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Executive Summary

The South Carolina-based Institute for Child Success ("ICS"), a leader in Pay for Success finance for early childhood interventions nationally, proposes to provide TA to help jurisdictions use PFS financing to improve outcomes for children and families. In 2014, ICS organized the first national conference on PFS for early childhood with the business organization ReadyNation. Jurisdictions assembled stakeholder teams and competed for slots in that conference, which 93% of participants found "extremely helpful" or "very helpful" to implementing PFS financing. ICS proposes to leverage the Pritzker Children's Initiative's investment in this conference and provide TA to a subset of the 30 participating jurisdictions annually. TA for each jurisdiction will last 9-12 months and will use an innovative coaching model, where Sub-Recipients will commit specified staff to the project and ICS will coach and assist them to analyze feasibility, convene stakeholders and otherwise assess and prepare for PFS financing. Partnering with the Nonprofit Finance Fund, ICS will also build capacity of early childhood service providers.

ICS's 9-month feasibility study on the Nurse-Family Partnership enabled SC to move smoothly into PFS transaction structuring, which should soon result in tens of thousands of new dollars for services to nearly 4,000 families in need. The TA, the conference, publications and other capacity building under this grant will catapult early childhood PFS forward, resulting in numerous PFS transactions for diverse EC programs, greater government, funder and provider capacity to track and manage outcomes and early childhood systems that operate at scale to meet community needs. Our nation's children, families and communities will benefit.

Program Design

Goals and Objectives (15 pts.)

Theory of Change

The Institute for Child Success ("ICS") proposes to provide technical assistance to advance PFS financing for early childhood interventions. Early childhood ("EC") interventions are well suited to PFS financing because there is substantial research showing that high-quality EC programs produce net benefits for society and cost savings to government. As new research on brain development emerges, people from across the political spectrum increasingly agree that these programs are a good investment.

There is strong interest from PFS investors in early childhood projects. One early childhood deal, which funds a pre-kindergarten program in Utah, has been completed; payment is based on avoided

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special education through 6th grade. Another PFS pre-K program is being negotiated in Chicago. In addition, based largely on ICS's 2013 feasibility study on using PFS financing to scale the Nurse-Family Partnership ("NFP") home visiting program, South Carolina is currently negotiating the state's first PFS project, which will finance home visiting services for thousands of families on Medicaid.

Government officials responsible for child outcomes have limited (but growing) understanding of and interest in PFS financing. A handful of EC service providers, such as NFP, are interested in and ready for PFS financing; many other providers need to develop the evidence base and capacity to manage to outcomes. ICS believes that, with the education, capacity building and technical assistance this grant provides, the number of PFS transactions financing early childhood interventions can grow exponentially in the next 10 years. Moreover, even for jurisdictions and programs that do not end up using PFS financing, the increased capacity to track and manage to outcomes will result in better results for America's children.

Our theory is that 4 strategies, employed together, will catapult this field forward:

- 1) Education. Government officials in the executive and legislative branches, service providers, early childhood researchers/experts and funders need to gain a sophisticated understanding of opportunities and challenges of PFS financing of early childhood interventions.
- 2) Analysis that is shared in EC and PFS fields. We need to identify which EC interventions are most appropriate and ready for PFS financing and share the return on investment and other feasibility analysis. We need to identify other outcomes and programs that may be appropriate for PFS but need more work, and get that work started.
- 3) Capacity building for government officials and providers. Government officials responsible for EC programs and outcomes, budget and procurement officials and policy officials need to be able to conduct the analysis needed to plan a PFS transaction and need the capacity to issue a PFS contract. Service providers need capacity to track and demonstrate their outcomes and to scale operations while maintaining fidelity to successful program models.
- 4) Assistance to expedite deals. Jurisdictions interested in implementing PFS financing need assistance from experts in PFS financing and EC to move from interest to implementation as efficiently as possible.

As detailed below, ICS is proposing to implement these strategies through its activities under this NOFA. By the end of the 3-year grant cycle we expect to see these interim outcomes:

1. Government, investors, providers and philanthropies will understand what PFS financing requires and where it is useful.

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2. Applicability of PFS financing for key segments of the EC field will have been analyzed.
3. The most promising EC interventions for PFS financing will have been identified and feasibility demonstrated through public feasibility studies.
4. Initial results from the first EC PFS deals (Utah, Chicago, SC) will be available.
5. PFS financing will have been launched for other EC interventions.
6. Other EC interventions will be building their evidence base and capacity to manage to outcomes, some through "pre-SIB" demonstrations like the asthma project in Fresno, CA.
7. Contracts and other materials from first EC PFS transactions will be publicly available to bring down transaction costs for future transactions.

In 10-15 years, we believe we can reach a state where:

1. Government and service providers all routinely measure their outcomes.
2. Government and service providers are held accountable for outcomes.
3. Outcomes of EC programs are transparent to government, providers, investors and the public.
4. New capital routinely comes to EC interventions from private investors, which partner with government and providers to maximize outcomes.
5. EC interventions with the strongest evidence base are serving a substantial portion of the people who need them.
6. New interventions are being developed, tested, and evaluated.
7. Government funding has shifted from crisis response (e.g. prisons, foster care) to prevention, funding a robust system of effective EC interventions.
8. We see improved outcomes for all of America's children.

ICS Approach

ICS, in collaboration with ReadyNation and with funding from the Pritzker Children's Initiative, hosted the first national conference on PFS financing for early childhood programs at Bank of America in Charlotte, North Carolina in March 2014. This conference was intended to introduce well-crafted teams of philanthropic, government, provider and academic representatives to the challenges, opportunities and process of putting together PFS projects. Teams were selected by an open competitive process run jointly by ICS and ReadyNation. Roughly 30 teams applied to participate and 17 were selected, based on criteria including the composition of the team, progress toward PFS and geographic diversity.

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ReadyNation, ICS and the Pritzker Children's Initiative intend to host a second conference in Chicago in 2015. The current plan calls for doubling the meeting's size and providing limited TA to teams participating. We propose to leverage the Pritzker Children's Initiative investment by deploying the SIF investment to provide more intensive TA to teams participating in the conference. This will allow ICS to provide intensive TA to 12 teams over 3 years with a goal of yielding 5 early childhood PFS deals in 5 years. We propose hosting a competition for intensive TA along with the competition for teams seeking to attend the 2015 conference. We believe that hosting the two competitions together will:

- * Give TA participants a kick-off experience that includes the mechanics of PFS, challenges to implementing PFS in state and local governments, networking with national leaders and relationship building with jurisdictions undertaking similar projects.
- * Produce efficiencies in competition administration. Participants will complete one application for the conference and intensive TA, which will maximize applicants for both categories.

Project objectives and relevance to the PFS Competition

ICS is interested in PFS financing, and outcome-based financing generally, as a means to an end: improving the wellbeing of American children, families and communities. Creating accountability for outcomes will steer resources to the most effective programs. Tracking outcomes will give programs tools to increase their impact. The PFS feasibility analysis process forces jurisdictions, programs and funders to envision, and plan for, what a system looks like when effective programs are brought to scale. New resources from private investors will enable effective EC interventions to serve more of the children who need them. And when those outcomes are achieved, government funds will shift from responding to crises to preventing problems in the first place.

Thus, this project aims to:

1. Educate government, investors, providers and philanthropies about what PFS financing for EC requires and how to pursue it;
2. Identify the EC interventions that have the highest likelihood of success and largest social ROI and analyze how PFS financing could work through public feasibility studies;
3. Facilitate at least 5 new PFS transactions for EC interventions that are appropriate and ready;
4. Identify specific steps to prepare other jurisdictions and interventions for PFS financing and provide assistance so they can engage in PFS transactions in the near future;

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5. Provide assistance and capacity building so many EC interventions build their evidence base, regularly track outcomes and use those metrics to manage. For some programs, help launch "pre-SIB" demonstrations like the asthma reduction project in Fresno, CA;
6. Help 12 diverse jurisdictions develop a strong internal capacity to identify, assess, support and scale evidence-based solutions through PFS financing and otherwise; share lessons and resources to help the dozens of additional jurisdictions that participate in the ReadyNation/ICS/Pritzker conference build their capacity; and
7. Publicize feasibility studies, contracts and other materials from the TA and the EC PFS transactions to bring down the time required and the transaction costs for future deals.

Issue targeted

Consistent with its mission, ICS will focus exclusively on EC interventions that improve outcomes for children, families and communities. These programs can be categorized roughly into: family strengthening programs, child care programs, pre-kindergarten programs, home visiting programs and early detection/intervention programs for children with disabilities or developmental delays. The focus will be national, although ICS will be sure to include jurisdictions in the South, including rural and economically distressed areas.

Outcomes and deliverables

Outcome 1: Teams from 100 jurisdictions educated in depth about PFS in early childhood at 3 Early Childhood Pay for Success conferences.

Deliverables:

- a. Agendas and materials from 3 PFS conferences
- b. Web page containing participating jurisdictions and materials
- c. An online platform for participating jurisdictions to share information, especially documents necessary for PFS deals

Outcome 2: 12 jurisdictions will have determined whether PFS is appropriate to advance outcomes for children and families, assessed feasibility of specific PFS financing opportunities and prepared for PFS transactions if warranted (or other outcome-based funding if not).

Deliverables:

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- a. 8 to 12 feasibility studies
- b. RFP's, RFI's or other mechanisms to launch PFS contracts in 6-10 jurisdictions

Outcome 3: Governments in at least 12 jurisdictions will have the capacity to identify opportunities for PFS financing and launch a PFS transaction.

Deliverables:

- a. 12 to 36 government staff trained in PFS analysis and outcomes-based contracting
- b. An online network of these trained staff so they can assist each other

Outcome 4: Up to 75 professionals from 12 selected EC service provider organizations (including multi-service providers) will understand what is necessary for outcomes-based financing and will have instituted concrete steps to build that capacity.

