - Support government efforts to design and publicize requests for proposals, notices of funding availability, or other relevant funding announcements/proposal solicitations for release by governments or payors to solicit the services of coordinators, service providers, or evaluators
 - Support government efforts to assess solicited proposals, including respondents' organizational capacity, past performance, operating model, strength of outcomes, efficiency, quality of management team, and suitability for PFS project/transaction
- Applicants may propose additional or alternative strategies under any of the above task areas which further the purposes of the PFS Competition.

In order to select TA Sub-Recipients, TA Providers should conduct an open, competitive process or propose an alternative method that is open and transparent.

All services provided to Sub-Recipients should culminate in deliverables. Proposals should specify clear outputs and grant deliverables. Deliverables could include feasibility studies and requests for proposal (or other methods of procurement). If the TA Provider concludes that a PFS transaction is inappropriate, the deliverable should include a report outlining alternative approaches a Sub-Recipient may pursue in order to achieve desired social outcomes. Deliverables should include a final report and assessment on the project, including any subsequent activities related to procurement and TA.

Structure PFS Transactions

Recognizing the complexity and costs associated with structuring transactions in an emerging field, the PFS Competition seeks to support deal facilitation and transaction structuring services for PFS or similar models. Grantees will conduct a process to select Transaction Coordinators to perform the below activities to structure and facilitate PFS deals.

The work of PFS Transaction Coordinators may involve a variety of services in the following areas:

- Provide overall transaction coordination and support
 - Design PFS transaction work plan, timeline and task list
 - Coordinate planning and meetings of relevant transaction participants
 - Manage all transaction elements to meet shared timeline of stakeholders
 - Assess strength, expertise and capacity of selected nonprofit social service providers including quantitative and qualitative assessment of respondents' track record, operating model, strength of outcomes, and compatibility with the transaction
 - Address nonprofit provider performance concerns or capacity gaps
 - Coordinate selection of qualified evaluators
 - Coordinate or lead design of key project components, including detailed service provision, duration of services and evaluation design
- Raise capital and develop capital structure
 - Conduct financial modeling of the transaction, including analysis of possible payment terms and transaction structures
 - Develop investment and entity structure that mitigates relevant risks and establishes appropriate incentives
 - Develop relevant documentation such as a term sheet that includes outcomes pricing, capital structure, success payment triggers, and payment schedules
 - Market the transaction to investors in order to raise capital commitments necessary to fund the project
- Mediate and facilitate agreement between each of the parties to the transaction
 - Coordinate negotiation of all parties around economic and contract terms
 - Develop and finalize all contracts and supplementary documentation, including offering or loan documents as relevant, working with legal counsel as appropriate
- Close the PFS transaction and prepare for post-closing activities, including program outcome monitoring and data collection, outcome payment scheduling and ramp up and delivery of program services. This may include deals which are “shovel-ready” at the time of application and require funding for costs related to closing the transaction.
- Support the early post-closing phase to ensure the deal is moving towards successful implementation
- Applicants may propose additional or alternative strategies under any of the above task areas which further the purposes of the PFS Competition.

All services should culminate in deliverables. Proposals should specify clear outputs and grant deliverables. In the case of Structuring PFS Transactions, the grant would conclude in fully structured PFS Transaction agreements and/or analyses of alternate social finance strategies if an

agreement fails. Deliverables should include a final report and assessment on the project, including any subsequent activities related to procurement and TA.

Strengthen PFS Infrastructure While Providing TA or Structuring Transactions

Applications to these two approaches – Providing Technical Assistance or Structuring PFS Transactions – should integrate processes to strengthen the infrastructure necessary to implement PFS contracts and transactions. As such, applicants should integrate infrastructure building into their proposals as it relates to and enhances the work of their Sub-Recipients, including but not limited to the following activities:

- Independently assess the needs, strengths and challenges of the PFS field or of PFS within specific sectors of social service as it relates to the Grantee's or Sub-Recipient's PFS project
- Advance understanding and learning through awareness building which may focus on PFS broadly, within specific sectors of social service, within a specific geography, or within relevant areas of professional practice
- Prepare nonprofits to engage in PFS and build capacity to further the evidence base
- Collect, match and analyze administrative data or other information sources that may support PFS projects
- Organize challenges, prizes and awards that advance PFS projects

The PFS Competition will accept applications proposing to facilitate the above services, or otherwise contribute to achieving the purpose and goals of their Sub-Recipients' work and the PFS Competition.

Eligible Sub-Recipients, Sub-Grantees and Services

Eligible Sub-Recipients for both approaches include: states, municipalities (including counties, cities and other municipal forms), regional governmental partnerships and nonprofit organizations described in section 501(c)(3) of the Internal Revenue Code and exempt from taxation under section 501(a) and any organization described in sections 170(c)(1) or (2) of the Internal Revenue Code, or any collaborations of the above.

Eligible Transaction Coordinators or Sub-Grantees include nonprofit organizations described in section 501(c)(3) of the Internal Revenue Code and exempt from taxation under section 501(a) and any organization described in sections 170(c)(1) or (2) of the Internal Revenue Code. In addition, Transaction Coordinators may sub-contract for-profit organizations to carry out specific activities under the grant.

TA Providers or Transaction Coordinators can provide services or cash grants to Sub-Recipients. All services must be fully described, valued and publicized in the Sub-Recipient selection process. The value of the services must be determined by what the TA Provider or Transaction Coordinator normally charges 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.

C. Funding Priorities

The PFS Competition expects to fund applicants that successfully meet the requirements and respond to the Selection Criteria described in section V.A. *Selection Criteria*. In addition, the competition seeks to target PFS efforts which are addressing the most critical local and national challenges. Specifically, this *Notice* prioritizes 2014 grant-making toward the below focus areas, approaches and beneficiaries.

