

# Narratives

## Executive Summary

NOTICE OF FUNDING AVAILABILITY (NOFA): Corporation for National and Community Service Funding (CNCS) FY 2014 Social Innovation Fund (SIF) Pay for Success (PFS) Grants

APPLICANT: Third Sector Capital Partners ("TSCP"), a 501(c)3 nonprofit

AMOUNT/MATCH: \$800,000 year 1; \$1,000,000 year 2; \$1,200,000 year 3; total \$3M in federal funds requested and \$3.3M in non-federal match, including \$3M in cash; \$800K in committed cash match (100% of Year 1 federal fund request)

KEY SIF PARTNERS: Abt Associates ("Abt"); New Profit Inc ("NPI"); National Governors Association ("NGA"), National League of Cities ("NLC"), and National Association of Counties ("NACo")

This first SIF PFS procurement poses a unique opportunity to advance the nascent PFS field at a critical juncture in its development. As a field leader, TSCP fully appreciates the significance of that opportunity; consequently we propose to leverage this SIF funding to tackle the most pressing challenge in the field today: how to develop multi-government-level (local, state, federal) contracting and financing for outcomes-driven services. TSCP understands this challenge very well. We are currently partnering with 12 governments and service providers to conduct PFS feasibility studies or drive project construction, including major projects in Massachusetts, Illinois, Salt Lake County (UT) and Cuyahoga County (OH). We have driven over \$60M in public and private financing towards outcomes-based contracts to date, with \$115M additional financing clearly in sight. In particular, we have had more experience working with local governments on PFS than any other PFS technical assistance ("TA") provider and we know first-hand how often potential PFS projects at all levels of government are stymied due to an inability to address intergovernmental issues--including benefits and savings that accrue to different levels of government and data tracking systems that are unable in order to connect to follow clients over time. As we work to construct PFS projects, we have discovered that local government is frequently the linchpin in the network of PFS stakeholders. Not only do counties/cities represent by far the greatest number of PFS opportunities, but because they are where social services are most often delivered, federal government, states, service providers and local foundations all need to engage with them to address their priority issues. Building on this knowledge, TSCP proposes to leverage the SIF grant to invest in two synergistic directions that would not be possible without SIF support. First, we will create a laboratory for testing promising PFS mechanisms and infrastructures. We will provide assistance to at least 16 government Sub-Recipients (across two

## **Narratives**

cohorts), selected because they engage both local and state government, have energized local philanthropic support, and have demonstrated a high degree of PFS readiness. Selecting strong Sub-Recipients will be essential to maximize the likelihood of early successes and the opportunities for lessons learned. Equally important will be the quality of expert resources made available to work with each Sub-Recipient. TSCP is well prepared on both of these counts. We have a strong pipeline of interested governments and service providers already knocking on our door; and we have both a well-honed menu of PFS TA services and a cadre of staff with on-the-ground PFS experience.

Our second focus will be to build sustainable PFS capacity for the broader field, just as we will build it for our direct Sub-Recipients. By engaging deeply with the leadership organizations for state and local government, as well as for funders, we will build capacity to convert the lessons learned in our cohorts and other individual PFS projects into scalable PFS blueprints that will be transferred to a much wider audience.

The partnerships we have established for this SIF project will greatly enhance our capabilities to execute both components of our strategies. NPI, NGA, NLC, and NACo not only provide us with sustainable, high quality access to their constituencies for recruiting and dissemination, they also bring us a cadre of experts in governmental structure and the SIF priority program issue areas. This staff, along with evaluation and programmatic experts from Abt, will work alongside TSCP staff in delivering TA, thus not only benefiting to our Sub-Recipients, but also building our partners' capacity to bring PFS expertise to their much wider audience of governmental leaders and the hundreds of federal grantees who receive TA on evaluation and evidence-based practice. In a similar vein, we intend to engage leading associations in the philanthropic field, including the Council on Foundations ("CoF"), United Way chapters, and Grantmakers for Effective Organizations ("GEO"), as well as other federal intermediaries and contractors (including NPI) who provide TA to promising programs.

In summary, our proposed approach is deliberately designed to give CNCS/SIF the broad umbrella under which its ambitions for advancing the PFS field can be realized. We have endeavored to: create a process that will be open to all of the key stakeholders in the PFS field; provide TA to large enough cohorts to be able to generate generalizable learnings; and catalyze a robust pipeline of diverse future PFS projects with increasingly better chances of success. Many outstanding organizations have already expressed interest in joining us in this endeavor. We look forward to a partnership with them and the Corporation in this vital initiative.

### **Program Design**

#### I.A. Goals and Objectives

## Narratives

### I.A.1. THEORY OF CHANGE, PROJECT OBJECTIVES AND RELEVANCE TO PFS COMPETITION

Third Sector Capital Partners, Inc. ("TSCP") is a nonprofit 501(c)3 advisory firm dedicated to building the Pay for Success ("PFS") field and accelerating America's transition to a performance-driven social sector. The Social Innovation Fund ("SIF") PFS Grant Competition represents an unprecedented opportunity to accelerate the development of diverse PFS projects across the United States through targeted technical assistance ("TA") that results in government PFS procurements. TSCP is applying to provide feasibility TA to governments with the goal of not only assisting promising cohorts of TA Sub-Recipients to move toward PFS transactions, but also to dramatically expand national capacity to implement PFS financing strategies.

At a high level, our Theory of Change is that by using SIF dollars to align multiple levels of government resources with a sustainable local infrastructure for upfront financing, TSCP will achieve its goal of establishing a model for multi-government-level PFS programs and build a scalable PFS ecosystem. SIF funds for this project will support increasing the pipeline of exemplary PFS transactions, while also making the PFS contracting process accessible to a wider audience nationwide. TSCP's three core objectives for the SIF project are described below, along with the underlying precepts that guide TSCP's theory of change.

I.A.1.1 OBJECTIVE: Empower governments to develop highly promising PFS opportunities and implement outcomes-based contracts across a diversity of issue areas and geographies, and across multiple levels of government.

While interest in PFS contracting has grown rapidly over the past four years, the US has implemented only four PFS contracts to date: two at the state level and two at the city/local level. A critical pathway to increasing and diversifying the pipeline of PFS projects is investing more deeply in what is arguably the largest class of social investors in America: local governments. City and county governments account for billions of dollars of social services in the United States every year, much of which is spent on the three SIF priority areas of economic opportunity, healthy futures and youth development. Furthermore, since program monies generally flow down to the local level from the federal and state levels, local governments typically deliver or oversee more social services than do states. There are 3,144 counties and county equivalents and thousands of cities across the US, each with their own procurement processes to distribute these billions to social service providers. Standardizing PFS contracting and financing would transform how local governments assess, support, finance and scale evidence-based solutions. It would also empower hundreds of localities to incubate a wide range of PFS projects, and take advantage of their proximity to the point of service delivery to

## Narratives

educate and build capacity of local service providers along the way.

Unfortunately, local government PFS TA has been limited, as much of the initial TA dollars have gone to states that are perceived as uniquely able to do larger transactions. Yet such TA is essential not only to encouraging local government participation in PFS, but also for aligning multiple streams of public resources towards financing outcomes. PFS contracts executed on the state level often involve services that are delivered through local governments as exemplified through projects in Massachusetts, New York, and Illinois: while the state realizes the savings generated through the project, localities are often the point of direct service implementation and delivery. This reality makes widespread adoption of PFS impossible without close coordination between state and local government. It also makes federal SIF dollars essential to incentivize TSCP Sub-Recipients to generate pathways and break down silos at each level of federal, state and local government for success payments. Success in this endeavor requires both catalytic federal dollars and participation from trusted national leadership organizations for state and local government to ensure those resources are effectively utilized. That is why we have partnered with the National League of Cities ("NLC"), the National Association of Counties ("NACo") and the National Governor's Association ("NGA") to ensure that their resources and insights are brought to bear in educating their membership and developing innovative solutions to these challenges.

The large number of cities and counties relative to states means that focusing more TA on local government will enable a significantly larger number of deals of all sizes to develop. Paths to scaling PFS projects through local involvement can be built from the bottom-up (providing TA directly to a county or city, as TSCP is currently doing in Cuyahoga (OH) and Santa Clara (CA) counties), or from the top-down (engaging with a state that seeks to partner with multiple local governments, as TSCP is currently doing in IL and NY). In focusing on both paths of scaling multi-government projects, TSCP believes it can build the capacity of government agencies to foster a more mature, vibrant PFS sector.

I.A.1.2. OBJECTIVE: Align multiple sources of public resources (local, state, federal) with local private investment (including community foundations, local United Ways, local banks) to fund evidence-based solutions through PFS contracts.

Although local government is a powerful entry point for PFS transactions, city and county governments face multiple challenges when structuring PFS contracts, including: 1) identification of evidence-based, PFS-ready issue areas and interventions; 2) legal complexities of navigating multi-year contingent contracting and repayment structures; 3) the "wrong pockets" problem of having savings accrue to other levels of government; 4) harnessing of quality data used for program

## Narratives

evaluation; 5) gaining access to financing; and 6) navigating the multiple workstreams required to make deals happen. For example, although many counties are interested in procuring for improved outcomes such as reduced time in foster care, state and federal coffers may contribute half or more of the child welfare budget for the county, and waivers may be required to structure desired innovations. Given these challenges, there is often no easy path for scaling local PFS-driven innovations without state or federal involvement- yet another reason why federal SIF TA resources are critical to enable these collaborations.

On the private financing side of PFS, TSCP believes that local funding infrastructure, which is already committed to building and sustaining local service provider capacity, can be much better mobilized to play an ongoing role in supporting provider TA and financing for the PFS field. Thus far, projects at all levels of government have been primarily driven by capital from large private banks, national funders or wealthy individuals, but there has been interest from local funding infrastructure, such as community foundations, local United Ways or local banks to finance outcomes-driven service providers in their communities. This is why our project has reached out to Council on Foundations ("CoF") and Grantmakers for Effective Organizations ("GEO"), nationwide coalitions of grantmakers that are committed to investing in "what works", and United Ways to both educate and empower local funding infrastructure to participate in PFS transactions. In our open competition for Sub-Recipients, we will also give preference for compelling plans that have raised match dollars from local funders.

I.A.1.3. OBJECTIVE: Build and disseminate knowledge gained through SIF PFS TA engagements to accelerate development of a vibrant and sustainable PFS field.

From its inception, SIF has launched a "knowledge initiative" to document learning. The SIF's support of a sizeable cohort of PFS Sub-Recipients has the potential to be a breakthrough in providing common, field-wide learnings to the PFS sector. This learning can be greatly enhanced, however, by bringing together a well-selected group of Sub-Recipients and PFS experts in a living, learning laboratory where theories of change can be tested, common insights can be derived, and tools and learnings can be assembled for dissemination to wider audiences.

A broad range of experiences is critical to create systemic learnings. TSCP has proposed to support a minimum of 16 Sub-Recipients (two cohorts) over the course of the cooperative agreement as a way to develop multiple pathways to success for diverse players in the field. Large cohorts will enable TSCP to examine and compare a varied set of strategies for combining governmental funding streams for different types of programs. It will also enable us to create "program clusters" around

## Narratives

issue areas, allowing for multiple layers of learning within and across cohorts. Sizeable Sub-Recipient cohorts will be key to this strategy.

Developing powerful learnings is only half the battle, however; it is also critically important to disseminate those lessons and to build the capacity of the field for continuous PFS learning and progress. As discussed in more detail in Section I.C.2.3, TSCP's partnerships will leverage deep, well established networks of state and local government and philanthropic leaders, as well as the community of evidence-based service providers. To reach the latter audience, we have partnered with New Profit Inc., ("NPI"), a SIF intermediary supporting evidence-based programs, and Abt Associates, Inc. ("Abt"), a prominent evaluator and TA provider serving thousands of Federal and foundation grantees (including many of the existing Federal SIF grantees); and we will add similar partners as this project progresses. TSCP's partners will be active participants in all phases of the project so that they build internal capacity to provide sustainable PFS TA and education for their constituencies during and beyond the term of this project. We discuss our strategy for this knowledge-sharing in more detail in Section I.C.2.3.