Deliverables:

- a. 3 intensive, 2-day provider capacity building "boot camps" conducted in partnership with the Nonprofit Finance Fund
- b. 2 hours of one-on-one meetings for each of the 12 service provider organizations to provide insights and information on the design of their plans for building capacities and expertise in readiness for outcomes-based financing: (i) measuring outcomes, (ii) planning for intellectual and human capital required to support outcomes-based financing (e.g., appropriate analytical approach and finance personnel capabilities to support assessing the full cost of delivering EC services), (iii) planning for IT infrastructure and human capital necessary to measure and account for program and financial outcomes.
- c. 3-5 new early childhood service providers actively pursuing PFS financing

Outcome 5: Early childhood policymakers, researchers, advocates, service providers and funders, and those interested in PFS, will understand how PFS financing can apply to EC interventions and what needs to be done to be ready for PFS financing.

Deliverables:

- a. At least 3 publications on how PFS financing applies to early childhood interventions
- b. At least 4 webinars per year on PFS financing as it applies to early childhood
- c. At least 2 presentations per year at conferences on PFS financing or early childhood

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Value-added activities:

ICS proposes a set of activities (see next section) that together will increase the number of EC PFS transactions and build a substantial pipeline for future transactions:

1. Publicize & hold an annual competition for jurisdictions to participate in an EC PFS conference and to receive TA to assess and prepare for specific EC PFS transactions
2. Convene an annual EC PFS conference for invited jurisdictions to provide extensive education and networking to advance PFS work
3. Provide TA to at least 12 jurisdictions using a mentoring model that builds capacity of government staff to improve outcomes for children through PFS; with NFF, provide capacity building workshops and follow-up TA to 45 service providers in those jurisdictions
4. Assess TA methodology and make improvements
5. Conduct feasibility studies (part of TA) assessing whether and how PFS financing applies
6. Identify the most promising EC interventions for PFS financing and share analyses
7. Analyze issues to be addressed for PFS financing to work for specific types of EC interventions (such as child care) and share analysis with the EC field
8. Produce publications, host webinars, and make presentations to educate a wide range of government officials, service providers, funders, investors and researchers about the benefits, challenges and practicalities of PFS financing to expand effective EC interventions
9. Participate in SIF evaluation and other SIF learning and sharing opportunities

How the proposed activities will strengthen the PFS field

Because EC programs are diverse and well suited to PFS finance, if we demonstrate that PFS finance works for them, the number of PFS transactions in the US could explode. Given a viable opportunity to invest in programs to help our 5 million young children, new private investors will enter the field. Further, unlike recidivism reduction, savings from EC programs are often distributed among multiple agencies and levels of government over many years. Figuring out a way to address this challenge will pave the way for many more PFS deals in other areas.

Increasing awareness and understanding of PFS

ICS has already produced 3 publications and several blog posts that have been widely distributed to governments, service providers, philanthropies, investors and advocates. ICS staff have presented at the National Governor's Association, the National Conference of State Legislatures, and many other

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national meetings of EC stakeholders. In addition, ICS has presented to and educated multiple, diverse audiences in South Carolina, North Carolina, Georgia, and Virginia about PFS financing. As part of this project, ICS will further increase understanding through:

- * Publicizing the TA competition annually to jurisdictions across the country;
- * Holding an annual early childhood PFS conference;
- * Presenting at least 10 times per year to audiences of government officials, service providers, investors, and others interested in EC and PFS financing;
- * Producing at least 3 additional publications on PFS financing for early childhood;
- * Conducting at least 4 webinars per year on specific issues such as what implementation science has found about how to scale up programs to achieve the best results;
- * Providing TA that will promote in-depth understanding in specific jurisdictions; and
- * Participating in CNCS/SIF knowledge sharing efforts.

How the program addresses SIF funding priorities

Early childhood interventions promote Youth Development: substantial research shows positive impact on success in school and productive, healthy and safe lives. Some interventions, (e.g. NFP) promote Healthy Futures by reducing smoking and addressing mothers' medical issues while teaching parents to get preventive health care for their children. Early childhood programs such as subsidized high-quality pre-K provide Economic Opportunity by enabling low-income parents to participate in the labor force. And the EC sector as a whole employs significant numbers of low-income people; the PFS efforts will not only create more jobs but also work to ensure living wage salaries.

ICS will also focus on Traditionally Underserved and Underrepresented Geographic Areas and Populations by ensuring that the South and rural and economically depressed communities receive TA. In "Taking Pay for Success Financing to the South," (Stanford Social Innovation Review online, January 21, 2014) ICS argued that PFS financing could work for rural and economically depressed communities in the South. ICS has taken the lead in advancing PFS financing not only in SC where ICS is based but also in North Carolina, Georgia, and Virginia. ICS has distinguished itself for work in rural communities through its Opportunities and Challenges in Rural Communities Working Group, a 2013 summit on EC challenges in rural communities and a publication on early childhood resource gaps in rural communities.

Finally, ICS plans to prioritize and encourage government savings in addition to improving social outcomes. Most evidence-based EC interventions produce more savings to government than they cost;

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the challenge is that savings tend to accrue in the budgets of multiple government agencies at different levels of government over sometimes long periods of time. ICS has experience working with SC to address this challenge and will work with other jurisdictions to continue to develop feasible solutions.

How the program will strengthen the capacity of state and local governments

ICS will use an innovative TA method that involves mentoring and supervising sub-recipient staff to enable them to conduct much of the analysis, information gathering and planning required for PFS financing. This method will not only educate state and local governments about what is required to assess feasibility and prepare for PFS financing, but it will also give them valuable experience actually conducting the analysis and working through challenges that arise (with coaching). At the end of the process each jurisdiction should have the capacity--and the confidence--to assess and pursue other PFS opportunities without assistance.

Description of Activities: Provision of TA (10 pts.)

Plan for identifying Sub-Recipients of TA services

ICS will run the TA competition in conjunction with the competition for the ReadyNation national conference on EC PFS. It will be publicized on ReadyNation's extensive listserv, through the National Conference of State Legislatures' Early Learning Fellows, the National Association for the Education of Young Children, the Ounce of Prevention, other EC organizations, NFF's payforsuccess.org and other organizations involved in PFS. Proposed selection criteria (to be finalized with CNCS and clearly stated in the application) are: whether the team includes key stakeholders needed for a PFS transaction; steps taken to explore PFS; whether the jurisdiction is willing to commit staff to conduct the PFS analysis, secure data and move the project forward (ICS will specify the types of staff and estimated time required); the need for EC programs in the jurisdiction; if a specific intervention is targeted, the evidence base for the intervention; and whether it contributes to ICS's goal of serving a diverse group of jurisdictions and EC program types.

We will work with CNCS to determine the final selection process; we propose to convene an expert panel to judge the TA portion of the applications, which would include representatives from ICS, SIF, ReadyNation and 2-3 EC program experts who would receive the applications and a scoring matrix and then participate in a 2-hour call to discuss those scoring in the middle range. ICS used a similar

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process for the first EC PFS conference. We plan to select about 34 jurisdictions to participate in the conference and 4 to receive TA each year. Each jurisdiction will receive TA valued at approximately \$100,000 lasting 9-12 months. (ICS's SC feasibility study took 9 months and the full engagement took 12 months and cost \$100,000.) Based on our experience running the competition for the ReadyNation EC PFS conference, we propose the following timeline for future competitions:

October 15th - Competition notice distributed

November 5th - Notice of Intent due and teams applying are posted on ReadyNation website to facilitate collaboration

November 30th - Applications due; review process begins with CNCS

January 15th - Selection committee conference call

January 20th - Notices of decisions sent out (by email)

February 10th - Final attendance and team makeup due

February/March - Teams selected for intensive TA receive their first TA to begin identifying goals for PFS project and desired outcomes

Late March - Early Childhood PFS Conference

Menu of services to provide to Sub-Recipients

ICS will offer jurisdictions assistance:

- * Specifying outcomes they want to improve through PFS financing and calculating baselines;
- * Assessing the evidence base for EC interventions and assessing the likelihood of successful implementation and impact locally;
- * Calculating costs and benefits, including savings produced, by specific interventions;
- * Analyzing which agencies at which levels of government realize savings and benefits;
- * Assessing the capacity of service providers for interventions of interest;
- * Building capacity of providers for PFS finance, managing to outcomes, and effective scaling;

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- * Quantifying the target populations for specific interventions, determining unmet need and developing realistic plans for scaling programs to reach the underserved;
- * Calculating how outcomes will change and savings if specific interventions are expanded;
- * Identifying stakeholders needed for a successful PFS transaction;
- * Educating and building support among a wide range of stakeholders (e.g. via a working group);
- * Developing strategies to engage and build support among legislators;
- * Preparing RFI's or other documents to begin a procurement process;
- * Learning about and meeting intermediaries, investors, and other players in the PFS field; and
- * Connecting with other places undertaking similar projects to share resources & experience.

Capacity for reviewing evidence base and identifying models with high likelihood of success

ICS has 2 staff with substantial experience reviewing empirical research and program data and training others to do so. In 15 years as a senior manager at the Vera Institute of Justice, Megan Golden regularly reviewed research (working closely with Ph.D. researchers) to advise jurisdictions on the most effective and practical interventions. She trained numerous staff to review evidence and developed a curriculum, funded by the Ford Foundation, to train Chinese PhDs to evaluate empirical evidence.

ICS Policy Counsel Emily Carroll, Ph.D., has expertise in social program evaluation and data management. However, we believe it is most effective for jurisdictions to assess programs by consulting with experts in EC programs and research methodology to ensure that their own assessments are accurate and to give added credibility to resulting decisions. ICS will coach jurisdictions to consult with at least 3 experts as it assesses programs: 1 or 2 authors of meta-analyses, an EC academic leader (ICS has relationships with several of these leaders), a federal program administrator if possible, and someone from a similar jurisdiction that has experience with relevant programs.

Methodology for building capacity at Sub-Recipient level

ICS plans to use an innovative TA method that involves mentoring and supervising sub-recipient staff to enable them to conduct much of the analysis, information gathering and planning required for PFS financing. Rather than doing most of the work for the jurisdiction receiving the assistance, ICS will specify in the application the level and time commitment of sub-recipient staff that the jurisdiction will need to commit to take advantage of the technical assistance and applicants will have

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to commit to providing appropriate staff. ICS will then work with the designated staff to develop a work plan and schedule key milestones, meetings and deliverables.