Focus Areas

The PFS Competition will only award funds to Grantees proposing projects targeting one or more of the focus areas listed below. Applications that do not specifically identify one or more focus areas will not be considered for funding. The FY 2014 SIF focus areas are:

- Youth Development – Preparing America’s youth for success in school, active citizenship, productive work, and healthy and safe lives
- Economic Opportunity – Increasing economic opportunities for economically disadvantaged individuals
- Healthy Futures – Promoting healthy lifestyles and reducing the risk factors that can lead to illness

Optional Funding Priorities

Diversifying Issue Areas and Geographies Served by PFS: PFS Competition reviewers will prioritize strong applications from high-performing organizations that propose to focus on social issues, geographic areas and populations that have not typically been the focus of PFS projects to date.

Under-served populations which are a focus of SIF and CNCS include Opportunity Youth and Traditionally Underserved and Underrepresented Geographic Areas and Populations.

Opportunity Youth are defined as young people between the ages of 14 to 24 who are homeless, in foster care, involved in the juvenile justice system, or who are not employed or enrolled in the education system. Between five and seven million youth – one in six young people are not connected to education or jobs. Information on proven or promising practices and policies can be found at: <http://www.findyouthinfo.gov/evidence-innovation>

Traditionally Underserved and Underrepresented Geographic Areas and Populations include, but are not limited to, rural and economically depressed communities, tribal communities, disabled populations and veterans.

While these are commonly prioritized areas by SIF, applicants may describe other traditionally underserved, underrepresented populations that they wish to target. Applicants must explain, using data, why such populations meet the definition of underserved or underrepresented.

PFS Savings: The PFS Competition will favor applications that plan to prioritize and encourage government savings in addition to improving social outcomes when structuring transactions.

Often through PFS transactions, a government payor may achieve savings when the preventive intervention carried out under the PFS contract achieves desired results. In PFS contracts, 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 under this *Notice*.

D. Performance Measurement

Grantees will be required to use performance measures to assess progress. Grantees should expect to work with CNCS to finalize the expected performance measures they will use in the Cooperative Agreement.

E. Key Program Requirements

1. Match

PFS Competition Grantees are required to match 100% of federal funds expended on a dollar-for-dollar basis. At least 50% of the match must be in non-federal cash and up to 50% of the match can be from third-party in-kind contributions. The Grantee is responsible for raising matching funds and can rely on multiple sources, including contributions from Sub-Recipients or Sub-Grantees. At the time of application, applicants must demonstrate the ability to meet 10% of their first year match requirement in non-federal cash, as described in section *IV.F. Submitting Match Verification Documents*. For example, at the time of application for a \$3,000,000 grant that requests \$1,000,000 of expenditure in the first year, applicants must demonstrate the ability to match 10% of that amount, or \$100,000, in non-federal dollars.

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 project or program, 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 necessary part of a funded project for which the Grantee or Sub-Recipient would otherwise have to pay. Some specific examples of possible sources for services to meet the match include:

- Pro-bono legal, accounting or project management services
- Equipment or software to analyze data
- Evaluation design and implementation services

Grantees must follow the requirements of the Office of Management and Budget (OMB) Circulars in determining the value of in-kind donations of goods and services and must document the value of 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. The value of in-kind services may not be included as a component of the 10% cash match required at the time of application.

2. Selection of Sub-Recipients, Sub-Grantees, and Provision of Services

Sub-Recipients will apply to receive technical assistance and capacity building support from the Grantee, whether for feasibility and capacity building or structuring assistance. The PFS Competition requires a detailed plan for selecting Sub-Recipients or Sub-Grantees.

In the context of Providing TA, Sub-Recipients can be selected by TA Providers to receive TA through:

- An open, competitive process in which the TA Provider runs an open competition that is available to eligible Sub-Recipients
- Alternative method(s) proposed at time of application that is open and transparent

In the context of Structuring PFS Transactions, Grantees may select Sub-Grantees, such as Transaction Coordinators, through:

- Approval of procurements (by cities, states or other payors who seek transaction structuring services) on a rolling basis
- An open, competitive process in which the Grantee runs an open competition that is available to all eligible Transaction Coordinators
- Alternative methods proposed at time of application that are open and transparent

Applicants must submit for approval detailed plans for selecting Sub-Grantees or Sub-Recipients. The Sub-Grantee or Sub-Recipient selection plan should include the following:

- Estimated number of Sub-Grantees or Sub-Recipients and range of services or grant amounts and whether such awards will be provided in the form of dollars, services or both
- Strategy for selecting Sub-Grantees or Sub-Recipients, including eligibility criteria and the review and selection process. The process should describe:
 - How key eligibility criteria required by this *Notice* will be determined
 - How the Grantee will ensure that Sub-Recipients or Sub-Grantees receive the appropriate amount of funding or services to reach project goals
 - How the Grantee will ensure that Sub-Recipients or Sub-Grantees have the information they need, based on best practices and lessons learned, to develop adequate budgets, and outline such plans accordingly
 - How the Grantee will ensure that Sub-Recipients have thoroughly addressed sustainability and funding streams to continue the PFS work after SIF dollars have ended, especially as it relates to moving from feasibility to transaction structuring to implementation stages
 - How the Grantee will ensure that the Sub-Recipient or Sub-Grantee provides a meaningful commitment of resources to the PFS project
- How the process will comply with requirements for openness and transparency and how the process will ensure that appropriate conflict of interest policies are in place

Grantees may propose their own processes for selecting Sub-Recipients, but their selection process must ensure that the process is open and transparent and that the following information is available to all potential applicants:

- The desired characteristics and eligibility requirements of organizations the Grantee is seeking as Sub-Recipients or Sub-Grantees

- 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 Sub-Recipient or Sub-Grantee requirements outlined in this *Notice*
- The evaluation strategy the Grantee intends to pursue and the expected role of the Sub-Recipient or Sub-Grantee

For all proposals, a minimum of 80% of the grant must be spent on services or grants provided to Sub-Recipients. The Grantee and CNCS must agree upon the value of services being provided. In addition to services performed for state and local governments, it is expected that Grantees will provide grants to selected nonprofit service providers to help allay their related deal structuring costs, and preparation for post-closing activity, as needed and desired. The remainder of the grant, up to a maximum of 20%, can be spent on administrative and other costs related to the project, including staff and resources to support the overall evaluation.