### I.A.2. PROJECT SCOPE, TARGETING, AND APPLICABILITY TO THE SIF FUNDING PRIORITIES

This project will take a broad, national approach to inviting local government partnerships to apply for PFS TA in any of the priority issue areas for the SIF. There are two reasons for this broad approach: 1) we believe deeply that PFS contracting is best thought of as a form of procurement reform. Thus, governments, rather than providers, are the place where PFS capacity-building will most powerfully lead to lasting and replicable changes in how America drives and scales social innovations; 2) for the sake of growing the field and building future PFS pipelines, we want to reach out and educate the broadest range of potential government payors, local funders and service providers possible.

Consequently, TSCP will hold open and transparent competitions for local and state governments as detailed in Section I.B. Applicants will be required to address at least one of the three SIF priority issue areas, with additional points allocated for also addressing SIF's underserved populations, including Opportunity Youth and Traditionally Underserved and Underrepresented Geographic Areas and Populations. In TSCP's balancing factors, TSCP will also give consideration to including jurisdictions and issue areas that expand the reach of current PFS practice.

## Narratives

### I.A.3. MEASUREABLE OUTCOMES AND PROJECT DELIVERABLES

Below, we outline our proposed measureable outcomes in each of the three major categories of project activity and impact. Deliverables associated with these areas are described in Section I.E.

Impact Area #1: Reach of Open Competition and Field-Building Activities. (a) number of entities applying to/accepted by the open PFS competition to receive technical assistance by TSCP; (b) number of projects (i.e., PFS interventions) in each program cluster (i.e., issue area, including economic opportunity, healthy futures, and youth development); (c) conversion rate of PFS knowledge sharing to actionable PFS activities, measured by the percent of convening attendees eligible to be a Sub-Recipient that submit applications to SIF PFS open competitions or for other PFS funding.

Impact Area #2: Successful Feasibility Analyses of PFS Projects. (a) number of local government entities and associated staff members that gain a deeper understanding of PFS; (b) number of issue areas and/or interventions identified in Sub-Recipient jurisdictions that are strong candidates for PFS such that they have the potential to produce measurable outcomes, yield long-term government savings, and generate a return on investment for private and public sector stakeholders; (c) number of developed and/or released PFS procurements within Sub-Recipient jurisdictions; (d) number of projects which take actions to pursue the necessary integration of data systems and establishment of data-sharing agreements to track outcomes for PFS projects; (e) number of projects which show evidence of progress towards or establish financing mechanisms from government to support success payments; (f) number of projects which pursue alternative outcomes-driven financing structures, if PFS is deemed infeasible or not appropriate; (g) timeliness for each project of reaching scheduled milestones listed above; (h) number of Sub-Recipients who pursue follow-on PFS projects; (i) total dollar amount of PFS contracts and funding set-aside by Sub-Recipients.

Impact Area #3: Evolving PFS-Readiness Profile of the PFS Landscape. (a) ongoing tracking of level of readiness for each cohort throughout the period TSCP provides technical assistance for feasibility; (b) number of entities not selected for the first open competition, which re-apply and return with a higher PFS Readiness rubric score, along with the corresponding improvement in PFS Readiness score following TSCP feedback.

### I.A.4. VALUE-ADDED ACTIVITIES AND STRENGTHENING THE CAPACITY OF GOVERNMENTS TO ENGAGE IN PERFORMANCE-BASED FINANCING

The outreach, TA, capacity-building and knowledge sharing activities that we propose are

## Narratives

described in detail in section I.B and I.C. These sections discuss in detail: (1) Educational Outreach- TSCP will leverage strong partnerships with Sub-Recipient networks (through NPI, NGA, NLC, and NACo) to reach out to local and state governments and service providers to educate them about PFS, the SIF grant opportunity and to assist them in assessing their own readiness for applying for PFS technical assistance. This is intended to both maximize the quality of applications for assistance and disseminate PFS information more effectively through trusted networks. (2) PFS TA - TSCP will prepare state, city and county governments for PFS projects by conducting landscape analysis for populations and issues for PFS application, assessing PFS feasibility among stakeholders, creating initial evaluation plans, as well as high-level cost-benefit analysis, building project economic models and providing procurement design and implementation assistance. (3) Sub-Recipient Capacity Building- In concert with its customized technical assistance, TSCP will identify capacity gaps and steps for remediation among Sub-Recipients, and offer resources and referrals to build and support internal Sub-Recipient capacity to engage in PFS contracting and take on PFS project management functions to help them address these gaps. (4) Knowledge Sharing. Throughout the provision of technical assistance, TSCP and its partners NPI, NGA, NLC, and NACo will create diverse shared learning forums for Sub-Recipients and create tools and templates to advance the practice of PFS TA.

### I.A.5. CONSIDERATION FOR OTHER FEDERAL FUNDING

TSCP is proposed in a small subcontractor role on a recent submission to the Department of Health and Human Services (DHSS), Assistant Secretary for Planning and Evaluation (ASPE) to work with this agency to identify interventions that have the highest potential for PFS funding. This application is distinct from the SIF PFS application in that it is a study limited to one federal department and does not involve TA.

### I.B. Description of Activities: Provision of Technical Assistance

#### I.B.1. NUMBER OF SUB-RECIPIENTS AND RANGE OF SUB-RECIPIENT AWARDS

Across two cohorts, TSCP seeks to competitively select a total of approximately 16 Sub-Recipients to receive TA. Depending on the level of PFS readiness and the complexity of the proposed intervention type(s), Sub-Recipient awards are anticipated to average \$250K in value, including matching funds, but they could range from a minimum of \$50-100K (exclusive of match) for limited assistance with specific issues needed to increase PFS readiness to up to \$350K for Sub-Recipients (including match) where multiple jurisdictions or potential interventions are involved. This estimate

## Narratives

is based on TSCP's past experience assisting governments and their stakeholders with varying degrees of PFS education through the feasibility stage of preparing to structure a PFS transaction. Based on TSCP's past work in the field and the increased interest generated by the SIF NOFA, we are highly confident that we will generate a substantial pool of applicants with high potential to progress to the deal structuring phase. Indeed, over 20 high-potential organizations, many involving multiple levels of government and with match funding, have already indicated to us their intent to apply to TSCP's open competition. Other organizations that are also applying for SIF funds but that have expressed interest in our competition if launched include Corporation for Supportive Housing, the Michigan Nonprofit Association, the University of Utah, Colorado State and Counties, and the Institute for Childhood Success.

### I.B.2. SELECTION PLAN FOR SUB-RECIPIENTS AND TIMELINE FOR STAGES OF SELECTION PROCESS

As a two-time SIF intermediary NPI has amassed extensive experience conducting selection processes designed to meet CNCS' standards for openness and transparency. Building on this expertise, and on the deep experience of TSCP's Director of Federal Initiatives, Jerry Croan, TSCP proposes the following four-stage process.

#### I.B.2.1. Stage 1: Development of Selection Criteria (1 Month)

In stage 1, TSCP will design an objective and transparent scoring tool that we will make publicly available to prospective applicants. The tool will be built off of the key elements of the TSCP PFS Readiness Assessment Framework and other similar tools, such as the Urban Institute's PFS Suitability Instrument. TSCP's PFS Readiness Assessment Framework includes the following criteria: 1) committed government leadership; 2) presence of high-need, sizeable target populations; 3) availability of quality databases to track outcomes; 4) existence of evidence-based interventions and providers with the ability to scale; 5) compelling value proposition for end payor (whether cost savings or social benefit); 6) degree of initial funder receptivity; and 7) overall level of progress already achieved towards demonstrated feasibility. Abt will enhance elements of the PFS selection criteria related to evaluating evidence of impact and the evaluation process.

Abt will then assist TSCP in developing replicable methods for scoring each PFS criterion, weighting criteria and deriving an overall score. Factors critical to TSCP's theory of change, such as having a state partner with local government and having local foundation partners willing to provide resources, will be heavily weighted. Finally, TSCP will test the overall instrument to ensure adequate

## Narratives

levels of inter-rater reliability, usability and face validity.

In addition to these PFS readiness criteria, we will specify a set of criteria related to the SIF priority issue areas/populations, as noted above, with special consideration for underserved population (veterans, opportunity youth) and underserved geographies (rural, tribal). Finally, we will identify portfolio-balancing factors designed to help TSCP test aspects of its theory of change and enable efficiencies of scale in providing its services, (e.g., creating program clusters, such as workforce development models across multiple counties).

### I.B.2.2. Stage 2: Outreach to ensure open, transparent competition (2-3 Months)

In order to reach a broad and qualified pool of high potential applicants, TSCP will engage in multiple outreach strategies. In particular, we will target local and state governments who have already demonstrated interest in PFS and made progress towards readiness. To identify prospects and to reach our broader audience, we will engage the powerful set of TSCP SIF Partners described under Section I.A. These partners will leverage existing mechanisms, including email blasts, annual and special conferences and convenings, webinars and online resources, and other forums, to reach out to their broad member base to educate their constituency on PFS and the open competition. These partnerships enable CNCS and the SIF to leverage existing and mature networks to enhance the visibility and awareness of PFS.

TSCP will publicize its competition, conduct webinars for interested applicants about the PFS readiness criteria, and we will make self-assessment tools publicly available. TSCP will also conduct discovery calls with interested applicants to provide information about eligibility and process, encourage partnerships among applications where appropriate, and flag high-potential applicants. Throughout this process, we will encourage partnering between local governments and their states to maximize collaboration on both shared savings/success payments and data sharing, as well as partnering between governments and service providers with a strong evidence base and capacity for scaling interventions.

### I.B.2.3. Stage 3: Selection -- Eligibility Screening, Application Scoring and Final Selection (1-2 months)

TSCP will release the application for the competition on its website while conducting outreach and allowing a sufficient amount of time for interested parties to apply. TSCP will then evaluate applicants using three tiers of selection: the first focused on basic eligibility/threshold requirements that will be defined by TSCP and the SIF partners, the second focused on the previously identified PFS selection criteria, and the third based on a review of the scoring results and the balancing factors

## Narratives

discussed in Stage 1.

During the initial eligibility screen, TSCP will confirm minimum eligibility requirements and identify any potential individual or organizational conflicts of interests ("COI") for individuals on the selection panels. After the eligibility screen, multi-rater panels comprised of subject matter experts ("SMEs") from TSCP and our partner organizations will score each application. Care will be taken to ensure that no single individual reviews applications where they have a potential COI. Based on statistical analysis of scoring patterns, scores will be adjusted as needed for outliers or inconsistencies between panels. TSCP will also review the proposed selection process with CNCS to ensure it meets the Corporation's standards of openness, transparency and fairness.

After the rubric-based scoring has identified finalist candidates, a senior selection committee (also made up of representatives from TSCP and its partners, with appropriate protections against COI) will develop consensus scores and prioritize applicants into tiers of readiness. The selection committee will then utilize these groupings to guide further information gathering and due diligence. Ultimately, the committee will select applicants from the highest tier of readiness, considering the balancing factors described above in Stage 1, as well as absolute scores. In each cohort, we may include some Sub-Recipients who evidenced great promise, but less readiness in specific areas and provide them limited assistance (\$50-100K) with the goal of enabling the Sub-Recipient(s) to be successful in the following round of competition or to obtain other support.

TSCP plans to provide feedback to all applicants with the aim of enabling them to increase their future PFS readiness and obtain future PFS TA and resources. This feedback will provide guidance to all applicants about their ability to engage in PFS in the future. By involving our outreach partners intimately in the entire selection process, we will be strengthening the capacity of a powerful network of associations and federal TA providers to guide and assist their constituencies and/or clients along the PFS readiness pathway.

At the conclusion of the two selection processes, TSCP expects to have 2 strong cohorts of at least 8 Sub-Recipients each, for a total of at least 16 Sub-Recipients served through the SIF competition.

### I.B.3. MENU OF SERVICES FOR SUB-RECIPIENTS

Under the CNCS grant, TSCP will provide the following menu of in-kind services and cash grants tailored to each Sub-Recipient's needs:

I.B.3.1. Education, Outreach and Training. PFS projects require broad consensus, earned

## Narratives

though strong, early outreach and highly inclusive processes. TSCP and all TSCP SIF partners will conduct webinars, presentations, convenings, and training workshops to mobilize and enable aspiring PFS stakeholders. Partners, when appropriate, will conduct targeted outreach; for example, NGA will conduct direct outreach to governors' offices.

I.B.3.2. Landscape Analysis and Issue Prioritization. Through government budget reviews and interviews with key government officials, providers, evaluators, funders and other stakeholders, TSCP and NGA will work with Sub-Recipients to determine which target populations and issue areas are best suited for PFS contracting, which interventions and service providers are most ready to participate in a project, and which government champions, funders and other partners are most interested in supporting a project.