The Institute will make resources from other EC PFS efforts available to the jurisdiction and coach the staff in completing the steps of the feasibility assessment and other preparation for PFS financing. We will visit the jurisdiction at key points in the process (approximately 3 visits within 12 months), will have regular meetings with local staff to monitor progress and will be in frequent communication with the sub-recipient staff conducting the work. For example, ICS has promoted the use of statewide (or city/countywide) working groups to explore PFS opportunities for EC programs. ICS has developed an effective template, based on work of a working group in SC, to coach other jurisdictions to use this model of engaging a wide variety of stakeholders in education, awareness building and PFS project development.

Our initial proposal (to be finalized in consultation with CNCS and potential recipients) would require jurisdictions to commit for 9-12 months of TA:

- * 1 senior executive branch official who will prioritize and oversee the project (5% time)
- * 1 junior staff with analytical, writing, and organizational skills to arrange meetings, gather information and perform much of the work (ideally 100%; minimum 50%)
- * 1 or more staff with access to relevant data (e.g. child welfare, Medicaid, education) who can conduct analyses as needed (5-15% depending on whether database can be easily queried)
- * 1 lawyer who will address any legal concerns (e.g. data sharing agreements) to ensure the Sub-Recipient can complete the work legally and efficiently (as needed)
- * 1 budget official who can review and advise on cost savings analyses (1%)

Megan Golden, who will conduct most of this TA, has a distinguished record of coaching and mentoring people to achieve social outcomes. In 15 years as Director of Planning and Government Innovation at the Vera Institute of Justice, she coached dozens of staff (including many with significant work experience) to analyze empirical research, consult with stakeholders and design, implement and secure funding for programs to achieve quantifiable outcomes. Her staff analyzed government savings from proposed programs and worked with budget officials to use future budgetary savings to fund demonstration programs. (One of her mentees went on to negotiate one of the nation's first PFS transactions as a senior official of a service provider.)

In addition, Megan has worked closely with city and state government staff to identify effective programs, develop policies and programs supported by empirical evidence and design contracting and implementation processes. She has done this work in the areas of child welfare, youth development,

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recidivism reduction and homelessness. Megan's passion for developing people's capacity to advance social outcomes led her to design and lead the Fellowship for Emerging Leaders in Public Service at NYU's Wagner Graduate School of Public Service. As with virtually all of Megan's projects, after building the capacity of staff to manage the program, she stepped aside, leaving a sustainable program with high-functioning leadership.

Plans for helping to identify high-performing nonprofit service providers, when applicable

ICS enjoys a strong partnership with the Nonprofit Finance Fund, which will provide support through insights and information on investment readiness for PFS and outcomes-based financing approaches in general. We will work closely with NFF throughout this grant, and NFF's participation will include: (i) providing insights and information in support of the design of our selection process, (ii) designing and leading the implementation of the 2-day capacity-building "boot camps" we described earlier and (iii) designing and leading the one-on-one meetings with the each of the 12 organizations that will follow the 2-day "boot camps."

"Back-office" support, oversight and value-added services for TA team members

ICS President Jamie Moon will oversee the entire body of work, ensuring it is completed well and with integrity, that ICS's board has information to monitor and contribute to it and that it advances the organization's goals of improving outcomes for children. ICS will hire a new grant administrator who will provide administrative support to the team members providing TA, help organize the annual conference and coordinate grant reporting and documentation of work with Sub-Recipients. ICS's Director of Communications and Legislative Affairs will help the project take advantage of social media and ensure that publications are user-friendly and widely distributed. And ICS will take advantage of ReadyNation's network of business leaders and other EC advocates to help jurisdictions identify partners and supporters.

Ensuring compliance with legal & regulatory requirements; legal services to Sub-Recipients

ICS was created as a joint initiative of the United Way of Greenville County and the Children's Hospital of the Greenville Health System. The United Way, the largest in SC, houses ICS in its offices and serves as the organization's fiscal agent, including overseeing and supporting compliance with labor and employment obligations. The United Way has received and managed federal grants and will

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support ICS's compliance; UW's CFO will arrange for the A-133 Audit and review financial reports submitted to the federal government. In addition, ICS recently hired a full-time licensed attorney who has reviewed the obligations detailed in the NOFA and is confident in ICS's ability to comply fully. He will review legal issues that arise, and will recommend that we retain outside counsel when specific expertise is warranted. Two of ICS's board members, Merl Code and Tami McKnew, are partners in prominent SC law firms. They can ensure that ICS receives legal advice and services if needed from attorneys in their firms or at other firms. Finally, one of our lead staff, Megan Golden, is also an attorney with extensive experience working at all levels of government. A former Skadden Fellow, she has access to several national law firms with lawyers eager to provide pro bono assistance to organizations like ICS. While ICS will not itself provide legal services to Sub-Recipients, it will connect jurisdictions to pro bono counsel when legal services are needed.

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

How ICS will support national evaluation of PFS Competition

ICS is eager to work with the national evaluator selected by CNCS. Project lead Joe Waters will be the primary contact for the evaluators but Megan Golden will work with ICS staff to ensure that the organization is tracking all information needed and ensure that the evaluator gets it efficiently. Megan has substantial experience working with evaluators at the Vera Institute of Justice, including directing a federally-funded project that was the subject of a randomized assignment evaluation. Moreover, ICS recently hired a Policy Counsel with expertise in program evaluation who can assist in adapting ICS's data system so that it can best support the national evaluation. ICS's board's research committee will also monitor participation in the evaluation.

Knowledge collection and dissemination

ICS is committed to pursuing PFS as a model for improving outcomes for children across all EC systems. Collaborations and information sharing are key to advancing that goal. Over the past several years, ICS has developed a reputation as an effective convener of both EC content experts and PFS experts for knowledge sharing and problem solving. Recent convening partners include the Aspen Institute, the Duke Center for Child and Family Policy, Grantmakers for Children, Youth, and Families, The Riley Institute at Furman University and ReadyNation. We also routinely share what we learn from our PFS work, and have published and disseminated print and electronic briefs, a detailed feasibility study, policy analyses and webinar recordings relating to our work in the field.

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Through our convening and publishing work, we have developed a sizable following of both EC and PFS interested parties who receive and read our publications. We will continue those efforts for any work conducted with SIF grant funds, and intend to publicly release all key documents (including contracts) that might be helpful to the further develop this sector. We will also make sharing of key non-sensitive documents and lessons learned a condition of our TA.

Building evidence for the field

ICS is acutely aware of the need to evaluate EC programs, identify the most effective ones and build evidence to justify additional funding for those that work. With support from The Duke Endowment, ICS has hired a Policy Counsel with a Ph.D. in Public Policy and expertise in quantitative and qualitative policy analysis and program evaluation to help ICS assist EC programs more rigorously evaluate their outcomes and develop their capacities for data analysis and internal evaluation. This project will provide the opportunity to educate and assist more programs; it will also build support for evaluation among government and other funders.

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

How the strategy or service delivery model is innovative or transformative

As noted in the NOFA, the PFS financing model is itself innovative. Applied to the EC field, it could prompt a broad shift in how resources are allocated, away from responding to crime, educational failure and health problems and toward programs that prevent these crises and put children on the path to success. PFS financing will also help EC programs increase their impact. Despite good intentions, tracking outcomes is hard and very few programs do it. PFS financing provides the incentive and funding to build this capacity. When programs--and governments and funders--monitor their outcomes, they can take steps to improve them.

In addition, ICS proposes to use a new way to provide PFS TA. In general, the organizations currently helping jurisdictions assess feasibility and prepare for PFS financing conduct the analysis themselves and share the results with the jurisdiction. The Harvard SIB Lab, which has effectively facilitated several PFS transactions, provides a Fellow who resides in government but leaves after the fellowship period ends. ICS will focus on building the capacity of government employees to do the work so that capacity will remain after the TA is provided.

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Identifies new social challenges/geographies not currently being served by PFS projects

As described above, ICS will include a focus on the South, including rural and economically distressed areas. While there is one PFS transaction focused on an EC intervention that avoids unnecessary special education and one being negotiated in SC focusing on maternal and child health, EC interventions can address several other social challenges such as child maltreatment, health, school readiness, developmental disabilities, speech and language development and maternal stress and depression. This proposed project will work to develop PFS transactions that achieve important outcomes for children and communities beyond those in development now.

Incorporating Sub-Recipients new to the PFS field

Through its work on the 2014 EC PFS conference and other efforts, ICS is aware (for the most part) of which jurisdictions are already pursuing PFS financing for EC. The 17 teams we selected to participate in the conference are among the most interested, and a few of those jurisdictions are farthest along. In talking to audiences of EC specialists in government, service providers and philanthropy, we see many more people who are intrigued by the idea but need to learn more about it. We will aggressively publicize the conference and TA to a wide range of jurisdictions and include many that are new to PFS financing (but interested enough to apply) in the jurisdictions selected. We aim to promote the conference especially among those EC programs that are leaders in state and local EC systems and that have the financial, social and human capital to effect positive change throughout their jurisdictions. We see this as an opportunity to promote a broader transformation to performance-driven EC systems in addition to promoting PFS financing. At the end of the grant we hope to have PFS transactions complete or in negotiation for 3 to 5 different types of EC interventions in states, cities and counties from different parts of the country, including the South.

Innovative tools and technology

As described above, ICS proposes to use an innovative approach to PFS TA, one that involves mentoring and supervising Sub-Recipient staff to conduct much of the analysis, information gathering and planning required for PFS financing. We believe this method will build capacity to explore and implement PFS/outcomes-based financing that will stay in the jurisdiction after the TA is complete, enabling more PFS transactions. We also believe this method is well suited to ICS's capacity and mission. However, since this is a new approach to PFS TA we plan to assess how it is working quarterly throughout each engagement in the first year and modify it as necessary to make it more

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effective. At the end of the first year we will assess how it is working and, if there are problems that can't be addressed, modify the TA model (for example by having ICS staff conduct more of the analysis) so that we can be sure to achieve the outcomes proposed for the grant. We will work with evaluators to ensure that any changes are consistent with the evaluation. Our main concern is whether government staff in the jurisdictions receiving TA will be able to devote sufficient time to complete the work required to prepare for a PFS transaction. We plan to consult with a handful of jurisdictions that attended to ReadyNation conference to ensure that what we are asking is feasible.