3. Promoting Innovation

The PFS Competition defines innovative approaches as new ways to solve old problems that are rapid, cost-effective, data-driven, and lead to better results for the public good. Specifically, SIF seeks the development and strategic scaling of promising and potentially transformative evidence-based and evidence-informed social innovations that solve critical community problems. In this *Notice*, the PFS Competition is seeking models based on best practices and lessons learned from the social innovation finance field that lead to PFS Transactions where nonprofit service providers are implementing evidence-based solutions.

SIF defines an approach as transformative if it not only produces strong impact but also if it:

- Presents a new solution or novel adaptation or application to a critical local or national challenge where existing solutions have not been proven to be effective, are not achieving outcomes at scale, or are too slow to respond
- Has the potential (as evidenced by data) to affect how the same challenge is addressed in other communities
- Addresses more than one critical community challenge concurrently, and/or
- Produces significant cost savings through gains in efficiency

4. Evidence, Evaluation and Knowledge Sharing

The PFS Competition seeks to contribute to building the evaluation base for PFS projects. A program-wide evaluation of the PFS Competition will be conducted by an independent, third-party evaluator.

Grantees are required to participate in the evaluation and collaborate with the evaluators, as agreed upon in the final evaluation design. These activities include, but are not limited to:

- Support Sub-Recipients and Sub-Grantees to ensure that they are able to cooperate with the program-wide evaluation
- Provide data and documentation of outcomes and outputs to the third party evaluator to support evaluation

- Conduct additional activities to augment overall knowledge sharing agenda

CNCS will ensure that knowledge is captured at a program level and shared widely with the field, and expects Grantees to articulate how they will contribute to and augment overall knowledge sharing activities. CNCS will incorporate PFS Competition findings into SIF's Knowledge Initiative, creating knowledge products such as webinars and tool-kits, publically sharing documents created for transactions such as contracts, and hosting a PFS convening to share lessons learned, best practices and findings from specific programs. Grantees may also conduct similar activities on their own, and with their Sub-Recipients and Sub-Grantees. Collecting, disseminating and discussing best practices and lessons learned, as well as providing training and technical assistance to Sub-Recipients are valued and expected. Grantees will be required to make publically available all documents and tools developed as part of this process, including PFS contracts, taking into consideration confidentiality needs of transaction participants as well as local, state and federal laws.

II. AWARD INFORMATION

A. Estimated Available Funds

This *Notice* provides up to \$11,160,000 in funding for PFS Competition grant awards. Publication of this *Notice* does not obligate CNCS to award any specific number of grants or to obligate the entire amount of funding available.

B. Project Period

The grant award covers a three-year project period. Applicants' projects should represent the full three-year period they are requesting and conclude in the aforementioned deliverables. CNCS expects to provide the first three years of funding at the time of the initial award to all Grantees, as long as they have demonstrated the capacity to meet SIF's rigorous compliance and match raising standards. Grantees are eligible for drawing down funding for years 2 and 3 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
- Availability of Congressional appropriations

C. Estimated Award Amount

For proposals to Provide TA to Assess Feasibility and Develop PFS Capacity, grants will range from a minimum of \$200,000 to a maximum of \$1,200,000 per year. Therefore, over the three year period, grants can range from \$600,000 to \$3,600,000. Grantees should provide services, grants or other value to each Sub-Recipient valued at a minimum of \$50,000 to a maximum of \$250,000 per year using SIF funding, not including the required match.

For proposals to Structure PFS Transactions, grants will range from a minimum of \$350,000 to a maximum of \$1,800,000 per year. Therefore, over the three year period, grants can range from \$1,050,000 to \$5,400,000. Grantees should provide grants to each Sub-Grantee valued at a minimum of \$75,000 to a maximum of \$250,000 per year using SIF funding, not including the required match.

D. Funding Instrument

The funding mechanism for the PFS Competition is a cooperative agreement, which provides for substantial involvement by CNCS with the Grantees as the approved grant activities are implemented. This will include CNCS approval of all Sub-Recipient and Sub-Grantee selection plans. The assigned CNCS program officer will confer with the Grantee on a regular and frequent basis to develop and/or review service delivery and project status, including work plans, budgets, periodic reports, evaluations, etc.

III. ELIGIBILITY INFORMATION

A. Eligible Applicants

This competition is open to nonprofit organizations, public or nonprofit universities, foundations, state and local governments (and other political subdivisions), tribes, as well as certain faith-based organizations with practical experience in social finance (and related fields), designing and implementing open application processes and managing Grantees and Sub-Recipients. Eligible nonprofit organizations include those described in section 501(c)(3) of the Internal Revenue Code and exempt from taxation under section 501(a) and any organization described in sections 170(c)(1) or (2) of the Internal Revenue Code, or any collaborations of the above organizations.

The PFS Competition expects organizations to have the following characteristics:

- High-performing, strong track record
- Experience with social finance, PFS or social innovation
- Experience operating open competitions and managing Sub-Recipients
- Capacity to assess, oversee and report on Sub-Recipients

To mitigate any conflict of interest, entities (including subsidiaries, parent companies, etc.) conducting feasibility studies, deal structuring, or evaluations may not have financial interest in the outcome of resulting PFS transactions or alternate forms of financing.

