

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

[Host] Welcome everyone to the Q&A session on the Pay for Success grant competition. A couple of logistical issues, we do have phone lines muted upon entry and that's to eliminate background noise. You will have the opportunity to ask questions via the chat panel to the right of your screen or by the raised-hand feature. That way we can unmute your individual phone line. If you do not have a phone symbol or a headset symbol next to your name, we will not be able to unmute your line. We recommend that you hang up and dial in again, following the instructions completely. With that, I'll turn it over to Michael Smith, director of the Social Innovation Fund Program. Michael, you're on.

[Michael Smith] Thank you, Jerian, and thanks everyone for joining us. This is our final Q&A webinar for our Social Innovation Fund Pay for Success grant competition. As Jerian mentioned, I'm Michael Smith, director of the Social Innovation Fund, and I'm joined by my colleague, Anna Fogel, our Pay for Success program associate, and we are delight to answer your questions today.

What I'll do is just do a couple opening slides here --- excuse me -- go through a couple opening slides here just in case this is your first time hearing about this or, you know, you just needed a little bit more background, and then we'll use the rest of the time, this hour, to take your questions. As Jerian mentioned, you can type your questions in the chat box and we'll take those questions there, or you can click the raise-hand feature and you can ask questions via voice when we unmute your line.

So let me just go ahead and go through the general overview slides to give the general overview of the competition. So I think everyone, at this point, knows the Corporation for National and Community Service is a federal agency. We have a board of the directors and the chief executive officers appointed by the President, approved by the Senate, and it is charged with overseeing the President's call to national service. It oversees such programs as Senior Corps and AmeriCorps, and in 2009 as a part of the Serve America Act, took on the ownership of the Social Innovation Fund program, so broadening its mission not only to be about national service but about community solutions as well.

The Social Innovation Fund was founded as a part, again, the Kennedy Serve America Act, and it was founded for two different reasons, if you hear the President talk about it when he created it. One was the idea that we need to shine a giant spotlight on the solutions that were being developed by communities that were innovative, that were novel, that were leading to better results for public good but maybe not getting the attention from some of the federal funding streams out there.

The other reason the Social Innovation Fund was started, and maybe the most important, was making sure that we were spending taxpayer dollars on programs that have evidence of impact, not isolated stories of success, not numbers served, but had real impact, evidence of really changing lives and helping low-income communities across the country.

Our approach is really anchored in these three major tenets that you see here: innovation, evidence, and scale. So we fund programs that are innovative, disrupting the status quo, leading to better results for the public good. We fund programs that are evidence-based, so we really look at solutions that have evidence of impact, and then for our general SIF program, we help to bring those programs to rigorous evaluations to prove and improve their model.

For this competition, we want to make sure that all of our work is anchored in best practices and lessons learned for what works for technical assistance and, ultimately, leads to evidence-based non-profit service providers that are helping tackle challenges that communities are facing nationwide. And the last thing that we believe in is scale. We believe that the challenges that our country face are urgent, and we need to grow solutions that work to the people that need them right away.

Since 2009, our general SIF competition has funded more than 217 organization, touching more than 300,000 people, and the reason that the Social Innovation Fund exists, the reason that we look at innovation and evidence and scale is because we believe in these words of Dr. King: that tomorrow is today, that there is such a thing as being too late, and there is this urgency of now that have to really

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

guide and animate our thoughts, actions, and deeds, and there are communities that are need. There are children that are in need. There are folks that are struggling, and we need to get their back, and we need to make sure that we're investing in programs that work, and so we are looking for partners to join us on that mission.

This Pay for Success competition -- I'm actually skipping ahead and going to this next slide that talking about the objectives of the Pay for Success competition -- one is to really assess when, how, and why Pay for Success works to address the challenge that is our country is facing. Secondly, we're looking to diversify and strengthen the pipeline of governments and non-profit organizations that are prepared to engage in Pay for Success, while also hopefully trying to see what other social issues they could work on, what other geographies they could work on, other than what's being funded right now, and then lastly, to attract capital to high-performing organizations that are seeking to grow solutions for our low-income communities.

So, in general, we are looking for two things for our grantee for this Pay for Success competition. We're either looking for folks that want to apply, organizations that want to apply to provide technical assistance to cities, states, and nonprofits who want to conduct feasibility studies about their potential to conduct Pay for Success transactions. We want to help those governments go through procurement process to bring in folks to structure deals, and at the same time, we want to build the infrastructure to do Pay for Success and also outcomes-based grantmaking and funding in general.