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

Project tasks, deliverables and timelines

Month - Tasks - Deliverables:

October 2014

Tasks: Agree on selection criteria;

Deliverables: Distribute competition notice - Selection criteria, Competition notice

November 2014

Tasks: Applications due, process applications, Webinar;

Deliverables: Completed applications from jurisdictions

December 2014

Tasks: Review applications, Set conference agenda, Invite speakers; Secure location;

Deliverables: Draft conference agenda, Conference location set, 1st quarterly progress and expense reports

January 2015

Tasks: Select conference participants and 1st 4 TA recipients, 1st calls with Sub-Grantees Develop TA materials;

Deliverables: TA recipients selected, Conference participants selected, Conference speakers ID'd

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Tasks: Prepare for conference, Begin TA: work with Sub-Recipients to identify goals and outcomes, Webinar

Deliverables: Goals and outcomes for TA for each jurisdiction

March 2015

Tasks: Hold EC PFS conference, Collect/analyze feedback from participants, Conduct first visits to jurisdictions receiving TA

Develop TA work plans, Outline publication;

Deliverables: Completed conference presentation materials posted on website, Work plans for TA, Quarterly progress and expense reports; semi-annual financial report

April 2015

Tasks: Complete first visits to jurisdictions receiving TA,

Weekly calls with liaisons from each jurisdiction, Provide resources and coach on PFS analysis, Solicit feedback on TA;

Deliverables: Jurisdictional work plans for TA agreed upon and completed, Assessment of usefulness of the meeting & recommendations to improve it

May 2015

Tasks: Complete first publication on EC PFS, Webinar;

Deliverables: Publication printed & distributed

June 2015

Tasks: Complete second visits to jurisdictions receiving TA, Provide resources and coach on PFS analysis, Webinar;

Deliverables: Quarterly progress and expense reports, Revised work plans for each jurisdiction

July 2015

Tasks: Hold service provider "boot camps" in partnership with Nonprofit Finance Fund, Begin provider one-on-one meetings;

Deliverables: Service provider capacity assessments completed

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August 2015

Tasks: Provide resources and coach on PFS analysis;

Deliverables: TA resources made public

September 2015

Tasks: Weekly calls with liaisons from each jurisdiction, Provide resources and coach on PFS analysis, Webinar;

Deliverables: Quarterly progress and expense reports; semi-annual financial report

October 2015

Tasks: Distribute competition notice to select 2nd 4 TA recipients;

Deliverables: Draft jurisdictional PFS analysis completed, Competition notice

November 2015

Tasks: Applications due, process applications, Third visits to jurisdictions to present analysis, Webinar;

Deliverables: Applications from jurisdictions, Final feasibility studies/PFS analyses from TA sites

December 2015

Tasks: Review applications, Plan conference, Third visits to jurisdictions to present analysis;

Deliverables: Draft conference agenda, Conference location set, Quarterly progress and expense reports

January 2016

Tasks: First cohort of recipients complete TA,

Select conf. participants and 2nd 4 TA recipients, Finalize jurisdictional next steps based on PFS analysis;

Deliverables: 1st 4 action plans for PFS implementation, 2nd TA recipients & conference participants selected

***Technical assistance activities will continue according to the above pattern through the remainder of 2016 and 2017.

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September 2017

Tasks: TA complete;

Deliverables: Final deliverables and resources for the field

October-December 2017

Tasks: Draft final reports, Participate in evaluation;

Deliverables: Final financial and progress reports

Staff time and positions needed to complete tasks

Vice President/Project Director Joe Waters (50% on this project) will lead the project, managing all staff and relationships with CNCS, ReadyNation, Sub-Recipients and evaluators.

Fellow Megan Golden (70% on this project) will conduct most of the TA, coaching Sub-Recipient staff and ensuring they produce high-quality deliverables and achieve agreed-upon outcomes. She will also author publications on EC PFS.

Director of Research and Grants Katy Sides will spend 20% of her time on this project and will assist in the management and operations of the grant, especially contributing to the evaluation and data needs, and as appropriate supporting sub-recipients in managing data.

The Innovation Fellow (a new hire) will work 100% on this project. S/he will support Megan Golden in the TA work, ensuring that jurisdictions have access to useful research/resources, conducting pieces of analysis and drafting presentations.

The Grant Administrator (a new hire) will spend 70% of his/her time on this project. S/he will provide administrative support to the team, including planning travel and meetings and coordinating expense and grant reporting.

Organizational Capability

As a research and policy organization with a mission to improve the success of children, prenatal to age 5, ICS is first and foremost dedicated to improving outcomes for young children. ICS was founded in 2010 by visionary leaders associated with the Children's Hospital of the Greenville Health System and the United Way of Greenville County who were not only alarmed by the state's child health and well-being statistics, but fully recognized the impact that poor child outcomes would have on our state's future. ICS works across South Carolina to create a system that ensures the success of all young children, prenatal to age five. Since 2010, the ICS staff has grown from 2 employees to 6 staff members, while the budget has grown from \$150,000 to \$1,200,000.

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ICS views its work in support of PFS financing as the development of one tool, among others, to improve outcomes for children. Given its mission and vision, ICS is deeply connected to the early childhood community and enjoys considerable reputational cache within that community. ICS's board, advisory council and research committee include early childhood experts from education, medicine, and the social sciences who guide its work and provide content-area expertise. These relationships and their attendant expertise in early childhood development ensure that ICS's work in PFS is rigorously focused on ensuring that PFS is aligned to achieve best outcomes for young children.

Demonstrates track record in selecting and working with Sub-Grantees or Sub-Recipients

ICS successfully implemented a similar competition for ReadyNation's first-ever national conference on PFS for early childhood in March 2014. ICS designed and implemented a competition to determine which jurisdictions would participate in the conference, then worked with ReadyNation to publicize the competition to jurisdictions across the country through EC and PFS listservs and websites. The application, distributed in Sept. 2013, required jurisdictions (states or localities) to assemble teams of government, service provider, philanthropic and finance stakeholders and to demonstrate commitment to and progress toward exploring PFS finance for EC programs. 30 jurisdictions applied. ICS formed a committee to evaluate the applications using a point system for scoring 4 predetermined criteria. We selected 17 jurisdictions to participate. The competition effectively identified jurisdictions that could benefit from the conference and follow-up TA without imposing too much of a burden on jurisdictions. We intend to build and improve on this experience to design and implement the TA competition.

ICS successfully worked with stakeholders/TA recipients in SC on the PFS feasibility study and statewide PFS working group described below. The study was funded by the state Medicaid office and the Duke Endowment; ICS worked with at least 4 government agencies/offices, legislators, a wide range of philanthropies, service providers, financiers, advocates and researchers. ICS also met with 3 federal HHS offices, the White House, OMB and the federal Department of Education to discuss how to advance PFS for EC.

Through the ReadyNation conference, ICS has relationships with multiple stakeholders in 17 jurisdictions interested in PFS. Since we will expand that number significantly through this project, we also will need to develop many new relationships. ICS's work in Connecticut, helping plan and conduct a PFS feasibility study for an evidence-based child abuse prevention program, demonstrates our ability to quickly build relationships with local stakeholders; 3 different state agencies are now

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cooperating on the program, as is a foundation and the service provider.

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

ICS has been at the forefront of national efforts to advance PFS financing for EC programs since mid-2012 when it began to explore using PFS financing to expand the Nurse-Family Partnership in SC. That work, as well as a statewide working group ICS convened on social impact finance, resulted in a state-led procurement process for a PFS contract (currently in final negotiations) that should be the first PFS deal in the South and one of the first EC deals. In addition to launching PFS in SC, ICS has been a leader in PFS nationally, organizing an exceptionally well-regarded conference program on PFS for EC and developing knowledge through publications, convenings and webinars. ICS has been invited to present across the country, including at The White House Advancing Pay for Success conference in 2013, and has been consulted by states and cities, including Nevada, New Mexico, Virginia, Georgia, Pittsburgh, Philadelphia, Charlotte, about the possibilities of using PFS to improve child outcomes.

SC Feasibility Study. ICS conceived and conducted a feasibility study on the viability of PFS financing to expand the Nurse-Family Partnership, an evidence-based home visiting program, in SC. ICS secured funding for the study from SC's Medicaid office and the Duke Endowment. This work included quantifying unmet need for services, devising an NFP expansion strategy, analyzing administrative data and reviewing empirical evaluations (including RCTs) and cost-benefit analyses, managing legislative and executive office relationships, mentoring state officials to create a stronger understanding of PFS and its potential impact on their agencies and working closely with service providers to prepare for PFS in South Carolina.

In addition to working closely with state and national representatives of NFP, ICS worked closely with state agencies including the Department of Health and Environmental Control, the Department of Health and Human Services, and the Office of Governor Nikki Haley as well as private philanthropies including The Duke Endowment, The Doris Duke Charitable Foundation, local United Ways, service providers and others. ICS also developed positive, cooperative relationships with major national players in the PFS field, including intermediary organizations Social Finance and Third Sector Capital Partners, banks, the Harvard SIB Lab, PFS-interested early childhood experts and others who contributed outside expertise to the SC project. As a result of this work, SC included ICS's feasibility study in its request for information on PFS finance. Issued in mid-September 2013, the RFI was the

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beginning of the state's procurement process for a PFS deal to significantly expand effective services for children and families who need them.

SC PFS Working Group. When ICS started this work in January 2013, nobody in SC knew what PFS finance was, let alone how it could benefit the state. Since many parties are needed for a PFS transaction--and many more could prevent one from happening if they wanted to--ICS conceived and secured funding for a statewide working group on PFS finance. The working group included a wide range of stakeholders and interested people from across the state. It met in person 4 times and by webinar 2 times. ICS shared its process and lessons learned from the working group in a publication, "Climbing the Pay for Success Learning Curve: How a working group helped South Carolina understand and prepare for PFS financing." The working group was extremely successful, catapulting SC's civic and business leaders from unfamiliar with PFS to well versed and supportive in 9 months. This understanding and support paved the way for the PFS transaction currently being negotiated.