Note that applicants will be required to demonstrate how SIF grants will supplement, and not supplant, any current PFS activities.

Current SIF Grantees and Sub-Grantees are encouraged to apply under this *Notice*. However, previous funding from CNCS or another federal agency is not required to apply under this *Notice*. If a current SIF Grantee applies, it must seek funding for a program that is distinct from the program currently being funded.

Each applicant may only submit one application to the PFS Competition.

Organizations that have been convicted of a federal crime may not receive assistance described in this *Notice*. Please note that criminal history checks are required at both the Grantee, Sub-Grantee and Sub-Recipient levels.

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.

Applicants that do not meet the eligibility criteria by the application deadline will be ineligible for review and consideration in this competition.

Grantees are permitted to sub-contract to for-profit organizations to carry out specific activities under the grant.

CNCS strongly encourages Grantees to include interventions with at least a moderate level of evidence in all of their feasibility analyses. In addition, as is appropriate in relevant procurements, if the Grantee has a role in selecting a nonprofit service provider (or advising Sub-Recipients on the selection) as part of either phase, CNCS strongly encourages Grantees to prioritize service providers who are implementing interventions with at least a moderate level of evidence on issues related to the PFS project.

B. Matching Requirements

As described in section *I.C. Key Program Requirements*, PFS Competition Grantees are required to match 100% of federal funds expended on a dollar-for-dollar basis. At least 50% of the match must be in non-federal cash and up to 50% of the match can be in-kind services as described earlier in the *Notice*. At the time of the application, applicants must demonstrate the ability to meet 10% of their first year match requirement in non-federal cash. For example, at the time of application for a \$3,000,000 grant that requests \$1,000,000 in grant funds during the first year, applicants must demonstrate the ability to match 10% of that amount, or \$100,000, in non-federal dollars. Applicants should estimate how much of the total match will be met by the Grantee and how much will be met by the Sub-Recipients or Sub-Grantees.

Please note that federal rules apply to the federal funds awarded as well as to the match funds contributed by the Grantee. For example, the cost of raising funds in order to meet the matching funds requirement is not an allowable cost under the OMB cost principles. See www.whitehouse.gov/OMB/circulars for further information on the Circular(s) that apply to your organization(s).

C. Other Requirements

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

Applications must include a DUNS number **and** an Employer Identification Number. The DUNS number does not replace an Employer Identification Number.

Applicants can get 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>. Although the website indicates a 48-hour e-mail turnaround time on requests for DUNS numbers, we recommend applicants register at least 30 days before the application due date.

All applicants must be registered with the System for Award Management (SAM, www.sam.gov) and maintain an active SAM registration until the application process is complete and, should a grant be made, throughout the life of the award. **Finalize a new registration or renew an existing one at least two weeks before the application deadline.** This should allow time to resolve any issues that may arise.

If applicants do not comply with these requirements, applicants could become ineligible to receive an award. See the SAM Quick Guide for Grantees at: https://www.sam.gov/sam/transcript/SAM_Quick_Guide_Grants_Registrations-v1.6.pdf.

CNCS requires all entities that plan to apply for federal grant funds, that receive federal grant funds, or that receive sub-grants directly from a federal grantee to:

- Be registered in the SAM before they submit an application;
- Maintain an active SAM registration with current information while they have an application under consideration by CNCS and for their entire active award period, if any;
- Provide its active DUNS number in each application it submits to CNCS.

CNCS is prohibited from making an award until an applicant has complied with these requirements. CNCS may determine that the applicant is not qualified to receive an award if the intended recipient has not complied with these requirements at the time an award is ready to be made.

IV. APPLICATION AND SUBMISSION INFORMATION

A. Address to Request Application Package

The PFS Competition Notice and Application Instructions can be found online at: http://www.nationalservice.gov/for_organizations/funding/nofa.asp.

For further information or for a printed copy of related material, call (202) 606-3223 or email innovation@cns.gov. The TTY number: 800-833-3722.

B. Content and Form of Application Submission

1. Application Content

The application 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 program design, organizational capability, leadership and team, and cost effectiveness and budget adequacy.

Completed applications must have the following components and must be submitted by the application deadline, as noted in section *IV.C Submission Dates and Times*:

- Standard Form 424 (SF-424) Face Sheet: This is automatically generated when you complete the data elements in the eGrants system. When you complete the application in eGrants, many of the fields will automatically be filled with information you entered during your registration process.
- Narrative
 - Executive Summary: This is a brief description of your proposed program. The Executive Summaries of all compliant applications are published on the CNCS website following grant awards.
 - Program Design
 - Organizational Capability
 - Leadership and Team
 - Cost-Effectiveness and Budget Adequacy
- Standard Form 424A Budget
- Authorization, Assurances, and Certifications

2. Page Limits

Do not exceed 40 double-spaced pages for the Narrative, including the Standard Form 424 (SF-424), Executive Summary, and Program Narrative as the pages print out from eGrants. The Budget section is not included in the page limit.

Please note that reviewers will be instructed to stop reading the Narrative section of the grant application after page 40. Reviewers will not consider material past the page limit, even if eGrants allows its submission. We strongly encourage applicants to print out the application from the “Review and Submit” page before submission, in order to make sure it is within the page limit.

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

3. Submission in eGrants

Applications must be submitted electronically via eGrants, CNCS’s web-based application system (<https://egrants.cns.gov/espan/main/login.jsp>). We recommend 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 processing document, then copy and paste it into eGrants no less than **10** days before the deadline.

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. EST. Be prepared to provide the application ID, organization's name, and the Notice to which you are applying.