For the deliverables, for the providing technical assistance competition, we are looking for feasibility studies that will completed. We're looking for governments to issue RPFs, and we're looking for these final reports telling us what happened. So to be clear, we are looking for intermediary organizations – so it could be a state, it could be a city, it could be a nonprofit, it could be a foundation – that wants to host an open competition to find cities and states that want to go through these feasibility studies to find out if they can really put together a Pay for Success deal. And these intermediaries would then fund experts that would go and work with these cities and states to get through these feasibility studies, and they would also provide capacity building grants. Maybe there is a data system that is needed or something like that.

On the other side, you'd apply to actually structure Pay for Success transactions. So there are cities and states that have actually gone through feasibility studies and are actually now ready to put the deals together, and they need a transaction coordinator who can come and work with them to find out who the nonprofit service providers should be, to figure out the evaluation model, to raise the funds that's going to be needed to cover the financing of the services that are going to be performed. And so we are then looking for grantees who would find the cities, states, and localities that need these transaction coordinators. They would then place the transaction coordinator with those cities and state, oversee their work, provide some back-office support, and maybe even provide some grants, and so we're providing the dollars to do that.

At the end of those projects, we actually want to see closed Pay for Success deals. We want to see deals that are taking place for cities and states across the country. The grants range between \$200,000 a year and \$1.8 million a year for up to three years. We are requiring a one-to-one match, half of that match can be in-kind. So if there's a law firm that's going to give pro bono service, that could be included. If there's a data system that a local technology company is going to build for you, that can be included, and so we're excited about it. You can see on the deal structuring side you can apply for a little bit more money than you can on the technical assistance side. And also what's important to know is on the technical assistance side you have to deliver services to each of your sub-recipients, between \$50,000 and \$250,000 a year, and on the structuring side, between \$75,000 and \$250,000 a year.

Our funding priorities, first, we are making sure that all grant applications are applying to focus on youth development, economic opportunity, and healthy futures, so deliberately broad because we want to see Pay for Success working across various social issues. We are also prioritizing those organizations who can help diversify the Pay for Success field with various issues that aren't already being funded in lots of different ways. Also diversifying the geography. And then we're also looking to prioritize applications that

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

are focusing on traditionally underserved and underrepresented areas and populations, such as opportunity youth, such as tribal, such as veterans. And so we're excited about seeing some priorities coming through for applicants on those.

Now the two boxes, in terms of diversifying the field and also the traditionally underserved and underrepresented, those are optional, so that mean if we have two strong applications and one is doing something that is diversifying the field and one isn't, then the diversifying the field one is more likely to get funded. But if we have two and neither one of them are diversifying the field, then we will still pick the stronger of the two.

So up to \$11.2 million, in general, is available, and annual grants between \$200,000 and \$1.8 million for up to three years, notices of intent were due on July 15th. That was encouraged but not required. Still, send them in if you want to, and applications are due, coming up really soon, July 31st, by 5:00 p.m. Eastern, and we will make grant awards before the end of the fiscal year, which is September 30th. So that provides just a general overview of the competition in case you hadn't been able to participate in any of these earlier calls.

And with that, I'm going to stop talking, and now take your questions. So, again, as Jerian said, if you want to ask a question verbally, go ahead and click the little raised-hand button in your window and we'll call on you, or you can use the chat box to submit questions online. So, Anna, we have questions?

[Anna Fogel] Great. Yeah. So we'll start with a question that has already been written into the chat box. So the first one is from Michael who asks, "Is it correct that CNCS will not review letters of support that aren't match commitment letters?"

[Michael Smith] So the question was, will CNCS, Corporation for National and Community Service, review letters of support that are not about confirming the match commitment? They do not count. If someone, your governor submits a letter of support, that doesn't give you any extra points. We won't throw them away. We'll certainly look at them. But they don't give you any extra points whatsoever.

[Anna Fogel] From Charles, he asks "How does this initiative interface with the research evidence-based DOL employment and training funded program at the Workforce Innovation?"

[Michael Smith] So I believe what you're talking about is the Pay for Success program that the Workforce Innovation Fund launched, I believe, several months ago. So we are certainly watching each other and following each other. DOL did Pay for Success deal funding as it related to workforce and labor, and they were actually putting dollars down on deals. We are working on building the pipeline and making sure that more cities, more states, more nonprofit service providers that are evidence-based are prepared to enter into deals. We're helping to structure those deals and not putting dollars on the actual transaction at this point. Okay? And I would also say we are, you know, a little bit more issue averse than, you know, Department of Labor and Workforce being such a specific goal. Our focus areas are much more broad.