Advancing PFS nationally. 2014 ReadyNation Early Childhood PFS Conference. As described above, ICS worked with ReadyNation, a membership organization of business leaders working to strengthen the economy by increasing investment in proven EC programs, to convene the first EC PFS meeting in March 2013. (Details are covered elsewhere in this proposal.) The conference was such a success that the Pritzker Children's Initiative plans to fund similar conferences for the next 2 years. With 3 times more applicants than we could accommodate, we know that there is enormous demand for education, networking, problem solving and assistance across the country.

Knowledge development. ICS has organized convenings on PFS for EC for Washington, DC policymakers, Congressional staff, Aspen Institute grantees, NC early childhood stakeholders and business leaders and federal officials who oversee EC programs. We are currently organizing a convening in DC on how PFS finance applies to educational outcomes. In addition, ICS has hosted webinars on PFS legislation, service provider challenges for PFS and program implementation issues in rural contexts. It has shared its experience and knowledge through publications (by Megan Golden & Joe Waters), which include:

- * "Pay for Success Financing for Early Childhood Programs"
- * "Improving Outcomes for South Carolina Children: Results of a Feasibility Study"
- * "Climbing the Pay for Success Learning Curve: How a working group helped South Carolina

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understand and prepare for PFS financing"

* "Taking Pay for Success Financing to the South" at ssireview.org.

More publications are in the works. ICS is also working with 3 Connecticut government agencies to plan a PFS feasibility study.

Experience in project management (5 pts.)

ICS's experience managing the NFP feasibility study and statewide working group in SC and organizing the 2014 EC PFS conference demonstrate that it can manage this project effectively. We completed one of the first public PFS feasibility studies, which demonstrated that PFS was a viable way to scale up NFP. Simultaneously, our working group of essential stakeholders from across the state created a culture shift in which SC's government and EC leaders embraced the PFS concept. Without ICS's work, PFS finance would not have broad support in SC and there likely would not have been an RFI to bring about a PFS deal that will impact our state's youngest children. As a result of the March conference, diverse teams from 17 jurisdictions have a robust understanding of what PFS financing requires and are taking concrete steps to pursue it. ICS effectively set goals and managed work to achieve the in both of these projects. For example, ICS worked with partners in SC to:

- * Secure and analyze data on NFP's target population to determine unmet need;
- * Determine how many additional families the program could realistically serve;
- * Identify locations and potential providers for expansion sites;
- * Determine possible outcomes for a PFS contract;
- * Develop several possible financing strategies mixing commercial and philanthropic funds; and
- * Assess readiness of other home visiting models for PFS finance.

ICS and its partners completed this work on schedule, in 9 months. Moreover, operating outside of government, philanthropy and providers, ICS successfully brought together all key stakeholders, keeping them on task and navigating occasionally treacherous political contexts. ICS was successful because all parties recognized that our interest was in improving outcomes for young children and their families. This neutral posture was key to successful project management and generated support from all stakeholders including members of the General Assembly and Executive Branch.

We are keenly aware that circumstances sometimes prevent Sub-Recipients from consistently devoting time to a PFS project. Aligning the PFS project with existing government priorities (as SC did) can prevent this; in addition, we will work with Sub-Recipients to plan key milestones around

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anticipated political and other events that will consume time and attention.

ICS conducts self-assessments during its projects and takes action to improve outcomes. For example, our assessment of the SC project revealed that many EC providers lack the capacity to take advantage of PFS financing. To address this challenge, ICS worked with the Nonprofit Finance Fund to co-host a program with follow-up technical assistance that help providers build capacity for PFS financing.

While ICS has not managed federal grants before, ICS's Megan Golden has managed numerous federal grants and contracts, including a \$6.8 million federal contract, at the Vera Institute of Justice. The United Way of Greenville County, which provides ICS's fiscal agent and provides management services, has received and successfully managed federal grants, including AmeriCorps State (CNCS), AmeriCorps VISTA (CNCS), Assets for Independence (DHHS), and Volunteer Income Tax Assistance (IRS). UWGC utilizes Sage 100 Fund Accounting Software, which ensures effective control for all transactions of a specific grant by program year and budget category. Moving forward, this software also will allow for tracking the 1:1 cash match required for SIF. ICS will work closely with the team that has managed these grants.

As an organization new to federal funding, ICS plans to work closely with CNCS (and United Way) to ensure that we are meeting expectations at every stage. If needed, ICS will retain Russell Pomeranz of Claverack Advisory Group or another expert focusing on nonprofit capacity to manage government funds. Based on our experience with the ReadyNation conference, we expect that most Sub-Recipient jurisdictions will have experience managing federal grants. Moreover, since ICS plans to provide TA rather than sub-grants, it will not be necessary for the jurisdictions or other Sub-Recipient to manage federal money.

Organizational commitment to PFS beyond grant (5 pts.)

ICS is committed to creating an outcome-driven EC system and creating the enabling environment in which PFS financing can succeed. This is a core strategy of ICS's strategic plan, which ICS's board approved in 2013. Before this grant opportunity, ICS engaged Fellow Megan Golden as a core member of the ICS team focused on PFS, completed a high-profile PFS feasibility study in SC and worked to advance PFS for EC nationally through publications, convenings, presentations, webinars and technical assistance projects. ICS has received funding for PFS-related work from 4 foundations and the SC government, and has funding proposals pending with 2 additional foundations and another state government. It is important to us that enough jurisdictions implement outcome-based

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financing for a long enough time (beyond this cooperative agreement) that we see a shift in EC systems across the country. Strategy to accomplish this will include:

1. Using a TA method that will build Sub-Recipients' internal capacity to continue until outcome-based financing becomes routine (see above for description)
2. Continuing to serve as a resource, catalyst, and information hub on early childhood PFS after the grant period. ICS intends to continue this work until there is a substantial shift in the type and amount of funding for EC programs and a substantial improvement in the wellbeing of our nation's children. We will continue to seek funding for this work from other sources.
3. Supporting networks of EC government and other stakeholders focused on outcome-based financing. As part of this grant, ICS will build strong networks of conference participants and TA recipients that will endure beyond the grant. We will also work with organizations such as the National Governor's Association, the National Conference of State Legislators, and the Natl. Assn. for the Education of Young Children to support members working on PFS.
4. Creating an Early Childhood Change Capital Aggregation Fund. In partnership with NFF, ICS hopes to raise a fund to help EC service providers better measure their outcomes and implement outcomes-based management systems.

Leadership and Team

Proposed team -- including partnerships proposed -- capacity and expertise (5 pts.)

The project team will consist of ICS Vice President Joe Waters, Fellow Megan Golden, Research and Grants Director Katy Sides, Policy Counsel Emily Carroll and an EC Innovation Fellow and a Grant Administrator to be hired. ICS will also partner with NFF and ReadyNation.

VP Joe Waters will lead the project, managing all staff and relationships with CNCS, ReadyNation, Sub-Recipients, and evaluators. Fellow Megan Golden will conduct most of the TA, coaching Sub-Recipient staff and ensuring they produce high-quality deliverables and achieve agreed-upon outcomes. She will also author publications on EC PFS. The Innovation Fellow will support Megan in the TA work, ensuring that jurisdictions have access to useful research/resources, conducting pieces of analysis, and drafting presentations. The Grant Administrator will provide administrative support to the team, including planning travel and meetings and coordinating expense and grant reporting. Katy Sides will assist with data analysis and evaluation-related tasks.

ICS's team has a track record of working together successfully and efficiently. Megan Golden has been affiliated with ICS for over a year and a half. She and Joe communicate frequently and openly and have an effective way of dividing responsibilities: Joe is the main organizational contact,

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determines strategy, develops and manages relationships with government and other stakeholders, and manages staff and projects, while Megan conducts PFS analysis, works with stakeholders on specific projects, provides expertise on the nuts and bolts of PFS, and brainstorms and advises ICS and TA recipients on strategy to advance PFS.

ICS President Jamie Moon will monitor the project, ensuring that it has the resources to succeed and that it advances ICS's mission of improving outcomes for children. He will regularly brief ICS's board and will seek board members' advice and assistance when useful.

Joe Waters. ICS Vice President Joe Waters directs strategic initiatives, public policy and communications. He also leads the Institute's efforts to develop new opportunities, catalyze innovation, build leadership capacities, develop partnerships and craft and execute initiatives to achieve the Institute's goals. Joe works with local, state, and federal elected leaders and their staffs, corporate leaders and advocacy partners to ensure that every child succeeds in school, maintains lifelong health and contributes to a prosperous society. Joe has led the Institute's efforts in impact investing, including ICS's exploration of the feasibility of using PFS finance to scale EC home visiting interventions. He was invited to address The White House convening on PFS in 2013 and has presented to numerous other Southern and national audiences.

Joe also leads ICS's efforts to reform SC First Steps to School Readiness, including: contributing to bi-partisan legislation to make the agency more effective; working to expand and improve publicly supported 4K in SC; and promoting evidence-based home visiting. He leads ICS's exploration, working with design firm Ferebee Lane + Co., of using design techniques to tackle complex, systems-level challenges in EC health and education. He is a member of the Society for Research in Child Development and Emerging Practitioners in Philanthropy.

A Greenville, SC native, he earned his BA in history from Furman University in 2005 and a Master of Divinity from Duke University in 2009. Joe has also participated in the Aspen Institute's Socrates Program for emerging leaders and the Clinton Global Initiative America. In 2013, he was honored as one of Greenville's "Best and Brightest 35 and Under" by Greenville Business Magazine. In 2014, he was honored with ICS President Jamie Moon by the SC Chapter of the American Academy of Pediatrics as the "South Carolina Child Advocate of the Year."