If technical issues will prevent you from submitting an application on time, please contact the National Service Hotline **before** the deadline to explain the technical issue and to get a ticket number. If the issue cannot be resolved by the deadline, you must continue working with the National Service Hotline to submit the application via eGrants.

If extenuating circumstances make it impossible for you to submit in eGrants, you may send a paper copy of your application to the address in section *VII. Agency Contacts* of this *Notice* via overnight carrier. Please use a non-U.S. Postal Service, in order 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.

C. Submission Date and Time

1. Notice of Intent to Apply

Although it is not required, CNCS encourages you to submit a Notice of Intent to Apply. To do so, please state your intent to apply in an email to innovation@cns.gov by Tuesday, July 15, 2014. Please include the name of the applicant organization, address, contact person, and phone number in your Notice of Intent to Apply. The Notice of Intent to Apply helps CNCS plan an efficient application review process and allows CNCS to notify applicants directly if application materials are updated.

2. Application Submission Deadline

The application is due no later than **Thursday, July 31, 2014 by 5:00 p.m. EST**. Applications must arrive at CNCS by the deadline in order to be considered (see section *VI.B. Content and Form of Application Submission* for more information). Applications received after the deadline will be determined non-compliant and therefore not eligible for review and consideration. CNCS reserves the right to extend the submission deadline and will post any extended deadline in eGrants.

3. Late Applications

CNCS may consider an application after the deadline, but only if you submit an e-mail explaining the extenuating technical circumstance that caused the delay. CNCS will determine the admissibility of late applications on a case-by-case basis. However, please be advised that CNCS will not consider an advance request to submit a late application.

You must send the e-mail to LateApplications@cns.gov within the 24 hours immediately after the deadline. Communication with CNCS staff, including a program officer, is not a substitute

for sending a letter to LateApplications@cns.gov. If technical issues prevented you from submitting an application on time, please include your eGrants National Service Hotline ticket number in your e-mail. You may get a ticket number by calling the National Service Hotline before the deadline and explaining the technical issues that prevented you from submitting your application on time.

D. Intergovernmental Review

Applicants under this program are not subject to *Executive Order 12372: Intergovernmental Review of Federal Programs*.

E. Funding Restrictions

Cooperative agreements under this program are subject to the:

- Applicable Cost Principles under OMB Circulars A-21 (2 CFR part 220), A-122 (2 CFR part 230, or A-87 (2 CFR part 225)
- Uniform Administrative Requirements for grants under A-102 (45 CFR part 2541) or A-110 (45 CFR 2543 or 2CFR part 21)
- Federal Acquisition Regulations (FAR) if an award goes to a for-profit organization.

See www.whitehouse.gov/OMB/circulars for further information on the OMB Circular(s) that apply to your organization(s). Awards will also be subject to the law(s) under which the award is made (e.g., SAA), as well as specific terms and conditions established for cooperative agreements or defined in Provisions or Special Conditions attached to an award. If necessary, applicants will have an opportunity to negotiate conditions before they accept an award.

F. Submitting Match Verification Documentation

At the time of submission, applicants must 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 amount of federal grant funds applied for. For example, a first year request of \$1,000,000 needs to be accompanied by documentation of \$100,000 in cash on-hand or commitments at the time of application. Signed letters verifying match, as well as all other required documentation, can be sent via email to SIFApplication@cns.gov or via overnight carrier (non-U.S. Postal Service to avoid security-related delays in receiving mail from the U.S. Postal Service) to the following address:

Corporation for National and Community Service
ATTN: Office of Grants Policy and Operations/Social Innovation Fund Application
1201 New York Avenue NW
Washington, DC 20525

When submitting match verification by email, applicants should reference their application ID and organization name in the subject line of their email. Match verification, as well as all other documentation must be received by the application deadline. Submission of evidence of match by the application deadline is a compliance criterion.

V. APPLICATION REVIEW AND SELECTION PROCESS

A. Selection Criteria

Reviewers will assess the applications against the following Selection Criteria: Program Design, Organization Capability, Leadership and Team, and Cost-Effectiveness and Budget Adequacy. The weights assigned to each category are detailed in the following chart. Reviewers will assess application narratives against these Selection Criteria and weigh them accordingly.

Category	Percentage	Sub-Category	Percentage
Program Design	45	Goals and objectives	15
		Description of activities: Provision of TA or Deal Structuring Services	10
		Description of activities: Proposal for knowledge sharing	5
		Description of activities: Proposal to identify innovative, effective solutions	5
		Work plan and deliverables	10
Organizational Capability	30	Demonstrates track record in selecting and working with Sub-Grantees or Sub-Recipients	5
		Project experience with PFS, social financing and related activities	15
		Experience in project management	5
		Organizational commitment to PFS beyond grant	5
Leadership and Team	15	Team: Demonstrates capacity and experience for success	15
		Team leader: Expertise in relevant topics and track record of success	
Cost Effectiveness and Budget Adequacy	10	Budget justification	10
		Description of match sources and capacity	

Applicants will be required to provide an Executive Summary of their applications. Executive Summaries will be used to determine compliance with requirements and eligibility for the competition, but will not be used by reviewers to assess the quality of applications. In the Executive Summary, applicants should identify themselves as a proposal to Provide TA to Assess Feasibility and Develop PFS Capacity OR to Structure PFS Transactions.

In assessing applications, reviewers will examine the degree to which the applicant clearly and convincingly responds to the criteria below.

1. Program Design (45%)

For all applicants, reviewers will assess the extent to which the applicant:

a) Goals and Objectives (15 pts.)