I.B.3.3. Cost/Benefit Analysis. Using information from government and provider budgets and databases and insights from program evaluations, TSCP will model the likely impact of various PFS projects to determine the potential cost-benefit.

I.B.3.4 Outcome Metrics Development. TSCP will work with government officials and other stakeholders to identify recommended PFS outcome metrics, incorporating assessments of data availability, cost/benefit for "cashable" savings, alignment with political priorities, ease of evaluation, and other factors.

I.B.3.5. Evaluability Assessment and Evaluation Planning.. TSCP, with its expert evaluation partner Abt, will examine interventions, providers, outcome metrics and government databases to create an initial plan for how PFS impact evaluations will be conducted. We will assess evaluation feasibility in terms of cost, practicality, statistical power/accuracy and readiness. At the intervention level, we will evaluate whether there is a logical comparison group or counterfactual against which program impact can be measured, focusing whenever possible on low-cost, rigorous experimental methodologies for the outcome evaluation.

I.B.3.6. Integrated Economic Modeling. TSCP will synthesize emerging assumptions on target population, type of intervention, scale/pace of rollout, cost/benefit, financing structure, intermediary costs, outcome metrics, "cashable" savings, and other factors to arrive at an integrated economic model that allows all stakeholders to examine their specific PFS roles and financial expectations.

I.B.3.7. Legal and Regulatory Compliance Planning. As indicated at the end of Section I.B., TSCP will partner with experienced government legal and fiscal experts, such as those at Ropes & Gray and Kutak Rock, to work closely with state and local legal teams to ensure compliance with intergovernmental regulations and help draft needed policies and contracts forms.

## Narratives

I.B.3.8. Technical PFS Budget and Payment Reviews. TSCP and NGA will work with various budget, fiscal, procurement, and other administrative staff to develop plans for how governments will budget for, execute and fund PFS contracts.

I.B.3.9. Pre-RFP Project Structure Planning. All PFS projects require contracts among service providers, evaluators, programmatic intermediaries, and funders, as well as the development of project management structures. TSCP will work with government Sub-Recipients to create a plan for setting-up the project's structure, including options for how to procure service providers, fundraise, structure the transaction, evaluate and manage to outcomes, and establish project governance.

I.B.3.10. Pre-RFP Project Blueprinting. TSCP will collaborate with NGA, NACo and NLC to provide significant planning and project management services to governments and their stakeholders, providing a project "blueprint" that outlines and explains the key steps required to develop a PFS project.

I.B.3.11. Initial Funder Partnership Development. TSCP will collaborate with funding groups to develop initial PFS project summaries and work with government clients to create funder interest groups to advise project development. Though still early in the PFS development process, these activities will foster deeper interest in projects, ultimately accelerating the timeframe to firm funding commitments.

I.B.3.12. RFI/RFP Development and Implementation Support. TSCP will work with SIF legal partners and Sub-Recipients to design and support the implementation of RFIs and RFPs for PFS projects, including determination of RFI/RFP timing, drafting of language, development of scoring criteria, legal review process management, scoring of responses and communication to respondents to identify high-performing nonprofit service providers.

I.B.3.13. Cash Grants for Specialized Services. If TSCP identifies a specific capacity-building need, we may either purchase specialized services on the Sub-Recipients' behalf or provide cash grants to the Sub-Recipient to acquire specific resources. We discuss these grants and specialized services in more detail in Section I.B.5.

### I.B.4. CAPACITY FOR REVIEWING THE EVIDENCE BASE AND IDENTIFYING SUCCESSFUL MODELS

Frequently, government officials are considering a number of PFS issue areas and programmatic approaches, or know what outcome they wish to influence, but are unsure about which models and/or organizations have proven to be most effective. TSCP will draw heavily on Abt's

## Narratives

research expertise to assist these Sub-Recipients by reviewing both the published academic literature as well as other credible research evidence to identify promising intervention models for achieving desired outcomes, including the circumstances under which these interventions have proven successful. TSCP will leverage its experience conducting due diligence on dozens of service providers seeking to pursue PFS to accomplish this work; Abt will apply its deep expertise in evaluating evidence-based models garnered from conducting hundreds of program evaluation and literature reviews.

Specifically, TSCP and Abt will work with each Sub-Recipient (or program clusters where appropriate) to determine: 1) if there is a clearly defined logic model or theory of change that specifies the causal linkages between activities proposed and results anticipated; 2) the degree of impact on desired outcome measures that can reasonably be expected for different program models; 3) design features that contribute to that impact; 4) target populations for whom impact has been achieved; 5) replicability of the program model; 6) program costs relative to benefits and 7) the data required to track outcomes and conduct an evaluation.

For specific service providers, Abt and TSCP will use site visits as well as detailed document and data reviews to assess current ability and willingness to implement a strong model with fidelity or adapt it successfully to local needs and conditions. TSCP and Abt also have extensive experience assessing the operational strengths and weaknesses of providers, including management capability, fiscal soundness, and data and process management capabilities. TSCP routinely brings this type of expertise to our Assessment/TA teams in helping government clients procure high performing service providers.

### I.B.5. BUILDING CAPACITY FOR SUB-RECIPIENTS

All of the in-kind TA services described above are aimed at building the capacity of Sub-Recipients during and after this SIF project. TSCP's engagements require close collaboration with the Sub-Recipient to build their understanding of the requirements and how to meet them. Staff who have worked with TSCP on other PFS projects are now playing integral roles in supporting PFS development in other areas. For example, Gary Graves, the Chief Operating Officer in Santa Clara County, California, frequently consults with other state and local government leaders to share his PFS knowledge and support the development of other projects.

In some cases, however, Sub-Recipients may need additional help to build capacity beyond what our assessment and TA teams can provide through our core menu of services. In these cases, we

## **Narratives**

may either purchase specialized services on the Sub-Recipients' behalf or provide cash grants to the Sub-Recipient to acquire specific resources. Based on TSCP's past experience, we anticipate that Sub-Recipient capacity needs will largely concentrate in three core areas: (1) data systems improvements, including data collection and matching; (2) programmatic improvements, including service delivery reviews and preparing programs and service providers for rigorous evaluation; and (3) project management and staff capacity, including "back office" support for regulatory and legal compliance, budget and accounting, and other management systems. We have reserved funds in our budget to purchase the services of SMEs who can step in and provide immediate assistance or services in these areas. Through our extensive network of partners and colleagues, TSCP will help Sub-Recipients gain access to the nation's leading experts in the areas of evaluation, organizational support, nonprofit management, program design, and government operations and policy. We have also arranged for SMEs to be available to assist with complex legal, policy and regulatory barriers.

### **I.B.6. IDENTIFYING HIGH-PERFORMING NONPROFIT SERVICE PROVIDERS**

A critical component of TSCP PFS TA to Sub-Recipients is conducting a landscape analysis to identify high-performing nonprofit service providers who may be poised to enter into outcomes-based contracts. To support these landscape analyses, further described in Section I.B.2, TSCP will reach out to evidence-based service provider groups through the intermediaries and TA or evaluation contractors that serve them. NPI will reach out to its SIF grantees and make informational materials available to other SIF intermediaries to disseminate to their networks. Abt will reach out to its provider networks developed as the evaluation TA provider for three of the Federal Innovation grant initiatives, including Investing in Innovation (i3) for the Department of Education (ED), workforce development for the US Department of Labor (DOL), and teen pregnancy for the Department of Health and Human Services (DHHS). Additionally, TSCP will partner with government Sub-Recipients and their local funder partners to conduct broad PFS education sessions for their portfolios of existing nonprofit service providers and grantees to further assist in identification of promising interventions.

### **I.B.7. "BACK-OFFICE SUPPORT" TO TA TEAM MEMBERS WORKING WITH SUB-RECIPIENTS**

TSCP and partner team members executing technical assistance will be comprehensively supported through management guidance, expert consulting and administrative assistance. 1) PFS-experienced Project team leaders will be constantly accessible to team members as they conduct

## **Narratives**

feasibility work with governments, serving as project architects to ensure a viable PFS value proposition is being created and supporting relationship management and TA delivery. 2) SIF Project lead Caroline Whistler will provide additional oversight and guidance to team members and leaders, and will develop processes to ensure lessons learned are systematically distributed across the teams. Ms. Whistler will also create direct access between PFS team members and SMEs both on an individual basis and as a cohort to help active PFS feasibility projects across areas including evaluation, legal and subject matter expertise. 3) As discussed more extensively in Section I.B.5, we will retain SMEs to provide immediate assistance for back office functions including regulatory and legal compliance and other management systems.

### **I.B.8. LEGAL AND REGULATORY REQUIREMENTS COMPLIANCE PLAN**

PFS projects require governments to develop new ways to procure services, including ensuring that government entities are legally able to enter into multi-year contingent contracts and commit to future payments for success. To ensure legal and regulatory compliance, TSCP has already partnered with experienced lawyers at Kutak Rock and Ropes & Gray and other SMEs that will work closely with state and local legal teams to ensure compliance to intergovernmental regulations, develop baseline contracts across PFS issue areas, and capture key learnings to share across Sub-Recipients. All contracts and compliance processes will be made publicly available through our partner networks to facilitate replication of promising practices and ensure future compliance. Further, TSCP has an in-house general counsel who will coordinate the collection and dissemination of legal learning. TSCP's in-house general counsel will also work with Ropes & Gray on an organizational level to ensure TSCP's compliance with any legal and regulatory requirements while delivering technical assistance.

### **I.C. Description of Activities: Proposal for Knowledge Sharing**

#### **I.C.1. SUPPORT FOR NATIONAL EVALUATION OF PFS COMPETITION**

Jerry Croan of TSCP and Chris Spera of Abt, both highly experienced evaluation program managers, will be responsible for ensuring data will be available for the national evaluation and ensuring that TSCP's internal systems are capable of collecting, storing and reporting information needed for the national PFS evaluation. We anticipate maintaining documentation not only of our own TA and Knowledge Sharing activities, products and deliverables, but to also measure the progress of our Sub-Recipients toward PFS readiness, as measured by the PFS Readiness Assessment Framework and the project outcome performance/measures referenced earlier. We will also provide

## Narratives

CNCS with data and analyses to feed into the national evaluation, as appropriate, produced during our PFS economic modeling and evaluability assessments. Also, as part of our Knowledge Sharing component, we intend to document the basic tenets of our theory of change, our logic models, the strategies adopted by each Sub-Recipient to overcome specific types of challenges and the outcomes of those strategies. Lessons learned will be captured and generalizable results articulated in our convenings. TSCP will also look to work with CNCS to report publicly on evaluation results and related lessons learned for the broader PFS sector.

### I.C.2. KNOWLEDGE COLLECTION AND DISSEMINATION TO BENEFIT BROADER SOCIAL SECTOR

Our overall goal for knowledge sharing is to build a strong infrastructure for the PFS field by sharing lessons and creating useful tools and framework that can be easily translated to other PFS efforts. Two key objectives to reach this goal will be to: (1) "learn as we go" and share critical lessons learned-- both among our cohort of Sub-Recipients and with our key partners-- on an ongoing basis at milestones throughout the grant period, and; (2) disseminate practical information widely and through a variety of open source platforms to benefit a larger governmental and social sector audience.

To achieve these objectives, TSCP and NPI will produce annual case studies and shorter briefs at milestone points of the technical assistance provision, as well as feasibility templates from our work providing TA to Sub-Recipients. TSCP and NPI will partner with NGA, NACo, and NLC to develop these briefs and case studies specifically targeted at levels of government, issue areas, geographies and other focus areas to address the unique needs and challenges of these constituencies in engaging in PFS.

TSCP and NPI will embed knowledge building and sharing into our work from the onset of the project. Below we describe the elements of our strategy for Knowledge Building and Sharing at each project stage.

I.C.2.1. Competition Phase. As described above in Section I.B., we intend to capitalize on this process as an opportunity to raise awareness about PFS among the governments, funders, and service providers and to educate them about the critical elements needed for PFS Readiness. The self-assessment tool will become a living product that we will continue to refine throughout the project based on feedback and lessons learned. Our SIF Partners (described earlier) will help not only with outreach and education, but also in creating tools tailored to the needs of their constituencies in these

## Narratives

sectors.