[Anna Fogel] Our next question is from Alexis. I know we have a couple from Alexis, so we'll just go through them one at a time. The first is, "When we provide the 10% cash-in-hand match in our proposal for the first year, is it possible to change the original funding during this first year if other commitments come in?"

[Michael Smith] Anna, ask that question with one more time.

[Anna Fogel] When we provide the 10% cash-in-hand match proposal, is it possible to change the original funding during the first year if other commitments come in?"

[Michael Smith] Absolutely. I think what is most important here is that you are required to show that you have 10% of the required match raise on hand, and that has to be proven. You have to demonstrate that to us. But if things change within the year, and you thought you had a portion of it that was going to come

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

from the local technology company and instead Gates Foundation decided to cover the whole thing, then that's fine. You're just required to have that match proof up front.

[Anna Fogel] The next question from Alexis, "If we are proposing to provide TA services using our own employees, should that be reflected in the 20% or 80% portion of the budget?"

My understanding is that would be the 80% portion of the budget. The TA services are direct services to sub-recipients.

[Michael Smith] Correct.

[Anna Fogel] And so it's program implementation that comes out of the 80%. Another question from Alexis. "We have approved federal and direct rates. On the budget there is not an area for us to use our overhead percentage. How would reflect this percentage?"

[Michael Smith] So that's a little bit of a complicated answer, Alexis. We're going to go ahead and get back to you via writing on that. And do we have a way of doing that? Alexis, if you would just e-mail us that question to innovation@cns.gov to make sure that we can get back to you.

[Anna Fogel] And we'll make sure we share the answer with everyone who is on the webinar right now. From Amanda, "What types of roles can universities play in this PFF grant competition?"

[Michael Smith] Great questions, Amanda. I mean there are lots of different ways universities can be involved. One, universities can be a grant recipient. So, you know, you could imagine a university that wants to maybe you have some experience in setting up a social innovation team, you have an innovation center at your university. Maybe you've done some work on Pay for Success, so you actually want to be the grantee that runs the competitions to help cities and states go through feasibility studies, or to be the one that helps select transaction coordinator. So we think that there are many universities across the country that would be ideal grantees to do this kind of work. You could also be partners, maybe helping to do some of the evaluation work, maybe helping to identify the nonprofit service providers, maybe helping to do some of the training and technical assistance. So, you know, we think there are lots of different ways universities can play.

[Anna Fogel] Okay, the next couple are from Megan. Thanks, Megan, for sending some of these in advance. We may have to get back to you on some of them, but we will go through them one at a time. So Megan's first question is, "On page 16 it says 'the value of the services to each sub-recipient should be between 50,000 and \$250,000 per year.' If we can identify multiple jurisdictions with the same issue and efficiently provide assistance to all at once, that's if the amount for each jurisdiction is less than 50,000, is that okay?"

[Michael Smith] That's not okay. The minimum amount that you can provide to a jurisdiction is \$50,000. Part of the reason is we are doing a national experiment of how and where and why Pay for Success works, and so we had to have some minimum level so that we have a substantial study size and that we weren't having to manage way too many small programs. So we thought \$50,000 would diversify the field enough and provide some smaller opportunities. But, for us, it has to be a \$50,000 minimum.

[Anna Fogel] Megan's next question, "Can staff time devoted by sub-grantees in TA project be counted as match?"

[Michael Smith] Can staff time devoted to the TA project be counted it as match?

[Anna Fogel] By sub-grantees?

[Michael Smith] Yes.

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

[Anna Fogel] I think that would count under the in-kind contribution portion. Okay, the next question from Megan, it says, "On page 20 it says that applicants should copy and paste the application into eGrants no less than ten days before the deadline. Does this mean the deadline is effectively July 21st, or can we disregard this?"

[Michael Smith] The deadline is July 31st, but the Corporation for National and Community Service just has more than 20 years of experience with this eGrants tool, and we're just providing you some advice so that you get yourself familiar with the eGrants system and you're not waiting until the last minute so you don't run into technical issues. So it's highly encouraged that you do that, but that is not a deadline.

[Anna Fogel] The next question from Megan, "Is the budget justification submitted through the federal funds" -- sorry. "Is the budget justification submitted for the federal funds requested or the federal plus be a hundred percent max?"