For all applicants:

- Clearly identifies the theory of change for providing Feasibility TA Provide or Transaction Structuring for PFS Deals
- Articulates project objectives and relevance to the PFS Competition
- Specifies whether project will target a geography and/or social issue(s), or whether the project will take a broader approach, and provides explanation for proposed strategy
- Clearly identifies specific measurable outcomes that will be achieved through proposed program, as well as specific project deliverables
- Identifies value-added activities, including technical assistance or other services that will be offered to Sub-Recipients (or Sub-Grantees, as appropriate) to support their success in achieving these outcomes
- Describe how the proposed activities will strengthen the PFS field more broadly
- Describe how the proposed activities will lead to an increased awareness and understanding of PFS and outcomes-based financing as a viable funding mechanism among government, nonprofits, and investors;
- If applicable, clearly identifies how the proposed program addresses the funding priorities described in section *I.B. Funding Priorities*
- If the applicant is a current recipient of, or is under consideration for, other federal funding, clearly describes how the proposed SIF project is distinct from, or will supplement rather than duplicate, other federally funded projects

If applying to provide TA for Feasibility and Capacity Building:

- Describe how the proposed activities will strengthen the capacity of state and local governments with the resources and expertise needed to identify, assess, support, and scale evidence based solutions, and to engage in future performance-based financing arrangements

If applying for PFS Transaction Structuring:

- Describe how the proposed activities will ensure that high-quality PFS transactions have sufficient support to be well-implemented
- Describe how the proposed activities will increase awareness in the field about how to successfully structure PFS transactions, and lead to routinized and repeatable structures.

b) Description of Activities: Provision of TA or Deal Structuring Services (10 pts.)

If applying for Provision of TA:

- Articulates selection plan for identifying Sub-Recipients of TA services, including plan to

ensure an open, transparent competition, the estimated number of Sub-Recipients; the estimated range of Sub-Recipient awards, and a timeline outlining stages of selection process

- Defines menu of services to provide to Sub-Recipients in detail, and whether providing in-kind services, cash grants or both
- Describes capacity for reviewing the available evidence base for a specific issue area, and identifying models that would have a high likelihood of success in implementation in the local area
- Describes methodology for building capacity at Sub-Recipient level
- Identifies plans for helping to identify high-performing nonprofit service providers, when applicable
- Describes plan to provide “back-office” support, oversight and value-added services to team member(s) working directly with Sub-Recipients in an effort to advance TA projects
- Describes plan to ensure compliance with all legal and regulatory requirements, including strategy for providing legal services where necessary to Sub-Recipients

If applying for Transaction Structuring:

- Articulates selection plan for identifying Transaction Coordinators and demonstrates an understanding of the expertise, experience and characteristics needed by Transaction Coordinators, including experience in PFS financing, social impact bonds, state and local government, evaluation design and implementation and capital raising.
- Provides a clear plan to ensure strong oversight and support of Transaction Coordinators and that applicant has the resources needed to move projects towards success

c) Description of activities: Proposal for Knowledge Sharing (5 pts.)

- Describes how Grantee will support national evaluation of PFS Competition, including systems to collect and store information and ability to interface with the national evaluation team
- Describes how they will collect and disseminate knowledge, lessons learned and useful tools and tips stemming from each phase of the program that can benefit the broader social sector, including the need for an open-source sharing of all key project documents, including contracts, as well as documenting and sharing lessons learned in diverse public forums
- Supports building evidence for the field, including acquiring access to data and enhancing data analysis capacity

d) Description of Activities: Proposal to Identify Innovative, More Effective Solutions (5 pts.)

- Describes how the strategy or service delivery model is innovative or transformative as defined earlier in this *Notice*
- Identifies new social challenges or geographies not currently being served by most PFS projects
- Incorporates Grantees or Sub-Recipients who are new to the PFS field but have the expertise, networks and resources to strengthen the field

- Describes innovative tools and technology that will be used to advance and simplify aspects of projects

e) Description of Activities: Work plan and deliverables (10 pts.)

- Defines all project tasks and deliverables with associated timelines for the project period, including CNCS reporting requirements
- Details required staff time and positions needed to complete tasks, including whether staff are part of the existing team or will need to be hired or contracted

2. Organizational Capability (30%)

For all applicants, reviewers will assess the extent to which the applicant:

a) Demonstrates track record in selecting and working with Sub-Grantees or Sub-Recipients (5 pts.)

- Makes a compelling case for ability to achieve project goals and conduct project activities by describing track record of success and specific skills, resources and abilities that makes applicant highly and/or uniquely qualified
- Demonstrates capacity to design and implement an open process to select Sub-Grantees or Sub-Recipients as outlined in the application
- Demonstrates track record in working with Sub-Grantees or Sub-Recipients and stakeholders outlined in application, including public entities (federal, state and local) and nonprofit organizations
- Demonstrates existing relationships with local stakeholders or capacity to rapidly develop these relationships

b) Project experience with PFS, social financing or related activities (15 pts.)

Demonstrates prior and ongoing experience in similar PFS or social financing projects. For Provision of TA to Assess Feasibility and Develop PFS Capacity, this should include providing TA in the PFS context or to similar Sub-Recipients, conducting feasibility studies, developing RFPs on behalf of municipalities, and providing client support during deal negotiations and execution. To Structure PFS Transactions, this should include deal coordination and management, financial modeling and estimation of ROI and cost-benefit analysis, marketing the deal to potential investors, capital raising, and developing contracts and supplementary documentation.

c) Experience in project management (5 pts.)

- Demonstrates experience managing and overseeing similar projects with specific examples of prior accomplishments and outcomes
- Describes compelling examples of setting and implementing goals with its current and past Sub-Recipients and partners
- Demonstrates capacity to manage Sub-Recipients throughout project period, and ability to respond to sudden increases or decreases in project activity
- Demonstrates experience managing federal grants, including plans for ensuring compliance with federal guidelines at Grantee and Sub-Recipient level OR (if new to federal funding) provides evidence that they have the means and plan to acquire

necessary capacity to ensure compliance with federal grant and financial management requirements

- Proposes an approach to hold both Sub-Recipients and themselves accountable for meeting program goals

d) Organizational commitment to PFS beyond grant (5 pts.)