I.C.2.2. TA Phase. We plan to create peer Learning Labs for our Sub-Recipients, with participation by leaders of other PFS projects. In addition to creating vehicles for online resource sharing and communication, NGA will work with NPI and TSCP to co-host an annual convening of this learning community, designed to share lessons learned, problem-solve on the major challenges being confronted, bring in experts to speak on relevant topics and to develop an agenda for future knowledge sharing and field-building.

I.C.2.3. Ongoing Knowledge Sharing. As discussed in Section I.A.1.3, disseminating learnings on an ongoing basis to all PFS stakeholder groups is a key objective for this grant. We will create numerous opportunities once TA is underway for regular knowledge sharing with the broader field of PFS stakeholders. NGA, NLC and NACo will leverage their well-established communication mechanisms, including electronic, mail, and in-person gatherings, such as annual conferences and convenings of interest groups. These will provide opportunities for webinars and conference sessions that feature Sub-Recipient speakers, as well as for key Sub-Recipient leaders to gain valuable insight and make connections as they progress through PFS TA. All materials created during the course of the project will be hosted on TSCP's website on a dedicated PFS resource page that will serve as a repository for all public learnings for the broader social sector. This page will also house all publicly available documents from the technical assistance process, ranging from project applications to final deliverables. TSCP and NPI will also work closely with CNCS to ensure these materials are cross-hosted when necessary to coordinate with CNCS' larger knowledge sharing initiative.

Finally, we will work with CNCS to ensure maximum sharing of lessons learned and their implications with the federal agency community. Because of our multi-government approach to PFS TA and our planned engagement with federal TA and evaluation providers, we expect that there will be particularly valuable information to share with the broader federal community.

TSCP and NPI, along with government association partners NGA, NACO, and NLC, all have extensive experience documenting efforts and results, through written documents, webinars, conference calls, and conference presentations. TSCP has published four well-received case studies to-date and provides access links to other PFS resources, including publicly available contracts for its PFS projects, on its website. These publications focus on the implications and frameworks for developing and launching PFS projects, ranging from financial innovations to practical steps to engaging multiple stakeholders to conduct PFS feasibility. Our team will ensure that the results of the SIF project are also well documented and available to the field.

## Narratives

### I.C.3. BUILDING EVIDENCE FOR THE FIELD

Acquiring data and enhancing the quality of data analysis will be critical to generating evidence on program outcomes for the PFS sector. During our engagements with the Sub-Recipients: 1) we will acquire access to existing government and/or program databases as part of the evaluability assessments and economic modeling tasks described earlier, 2) Abt will work with Sub-Recipients to build broad estimates of ranges of outcomes and ROI that can be refined and built upon through ongoing data gathering for PFS projects; 3) we will assist Sub-Recipients to strengthen their data systems capacity to meet the level of rigor required for PFS measurement and evaluation. Sub-Recipients will be able to use cash grants, as detailed in section I.B.3, for building or improving data systems and infrastructure, and; 4) convenings will include sessions on evaluation and data analysis, such as conducting outcome vs. process evaluation, that will build local evaluator capacity.

### I.D. Description of Activities: Proposal to Identify Innovative, More Effective Solutions

#### I.D.1. INNOVATIVE AND TRANSFORMATIVE STRATEGY AND SERVICE-DELIVERY MODEL

TSCP's strategy of providing TA directly to governments, the largest end payor for PFS transactions, is a transformative way to ensure PFS expertise becomes a standardized part of how government allocates its resources. Our TA strategy, which has been described in detail in Section I.A. and I.B., is focused on sustainable capacity-building not only for the governments selected as Sub-Recipients, but also for the key constituencies in the PFS field. There are multiple innovative and transformative features embedded in this strategy. Examples include: 1) targeting local government a critical lynchpin in the network of governmental and funding agents essential to the testing and broader adoption of PFS financing; 2) focusing on the "wrong pocket" problem of siloed government costs and benefits as a key impediment to scalable PFS projects and bringing local and state governments together to create new solutions to the problem; 3) creating blueprints for local foundations to work with local government to create sustainable PFS-launching platforms; 4) leveraging NPI, NLC, NACo, NGA, as well as federal intermediaries and TA providers to educate key stakeholders about PFS and PFS readiness; 5) creating a PFS readiness assessment tool available to applicants, as well as the larger field; 6) targeting high-potential applicants and ensuring a robust peer learning community to generate and share lessons learned 7) building capacity of permanent government staff through TA and purchased services. In a larger sense, SIF offers TSCP the opportunity to rigorously test our own TA methodology that has already laid the groundwork for PFS

## Narratives

practice, and provides us the essential flexibility to innovate and evolve as this new field continues to develop.

### I.D.2. INCORPORATING NEW SOCIAL CHALLENGES AND SUB-RECIPIENTS TO PFS

Since TSCP will enroll cohorts of about eight Sub-Recipients per competition year, (we assume two competitions with eight Sub-Recipients each for 16 total Sub-Recipients), there will be both the opportunity to build program clusters around new issue areas that can benefit from previous experience and inform future projects. In proactively engaging government associations at every level as partner networks, TSCP will use existing infrastructure to specifically target new states and local governments across the country, and to mobilize highest-potential providers.

As previously mentioned in section I.B.2.1, TSCP will give additional consideration to new social challenges or geographies as part of the balancing factors of the competition. By partnering with Abt, NPI NGA, NLC and NACo, TSCP is bringing in experienced federal contractors that are positioned to help implement PFS principles widely across their government engagements. Further, TSCP will also engage community foundations and place-based funders in a systematic way through direct outreach with foundation groups. We believe these local funders have the networks and resources to strengthen the field, and that developing PFS interest with local funding infrastructure will accelerate the development of a sustainable funding model for feasibility outside of SIF.

### I.D.3. INNOVATIVE TOOLS AND TECHNOLOGY TO SIMPLIFY PROJECTS

TSCP's cohort of eight Sub-Recipients each year creates a critical mass to enable us to develop innovative tools for PFS, such as the PFS Readiness Assessment tool described earlier. Another tool that we plan to develop to support transactions will be a clear legal framework and contract and procurement templates for multiple issue areas, in partnership with legal partners Kutak Rock and Ropes & Gray. We will also leverage existing tools and technology amongst our partners to develop shared learning portals so that Sub-Recipient teams, including government and their local funding partners, may communicate about shared experiences both during the feasibility period and afterwards.

## I.E. Description of Activities: Work plan and deliverables

### I.E.1. PROJECT TASKS, DELIVERABLES, and STAFF REQUIREMENTS

Section I.B-D. describes in detail the activities that TSCP and its partners will conduct under this

## Narratives

project, which will include TA to evaluate feasibility and develop government and provider capacity as well as outreach and knowledge sharing activities. To reduce redundancy, we will not repeat that description, which we incorporate here by reference, but rather focus on the anticipated timeframes and staffing for each of the major project tasks as well as the deliverables required by CNCS.

### I.E.1.1. PROJECT TASK: EDUCATIONAL OUTREACH

A. Deliverable: PFS Knowledge Building Library of Documents and Toolkits. Timeframe: Released on average every 6 months. Staff Commitment: 1 Project Leader (5%), 1 Project Co-Leader (5%), 1 Knowledge Team Manager (10%; contracted), 5 staff from NPI (contracted), and SMEs (contracted) depending on the projects for selected Sub-Recipients. TSCP and the TSCP SIF partners will produce PFS materials which will be posted and distributed broadly as resources for potential Sub-Recipients and the PFS community. This will include PFS Readiness Self-Assessment Tools, webinars, and other introductory PFS materials around the launch of each open competition. PFS deal construction documents, PFS templates, and other government briefings will be produced and released in the interim months during each competition. "Lessons Learned" documents will be produced following the conclusion of the first and second cohort of feasibility TA projects. These tools and documents will be posted on CNCS's SIF Knowledge Initiative and also hosted on TSCP/NPI's shared public landing page for SIF resources. Additional details on TSCP's Knowledge Sharing activities can be found in Section I.C.

### I.E.1.2. PROJECT TASK: CNCS REPORTING REQUIREMENTS

A. Deliverable: Quarterly Progress Reports. Timeframe: Produced every 3 months. Staff Commitment: 1 Project Leader (5%), 1 Project Assistant (10%), 1 Operations and Finance Manager (5%; to be hired), and 1 eCratchit bookkeeper (10%; contracted). TSCP will produce reports with its partners to record quarterly progress towards achieving its measureable outcomes as detailed in Section I.A.3. Each of these reports will detail the activities completed, including outreach activities, summary of progress and completed milestones for each selected project from the competition, and anticipated next steps for the following quarter.

B. Deliverable: Bi-Annual Financial Reports. Timeframe: Produced every 6 months. Staff Commitment: 1 Project Leader (5%), 1 Legal and Compliance Manager (5%), 1 Operations and Finance Manager (30%, to be hired), 1 eCratchit bookkeeper (15%; contracted), and 1 Accountant (5%; contracted). TSCP will work with its accountants to ensure financial reports will be ready to submit every six months. Each report will be submitted onto eGrants in accordance with the grant requirements.

## Narratives

C. Deliverable: Quarterly Expense Reports. Timeframe: Produced every 3 months. Staff Commitment: 1 Project Leader (5%), 1 Operations and Finance Manager (10%; to be hired), 1 administrative assistant (5%), 1 eCratchit bookkeeper (25%; contracted), and 1 Accountant (5%; contracted). TSCP will partner with its current contractor for federal compliance eCratchit with guidance from NPI to ensure quarterly expense reports are constructed in compliance with federally approved standards. Further information about eCratchit can be found in Section II.C.3.

D. Deliverable: Interim and Final Evaluation Reports. Timeframe: Produced roughly every 6 months. Staff Commitment: 1 Project Leader (5%), 1 Project Assistant (15%), and 1 Operations and Finance Manager (5%; to be hired). TSCP and the TSCP SIF Partners, notably evaluation expert Abt, will work with evaluators to ensure that Sub-Recipients and all stakeholders are actively cooperating with the evaluators for the SIF PFS grant competition. TSCP and TSCP SIF Partners will regularly coordinate with Sub-Recipients to collect data to measure progress towards the measurable outcomes outlined in Section 1.A.3. All information collected and measured will be supplied to CNCS through ongoing status reports on a timely basis.

### I.E.1.3. PROJECT TASK: HOSTING OPEN COMPETITIONS

A. Activity: Open Competition Posting. Timeframe: Twice over grant period, spread 15-18 months apart; Staff Commitment: 1 Project Leader (5%), 1 Project Co-Leader (5%), 1 Project Assistant (10%), and 1 Competition Drafter/Reviewer (10%). TSCP will draft and post the relevant documents for the open competition on TSCP's website as further described in Section I.B.2.2. TSCP's partner organizations will also disseminate the competition details across its networks to ensure the broadest outreach to local governments and potential Sub-Recipients.

B. Activity: Selection of Competition Sub-Recipients. Timeframe: Within 6 weeks of each competition close. Staff Commitment: 1 Project Leader (1%), 1 Competition Reviewer (10%), 1 Legal and Compliance Manager (5%), and 10 Competition Scorers and Evaluators from TSCP SIF partners. TSCP will conduct the selection process as described in Section I.B.2 with the assistance from TSCP SIF partners. Following the review, Sub-Recipients will be notified if they have been selected.

C. Deliverable: Feedback Report(s) for All Competition Sub-Recipient(s). Timeframe: Within 2 months of each competition close. Staff Commitment: 1 Project Co-Leader (2%), 1 Project Assistant (15%), 1 Competition Drafter/Reviewer (5%), and 1 Competition Reviewer (5%). For applicants to the open competition for Sub-Recipients, each organization will receive feedback based on TSCP's open competition rubric. Each rubric will identify areas of potential improvement for future participation in PFS activity, as described in see Section I.B.2.

## Narratives

### I.E.1.4. PROJECT TASK: PFS TECHNICAL ASSISTANCE

A. Activity: Delivery of Technical Assistance to Governments. Timeframe: Up to 2 years following each selection. Staff Commitment: 1 Project Leader (40%), 1 Project Co-Leader (30%), and 8 Team Leaders (20% for each project) and 16 Team Members (35% for each project) from TSCP and TSCP SIF Partners each year. Several SMEs, depending on the projects selected, will also provide TA to Sub-Recipients. Following the selection of Sub-Recipients through the open competition, TSCP will staff 2 team members and 1 team leader to work with each selected Sub-Recipient. TA for feasibility will be conducted as outlined in the activities as described in Section I.B.3.