[Michael Smith] It's for the full budget, so it would mean for what you're getting from the federal government, plus what you're including.

[Anna Fogel] The next question, "Is the budget information in part of the 40-page narrative? Page 20 says the budget section is not included in the page limit, but it is unclear whether this just refers to the SF24A, which is the budget template?"

[Michael Smith] Let me get back to everyone with a very specific answer to that. My understanding, the budget narrative needs to be included in the page limit, but the actual form is above and beyond. But let me just make sure I'm providing the right answer and we will send that around to everyone that participated today.

[Anna Fogel] Great. The next question, from Alice, "In the case that there are more requests for funding than available, to what extent does CNCS expect the final award amount will differ from the requested amount in the proposal?"

[Michael Smith] So the Corporation for National and Community Service Social Innovation Fund, we reserve the right to modify budgets if we feel that we need to, and so we go through a period of what we call "clarification," where we ask clarification questions. And so if we feel like we want to ask you to modify your budget because we think it's too large, or because we want to make sure that we're able to diversify the portfolio, we will give you an opportunity to respond to us to see if you could modify that budget and still meet your goals. And so you'll have an opportunity to discuss that with us before we would make a final decision.

[Anna Fogel] The next question from Alice, "In running the open competition, can portions of the competition be specified for certain geographical regions and certain issue areas?"

[Michael Smith] Absolutely. So you have to run an open competition, but you can focus it on whatever you want to. And actually, we're hoping that some people will. We're curious you to see, you know, in this can work in a tribal community. We're curious to see if this can work in Appalachia or the Mississippi Delta. We're curious to see if this can work on obesity in the same way that it can work on recidivism. So you are certainly well within your right to design a competition that has a focus on certain geographies or issue areas.

[Anna Fogel] The next question from Alice, again, "Does CNCS have an expectation of how it will split the funds between the two programmatic approaches; TA feasibility on one side and Pay for Success deal structuring on the other side?"

[Michael Smith] No we don't. We are just hoping for a diverse final pool. But at the end of the day, we're going to fund the strongest applications.

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

[Anna Fogel] Great. So the next question is also from Alice. "Is a partner of a TA feasibility team, not the lead applicant, able to run the open competition on behalf of the lead applicant?"

[Michael Smith] Anna, I'm going to let you answer that because I didn't understand it. Go ahead.

[Anna Fogel] Sure. So, in general, partners and subcontractors are able to complete discrete amounts of work, as specified in the proposal and as agreed upon in cooperative agreement. So that would be fine, as long as they are part of the grantee pool or they're subcontractors.

[Michael Smith] And, again, you're able to ask questions verbally. You just need to click the hand-raise button. So I don't think we have any, Jerian, do we?

[Host] Actually, we do have one.

[Michael Smith] Okay, great.

[Host] From Karen Rucks. So, Karen Rucks, your line is open.

[Karen Rucks] Oh, I thought I had typed it. My question was, can you, again -- I know you explained it earlier, the distinction between this Pay for Success and the DOL Pay for Success

[Michael Smith] Yeah, so they're two completely different competitions. Department of Labor Workforce Innovation Fund hosted a competition, where they already actually decided on who was selected, that is really focusing on deals -- on funding dealing and putting federal dollars to help fund those deals. We are focused -- and we're a completely different federal agency -- we are focused on a broader experiment that is about the pipeline side, so getting through feasibility studies, getting through the transaction structuring before you actually need the dollars on the deals.

[Karen Rucks] Okay. Thank you very much.

[Michael Smith] Of course.

[Anna Fogel] Just one other comment about DOL's Pay for Success competition. It is also only open to local government, and so ours is open a little more broadly. Charles just had a follow up from his earlier answer about workforce31.org, and he wanted to clarify that this is a repository for best practices and not part of the DOL competition.

[Michael Smith] I have to say I don't know the workforce31.org site. It's not something that belongs to CNCS.

[Anna Fogel] And if you have any specific questions about that, you can either type it in or follow up with us on the e-mail afterwards.

[Michael Smith] Jerian, any other questions via phone?

[Host] Yes, we do have another raised hand. Kaki Marshall, your line is open. Kaki Marshall, I may not be pronouncing your first name right, but your line is open.

[Michael Smith] All right, maybe we lost her.

[Anna Fogel] Okay, why don't we jump back into the chat questions. The next one is from Amanda who asks, "If applicants under the provision of technical assistance to assess feasibility and develop Pay for Success capacity, do the proposals need to assess both feasibility and develop Pay for Success capacity?"