- Demonstrates commitment to continue the investment priorities articulated in this grant application beyond the project period
- Describes a strategy for ensuring Sub-Recipients, such as local government entities, are positioned to continue pursuing PFS beyond the project period

3. Leadership and Team (15%)

For all applicants, reviewers will assess the extent to which the applicant:

a) Proposed team – including partnership proposed – capacity and expertise (5 pts.)

- Presents a qualified roster of staff members that have experience, capacity and track record to effectively implement the proposed program. This includes the involvement of management and board members
- Describes roles and responsibilities of each team member, ensuring all key facets of the project have clear owners with appropriate experience.

b) Proposed project lead – expertise in PFS or social financing, experience working with relevant stakeholders (10 pts.)

- Demonstrates expertise, based on past experience, in PFS, social financing or similar social financing projects
- Demonstrates record of leadership, tenure with organization, and project buy-in from organization's governance structure and key stakeholders

4. Cost Effectiveness and Budget Adequacy (10%)

For all applicants, reviewers will assess the extent to which the applicant:

a) Budget justification (5 pts.)

- Proposes a reasonable and justifiable budget that will adequately support program activities and achieve desired outputs and outcomes
- Demonstrates how the program has or will obtain diverse non-federal resources for program implementation and sustainability
- Describes expenses by category of activities. Expenses should be divided in key project phases and milestones, such as pre-award, planning through Sub-Recipient selection, post Sub-Recipient selection and programmatic evaluation completion
- Describes annual budget per year for each year of proposed project period, up to three years

b) Match resources (5 pts.)

- Presents a compelling plan for securing the total match commitment for their program, including support for Sub-Recipients if providing matching funds

- Presents a detailed description of required 10% of match already raised, in cash
- Describes planned sources of match, describing both cash and in-kind, if applicable, per the parameters outlined earlier in this *Notice*

5. Additional Balancing Characteristics and Priorities that will be Considered During the Review Process

In selecting applicants to receive awards under this *Notice*, CNCS will assess the criteria listed above but will also take into account balancing criteria, such as geographic and economic factors, and optional funding priorities. CNCS will take into account the breakdown of projects between the two approaches to ensure a diverse landscape.

B. Review and Selection Process

The assessment of applications involves a wide range of considerations. CNCS will engage qualified reviewers with relevant knowledge and expertise in pay for success, social impact bonds, social innovation, philanthropy, evidence-based solutions, nonprofit evaluation, opportunity youth, healthy futures, economic opportunity and youth development to provide insight and input on the eligible applications.

1. Selection Factors

The review and selection process is designed to:

- Identify outstanding eligible applications that demonstrate:
 - High alignment with the Selection Criteria
 - Alignment with priorities identified in section *I.C Funding Priorities* of this *Notice*
- Compile a balanced portfolio based on the following characteristics:
 - Provision of TA to Assess Feasibility and Promote Capacity Building
 - Structure PFS Transactions

2. Stages in the Review and Selection Process

a) Compliance Review

CNCS staff will review all applications to determine compliance with the eligibility requirements below. The compliance review does not include reading the entire application. Applications that do not meet all compliance criteria will not be considered.

In order to be compliant and advance to the application assessment, an applicant must:

- Be an eligible organization or partnership as defined in section *III.A. Eligible Applicants*
- Submit an application by the submission deadline
- Submit an application that is complete, in that it contains all required elements and follows the instructions provided in section *IV.B. Content and Form of Application Submission*
- Submit a budget that reflects a SIF grant between \$200,000 and \$1,800,000 annually
- Submit a budget that reflects a plan to distribute at least 80% of awarded federal funds to

Sub-Recipients in grants or value of services provided

- Demonstrate either cash-on-hand or commitments (or a combination thereof) toward meeting 10% of the required first year matching funds, based on the amount of grant funds requested

b) Expert Review

A team of reviewers comprised of internal CNCS staff and PFS experts in the federal government will assess applications based on the Program Design, Organizational Capability, Leadership and Team, and Cost Effectiveness and Budget Adequacy selection criteria. Each application will be reviewed by at least three expert reviewers. Reviewers will be selected on the basis of expertise in SIF implementation, PFS, social innovation financing, growing the impact of successful programs, nonprofit management, program evaluation and/or the focus areas.

c) Post-Review Quality Control

After the expert review process is complete, CNCS staff will review the results for fairness and consistency. At this stage, some applications may be selected for a post-review quality control assessment.

d) Risk Assessment Evaluation

CNCS staff will evaluate the risks to the 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, 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 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
 - 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
 - "Do Not Pay"
- Reports and findings from single audits performed under OMB Circular A-133 and findings of any other available audits

- IRS Tax Form 990
- 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

e) Clarification Process

Following the review process and risk assessment evaluation, CNCS might ask some applicants to provide clarifying information. CNCS staff uses clarifying information to inform funding recommendations. A request for clarification does not guarantee a grant award. If an organization does not respond by the deadline to a request for clarification, CNCS will remove its applications from consideration. Be prepared to provide documentation of eligibility criteria and other support documentation described in the narrative, including demonstrated commitment of key experts and team. CNCS staff may conduct a site visit inspection, as appropriate.

f) Program Staff Recommendation

CNCS staff will recommend applications for selection based on the results of the Expert Review, Post Review Quality Control, Risk Assessment Evaluation, Applicant Clarifications, and the priorities and selection factors stated in this *Notice*.

g) Selection for Funding

CNCS seeks a diversified portfolio. The Chief Executive Officer or designee will select the final portfolio based on the staff recommendations, priorities, and selection criteria.