B. Deliverable: TSCP will work with Sub-Recipients to produce a set of deliverables that will be openly shared through TSCP's knowledge sharing activities. These will include feasibility assessment reports and recommendations, as well as any tools developed for the client, such as procurements and economic models, discussed further in Section I.B.3.

### I.E.1.5. PROJECT TASK: GROUP CONVENINGS

A. Activity: Sub-Recipient and PFS Forum Convenings. Timeframe: Annual Sub-Recipient convening and bi-annual partnership convening. Staff Commitment: 1 Project Leader (5%), 1 Project Co-Leader (5%), 1 Project Assistant (5%), 1 Knowledge Team Manager (10%; contracted), and 5 additional staff from NPI (contracted). To support knowledge sharing, two types of convenings will be conducted, including 1 annual Sub-Recipient convening, or peer Learning Lab, and 2-3 PFS forum partnership convenings each year. The learning lab, described further in Section I.C.2.2 will provide a forum for selected Sub-Recipients to collaborate and exchange "lessons learned" and "best practices" and the PFS forum partnership convenings will involve participating in existing convenings to spread the idea of PFS. Both are further described in Section I.C.

## Organizational Capability

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

### II.A.1. TRACK RECORD OF SUCCESS IN WORKING WITH SUB-RECIPIENTS AND ACHIEVING PROJECT GOALS

As one of the few TA providers in the nation who has launched and implemented a PFS project, TSCP is well positioned to drive PFS project activities, especially starting with the initial technical assistance work. With more experience than any other United States firm with PFS feasibility engagements, TSCP will utilize its collective knowledge to better inform and provide assistance to Sub-Recipients. All our partners, including NLC, NACo, NGA and Abt bring strong experience working with governments through existing technical assistance activities. Please see Section II.B.1.1 for

## Narratives

detailed descriptions of TSCP's participation on PFS projects.

### II.A.2. CAPACITY TO DESIGN AND IMPLEMENT AN OPEN SELECTION PROCESS

TSCP will partner with NPI, a current SIF grantee with a long track record of holding open competitions, to host its competitions for SIF PFS Sub-Recipients.

TSCP will leverage NPI's existing platform and past experience running open competitions for SIF and its own selection process to advise and assist with TSCP's open competition. The NPI platform, including its website, pre-pipeline pool of 200 organizations and formalized Investment Referral Network of 200+ colleagues, funders, thought-leaders, academics, government officials, journalists, and nonprofit leads will augment the open and transparent competition process for technical assistance as detailed by the SIF PFS grant requirements. In addition to NPI and TSCP's capacity, partners including Abt, NLC, NGA and NACo will be involved in the design of selection criteria and utilize their extensive expertise providing assistance to Sub-Recipients to assist at every stage in the competition process. These plans are further described in the Section I.B.

### II.A.3. EXISTING RELATIONSHIPS WITH STAKEHOLDERS AND SUB-RECIPIENTS

As a leading PFS practitioner and thought leader in this emerging field, TSCP has a very deep network of relationships with key stakeholders.

II.A.3.1. Federal Government. TSCP developed the first and largest federally-funded PFS projects in the country, including an \$11.67M grant from the Department of Labor in 2013. TSCP has also advised numerous federal partners including the White House Office of Management and Budget, the White House Office of Social Innovation, officials from DOE, Treasury, HHS, EPA and HUD. TSCP has presented at the White House convening on PFS, contributed substantially to the development of the bipartisan "Social Impact Bond Act", and has written articles published in a journal by the Federal Reserve Bank of San Francisco focused on PFS.

II.A.3.2. State Government. TSCP has an extensive network among state officials and other state-level organizations interested in PFS. Our involvement in deal structuring in Massachusetts, New York, Illinois, Ohio and California has produced deep networks. In each of the other SIB Lab states, including Connecticut, South Carolina, Michigan and Colorado, TSCP has provided advice to dozens of providers, government officials, local funders and other institutions. We have also had multiple face-to-face visits with officials in Virginia, Washington, Kentucky, Texas, Georgia, Maryland and Arizona. Further, our partner NGA will leverage all of their multiple avenues for dialogue with

## Narratives

State leaders on behalf of the project.

II.A.3.3. Local Government. TSCP is currently developing and implementing the first two county-level PFS projects in the country in Cuyahoga County, OH and Santa Clara County, CA as further described in Section II.B.1. Under formal county mandates with funding from local philanthropies and both counties, TSCP has convened and educated government, funders, providers and other community stakeholders; performed landscape analyses to identify target populations and program areas; co-designed PFS procurement processes; and performed due diligence and economic modeling. Our partnerships with NACo and NLC as part of this SIF collaboration will significantly extend and deepen our local government network relationships.

II.A.3.4. Evaluators. In addition to our partner Abt, who has one of the largest and most respected evaluation practices in the world, TSCP has developed significant relationships with experts from many evaluation firms and institutes as part of our PFS work, including Mathematica, MDRC, Chapin Hall, Urban Institute, Case Western Reserve University, Stanford University, Harvard, Duke, and University of California San Francisco.

II.A.3.5. Providers. TSCP has met face-to-face with well over 100 evidence-based service providers around the country, and participates actively with many associations that span large numbers of providers including the National Council on Crime and Delinquency, the Alliance for Children and Families, Corporation for Supportive Housing, Enterprise Community Partners and Michigan Nonprofit Association. All of our PFS assignments involve extensive work with providers as key stakeholders in PFS transactions, and Abt has conducted thousands of evaluation projects with providers.

II.A.3.6. Funders. TSCP regularly works with a broad array of federal and local funders who can help raise funds for a variety of purposes. As discussed in Section IV, TSCP has extensive experience to ensure funders are engaged early and often, and we plan to work with network organizations like CoF and GEO to further engage funders in this SIF initiative.

### II. B. Project experience with PFS, social financing or related activities

#### II.B.1. PROJECT EXPERIENCE

As stated earlier, TSCP has worked on more PFS projects than any other organization in the country and is actively developing or implementing more than 20 PFS projects. We have provided TA to governments, nonprofit service providers, evaluators, and funders across multiple issue areas including child welfare, education, health, economic and workforce development, and criminal justice.

## Narratives

Complementing its deep experience developing and implementing PFS transactions, TSCP's team brings broad expertise from the multiple industries and sectors required to support PFS including nonprofit management and program design, evaluation, government, banking and finance, project management, consulting and fundraising.

In addition to state and local governments, TSCP has worked with national service providers like the National Council on Crime and Delinquency and the Alliance for Children and Families; and national foundations such as Hewlett, James Irvine, Laura and John Arnold and Rockefeller. The following project summaries illustrate TSCP's relevant experience.

### II.B.1.1. Examples of Relevant Work.

Commonwealth of Massachusetts -- Juvenile Justice. In January 2014, TSCP launched the Massachusetts PFS project, the largest PFS project to-date with \$18M in funding from commercial and philanthropic sources. As the sole intermediary, TSCP was responsible for the contracting process, fundraising, and project development. TSCP is also the ongoing project manager and oversees project implementation. Focused on reducing incarceration and improving employment outcomes, the Massachusetts PFS Project will allow the nonprofit service provider, Roca, to provide services to 929 young men. Massachusetts has agreed to pay up to \$27M in success payments over seven years.

Cuyahoga County (OH) -- Family Homelessness/Foster Care. Due to TSCP's TA, Cuyahoga County will launch the nation's first county-level PFS project this year. TSCP was engaged by local philanthropies to educate Cuyahoga government and community leaders, conduct feasibility studies, support local service providers, and develop project plans. With support from a diverse set of stakeholders, TSCP developed RFPs for the County, selected project partners, intermediaries and evaluators. TSCP is negotiating final contracts and raising funds to launch the project, which will provide supportive housing and services to homeless mothers to reduce the children in out-of-home placement.

Santa Clara County (CA) -- Chronic Homelessness and Mental Health. TSCP conducted a PFS landscape and feasibility analysis that explored several social issues within SCC and each area's fit for a PFS project; the County then identified chronic homelessness and acute mental health care as two areas of social need. With support from community foundations, TSCP is conducting project construction activities for both issue areas. The chronic homelessness project recently procured a service provider and the acute mental health project will launch procurement in the next few months. For both projects, TSCP developed detailed project plans, conducted thorough cost-benefit analyses of interventions, co-developed procurements and worked closely with evaluators on project evaluation.

## Narratives

State of New York -- Juvenile Justice. TSCP is serving as the project intermediary for a PFS initiative to reduce juvenile detention and placement in New York State, providing services including economic modeling, cost-benefit analyses, deal construction, and fundraising. During the procurement phase, TSCP conducted initial feasibility and landscape analyses to identify opportunities for the state to develop meaningful PFS projects.

State of Illinois -- Child Welfare. TSCP is serving as the project intermediary for a PFS project to prevent and reduce the population of youth dually involved in the child welfare and juvenile justice systems in Illinois, working with multiple providers and providing services including data analysis, economic modeling, contract negotiation, project structuring, and fundraising.

Los Angeles County (CA) -- Feasibility and General Technical Assistance. TSCP has partnered with Los Angeles County, the largest county in the country, as a key advisor on the County Chief Executive's "Blueprint" project. Informed by thorough feasibility studies, the Blueprint will provide the framework for all future PFS projects. TSCP's technical assistance has also included contracting, project governance, and evaluation.

City and County of San Francisco (CA) -- Feasibility. Since January 2014, TSCP has worked closely with City and County of San Francisco to conduct feasibility work, identifying potential PFS projects in the city and county. With government staff, TSCP is exploring the cost-benefit of several potential issue areas within San Francisco and assessing the PFS readiness of service providers throughout the community.

Salt Lake County (UT) -- Feasibility. In July 2014, TSCP was selected to provide support to Salt Lake County to conduct feasibility on five projects and to raise pre-development funding to cover the feasibility and project construction costs for the five projects being explored.

### II.B.1.2. Abt PFS Experience.

Abt is a mission-driven, global leader in research and program implementation in the fields of health, social and environmental policy. Nationally acclaimed for social research and evaluation as well as administrative excellence in managing large, complex contracts, Abt blends subject matter expertise with technical capabilities in applied research, program implementation, data collection, and data analysis. Abt employs a cadre of researchers with decades of experience designing and implementing experiments, quasi-experiments, large-scale national surveys, qualitative studies, and secondary data analysis at the federal, state and local levels. Additionally, Abt staff has deep content knowledge in areas potentially related to this project including maternal and child health, healthcare, housing, economic growth, environment, criminal justice, education, child development, and welfare

## Narratives

policies.

The Abt team has extensive experience providing design and analytic services to several PFS initiatives. Most recently, Abt has been retained by Roca, a service provider focused on significantly reducing incarceration rates among high-risk young men as part of the Massachusetts PFS Project, to build a new needs assessment tool to help it measure performance and intermediate outcomes. In 2013, Abt provided an evaluation of Roca's internal data systems and provided recommendations to Roca to improve internal documentation, data systems, and Roca's risk assessment tool. Abt also provided feedback on the PFS evaluation plan to Harvard SIB Lab, as well as provided analysis to TSCP and Goldman Sachs. The U.S. Department of Labor also contracted with Abt to conduct a process study of the PFS pilots operated by the New York Department of Labor and the Massachusetts Executive Office of Labor and Workforce Development that utilize funding provided through DOL's Workforce Innovation Fund (WIF). The four-year process study will look to provide DOL and those interested in PFS with a comprehensive understanding of the design, implementation and management of these PFS pilots.

### II.B.1.3. NPI PFS Experience.

In January, 2011, NPI provided seed capital and in-kind support to launch TSCP. NPI co-applied with TSCP in 2012 to in response to Massachusetts' RFR for a PFS Project for the Juvenile Justice Pilot. NPI then continued to work with TSCP and the Commonwealth on structuring the PFS deal and committed \$2M of capital as an investor in the project. The service provider, Roca, has been accepted into NPI's portfolio and is receiving strategic capacity-building services. In conjunction with these efforts, NPI has led the PFS conversation at the federal policy level through its America Forward initiative to encourage the testing and piloting of pay for success.