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

[Michael Smith] Yeah, so we're look for both, and the question and the scoring criteria address both. And so we think a strong byproduct of this competition will be that not only did you go through a feasibility study but you strengthen the government, and you strengthen the nonprofit; you strengthen the local philanthropy community in its ability not only to do Pay for Success but also to participate in this whole new evidence-based, outcomes-based world. So that is very important to us. Keeping in mind that, you know, some of these feasibility studies might end, then, the answer being, no, it's not time to go through a Pay for Success deal. So we want to make sure that the dollars we're spending are helping to leave the communities in a better place than when we started.

[Anna Fogel] Amanda asked a second question, which is, "Will the grant competition support proposals which aren't focused on implementing interventions?"

[Michael Smith] Not sure I follow that question.

[Anna Fogel] Yeah, Amanda if you want to either raise your hand or write a follow up we'll look for that. Just one comment is that the competition, as Michael explained it, is really focused on building the foundation and building the capacity of organizations and not funding Pay for Success interventions directly, so not providing funding for a Pay for Success deal or for social service provision directly. I'm not sure if that's what you were asking.

[Michael Smith] Anymore hands raised, Jerian.

[Host] Yes. Eric Letsinger, your line is open.

[Eric Letsinger] Okay. We have three Pay for Success deals under way, same model in each city. We're stuck because we lack transaction funding so [indiscernible] time for us. Our question is, do we have to compete out which cities to do the Pay for Success deals in, or can we just apply for the transaction support for these three already named cities?"

[Michael Smith] Yeah, I wish I could tell you you could, but the open competition is a very important component of the Social Innovation Fund for a lot of different reason; one, we want to make sure that there's you know, equal opportunity. We want to make sure that there is an opportunity for organizations to come in or cities to come in that may not have been considered in the past. We also think it's important, by putting out open competitions, that you get lots of folks thinking about this and writing an application and working together, and so maybe even if they're not awarded they end up doing work. So you do have to run an open competition. But your strong cities will likely have an opportunity to win, and there's nothing precluding the cities that you're already working with from winning that competition. You just have to show that you had an open transparent process to select them.

[Eric Letsinger] Similar follow-up question, with the transaction support bucket, if we've already hired a transaction coordinator, are we required to compete that out in an open way, or is that just apply to the feasibility bucket?

[Michael Smith] So the way that we've envisioned the transaction coordinator role working is that a city or state would come to the intermediary saying we would like X person or X organization to do our transaction coordinating, will you please fund them, and that's completely fine. So someone could come, a city or state, to a grantee and say this is who we want, and you could fund them, or you could have some sort of open process. It doesn't have to a competition. It could be an open RFP. It could be an open job description to select a cadre of transaction coordinators that you could choose from. Does that answer your question?

[Eric Letsinger] Yeah. So you're saying for the selection of the transaction coordinator, for the transaction support bucket, that does not have to competed out as long as we've described that process of selecting?

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

[Michael Smith] Yes. And as long as the entity that wants to have the deal structured selected it, selected the transaction coordinator.

[Eric Letsinger] Suddenly clear. Thank you.

[Michael Smith] Yeah, thank you.

[Anna Fogel] The next question from the chat box is from Alexis. She asks, "For cash-in-hand commitments what type of documentation would be required to be submitted in the proposal?" So Alexis, you can see towards the end of the notice.

[Michael Smith] Page 22.

[Anna Fogel] On page 22, there's a number of ways you can prove this or verify it.

[Michael Smith] I'll just read it to you. On page 22, Section F, "Submitting match verification documentation, at the time of submission applicants must demonstrate through a letter or other form of documentation that they have either cash on hand or commitments, or a combination thereof, towards meeting 10% of their first-year matching funds based on the amount of federal grant applied for." So, for example, if your first year requested a million dollars, then it has to be accompanied by a documentation of \$100,000 in cash on hand or commitments at the time of the application. So it should be some sort of signed letter verifying the match. And so that's there on page 22, Section F.

[Anna Fogel] Great. And, Charles, I just want to respond and let you know if you have further questions or suggestions regarding the workforce31.org, please feel free to follow up offline by e-mail.

[Michael Smith] Jerian, any other hands up?

[Host] Yes. We have Alex Kolker, your line is open.