Megan Golden. Megan Golden is currently a Fellow at ICS and at the NYU Wagner Graduate

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School of Public Service Innovation Labs. She conducted ICS's feasibility study on PFS financing for NFP in SC and served on the advisory group for McKinsey & Company's work on social impact bonds. Her publications include "Pay-for-Success Financing: A New Vehicle for Improving Population Health?," "Pay for Success Financing for Early Childhood Programs: A Path Forward," and "Developing a Social Impact Bond: Lessons from a Provider."

From 1999-2011, Megan was the Director of Planning and Government Innovation at the Vera Institute of Justice, where she worked in partnership with government to implement innovations in criminal justice, juvenile justice, child welfare, school safety, mental health, and eldercare. Government funded many of these programs based on analysis showing they would produce future savings. In addition to creating and launching eight innovative programs, she led a major reform of New Orleans's criminal justice system and helped Chinese academics and officials pilot criminal justice reforms. In addition to her work at Vera, Megan directed the Fellowship for Emerging Leaders in Public Service at NYU Wagner from 2006 -- 2009. Megan practiced law from 1992-1994 as a Skadden Fellow at the Neighborhood Defender Service of Harlem. In 1994, she was awarded a White House Fellowship. Megan began her career working for New York City government as an Urban Fellow. She has a BA in political science from Brown University and a JD magna cum laude from the New York University School of Law.

(See section on "Methodology for building capacity at Sub-Recipient level" for a description of Megan's coaching and mentoring experience.)

Katy Sides. Katy joined ICS in September 2013 after working in Greenville County government and in city government in Toccoa Georgia. She has a BA in Political Science and Sociology from Furman University (2007) and a MPA from the University of Georgia (2010).

Emily Carroll, Ph.D. Emily earned her BA from Bowling Green State University, an MA from the University of Akron, and a PhD in Political Science from Southern Illinois University Carbondale, where she was awarded the Paul Simon Graduate Research Fellowship. She specializes in public policy analysis and decision making.

Early Childhood Innovation Fellow. To develop the leadership and talent needed to advance PFS projects across the country, ICS established an early career fellowship in EC innovation. The Fellow will support ICS's efforts to increase outcome-based finance for EC interventions and introduce new

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jurisdictions and providers to PFS. The Fellow will assist Joe Waters and Megan Golden while gaining experience in the feasibility analyses and other activities required to prepare for PFS. This person will be expected to have a Masters degree in public policy, public administration, or a related field.

Partner: Nonprofit Finance Fund. NFF unlocks the potential of mission-driven organizations through tailored investments, strategic advice and accessible insights. Founded in 1980, NFF helps organizations connect money to mission and supports innovations such as growth capital campaigns, cross-sector economic recovery initiatives and impact investing. Headquartered in NYC, NFF serves clients from offices across the country. Strong communities, families and individuals are the building blocks of a vibrant society and nonprofits and other mission-driven organizations are the glue that keeps them strong. These organizations face increased demand amid diminished or uneven funding as private donors and government leaders, with less money available, recognize that old ways of operating are insufficient. They, along with new donors, are seeking better ways to fund organizations that can effectively tackle social challenges.

NFF has a long history of supporting of nonprofit service providers. NFF recently partnered with ICS to launch a service provider incubator training session for early childhood programs in the Carolinas, with support from The Rockefeller Foundation. This incubator (1 of 5 nationally) provided facilitated capacity building and targeted technical assistance around performance management, financial planning, human capital and effective networks/collaborations to strengthen service providers' capacity to operate in an increasingly outcomes driven environment. Other examples of NFF's dedication to the sector include a multi-year public private childcare initiative to provide capital, assistance and facilities planning to strengthen Philadelphia's early education sector.

Partner: ReadyNation. ReadyNation is the nation's premier organization comprised of over 1,000 business leaders working to strengthen communities and the national economy through better policies and increased investments in children and youth. Based on an understanding of the advanced knowledge and skills employees need to fill the jobs of the future, its members educate policymakers and the public about effective investments that will help business and the U.S. compete in an increasingly dynamic global economy, build a foundation for lasting economic security and provide children with the start they require to succeed in school and in life. ReadyNation has been engaged in the dialogue on PFS, bringing together leaders from communities engaged in PFS projects and policymakers to share and disseminate knowledge and lessons learned. ReadyNation joined with the

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Pritzker Children's Initiative, Bank of America and ICS to host the March 2014 EC PFS conference. ReadyNation has also: (i) developed a database of materials on EC PFS; (ii) held several webinars with the University of Chicago's Human Capital and Economic Opportunity Global Working group on PFS; (iii) used its network of experts to provide TA to participants in PFS projects; and (iv) posted several draft PFS contracts on its website so that those interested in developing projects can use them as templates to create their own legal documents.

Proposed project lead -- expertise and experience (10 pts.)

Joe Waters, ICS Vice President, leads overall strategy and innovation for ICS and will serve as project lead for this effort. The longest tenured employee of the Institute for Child Success (since May 2011), Joe has led the organization's growth from a small, locally focused advocacy organization into one of the nation's leading research and policy organizations focused on the success of children. In 2012, recognizing the potential of PFS financing to dramatically scale proven programs that support the success of young children, Joe initiated the Institute's exploration of using PFS to expand the Nurse-Family Partnership. Joe has built strong relationships within the early childhood community and among PFS experts and has developed knowledge to advance PFS for EC nationally while shepherding SC's PFS project to a seamless handoff to the negotiating phase led by the state's Medicaid agency. As discussed above, ICS's board strongly supports its work on PFS. It expressed confidence in Joe by promoting him to Vice President of Policy and Communications in early 2013 and broadening his portfolio to include all strategic initiative, policy, and PFS activities in May 2014 with the title of Vice President.

ICS's nonprofit corporate structure includes two corporate "members," the United Way of Greenville County and Greenville Health System, which both support Joe and this work.

Budget Adequacy & Cost Effectiveness

Budget justification (5 pts.)

ICS proposes a total budget of \$2,224,937 over 3 years, including \$1,109,514 from CNCS. The plan for securing diverse non-federal funding is in the next section. Project staff and time are in the section on work plan and deliverables. Absent a federal IDC rate, it includes 25% of ICS's President since this project will be about 1/3 of the organization's budget. The budget is the same each year (with 3% increase), except for minor changes in the Policy Counsel's time and non-reoccurring expenses for new personnel.

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Fringe benefits are actual costs for already employed personnel and expected costs for new hires, for FICA, retirement, health insurance, and life insurance contributions.

Staff travel includes 3 trips to each jurisdiction for 2 staff & 1 trip per jurisdiction for the project director = 28 trips assuming hotel: \$230/night; food per diem: \$58.50; ground transportation: \$50; flight: \$500. Half of trips are assumed to be 2 day/1 night; the other half are 3 day/2 night. Also, 2 staff will attend 3 conferences/yr and 6 will attend the ReadyNation PFS conference: \$1185.50/trip for 12 trips + \$150 fee for 3 conferences.

Supplies includes 2 computers & printers for new staff (\$950 each); a proportionate share of cell phone stipends and iPad service for project staff, and office supplies (\$800/yr).

Contractual and Consultant Services includes NFF's capacity building for service providers at \$82,000/yr, including travel and time of 2 staff who will provide oversight, strategic direction and management, and 3 staff to design, plan and deliver the 3, 2-day "boot camps" and the one-on-one meetings with the participating organizations. A-133 audit at \$6,000; and a professional editor at \$90/hr x 40 hrs = \$3,600. We very conservatively value Sub-Grantees' staff time (see TA section) at \$30K per jurisdiction x 4 = \$120K, which is part of the in-kind match. We will work with CNCS on final valuation. United Way management services including finance, HR and operations cost \$11,378/yr. UW's President, VP of Finance & Operations, Controller, Accounting & HR Manager and Grant Accounting Manager will work on this.

Training will cost \$500 per year for staff members to attend relevant training programs

Other costs includes PFS national conference at \$70,000 (here because determined separately & paid for by ReadyNation/Pritzker), based on the cost of speaker travel, hotel, food and materials for last year's conference; 4 webinars/yr @ \$500 each; \$2,500/yr for printing 1 publication. Office space donated by United Way = \$3,240/yr.

Match resources (5 pts.)

ICS is confident that it can meet the 100% match requirement. It has secured the 10% match

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required for the first year from the United Way of Greenville County and the Greenville Health System. Their commitment includes \$44,250 cash grants for the first year and at least \$7,320 from the United Way in-kind contributions of space and back office support for ICS PFS work.

With match funding committed and planned requests, ICS can account for nearly \$535,000 in cash match funds, more than the minimum required. ICS has secured a commitment of \$165,000 for two years from ReadyNation, pending their continued funding by the Pritzker Children's Initiative, to provide TA and plan the second national conference. This will be part of the match. In addition, ICS expects to receive at least additional \$44K cash per year from the United Way and Greenville Health System. ReadyNation will also support the Innovation Fellow, who will assist with the TA as part of the planned work with anticipated funding by Pritzker. In the first year and a half of the project, any TA in NC or SC or work advancing PFS in those states can be funded by The Duke Endowment through their support in that time period of the ICS Policy Counsel position. Also, ICS plans a two-year request to Bank of America of \$301,000. Bank of America has requested this proposal. With support from The Duke Endowment, ICS is launching a corporate and individual gifts program, and hiring a full-time Director of Development, which positions ICS well to raise additional cash match. Furthermore, with success in more than quadrupling its revenues in the last 4 years, ICS has demonstrated considerable skill in raising private funds and broad support from a variety of state, regional and national funders.

While we do not plan to require Sub-Recipients to provide a cash match, we do plan to require a significant in-kind commitment of staff time. We will work with the jurisdictions and with CNCS to make sure this in-kind contribution is properly valued. Pro bono assistance from law firms is another potential source of in-kind contribution.

Project Personnel

Project personnel are described in the Leadership and Team section.

Clarification Summary

Clarification Questions

Organizational capacity

* You propose the equivalent of 3.1 full-time employees; please justify that this is sufficient to carry out potential activities and that your team of 6 people has capacity to manage this project. If not, please revise.