In addition to its direct PFS support and activities, NPI has leveraged its extensive field building activities to support PFS education and outreach. Each year, NPI brings together hundreds of leading social innovators, funders, policymakers, and other key stakeholders for the Gathering of Leaders, one of America's most prestigious conferences on social entrepreneurship, which included sessions on PFS in 2014 and 2012. NPI also convenes a group of 60-80 stakeholders around specific issue areas 5-8 times a year to accelerate collective action and knowledge building. Through America Forward's biannual events and quarterly learning webinars, NPI engages a community of more than 60 innovative organizations and policymakers to address policy issues affecting the social innovation community and holds additional meetings and events at the White House and on Capitol Hill throughout the year, many of which have focused on Pay for Success.

## Narratives

### II.C. Experience in project management

#### II.C.1. EXPERIENCE MANAGING PROJECTS, GOAL-SETTING AND APPROACH FOR SUB-RECIPIENT AND TSCP PROGRAM GOAL ACCOUNTABILITY

As a function of TSCP's experience working with governments and nonprofit organizations across the nation, TSCP has overseen over 15 PFS feasibility studies, is currently overseeing 5 PFS projects currently in deal construction, and has launched one full PFS project, the Massachusetts PFS Project, for which TSCP is currently serving as the ongoing project manager. Additional details on TSCP's involvement with managing projects can be found in Section II.B.1. From managing detailed workplans with timelines determined in partnership with government officials to performing a broad range of activities to facilitate the progress of projects, TSCP ensures its PFS projects are able to reach its intended outcomes in a timely fashion.

For instance, TSCP has formulated several strategies in its project engagements to keep all stakeholders continuously moving towards the ultimate goal of project launch. These include establishing a commitment from the government and all project parties to dedicate a staff person to the PFS projects that is authorized to make decisions. TSCP institutes an all-party memorandum of understanding to define expectations and project party roles. This memorandum sets agreements on a shared financial model, decision rights, expected roles and responsibilities, timeline and publicity protocols. To manage financing negotiations, TSCP develops a shared economic model. This single model, shared and used by all funding partners, is critical to ensuring that negotiations are couched in the same cost, payment, financing and impact assumptions. TSCP's organized and strategic approach to managing multiple parties, utilized in Massachusetts, Cuyahoga County and Santa Clara County, is one example of TSCP's project management capabilities.

#### II.C.2. CAPACITY TO MANAGE SUB-RECIPIENTS THROUGH VARIABLE PROJECT NEEDS

As TSCP's engagements have grown over time, the organization has developed a strong track record of being able to manage several of these complex, multi-stakeholder projects simultaneously. Our proposed SIF project lead, Caroline Whistler, has had responsibility for managing the deployment of staff and consultants for TSCP with great success, despite the highly variable project demands. As the forward pipeline for TSCP grows, we continue to expand our staff to meet the demands of ongoing projects. Currently a 17-person organization, TSCP anticipates expanding its full time staff to 25 FTEs in Boston, San Francisco and Washington, DC. The large staff capacity of our partner organizations,

## Narratives

especially Abt and NGA Center for Best Practices, will provide us with significant additional flex capacity.

### II.C.3. EXPERIENCE MANAGING FEDERAL GRANTS

TSCP has designated Jerry Croan, Director of Federal Initiatives, as its proposed Project co-lead, specifically responsible for grant management and compliance. Mr. Croan has 40 years of experience directly managing or overseeing thousands of federal grants and contracts--including TA contracts up to \$45M--with responsibility for assuring federal compliance. He served previously as the CEO of Caliber Associates, a 360-person social research and TA firm that was a low-risk government contractor and received high marks for both fiscal compliance and client satisfaction (see section III.B). Mr. Croan will also be responsible for ensuring that partners/Sub-Recipients are in compliance during the SIF grant. He will be assisted by Peter Barth, Director, who managed federal grants for five California departments from 2008 to 2012 as the Assistant Secretary for Program and Fiscal Affairs at the California Health and Human Services Agency (CHHS).

NPI and Abt both also have exemplary federal grant experience and will help ensure compliance by supporting TSCP on grant management and compliance tasks. NPI will contribute the services of their designated grant manager, who will assist in ensuring federal grant compliance. Finally, TSCP has retained eCratchit, a leading provider of bookkeeping and accounting solutions for nonprofits with over 30 years of experience. eCratchit has performed numerous A-133 audits for clients and currently works with approximately 30 nonprofits that receive Federal funding.

### II.D. Organizational commitment to PFS beyond grant

#### II.D. ORGANIZATIONAL COMMITMENT AND STRATEGY FOR SUSTAINED PURSUIT OF PFS BY SUB-RECIPIENTS

TSCP's stated mission is to "Accelerate America's Transition to a Performance-Driven Social Sector" and since 2010, our strategy to do so has been through the advancement of PFS contracting and Social Innovation Financing. Although TSCP believes service providers need assistance in responding to government-led PFS RFPs (and has worked with several successfully), we believe that our highest calling is to work "government-side" to provide expert PFS assistance and capacity-building services. Our government-side orientation makes sense for several reasons. First, most government agencies currently lack the capacity needed to conduct pre-RFP feasibility. Organizations such as SIB Lab help to address some of the missing capacities, and do so with great skill. But success

## Narratives

requires that additional skills be furnished by TSCP, particularly in finance, funder engagement, due diligence and multi-stakeholder project management. Second, by working "government-side", TSCP's services can be leveraged across multiple PFS transactions to standardize PFS processes. This stands in stark contrast to the inefficient practice of engaging separate TA providers for each PFS procurement. Third, by working with a single TA provider from feasibility stage through deal construction, government avoids disruption and time delays. Finally, and perhaps most important, we believe that the continuity of a multi-transaction government-side TA relationship is most likely to prompt government decision-makers to see value in building permanent PFS capacity into their procurement functions. Our ultimate goal is lasting procurement reform that will drive dollars to interventions that are proven to work and provide an incentive to providers to develop evidence of their effectiveness.

As a key feature of its strategy to implement lasting government reform, TSCP is completely committed to open-source contracting. Throughout the process of providing TA, we will share all issues and lessons learned openly with our pool of Sub-Recipients. This commitment to open-source technical assistance allows Sub-Recipients to not only learn from their direct experience of receiving assistance but also to draw on lessons from other technical assistance projects in the future as they utilize PFS in different issue areas and with different services. Secondly, our proposed TA competition incorporates a well-defined strategy of building internal capacity in local governments to sustain PFS interest and project construction, as opposed to providing all technical assistance with outside consultants. This capacity-building will ensure that empowered, in-house government PFS experts will utilize our TA beyond the project period. Finally, we are committed to the creation of templates and automated tools as we provide TA that will be available to Sub-Recipients after the grant period. For example, this will include rapid assessment tools, relevant questionnaires and data analysis, and checklists for assessing project feasibility that can be used by Sub-Recipients for future PFS endeavors.

### Leadership and Team

III.A. Proposed team -- including partnership proposed -- capacity and expertise

#### III.A.1 ROSTER OF QUALIFIED STAFF AND ROLES AND RESPONSIBILITIES

TSCP will employ an integrated team structure for this project, with TSCP providing the key leadership roles and the partners contributing senior staff to the teams.

#### PROJECT LEADERSHIP

GEORGE OVERHOLSER, TSCP Co-Founder, CEO and Chairman of the Board, will provide oversight for the SIF grant, and will also serve as the Knowledge Team Leader. Previously Mr.

## Narratives

Overholser served on the founding management team of Capital One Financial Corporation, and also founded Nonprofit Finance Fund's Capital Partners division, which helped high-performing nonprofits raise over \$320M in growth capital.

CAROLINE WHISTLER, TSCP Co-Founder and Partner, will direct the SIF project overall, as well as the TA Delivery Team. Detailed information on Ms. Whistler and the Project Co-Lead, JERRY CROAN is presented in Section III.B.

AIDA VOLPONE, NPI's Director of Finance, is a certified public accountant with experience managing NPI's Social Innovation Fund federal grant. Ms. Volpone will assist TSCP in ensuring federal grant compliance.

### TA DELIVERY TEAMS

TA teams will be assigned by Ms. Whistler based on Sub-Recipient needs. Each team will be led by an experienced PFS specialist and supported by mid-level staff and SMEs as needed. Team leaders and members will be drawn from TSCP, but will include participation from Abt, NGA, and NLC. Brief sample bios are provided below.

JOHN GROSSMAN, TSCP Managing Partner and General Counsel, will serve as a TA Team Leader as well as the Legal & Compliance Manager. John led the development of the Massachusetts PFS project and brings over two decades of government administrative experience as an Undersecretary in the Commonwealth of Massachusetts and in the Office of the Massachusetts Attorney General.

PETER BARTH, TSCP Director, served as Assistant Secretary for Program and Fiscal Affairs at the California Health and Human Services Agency from 2008-2012 and will serve as a TA Team Leader for the SIF project.

CHRISTOPHER SPERA Ph.D., will oversee Abt's team and the assignment of Abt personnel to both TA and Knowledge Teams. Dr. Spera, senior executive, researcher, and program evaluator, is Division Vice President of Domestic Health at Abt. Dr. Spera has led studies of signature programs (AmeriCorps, Senior Corps, and the Social Innovation Fund) for CNCS and is a member of the federal inter-agency working group on PFS.

ANDREW MOORE, Senior Fellow with the National League of Cities and its Institute for Youth, Education and Families, will lead the NLC team and assignment of NLC staff for the TA and Knowledge Teams. His current work focuses on assisting over thirty American cities to develop or strengthen multi-sector partnerships.

JENNIFER BROOKS, PhD, directs research, policy analysis, technical assistance and resource

## Narratives

development as the head of the Economic, Human Services & Workforce (EHSW) Division at the NGA. Previously, Ms. Brooks coordinated the Head Start research and evaluation agenda at the U.S. Department of Health and Human Services. She will represent NGA and manage assignments of NGA staff.

MAEGHAN GILMORE is the program director for health, human services and justice at NACo, and develops and directs the association's programs that provide information, training and assistance to county officials on a wide range of topics including rural health, pretrial justice, jail diversion, and supportive housing.

### KNOWLEDGE TEAM

NPI will serve as the coordinator for the project's Knowledge Sharing activities, and will ensure strong performance from an integrated team of partners, under the overall direction of Mr. Overholser.

VANESSA KIRSCH, NPI Founder, Managing Director, and Board Member, will provide thought leadership and advocacy for the SIF project and oversee NPI's participation. Ms. Kirsch has more than 25 years of experience in social innovation and is widely recognized as a leading social entrepreneur.

DEBORAH SMOLOVER, Managing Partner at NPI and Executive Director of America Forward, will provide Knowledge Sharing oversight for the SIF project. Ms. Smolover served as Associate Deputy Attorney General at the U.S. Department of Justice and Counsel to Deputy Attorney General Eric Holder.

TRIPP JONES, Managing Director at NPI and TSCP Board Member, will help coordinate the selection process and provide subject matter expertise. Mr. Jones served on The MENTOR Network's executive team for eight years, a \$1.1 billion network of health and human services providers in 38 states.

LEE FOLEY, Managing Partner at Capitol Hill Partners Consulting, LLC, is one of Washington's foremost counselors on public policy. Mr. Foley will leverage his network of government stakeholders and nonprofits to facilitate outreach for the grant competition.

III.B. Proposed project lead -- expertise in PFS or social financing, experience working with relevant stakeholders

III.B.1 PROJECT LEAD EXPERTISE, RECORD OF LEADERSHIP AND PROJECT BUY-IN FROM ORGANIZATION LEADERSHIP

## Narratives

Ms. Caroline Whistler will lead the TSCP project team for the SIF PFS grant, with Mr. Jerry Croan serving as project co-lead. Ms. Whistler will provide overall direction for the project with ultimate responsibility for timely execution of the project workplan and budget, delivery of high-quality products, and the achievement of project goals and objectives. She will be the primary point of contact for CNCS. With 80% of her time devoted to this project, she will also lead the TA delivery component of the project, with direct responsibility for assigning and supervising the teams providing PFS TA.

Ms. Whistler is ideally suited to serve as project lead due to her PFS expertise, record of leadership, tenure and organizational support. As Co-founder and Partner at TSCP, Ms. Whistler brings more hands-on experience than almost anyone else in the country in linking innovative social finance strategies to outcomes-based contracting with local governments. TSCP's board and leadership fully supports committing Ms. Whistler to lead this project, a strong testament to the field-building importance that TSCP attaches to this SIF initiative.