[Alex Kolker] Thank you: I'm looking at slide that you just had up at the beginning of the call, and you're saying the structure PFS transactions grant \$350,000 to \$1.8 million per year, are you saying that if we could create a structure where the services provided were valued between \$75,000 and \$250,000 you would still not accept an application for less than \$350,000 a year.

[Michael Smith] So let me make sure I'm completely understanding your question. I also want to make sure I have the actual dollar amounts here, so I'm going to put that back up on the screen. One second.

[Alex Kolker] Yeah, that's the slide.

[Michael Smith] This is the slide you're talking about? Yes, so we will not accept applications that are looking for a budget that's less than \$350,000 a year on the PFS transaction structuring side or less than \$200,000 on the feasibility assistance side. Is that what you were talking about, or are you talking about the services delivered?

[Alex Kolker] No, no, no, that is what I'm talking about. That's the amount from CNCS that doesn't include the hundred percent match?

[Michael Smith] Correct.

[Alex Kolker] Okay.

[Anna Fogel] And William Brown asked a similar question, so I'm just going to ask that one as well, just to ensure we're answering all these budget questions. William asks, "Can organizations submit budgets

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

less than \$200,000. And so that's a similar question to Alexis's but on the providing technical assistance side.

[Michael Smith] Yeah, the answer to that is no. We literally will -- you will not meet eligibility and we will not review your application if your budget does not meet our minimum and maximum standards.

[Anna Fogel] And also, I'll provide that these are annual grants, so you could not apply for \$200,000 to be used over the three years. It would have to be a grant for \$200,000 in the first year.

Alexis asked, "Can you confirm how many awards will be made in both areas."

[Michael Smith] We don't have a set amount of awards that we'll make in both areas. Again, we're really looking for the strongest applications.

[Anna Fogel] From Alice, she asks, "I'm following up on the prior question about the partnerships and a partner running the open competition. Would this partnership need to be identified specifically in the application?"

[Michael Smith] It is entirely up to you which partnerships you want to outline in the application. If you think that the partnership makes your application stronger then I would certainly put it there. If you think it's something that's technical in nature that we don't need to know about then I would put that there -- or I wouldn't. Now what's important to note is because we are looking for, in essence, intermediaries to be our grantees, you have to demonstrate that you have the organizational capacity and the ability to run these open competitions, to monitor the sub-recipients, and so, you know, you want to make sure that you make the strongest possible application. If you don't have those resources on your team and you think you need to partner to get them, then I would certainly put it in the application.

[Anna Fogel] The next question is from Diana, who asks, "Can a social enterprise registered in the U.S. apply for a program being implemented in Africa?"

[Michael Smith] No. So this program is solely U. S. based. The intermediaries and -- excuse me, the applicants and grantees have to be in the United States, and all dollars have to be for sub-recipient projects in the United States.

[Anna Fogel] And, Diane, I know you asked if we could refer you to relevant intermediary organization, but that's not something -- CNCS doesn't fund those kinds of activities. From Megan, a few more questions. One is, "Please confirm that match verification documents are not submitted to eGrants but rather separately by e-mail as written on page 22." And, yes, Megan, there's correct. There's a specific e-mail address listed there, and you can use that.

And the next question from Megan is, "Can you specify which O&B circulars discuss the value of the in-kind contribution. And Megan, I will get back to you on the specific reference on O&B circulars. I know we have a list in the notice, but I'm not sure we specify which one talks about in-kind. So thanks for flagging that.

The next question is from William, who asked, "Is there a geographic limitation placed on applicants? So, for example, can an applicant from Michigan propose to provide TA in Louisiana?"

[Michael Smith] No geographic limitation. In the current Social Innovation Fund portfolio, you know, we have the Mayor's Fund for the City of New York that is actually trying to replicate programs in other states, and that's completely fine. As long as you show that you have the capacity to do it, then that is certainly good.

[Anna Fogel] Great. This is from Kaki Marshall, and she asks, "To be clear, this does not sound like an opportunity for nonprofits that have vetted the success of an innovative approach and direct services in

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

the areas targeted to apply for funds with local government match to build their capacity to provide direct services." So I think if I would rephrase the question, I think the question is, if you are a nonprofit that has an evidence-based and innovative approach to provide direct services, this competition is not intended to provide funding for that program directly, but instead, as Michael said, is to work through intermediaries to work to develop the foundation for the Pay for Success field. So that could be working with nonprofits that are developing services, as Michael suggested, perhaps through capacity-building grants or technical assistance. But it is not for nonprofits to apply to fund their services directly. Would add anything to that?