CNCS reserves the right to change the review and selection process depending on the number of applications received or extenuating circumstances.

3. Anticipated Announcement and Award Dates

CNCS anticipates announcing the results of this competition before September 30, 2014. Successful applicants will receive an official notification that their application was selected for an award. This notification is not an authorization to begin grant activities. The Notice of Grant Award signed by the grant officer (or equivalent) is the authorizing document for grant activities, and will be sent at a later date. Unsuccessful applicants will receive a notification that their application was not recommended for funding.

4. Feedback to Applicants

Following grant awards, compliant applicants will receive summary comments from the Expert Review. This feedback will be based on the review of the original application and will not reflect information that may have been provided during clarification.

VI. AWARD ADMINISTRATION INFORMATION

A. Award Notices

CNCS will make awards following the Grantee selection announcement and prior to September 30, 2014.

CNCS is not obligated to make any awards as a result of this *Notice*.

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

B. Administrative and National Policy Requirements

The Notice of Grant Award will be subject to and incorporate the requirements of section 198K of the National and Community Service Act of 1990, as well as other applicable sections of the Act. The Notice of Grant Award will also incorporate the approved application and budget as part of the binding commitments under any cooperative agreement. Awardees will be subject to the following (as applicable):

- 2 CFR Part 175: Award term for trafficking in persons
- 2 CFR Parts 180 and 2200: Nonprocurement Debarment and Suspension
- 2 CFR Part 215 and 45 CFR Part 2543: Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations (OMB Circular A-110)
- 2 CFR Part 220: Cost Principles for Educational Institutions (OMB Circular A-21)
- 2 CFR Part 225: Cost Principles for State, Local and Tribal Governments (OMB Circular A-87)
- 2 CFR Part 230: Cost Principles for Nonprofit Organizations (OMB Circular A-122)
- 45 CFR Part 2541: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- 45 CFR Part 2545: Government-wide Requirements for Drug-Free Workplace (Financial Assistance)
- 45 CFR Part 2555: Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance
- The Single Audit Act (31 U.S.C. Chapter 75) and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations (http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf)
- This grant and employees working on this grant will be subject to the whistleblower rights and remedies in the pilot program on contractor employee whistleblower protections established at 41 U.S.C. 4712 by section 828 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. 112-239)

C. Use of Material

To ensure that materials generated with CNCS funding are available to the public and readily accessible to Grantees and non-grantees, 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 (45 CFR §§ 2543.36; 2541.30).

D. Reporting Requirements

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

Evaluation reports (interim and final) will be submitted to CNCS for review. Final evaluation reports will be made available to the public.

In addition, at the end of the grant period, Grantees 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 (www.FSRS.gov) on all sub-grants over \$25,000, and may be required to report on executive compensation for the recipient organization and its Sub-Recipients. Grantees and Sub-Recipients must have the necessary systems in place to collect and report this information. See 2 C.F.R. Part 170 ([2 CFR Part 170](#)) for more information and to determine how these requirements apply.

While applications will not be evaluated on these criteria, Grantees will be expected to have data collection and data management policies and practices that provide reasonable assurance that they are giving CNCS high quality performance measure data. At a minimum, Grantees should have policies and practices that address the following five aspects of data quality:

- The data measures that it intends to measure
- The data reported is complete
- The Grantee collects data in a consistent manner
- The Grantee takes steps to correct data errors
- The Grantee actively reviews data before submission

In addition, CNCS expects Grantees to hold Sub-Recipients and Sub-Grantees accountable for their progress against agreed-upon indicators of success. Grantees will be asked to report Sub-Recipient and Sub-Grantee performance information to CNCS. As part of knowledge collection and dissemination efforts, all or a portion of reports submitted may be made available to the public.

PFS Competition Grantees 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 Sub-Recipients and match funders
- Encourage Sub-Recipients and match funders to provide information about program progress and to participate in SIF network events and conversations
- Require attendance from senior-level leadership and SIF project staff at annual meeting
- Provide copies of intermediate and final evaluation findings before making those findings public

E. Continuation Funding Information and Requirements

CNCS may require Grantees to participate in a continuation process in order to receive funding for activities in years 2 and 3.

Grantees will submit a continuation request. In addition to the continuation submission, the review will also be based on progress reports, the federal financial report (FFR), and CNCS staff knowledge of the grant program. To be approved for continued funding, Grantees must demonstrate satisfactory performance with respect to key program goals and requirements, as well as compliance with the terms and conditions of the grant.

VII. AGENCY CONTACTS

The Notice and Application Instructions are online available at:
<http://www.nationalservice.gov/build-your-capacity/grants/funding-opportunities>

The TTY number is 800-833-3722.

For more information or a printed copy of related material(s), call (202) 606-3223 or send a note to innovation@cns.gov.

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 Thursday, 9:00 a.m. to 8:00 p.m. Eastern Time. You can also use this link: <https://questions.nationalservice.gov/app/ask> for questions. Be prepared to provide the application ID, organization's name, and the name of the Notice to which you are applying.

The mailing address for submitting application material is:
 Corporation for National and Community Service
 ATT: Office of Grants Policy and Operations/Social Innovation Fund Application
 1201 New York Avenue, NW
 Washington, DC 20525

VIII. OTHER INFORMATION

1. Technical Assistance

CNCS will host technical assistance calls and/or webinars to answer questions about the funding opportunity and about eGrants and 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. Edward M. Kennedy Serve America Act

For more information regarding the Edward M. Kennedy Serve America Act, please go to: http://www.nationalservice.gov/pdf/09_0331_recovery_summary.pdf.

3. Re-Focusing of Funding

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