For the past four years, Ms. Whistler has been responsible for TSCP's delivery of advisory services and talent management as the firm has grown from two to seventeen full time staff. She has been involved in over 12 funded PFS studies and engaged with at least 30 other groups interested in exploring PFS contracting. This experience includes leading project teams advising the first two counties involved in PFS: Santa Clara County (CA) and Cuyahoga County (OH) from initial PFS education through procurement design and provider selection and identifying approximately \$17M in PFS financing for these local governments. Ms. Whistler opened TSCP's West Coast office in August of 2013, and since then has engaged California state and five of the largest counties in the country in PFS feasibility TA and deal construction work, while growing the team to six full time staff. For each of these engagements, Caroline brings a commitment to collaboration and local capacity building; she has developed processes to implement multiple PFS contracts within counties and successfully fundraised locally with government and foundation stakeholders for each project, including winning grants to support feasibility work.

Ms. Whistler has written case studies on the service provider in Massachusetts and the PFS feasibility process in Santa Clara, and has been published in the San Francisco Federal Reserve Community Development Investment Review, and most recently in Lester Salamon's book *New Frontiers in Philanthropy*. Ms. Whistler has also spoken in multiple Pay for Success forums, including Social Capital Markets and NPI's Gathering of Leaders conferences, testifying several times before the California Senate and legislature on PFS. Ms. Whistler had a background in structuring nonprofit

## Narratives

growth capital campaigns prior to co-founding TSCP.

Drawing on 40 years of experience overseeing government grants and contracts, Mr. Croan will provide vital administrative support to Ms. Whistler. He will ensure compliance with all financial and administrative requirements of the cooperative agreement, and will also play a key role in managing relationships with TSCP's key national partners on this project-- NPI and Abt, as well as NGA, NLC, NACo and other more specialized partners. Finally along with George Overholser, he will be a key thought leadership partner with Ms. Whistler, helping to facilitate forums for testing theories of change, deriving lessons learned, and devising strategies to leverage those learnings across the field. Finally, Mr. Croan, who is based in Northern VA, will work with Ms. Whistler to open a TSCP DC office to facilitate its partnership with CNCS and other federal agencies seeking to support PFS/SIF.

Mr. Croan has been working with TSCP since November, 2013. During this time, he has been actively involved in multiple PFS engagements, including one PFS project construction effort and two feasibility studies spanning mental health, homelessness, asthma, and workforce readiness. He has also consulted with multiple states, counties, associations, and foundations on the application of PFS/SIF concepts in the early childhood field. Mr. Croan has also been an internal advisor for TSCP, providing expert advice on organization development and management, as well as best practices in program evaluation and health and social sector program design.

Prior to joining TSCP, Mr. Croan had a 40-year career as a social entrepreneur and innovator in results-driven strategies for government and nonprofits. As the founder and CEO of Caliber Associates and then Executive VP of ICF International (after the sale of Caliber to ICF), Mr. Croan directly managed or oversaw the execution of hundreds of federal projects, as well as many state, local, and nonprofit contracts. Almost all of these projects involved social sector technical assistance and/or program analysis and evaluation, including developing innovative strategies for measuring and assessing impact and linking program funding to the adoption of evidenced-based practices and demonstration of results. Examples of these projects include national evaluation strategies for interventions, evaluations of OJJDP programs, with findings explicitly linked to funding and program re-design decisions, partnering in the What Works Clearinghouse for the Department of Education, development of results-based contracts for DoD family and community support programs, and TA and knowledge sharing programs for numerous federal grant programs, including Race to the Top, Head Start and TANF.

Together, Ms. Whistler and Mr. Croan form a powerful leadership team that will enable CNCS to demonstrate results quickly and achieve maximum leverage of the SIF resources being invested in

## Narratives

PFS.

### **Budget Adequacy & Cost Effectiveness**

#### IV.A. Budget justification

##### IV.A.1. RESOURCES FOR PROGRAM IMPLEMENTATION AND SUSTAINABILITY

TSCP's ability to raise matching non-federal funding is supported by an extensive track record: since 2011, TSCP has raised over \$60M in non-federal funding. TSCP will also work closely with NPI, which has raised \$260M since 1999, to raise non-federal funding resources. TSCP maintains ongoing funding relationships with more than 20 national funders, including the George Gund Foundation, Laura and John Arnold Foundation, Hewlett Foundation, and NPI each of whom has pledged \$100K or more towards TSCP's PFS initiatives over the past 3 years. TSCP has also leveraged in-kind resources and pro-bono services, such as \$900K in legal support from Ropes & Gray for TSCP and the Massachusetts PFS Project. Section IV.B below clearly demonstrates our ability to raise match funding in a very short period of time.

##### IV.A.2. BUDGET ADEQUACY AND BUDGET OVERVIEW BY YEAR AND CATEGORY OF ACTIVITY

TSCP plans to disperse at least \$6M of both SIF PFS grant and match funds to provide the necessary resources to deliver technical assistance, field-building activities, evaluation and project administration. TSCP is proposing \$800K for Year 1, \$1M for Year 2 and \$1.2M for Year 3 for a total of \$3M, which would be matched on more than a 1:1 basis for a total budget of \$6.4M. The overall \$6.4M project will consist of \$3M of federal SIF grants, \$3M of non-federal cash match and \$0.4M of non-federal in-kind match. Of the \$3M CNCS Federal share, 94% will be used directly for Sub-Recipients.

###### IV.A.2.1. Budget Description: Expenses.

A. Open Competition Implementation: \$161K. Personnel Staff Time + Fringe Benefits: TSCP will administer the competition and NPI, Abt, and NGA will partner with TSCP to score and evaluate the proposals. For each 15-month competition period, 1 project leader (5%), 1 project co-leader (5%), 1 project assistant (10%), and 1 competition drafter (10%) will administer the competition at an average cost of \$37K. Across TSCP and all the TSCP SIF partners, 12 personnel will score the applications with 4 personnel on the evaluation committee, averaging \$49K of staff time. Printing: TSCP expects to spend \$1K per competition to distribute materials to applicants and evaluators.

B. Technical Assistance for Feasibility Delivery: \$5,060K. Personnel Staff Time + Fringe

## Narratives

Benefits: The service delivery team anticipates leveraging 1 project leader (54%), 1 project co-leader (47%), and 1 project assistant (20%) to provide TA, in addition to TA teams, each composed of 1 team leader (20%) and 2 team members (35% each). TA teams may include a mix of TSCP, Abt, NGA, and NLC staff costing \$3.3M over the 3 year project period. SIF Sub-Recipient Capacity Fund: As described in Section I.B.5, TSCP seeks to disburse funds directly to Sub-Recipients for PFS deployment within governments for a total fund of \$240K over the 3 years of the grant. Staff Travel: TSCP anticipates monthly travel to meetings for TA teams, estimated at \$950 per trip including costs of lodging, flights, ground transportation, and food stipends for each trip for a total of \$479K over the three years. Pro Bono Legal Support: Ropes & Gray and Kutak Rock have offered legal support to TSCP and its Sub-Recipients, with services valued at \$234K. Evaluation Support: Subject Matter Experts (SMEs) will be selected from our TSCP SIF partner pool to provide specialized services at a total of \$140K. Other Costs: Other expenses associated with resources for program delivery will include rent, technology, utilities, office supplies, and printing costs for \$283K. Administrative Support: The Administrative Assistant (5%), the Legal and Compliance Manager (5-10%), and an Operations & Financing Manager (50%) incur a total cost of \$256K. Additional support from an outsourced CFO and bookkeeper firm eCratchit (see Section II.C.3.) and an auditor will total \$110K.

C. Evaluation Activities: \$269K. Personnel Time + Fringe Benefits: TSCP anticipates employing several personnel including the 1 project leader (12%), 1 project co-leader (5%), 1 project assistant (33%) totaling \$183K and Abt to assist in evaluation of the project totaling \$86K.

D. Knowledge Sharing Activities: \$876K. Personnel Time + Fringe Benefits: TSCP anticipates deploying the 1 project leader, 1 project co-leader, 1 knowledge team manager, and 1 fundraising coordinator with NPI and NLC's staff to coordinate knowledge sharing activities at an aggregate cost of \$667K for personnel including fringe benefits. Travel for Convenings: TSCP and NPI intend to leverage existing partner convenings, host its own convening for Sub-Recipients (with 34, 45 and 65 attendees in Years 1, 2 and 3, respectively), and attend SIF PFS convenings. Anticipating \$950 per trip per person for flights, lodging, transportation, and per diem food stipends, TSCP will incur \$160K for all travel. Print Materials: TSCP and NPI anticipate costs for partner publications totaling \$30K and printing and productions for the meetings totaling \$15K. Website / Learning Portal: TSCP anticipates \$2K to set up the portal, and \$1K for maintenance.

E. Additional Costs: \$14K. Additional costs of CNCS SIF-related requirements include travel to CNCS annual convenings for \$8K and background checks totaling \$6K.

## Narratives

### IV.B. Match resources

#### IV.B.1. TOTAL MATCH COMMITMENT PLAN

TSCP's strategy for securing the total match combines both national and local approaches. At the national level, we have already secured \$800K in sufficient unrestricted cash commitments from donors, 100% of our first year match requirement. We have been in discussions with additional foundations who have expressed strong interest, but could not provide firm commitments within the short time frame available to submit this proposal. We also expect in-kind matches from our national SIF partners for outreach and knowledge sharing activities. While some of this match has already been pledged, most of it will be secured as specific webinars, convenings, conference sessions, etc. are planned.

At the local/state level, TSCP will approach the SIF match funds just as we have approached every PFS project to date. We believe that investment by government and local stakeholders is critical to the success and sustainability of PFS projects; for every project, we have been able to secure a combination of government and local/regional funders to pay most of the costs of feasibility TA. SIF funding will substantially accelerate this process and incentivize new communities with fewer local resources to participate in PFS feasibility. Additional in-kind contributions have also been forthcoming from government, as well as local law firms and universities. This overall strategy has been proven in TSCP's Santa Clara County, Cuyahoga County, and Massachusetts PFS projects (described in section II.B), where TSCP was able to leverage in-kind contributions in addition to community foundation support. Furthermore, as described below, Living Cities has just created a Catalyst Fund for TSCP PFS development loans, which may be able to provide further match for promising SIF PFS projects. Ultimately, between our national and local match strategies, TSCP expects that it will leverage far more than the 100% non-Federal match required.

#### IV.B.2. DESCRIPTION OF 10% UPFRONT MATCH

In total, TSCP has received 100%, or the full \$800K, of its first-year funding request in cash commitments from the following organizations: \$100K from the William and Flora Hewlett Foundation; \$100K from Ira Handler; \$100K from Tom Dunn; \$150K from Kresge Foundation; \$135K from NPI; and \$215K from TSCP reserves that can be utilized to match TSCP's first-year funding request of \$800K. TSCP has included letters from each funder attesting to the match, and notes that this exceeds the 10% minimum requirement for the application.

## Narratives

### IV.B.3. PLANNED SOURCES OF MATCH

TSCP plans to develop a prospectus for its activities under the PFS SIF grant competition and conduct extensive outreach with national and regional funders to raise match resources, in accordance with the match strategy described above. TSCP plans to meet the SIF match requirement as follows:

- \$800K --Upfront cash commitments (see above)
- \$500K - Additional cash and in-kind commitments from national foundations. We are in discussions with Living Cities, and other national foundations, including those focused on issue areas that are open to committing funds based on Sub-Recipients' focus. Living Cities is putting together a network of cities to share PFS learnings and lessons. If any of these cities are selected for technical assistance through TSCP's competition, Living Cities will provide in-kind matching dollars of up to \$1M. Living Cities and TSCP are also developing a PFS Development Loan Facility through the Living Cities Catalyst Fund to cover project structuring technical assistance expenses. Two organizations have already pledged dollars to the Fund, with an initial round of financing projected at \$600K. This facility could be leveraged to provide a 2:1 match for any credit enhancement in place for Sub-Recipient projects.
- \$500K - In-kind match resources from SIF partner organizations, approximately \$320K of which has already been identified from Abt, NLC, NGA, Ropes & Gray, and Kutak Rock
- \$1.6M (minimum)-- Cash Match from Sub-Recipients and their local donors; as described above in IV.B.1., we will require applicants to indicate the match commitments they have obtained and will score this factor in selection. Several prospective applicants have indicated to us that they have already obtained match commitments from local foundations to be used if they are selected. Post selection, TSCP will work with Sub-Recipients to reach out to community and family foundations, state councils of foundations, United Ways, and others.