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Upon review following your clarification question, we would like to increase the Grants Administrator's time committed to the project from 70% to 100% for all three years. This will allow that person to help with event planning as well as coordinate the TA and reporting. In addition, as discussed in the response to the next question, we feel we need to increase the salary of the Innovation Fellow to \$52,000 and include space at a co-working site so the Fellow can be located in New York City (or possibly DC).

With these changes, we believe that we have the capacity to successfully manage this project. Over the past year and a half, Megan Golden and Joe Waters--each spending about 25% of their time--ran the entire South Carolina Pay for Success Finance project, undertaken by ICS, which included:

- o Completing the Feasibility Study, analyzing the use of PFS financing to scale up Nurse Family Partnership across the state, which became the basis of the state's RFI seeking formal input on how PFS could be implemented to improve maternal and child health in South Carolina;
- o Managing the statewide Social Impact Finance Working Group to educate and engage a wide range of stakeholders in PFS in South Carolina so that they would understand and support the concept;
- o Authoring three publications on Pay for Success, including "Using Pay for Success Financing to Improve Outcomes for South Carolina's Children: Results of a Feasibility Study," "Pay for Success Financing for Early Childhood Programs: A Path Forward," "Climbing the Pay for Success Learning Curve: How a Working Group Helped South Carolina Understand and Prepare for PFS Financing;"
- o In conjunction with ReadyNation, planning and hosting the Conference of the Early Childhood Social Impact Performance Advisors, which included the running of a competition to select team participants and receive TA;
- o Planning and fundraising for a feasibility study of a child abuse prevention program in Connecticut.

We will have significantly more staffing resources for this project, which we realize will require working with four jurisdictions closely rather than one. Megan will spend 70% of her time on the TA and will have the assistance of a full-time high-functioning Fellow who will conduct research, develop materials, and help with project management so Megan will be able to focus on supervising the Fellow, educating and mentoring jurisdiction staff, developing work plans and strategies, and reviewing analyses and products. Joe will spend 50% of his time on the project, doubling his commitment. This will enable him to manage the overall body of work, plan the conference, manage

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relationships with the jurisdictions, and continue to lead ICS's contributions to the field. The full-time grant manager will handle the administrative and reporting functions.

Additionally, ICS as an organization has grown significantly since the South Carolina PFS project began in 2013. At that time, ICS had a staff of 3 employees. In September 2014 we will add two additional full-time employees. These new staff, combined with the positions included in our application, would bring our total staff to 10. Several other ICS staff will assist with this project, including Policy Counsel Emily Carroll, Ph.D. and Director of Research and Grants Katy Sides. Therefore, we feel confident that we will have the staff and organizational capacity necessary to successfully implement this project.

* Has Megan Golden formally committed to provide 70% of her time to this project? Has she agreed that this will be sufficient to provide TA to 4 service providers a year?

Yes, Megan has formally committed to provide 70% of her time to this project. She has agreed that this will be sufficient to provide TA to 4 service providers a year since she will have the full-time support of the Innovation Fellow, whom we are now planning to locate near her. Megan has an exceptional record of mentoring and working with early-career staff who are eager to learn and make a difference.

* When do you anticipate bringing on the Innovation Fellow? Will they be able to start at the launch of the project?

We plan to have completed and approved the Innovation Fellow job posting by the end of September, so that we can post the job as soon as we receive word of funding. We would like to bring someone on as quickly as possible to start with the launch of the project. This position will be based in New York City (or possibly Washington, DC) so we believe that we will be able to find a qualified recent policy school graduate who will be able to start shortly after going through the interview and selection process. We think that we need to increase the base salary of this position from \$42,500 to \$52,000 to ensure that we are able to hire the most qualified person and allow for them to earn an appropriate wage in Washington or New York. It will also be necessary for us to secure office space in New York for them. For a one-person work space and seven hours per month of meeting room access at the

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Center for Social Innovation in New York (for meetings with Megan Golden or other ICS staff), the cost will be \$450 a month. Additionally, through a contract with Regus Executive Suites, we have access to video conferencing technology that will be used to ensure that the Innovation Fellow will be able to participate in our weekly staff meetings via web conferencing. The cost of using Regus' teleconferencing technology is \$58 per hour, which will result in a cost of \$2,900 for our weekly, one hour staff meetings. We have added these costs to the revised budget.

Program management and grant management capacity

* Given the relative size of your annual operating revenue compared to the proposed SIF grant, can you provide more information on your capacity to manage this grant financially and programmatically?

This project will be a priority for the Institute for Child Success. Several of the Institute's board members have read the application and the board as a whole understands the significance--and potential positive impact--of the commitment. ICS's President Jamie Moon will focus a significant amount of energy on the project and will work closely with Joe Waters throughout implementation. Megan and Joe have a track record of doing this type of work with significantly less of their time dedicated to the project. With the addition of an Innovation Fellow assisting Megan with TA and a Grants Manager dedicating 100% of his or her time to project management, as well as other ICS staff members, we believe that we can programmatically manage this grant.

Financially, United Way of Greenville County handles all of the fiscal agent responsibilities of ICS. United Way learned this month that it has been awarded up to \$5 million from the federal Social Innovation Fund for its middle grades work. This is in addition to other federal grant funds that United Way has received, including:

- o AmeriCorps State (CNCS), 2010 -- present for about \$350,000/year;
- o AmeriCorps VISTA (CNCS), 2011 -- present;
- o Assets for Independence (DHHS); and
- o Volunteer Income Tax Assistance (IRS), 2009 -- present for about \$45,000 annually for the coordination of a regional VITA program for low-income taxpayers.

United Way will ensure that the federal funds are managed according to all legal and ethical standards.

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* Could you provide more information on the contributions of United Way of Greenville County to assist with the management of this grant? [This is also asked below under budget questions so please feel free to answer both the budget and programmatic question in one answer.]

United Way of Greenville County provides fiscal management for ICS under a management agreement. The Chief Operating Officer & Vice President of Finance, and Controller have systems in place that provide all bookkeeping, payroll, and human resources functions for ICS, including interfacing with our auditors. UWGC has a Grant Accountant that does all of United Way's financial reporting on federal grants. Under the management agreement, United Way will continue to act as ICS's fiscal agent for this project.

UWGC's finance department, with a combined total of 120 years experience in nonprofit and for-profit entities, consists of a Chief Operating Officer and Vice President of Finance, a Controller, two Accounting Managers, a Grant Accounting Manager, and one Accounting Assistant. ICS will hire a grants manager to assist with this project. The following three staff members will provide financial oversight of ICS's SIF project, ensuring effectiveness and compliance.

Operations and Finance Management: Sean Trask has been the Chief Operating Officer and Vice President for Finance with UWGC since 2010. Previously, Sean worked for 13 years with CIGNA HealthCare, holding a number of different roles in Finance, Accounting, Audit, and Underwriting. He is a graduate of the CIGNA Financial Development Program. Sean holds a BS in Mathematics from Rensselaer Polytechnic Institute and a MBA from the University of Hartford.

Controller: Scott Williams is a Certified Public Accountant and a member of the South Carolina Association of CPAs. He has approximately 10 years of experience in auditing public and private institutions' financial statements and internal controls and currently serves as the Controller for UWGC where he manages the accounting and financial reporting functions. He holds a BS and MS in accounting from Auburn University.

Grant Finance Management and Reporting: Sandra Harper is the Grant Accounting Manager at UWGC. She has 28 years of experience as an accountant for non-profit agencies and is responsible for

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UWGC's Federal, State, and private grant tracking, reporting, and sub-recipient compliancy. She holds a bachelor's degree from Millersville State College in Business Administration. Before her experience in the nonprofit sector, she was a staff accountant for a Certified Public Accounting firm in Knoxville, TN and a for-profit corporation in Charlotte, NC.

As explained above, UWGC is not new to federal funding or compliance. In order to allow for separate tracking of grant program revenues and expenses, UWGC utilizes Sage 100 Fund Accounting Software. This software ensures effective control for all transactions of a specific grant by program year and budget category. Moving forward, this software also will allow for tracking the cash match included in our SIF application.

Program-related clarifications

* How will the 4 sub-recipients be selected from the 34 conference participants? Will these be government or service providers, or will the selection of these two types of sub-recipients be completed separately?

The selection of the two types of sub-recipients (government and service providers) will not be completed separately. Teams of government, funders, service provider representatives, and other key stakeholders will apply for the conference and the TA. The 4 sub-recipients will be selected from the 34 conference participants according to the criteria in our proposal as refined in discussions with CNCS. The government members of these teams will lead the TA recipients (applicants will be asked to identify a lead recipient), but we will involve and seek input from the other team members during the TA process. The service provider recipients will be from one of the four jurisdictions selected for TA.

When we ran the competition at last year's national conference on PFS for early childhood, we found that the applications naturally sorted themselves out into three groups. There were approximately five applications that were very ready for serious PFS work, five that were far from ready, and the majority of the applications fell somewhere in the middle. It is likely that we will select the TA recipients from among the highest-scoring applications, although we may choose some from the middle-scoring group to achieve geographic or subject matter diversity.

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Based on our experience with last year's conference and our experiences within the early childhood field, we expect that of the four teams we select, more than one team will face challenges with the capacity of their service providers. We plan to pick the team where the TA the Nonprofit Finance Fund provides can have the biggest impact. Therefore, addressing the capacity of service providers will be a part of the TA for at least one team selected.

Match-related

* On page 33 you mention that you have submitted a proposal to Bank of America for \$301,000. Is this for a loan or a grant? Can you provide more information on this potential funding source?

In August 2014, at Bank of America's request, ICS submitted a grant proposal to build the enabling environment in which early childhood PFS projects could develop nationally. This proposal is to provide technical assistance and undertake other field-building activities necessary for catalyzing early childhood PFS opportunities. Conversations with Bank of America are in a very preliminary stage, but the proposal seeks to leverage the potential funding partnership with CNCS.

Budget and narrative

* Please confirm the total requested amount from CNCS.

The total amount requested from CNCS is \$1,213,747.

* If not done so already, the budget needs to be entered in eGrants by line item. The subsidiary budget function needs to be utilized to gain an accurate representation of the expenses included. If you need technical assistance in completing this task, please call our Help Desk at 800-942-2677.