[Michael Smith] I wouldn't. You would probably be the next step down. So when our grantees are hosting their open competitions and helping with feasibility and structuring, that would probably be the point where you would want to get involved. Now we left a lot of room here, within our NOFA, for people to be innovative and creative, so could I sit down and think through some ways that a nonprofit like that could be involved? Possibly. So, for instance, say you're an evidence-based nonprofit that's very much interested in reducing obesity rates and you wanted to work with a nonprofit to see if cities were interested in using that approach in Pay for Success, then that's a potential way that you could apply together and go through feasibility studies to see if that solution could work. But, ultimately, our competition is looking for organizations that will then run open competitions and help proliferate this approach across the country, and study it.

[Anna Fogel] The next question from Carolyn, "Can the funds be used to sub-grants to other federal agencies to support feasibility studies or partnerships?"

[Michael Smith] No. So these dollars, there's a very clear list of who is eligible recipients of sub-awards, and I don't know the page off the top of my head, but these dollars cannot go -- federal dollars cannot go to another federal agency.

[Anna Fogel] The next question from Paul, "Could the applicant apply to explore the Pay for Success feasibility for a social impact fund that funds multiple topic areas?"

[Michael Smith] I don't see anything that would be wrong with that. That sounds like it's certainly on target.

[Anna Fogel] Paul asked another question. "If an applicant is awarded, what tips of reporting requirements and other strings come along with the award?"

[Michael Smith] So we are very clear on our reporting requirements in the Notice of Funding Availability, a little bit towards the end of the notice. I'll see if I can find the page before we end this call. But it's pretty basic reporting that we're looking for. So I think in the first year we do quarterly reports, and then in the years two and three, it would be semiannual. There is financial reporting that's required as part of the federal government, and there are other rules that sort of relate to being compliant with federal granting, which are mentioned on the Notice of Funding.

I think what's most important for this competition is, because we really are studying how Pay for Success financing works, where it works, when it works, we are looking for our grantees to be partners with us and sharing what you learn every step of the way, and there's, you know, certainly questions that asked how will you do. Will you host your own convenings with people in your issue area or in your region? Will you issue briefs? We will certainly will do some of that. You will have to participate in a national evaluation. I wouldn't say that our reporting requirements are onerous, certainly no more onerous than any other federal grant program, and probably a lot less than many of them that I know.

[Anna Fogel] And any requirements will be outlined in the cooperative agreement, as mentioned in the notice, and I think also in the application instructions, and this is a relatively straightforward agreement that you'll work through with us, or the potential grantee will work through with us during September, and before September 30th.

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

[Michael Smith] And reporting requirements are on Page 32, Section D.

[Anna Fogel] The next question is from Bryan, who said they are not currently a SIF grantee but applied to the SIF in April with a specific intervention. "Can we propose the same intervention for the SIF Pay for Success competition? And if we can't use the same intervention, can we propose the same intervention at different sites or locations?"

[Michael Smith] Sure. I mean the way the notice of funding works, you're not a current grantee, you're still going through the process, so you can apply with the same intervention. I mean inherently the work of the general SIF competition is very, very different than the work of the Pay for Success competition. So I can't imagine that what you proposed in your first application would be the same. The intervention, I would say, doesn't matter. So it's really about the work of the competition -- the work of the project.

[Anna Fogel] Bryan's next question, this is building on Alexis's question, "Can the 80% support TA by internal staff, as well as service by consultants and partners?" And, yes, that should be fine. Again, it's program implementation and providing direct services.

And the final question from Bryan, "What examples can you provide for the in-kind match?"

[Michael Smith] What examples can we provide for the in-kind match?

[Anna Fogel] Uh-huh.

[Michael Smith] So there are some very specific examples that are actually mentioned in the notice of funding. So, one we know that many of these deals, especially during the transaction structuring, takes a lot of legal support. So if you are in Paducah, and Smith, Jones & Robinson Law Firm wants to give you pro bono hours, that would certainly count. If you are in Springfield and a local technology company wants to build a data system that allows you to track the data that's going to need to be tracked to prove whether or not the intervention is working, that would certainly count. If you have staff time, where people are going to be working to support the transaction, technical assistance, that would count as well. So there could be multiple ways.

I think what's most important, and it has to be core to the goals and objectives of the competition and core to how you said you were going to accomplish the work that you outlined in your application. So, you know, if the local Barnes and Noble wanted to donate a bunch of children's books, that probably wouldn't count.

[Host] And we do have some raised hands.