### Clarification Summary

#### PROGRAM-RELATED CLARIFICATIONS

##### 1. Will sub-grantees be required to provide a match?

TSCP will not require Sub-Recipients to provide a match, however, has proposed to include an applicant's ability to obtain match resources as one of seven main criteria for selection as a Sub-Recipient in TSCP's SIF PFS open competition. Details on the selection criteria is further detailed in Section I.B.2.

TSCP views match funding as a powerful tool to facilitate the success of PFS projects. In TSCP's

## Narratives

prior experience, we have found it critical to the construction and sustainability of PFS projects for governments and providers to develop relationships with government stakeholders and possible local funders early in the PFS development process. To fully engage these stakeholders and garner their ongoing support for the PFS project, the strongest expression of commitment has been a cash investment or, when appropriate, in-kind services.

In our preliminary conversations with prospective applicants, many have indicated that they have already obtained match commitments from local foundations or unallocated government funds to be used if they are selected. Post selection, for applicants who have not rallied significant match commitments or community buy-in, TSCP will work closely with Sub-Recipients to reach out to local community and family foundations, state councils of foundations, United Ways, and others to assist them in educating local funder stakeholders and obtaining these matching commitments. This approach is consistent with TSCP's PFS feasibility engagements to date and is an essential part of the Social Innovation Financing process. TSCP has found that a project's initial efforts for feasibility fundraising is key to securing the larger financing needs during deal construction. As a result, building these relationships early and engaging the investors from the start has proven pivotal in overall project feasibility. In each of TSCP's previous engagements, communities have generated at least some initial funding and TSCP has assisted them in raising substantially more.

We believe the SIF funding opportunity will significantly accelerate this process of gathering match resources and support, while incentivizing new communities with fewer local resources to participate in PFS feasibility. With the funding from SIF, we fully anticipate that a sizable SIF funding will prove to be a catalytic force in engaging both governments and service providers to participate in the competition, but also to promote additional matching funds to support these projects. As outlined in the SIF's operating model, the matching component presents a compelling incentive to bring funders to the table, ensuring a 2:1 leveraging of each match dollar/resource. TSCP stands ready to facilitate any fundraising of match resources on behalf of its Sub-Recipients.

2. Will all of the services provided to sub-grantees and sub-recipients be delivered in person? Or will they be delivered via other mechanisms, such as phone or webinars?

TSCP's delivery of TA services provided to Sub-Recipients will be delivered both in person and through other communication mechanisms, such as by phone when meeting in person is not feasible or necessary. We have found that in person meetings, particularly in early phases of feasibility, are

## Narratives

critical for TSCP to gain a firm understanding of the program and the PFS environment and to engage key local stakeholders as champions not just for one PFS project, but for the pay for success methodology as a whole. TSCP intends to conduct and deliver most of these initial discussions and services in person, such as through site visits, in person stakeholder education meetings, and stakeholder convenings to rally stakeholders to work together in a coordinated and cohesive way. Given the innovative approach of SIF, introducing a new form of procurement and contracting for governments and service providers, TSCP has found the in person forum a requirement to smoothly implement this type of shift in the traditional "way of doing things." TSCP has found that these early in person gatherings to be the most effective means to construct and lay a solid foundation for the project and hence TSCP commits significant time and resources to ensure this groundwork is established for each project.

On an ongoing basis, regular check-ins and sub-recipient engagements will be conducted through phone calls or other remote communication media. Typically, TSCP has conducted weekly or bi-weekly check-ins with local teams to maintain active communication and coordination with our partners. Depending on the needs of the selected projects, TSCP may also conduct webinars or conference calls to educate sub-recipients about general PFS topics, such as legal and contracting, data evaluation, and/or sector-specific topics, such as target population identification or intervention specification. Any additional support, such as data analysis and research, will be conducted remotely at a TSCP office or that of one of our partners in preparation for either in person or phone meetings to discuss the deliverables.

### MATCH-RELATED CLARIFICATIONS

1. Can you provide more information about your capacity to raise matching funds?

As evidenced through prior projects, TSCP has developed an extended network to access matching funds and has had significant success in raising money to fund PFS feasibility and development work. The TSCP team brings strong relationships with funders nationwide and proven experience in raising matching local government and philanthropic dollars for feasibility projects, as well as philanthropic and commercial capital for project financing and implementation. With experienced leaders in fundraising, previous success in raising funds for projects, and demonstrated ability to secure funding for the current SIF PFS grant opportunity, TSCP is well-positioned to raise matching funds.

## Narratives

The TSCP team includes a roster of experienced veterans to raise matching funds, including George Overholser and Rick Edwards. Mr. Overholser, in his capacity leading NFF Capital Partners, helped to raise more than \$320 million of philanthropic capital for 16 high-performing non-profit organizations. Additional information about Mr. Overholser can be found in Section III.A.1. Mr. Edwards, in his capacity as the head of Global Project Finance at JPMorgan Chase, has raised billions of dollars for project finance initiatives with governments and for-profit companies around the globe.

Through the leadership of Mr. Overholser and Mr. Edwards, TSCP has demonstrated a strong track record of raising match resources. As noted in the response above, TSCP has been successful in generating funding from foundations and local governments in all of its past feasibility engagements. Just recently, for example, TSCP's Funder Council convening in Illinois was attended by 27 representatives from 18 institutions. TSCP's Santa Clara County, Cuyahoga County, and Commonwealth of Massachusetts projects clearly illustrate our ability to leverage government funding to receive match funding from outside foundations. Specifically, over \$1 million was raised from philanthropy and \$100,000 from local governments for TA feasibility and deal construction services for the Santa Clara County and Cuyahoga County projects. The Santa Clara County, Cuyahoga County, and Commonwealth of Massachusetts projects are briefly described below and additional details and background about these projects can be found in Section II.B.1.1.

Santa Clara County, CA. Santa Clara County's exploration of PFS was initiated through a grant from the Health Trust to Step Up Silicon Valley, a project of Catholic Charities of Santa Clara County for \$75,000. During this time, TSCP explored PFS feasibility throughout Santa Clara County. Following the completion of two phases of work to determine if PFS could be utilized effectively in Santa Clara County, in August of 2013, the County allocated \$75,000 from its general fund to implement two Pay for Success projects, one focused on the chronic homelessness population and the other on the acute mental health population. This funding from the County was matched by both the Silicon Valley Community Foundation and the Sobrato Family Foundation for an additional \$75,000 each. Collectively these funds served to support the procurement, deal construction, and evaluation services necessary for a PFS project. As shown in Santa Clara County, with the support of the County, TSCP was able to secure a 2:1 funding match to fund its work in the County, by appealing to community foundations with a vested interest in not only the issue areas, but also in local development. Since the initial funding, TSCP also worked closely with the County to secure \$475,000 total funding from the California Pay for Success Initiative, a joint project of Nonprofit Finance Fund

## Narratives

and The James Irvine Foundation to support both projects. The funding will be and has been used to support the completion of the procurement process, evaluability assessment, and deal construction for both PFS projects. This represents a significant level of support from the local community to support this PFS initiative. TSCP intends to follow a similar strategy, leveraging local foundations and government funding, to support its feasibility work across the nation for the SIF PFS Competition.

Cuyahoga County, OH. TSCP has worked with Cuyahoga County in Ohio since November 2011 to explore building the first County SIF in the nation. Similar to Santa Clara County, Cuyahoga County's initial feasibility work began with the support of a local foundation, the George Gund Foundation, in 2012 with a \$100,000 grant. Upon deciding to target homeless mothers with children in the child welfare system, Cuyahoga County pledged \$25,000 towards the procurement and deal construction phase, which was later matched with funds pledged by the Cleveland Community Foundation. The George Gund Foundation and the Laura and John Arnold Foundation each provided an additional \$100,000. With the support of a national foundation with specific focus on PFS, along with local community and private foundations invested in child welfare and innovation in Cleveland, TSCP successfully employed its broad funder network to support the work within Cuyahoga County.

Commonwealth of Massachusetts. The Massachusetts Juvenile Justice PFS project represents the largest amount of social impact financing raised for a PFS project to-date. While the project did not involve fundraising for a feasibility stage, it demonstrated TSCP's ability to bring funders to the table and raise project financing at scale. As project intermediary for the Massachusetts Juvenile Justice PFS project, Third Sector raised \$18 million in capital that included a senior loan from Goldman Sachs (\$9 million), junior loans from Living Cities and the Kresge Foundation (\$3 million), and grants from Laura and John Arnold Foundation, New Profit and The Boston Foundation (\$6 million). The large capital raise solidified TSCP's relationships with these funders and introduced many to the PFS space to support future funding needs of PFS projects

TSCP maintains close partnerships with these funders of the various projects and updates them regularly on developments and prospective funding opportunities. In addition to these partners, TSCP has developed and maintains close relationships with a wide variety of potential SIF investors, including commercial banks, national and regional philanthropic foundations, and high net worth individual impact investors. Individual funders include the George Gund Foundation, Hewlett

## Narratives

Foundation, Rockefeller Foundation, and New Profit Inc., each of whom has historically pledged \$100,000 or more towards TSCP's Pay for Success initiatives. In addition to these relationships, TSCP has also strong relationships with the Ira Handler, Tom Dunn, and the Kresge Foundation, as is evident from their initial pledges of upfront match funding for this SIF upfront match. All of these funders have indicated their willingness to consider additional match funding for subsequent years if CNCS funds us at a sufficiently highly level to support the type of scaling and learning proposed in our SIF application. Developing local Funder Councils is a core component of TSCP's PFS feasibility work. In addition to direct relationships with funders, TSCP also has engaged leading associations in the philanthropic field to educate and engage potential funders for SIF and other PFS initiatives. These organizations include the Council on Foundations, Grantmakers for Effective Organizations, and Donors Forum. TSCP is well-positioned to continue to expand its existing network for funders to raise match resources for the SIF grant opportunity.

In addition to institutional support from funders, TSCP has also seen significant support from local government investment as indicated in the projects above. Other TSCP projects currently in feasibility which have government funding include Pima County (\$50,000), City and County of San Francisco (\$30,000), and Salt Lake County (\$250,000). TSCP has found that an initial investment from governments is a strong signal of a government's intention to build long-term capacity to implement this type of contracting. TSCP intends to heavily encourage its SIF Sub-Recipient governments to provide funding as a strategy to attract additional funders to the table.

Lastly, TSCP's \$800,000 in confirmed match for this SIF PFS grant competition clearly demonstrates our capabilities to secure match funding. At the national level, the \$800,000 secured in unrestricted cash commitments from donors represents 100% of our first year match requirement. We believe that the availability of SIF funding will be a powerful stimulus to raise substantially more than the 100% match required over the full three years. As indicated above, at the national level, many of our national donors are excited about the prospect of creating a substantial PFS learning laboratory and being able to see their donations leveraged into a wider range of PFS projects. At the local level, we are already seeing prospective applicants using the potential for SIF match to catalyze commitment from foundation and government leaders, and this trend will only accelerate as projects are selected and TSCP can identify and engage additional funders with a specific geographical and/or issue area focus. In sum, TSCP and its national partners are fully committed to ensuring maximum leverage of the unique opportunity presented by this CNCS SIF PFS initiative.

## Narratives

### BUDGET-RELATED CLARIFICATIONS

1. Please confirm the total requested amount from CNCS.

The total requested amount from CNCS is \$3 million. Please see Budget Section for a detailed breakdown.

2. 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.

Please see the Subsidiary Budget breakdown reports.

3. 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".

Please see the revised Budget Section.

4. Supplies: Sub Recipient Convening Costs-Please provide more detail for these line items to include the expenses include and any calculations used.

Please see the revised Budget Section.

5. Contractual & Consultant: National League of Cities, National Governor's Association, National Association of Counties, Other SME funds, and Ropes and Gray Legal Services - Please provide more detail on the expenses included such as estimate of # of days/hours and rate.

Please see the revised Budget Section.

6. Other Costs:

- Website Learning Portal-Please provide more detail for this line item.

- Rent-Boston -Please provide the calculation used for this expense.

- Rent-SF -Please provide the calculation used for this expense.

- Rent Boston and SF Leasing Costs-please provide the expenses include in this line item and the calculations used.

- Rent DC office- Please provide the calculation used for this expense.

## **Narratives**

Please see the revised Budget Section.

7. 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.

Please see the revised Budget Section.

8. Please provide your most recent audit.

The most recent audit has been submitted via email to CNCS.