Confirmed with Anna Fogel that this was done properly.

* Pay for Success applicants must demonstrate that a minimum of 80% of the federal funds requested are used for sub-grants or services provided to sub-recipients. Please designate the line items that include these costs with the header: "sub-recipient services or sub-grants".

Per instructions from Anna Fogel, below is a listing of which line items in Subsidiary Budget 2 and 3

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that need to be marked by the developers with a header of "sub-recipient services" in light of the technological issues eGrants was experiencing:

Personnel:

- * Project Director
- * ICS Fellow
- * Director of Research and Grants
- * Policy Council
- * Innovation Fellow
- * Director of Communications
- * Administrative Assistant

Personnel Fringe Benefits: (this section is correctly identified in the budget spreadsheet in eGrants)

Travel:

- * Travel for providing technical assistance to 4 jurisdictions

Supplies:

- * Cell phone stipends for project staff
- * iPad service fees for project staff
- * Other supplies

Contractual and Consultant Services:

- * Nonprofit Finance Fund Incubator/Accelerator for sub-recipients
- * Staff time of sub-recipients

Other costs:

- * Webinars on evaluation, legislation, data needs, etc
- * Pay for Success National Conference
- * Office Space for Innovation Fellow at Center for Social Innovation in New York
- * Sub-recipient services: video conferencing at Regus Executive Offices

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Subsidiary Budget 1 in eGrants is correct.

* Personnel Fringe: Please include the rate for each fringe benefit.

o Retirement is 10% of salary: United Way contributes 10% of salary to the pension (or defined benefit) retirement plan on behalf of employees. There is not an elective employee participation on this plan and it administered by Unified Trust.

o FICA Employer portion is 7.65% of salary

o Health insurance is dependent on the actual elections made by the employee. For those employees who have not selected their health insurance yet (positions not yet hired), we used the average rate of \$8,208 which reflects the cost of selecting our most standard option, BlueCross PPO Medical and Life for the employee only.

o Life insurance is $\text{Salary} \times 2 / 100 \times .49$

The above rates were used to calculate the overall cost of each fringe category per staff member and then multiplied by the percentage of time they will be spending on the project to determine the CNCS/grantee share. These rates increased during the clarification period with the increased salary for the Innovation Fellow and the increased percentage of time the Grants Administrator committed to this project.

* Travel for conferences: Please provide the items included in the trip expenses and any calculations used.

We assumed that 2 project staff members would attend three conferences per year and 6 ICS staff members would attend the ReadyNation PFS Early Childhood Conference (included in "other costs" below). To determine our calculations, we assumed that all trips were 3 days and 2 nights.

Based on that, we determined the CNCS share (non-ReadyNation conference) costs as:

* Hotel: \$230 per night

o This amount was based on averaging the typical hotel cost ICS incurs while traveling for conferences

* Food per diem: \$58.50 per day

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o This cost came from averaging the federal meals and incidentals per diem across the six M&IE tiers (averaging tier one's \$46 total per day and tier six's \$71 per day)

* Ground transportation: \$50 per trip

o This amount was based on averaging the typical ground transportation cost ICS incurs while traveling for conferences, including rental car or public transportation fees

* Flights were \$500 per trip

o The average flight cost was based on looking at flying from Greenville, South Carolina to 6 cities across the United States (New York City, San Francisco, California, Austin, Texas, Denver, Colorado, Chicago, Illinois and Washington, DC). The average cost of these flights was \$478.92. We assumed that on some of these flights we would incur checked baggage fees but on others we would not, so our average flight cost was \$500.

* Conference registration fees: \$150

o We know that some conference fees will vary significantly. Since we are unsure which conferences we will be attending, we used an average cost of \$150, which comes from the average cost of attending a conference for ICS staff. However, we assumed that we will be presenting at some conferences and will not have to pay. Therefore, we assumed that 3 of the conferences will be free; while 3 we will have to pay an average of \$150. So, the total cost we calculated for conference fees is \$450 (3*\$150).

From these calculations, we determined that a total of 6 conferences per year would cost \$7,563. Each trip's hotel (2*\$230) + food (3*\$58.50) + (\$50) + (\$500) = \$1,185.50 *6 = \$7,113. Then when you add in the conference fees (3*\$150), the grand total for conference travel under CNCS is \$7,563 (\$450 + \$7,113).

The grantee share (ReadyNation conference) costs were determined by the expected costs for hosting the conference in Chicago in the spring of 2015:

o Hotel: \$250 per night

o Food per diem: \$16 per day

 Most meals will be covered by the conference fees (which ICS does not have to pay for hosting the event). \$16 per day covers the cost of continental breakfast and incidentals as defined by M&IE.

o Ground transportation: \$75 per trip

 This amount was based on assuming the cost of renting cars and associated parking costs

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so that we can be flexible in getting locations while hosting the event.

o Flights are estimated as \$393 per trip

 The cost for flights was determined by averaging the highest cost of a ticket from Greenville to Chicago (\$566.20) with the lowest cost of a ticket (\$219.70).

From these calculations, we determined that the cost of seven staff members attending would be \$7,112. Each trip's hotel (2*\$250) + food (3*\$16) + (\$75) + (\$393) = \$1,016 *7 = \$7,112.

* Contractual & Consultant:

o Non-Profit Finance Fund Incubator: Please provide an estimate of the number of days and the rate.

NFF staff estimates that each of the three NFF incubators would involve approximately 37 days of design, planning, preparation, coordination, delivery, follow up with individual participants and reporting and a rate of approximately \$2,000 per day, plus travel and out-of-pocket expenses (Travel for three people and Out of Pocket: \$7,500; Materials: \$1,000).

o United Way management services: Please explain the use of this expense and the indirect calculation applied. [See program management question above.]

After speaking with Ann Fogel and the United Way of Greenville County, the indirect rate was removed. United Way's in-kind support of ICS totals \$48,800 a year (including office space, listed below). UWGC has agreed to allocate 15% of this in-kind support of ICS to the SIF project:

 Human Resources/back office support: \$2,590 -- as mentioned above, United Way provides all of the financial management for ICS, including transactional, reporting, and audit support. The total costs for these services are approximately \$12,000. United Way will designate 15% of the \$12,000 (\$1,800) toward the SIF project. Additionally, United Way's Grants Manager, who has never worked with ICS, will contribute 1.35% of her time to assisting with ICS's SIF project ($\$58,500 \times 1.35\% = \789.75), making UWGC's total human resources/back office support contribution to SIF \$2,590.

 Technology: \$1,980 -- United Way provides \$13,200 a year for in-kind ICS technology costs, including phone services, internet accessibility, and the Information Technology Manager's time. United Way has determined that 15% of \$13,200 can be dedicated to the SIF project.

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Supplies: \$300 -- United Way provides \$2,000 in supplies in-kind every year. These office supplies are part of United Way's supply cost. United Way expects that 1% of \$2,000 of these supplies will go towards the SIF project. (These are listed in the updated budget under other supplies).

* Other Costs:

o Webinars: Please include more detail on the expenses in this line and the calculations used.

To determine the costs of webinars, we looked at the cost we typically incur while hosting a webinar. Webinar costs are determined at a per user rate based on the number of minutes they participate in the webinar. In the follow up TA that was provided to last year's Pay for Success conference, we hosted a webinar in June 2014 that 126 people attended. The per-person rate is \$0.120. Those 126 attendees utilized 5,515 units over the course of the hour-long webinar for a total cost, including taxes and fees, of \$726.56. Therefore, the total cost per person for this one hour webinar was \$5.77 per person.

We assume that somewhere between 80 and 90 people will attend each of the 4 webinars. Therefore, the estimated cost for the four webinars will be somewhere between \$1,846.40 and \$2,077.20, which we rounded to \$2,000.

o Printing of publications: Please include more detail on the expenses in this line and the calculations used.

The publications we have printed for past Pay for Success publications and reprints of those publications cost, on average, \$1.79 per item printed. The cost of printing varies significantly for something like an issue brief (typically around \$1.50 per printed item), while a more significant publication, like a feasibility study narrative, would be higher (typically around \$10.15 per printed item). As with most printing jobs, the higher the quantity printed, the less expensive the price per piece printed. Given the variability in costs associated with quantity and type of print job, we had to estimate a cost for the printing of publications that we felt would be a good balance of our average costs for printing in the past. It is our expectation that we will print around 1,400 pieces per year for this project, which when multiplied by the average \$1.79 equals \$2,502.

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o Pay for Success Conferences: Please include more detail on the expenses in this line and the calculations used. We are not able to evaluate from the budget line item or narrative whether this line item and cost for each conference is reasonable.

The cost included for the Pay for Success Conference is based on the costs of last year's conference. Due to the popularity of the conference, in consultation with ReadyNation and the Pritzker Foundation, we plan to double the number of people who are selected to attend. Note that the Pritzker Foundation/Ready Nation will fund this portion of the project.

Last year's conference costs included:

Budget Item 2014 Conference Actual Cost

Food and Beverage \$18,000

Materials \$3,000

Speaker Travel \$4,000

Honoraria for Speakers \$10,000

TOTAL \$35,000

Therefore, we are projecting this year's conference costs to be:

Budget Item 2015 Anticipated Cost (doubling the size)

Food and Beverage \$36,000

Materials \$6,000

Speaker Travel \$8,000

Honoraria for Speakers \$20,000

TOTAL \$35,000

o Office space: Please include more detail on the expenses in this line and the calculations used.

In addition to providing human resources and financial back office support, United Way of Greenville County provides ICS with office space pro bono. UWGC has agreed to allocate 15% of its ICS in-kind support to the SIF project, which makes the portion of in-kind rent that applies to SIF \$3,240.

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The total cost for ICS's office space is \$21,600, which is 2/3 of \$32,400. \$32,400 is the total cost of rent of the United Way "Partnership Center," which ICS occupies along with other agencies. United Way has determined that 15% of \$21,600 reflects the amount of office space that will be dedicated to the SIF project.

* Source of Funds: Please include all matching funds under Source of Funds including all in-kind contributions. For in-kind contributions, please list service, good or function.

This is updated in the eGrants budget document.