



2014 Social Innovation Fund Pay for Success Grant Competition Notice of Funding Availability Fact Sheet

Up to \$11.2 million in grants available to advance emerging models in Pay for Success

What is Pay for Success?

Pay for Success (PFS) is a Presidential priority that offers new ways to support social sector innovation, driving better results and more effectively using government resources. Pay for Success is an innovative financing model that leverages philanthropic and private dollars to fund services up front, with the government paying after they generate results. Unlike programs structured around processes rather than measurable results, Pay for Success provides greater flexibility for state, local and tribal governments to implement evidence-based solutions, carefully test promising innovations, and scale programs that work.

Who is involved in a Pay for Success project?

- *Government agency* that defines the desired outcomes and pays once they are achieved
- *Intermediary* that enters into a contract with the government agency to achieve outcomes, secures up-front financing from philanthropic and other investors, and works with social services providers to achieve outcomes using evidence-based practices
- *Social services provider* that implements an evidence-based approach to delivering services with financing from philanthropic or other investors
- *Private or philanthropic investor(s)* which provide financing to support the social services provider(s) and are repaid by the government once outcomes are achieved
- *Independent third-party evaluator* who uses an agreed-upon methodology to verify the extent to which outcomes are achieved in order to determine government payments

Where is Pay for Success being implemented?

Active PFS transactions are underway in states including NY, MA and UT, addressing issues such as recidivism, workforce development, and early childhood education. Elsewhere, states and municipalities are pursuing PFS strategies supporting interventions to address a number of social challenges, from health interventions to chronic homelessness.

Why is Pay for Success financing important?

- *Tight budgets and growing need* - At a time when all levels of government are facing cutbacks, Pay for Success offers a financing solution for preventive services, which are often the first services to get cut in hard budget times even though they lead to reduced costs and better outcomes in the long-term. It offers a new approach to invest in the critical services for vulnerable populations that need more – not less – support.
- *Leverage private sector investors to scale effective interventions* – Philanthropic and other private organizations provide the up-front capital for social services that, when successful, achieve measurable outcomes that improve the lives of families and individuals and reduce their need for future services.
- *Achieve better outcomes for federal, state and local governments in a diverse range of program areas* – PFS emphasizes preventive services provided by innovative, data-driven service providers. This allows different levels of government to collaborate to fund effective programs that can result in government savings.

- *Minimizes risk to the government and maximizes return on taxpayer dollars* - Because the government pays only for demonstrated results, private sector investors bear the primary financial risk until outcomes are achieved. This will increase the government's return on investment in social programs.

What is the Social Innovation Fund Pay for Success Grant Competition?

The Social Innovation Fund (SIF) is a key White House initiative and program of the Corporation for National and Community Service (CNCS) that has the simple but essential goal of finding solutions that work, and making them work for more people. In line with SIF's 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.

The PFS Competition aims to:

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

To achieve these goals, the PFS Competition seeks to fund activities that advance PFS projects and transactions in the near term. It will do so by supporting technical assistance to 1) **Assess Feasibility and Develop PFS Capacity** and 2) **Structure PFS Transactions**. Supported activities will contribute to the infrastructure necessary to implement future PFS projects. Funding priority will be given to applications which focus on Youth Development, Economic Opportunity and Healthy Futures. In order to encourage innovation and expansion of the PFS model, the competition will prioritize applications which target social issues, geographic areas and populations which have not been part of PFS projects to date.

Who can apply?

Eligible applicants include nonprofit organizations, city and state governments, and eligible partnerships.

How much funding is available?

The PFS Competition will provide up to \$11.2 million in grants during the 2014 fiscal year to be distributed to grantees over three years. Each grantee will be awarded between \$200,000 and \$1,800,000 per year over three years. Every SIF grant dollar must be matched by the grantee with non-federal dollars and in-kind support.

When are applications due?

- Notice of Intent to Apply (Encouraged but not required) - July 15, 2014
- Application deadline - July 31, 2014, 5:00 PM Eastern Standard Time
- Successful applicants will be notified before September 30, 2014

Where can I get more information and assistance?

- The PFS Competition Notice and Applications Instructions can be found online: www.nationalservice.gov/for_organizations/funding/nofa.asp
- The schedule of technical assistance webinars on the PFS Competition can be found online: <http://www.nationalservice.gov/build-your-capacity/grants/funding-opportunities>

For further information or to ask questions, please call 202-606-3223 or email innovation@cns.gov.