[Anna Fogel] Oh, great.

[Michael Smith] Oh, great. Jerian, what do we have?

[Host] Caroline Allo -- I don't know if I'm pronouncing your last name, but Caroline, your line is open.

[Caroline Allo] That's fine. Nobody pronounces it right. It's Allo. It's weird. So I was just wondering, if there is a specific template that we're supposed to use in order to submit the budget with? I don't know if we just missed it or if -- I don't know -- we're allowed to do it however we want. We just want to make sure that we're doing it the right way.

[Michael Smith] So what you'll notice on our Notice of Funding page, you should see a note that says you have to read the NOFA in conjunction with the application instructions, so that should be provided between the application instructions and the actual eGrants portal.

[Caroline Allo] Okay. Awesome. Thank you.

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

[Michael Smith] You're welcome.

[Host] And then we have David -- whoops, hold on a second, got to find you again. David Marable, your line is open.

[David Marable] Yes, I was wondering if this grant, will purpose points be applied to those areas that have received White House preference; for example, the Strong Cities Strong Communities Initiative and the recent Promise Zone initiative?

[Michael Smith] There are no preference points for presidential priorities in this competition.

[David Marable] Okay. And can you tell me how this Pay for Success program differs from the one that was launched during the SE2 initiative, if at all.

[Michael Smith] Are you referring to the Justice Program or the Workforce Innovation Fund?

[David Marable] Neither. It was my understanding that it was through the White House Strong Cities Council. There was a briefing given by the Secretary of HUD two years ago, when the Strong City Strong Communities initiative started, that there was a Pay for Success program.

[Michael Smith] So I'm not familiar with it. If you could find something on it and send it to us at innovation@cns.gov, that would be great. What I'll tell you is there really isn't any connection to any of the other federal programs that are doing Pay for Success right now. Our competition stands alone, as a pilot to test out how, when, where, and why this works, also to strengthen the pipeline, and much more on the side of feasibility studies and getting through deals and not actually funding the deals. So there's not any sort of connection to other active Pay for Success programs right now.

[David Marable] Okay, fair enough. Last question, the 10%, as far as the 1 on 1 money, can that 10% be in-kind also, or that has to be actual dollars?

[Michael Smith] No, the 10% has to be actual dollars.

[David Marable] Okay. Thank you.

[Michael Smith] And keeping in mind that's 10% for year one, not all three years.

[Host] Okay, we have a question from Laura Conroy. Laura, your line is open. Laura Conroy, your line is open.

[Michael Smith] Laura, maybe you're on mute. Laura, you've raised your hand four times. Are you there? Oh, she's gone. Anyone else?

[Host] I'll need to scan, so if you want to do a couple out of the chat.

[Anna Fogel] Great. So the next one is from Rosie. The question is, "Can the open competition be open to national nonprofits with reach in local communities to see how evidence-based interventions are hallmarked for the organizations can be utilized in for Pay for Success across various geographies and communities?"

[Michael Smith] Sorry, we're conferring with each other. It's hard to answer that question quickly on the line, so maybe you should e-mail that to us. Here is the deal, at the end of the day with the feasibility studies, we need to get to a feasibility study, so we want to know if a deal can work in a certain locality, not just if, you know, there is a nonprofit that has an evidence-based solution. So that doesn't mean those nonprofits with evidence-based solutions can be in the mix, as I described earlier, that you're trying to,

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

you know, promulgate that solution. But at the end of the day, we need a feasibility study to know if a deal can work in a certain community. So if you need more than that, if you want to ask specifics, feel free to e-mail us or call us. And let me go ahead and put our e-mail address and phone number up on the screen.

[Anna Fogel] And we can go onto Rosie's next question. She asks, "Can you please clarify if the government has to be the payer in the deals or can we explore other payer sources, such as private insurance companies serving Medicaid patients or a taxpayer funded public support program in our local community?"

[Michael Smith] We are excited about folks that can show other payers, and, obviously, in most cases currently it's the government, and that's how we've seen it, but we're enthused to see some other options.

[Anna Fogel] And the next question from Rosie, "Can you speak to level of leadership and expertise in the Pay for Success financing that needs to be in-house at the time of application?"

[Michael Smith] It's hugely important. We tried to articulate it in the notice of funding. This is a novel nascent field, but we need to know that organizations that are applying know this space, know social finance, know social innovation. You know, maybe you will have to bring on some expertise that you don't have that know a particular component of the financing or the capital raising. But we want to make sure that your organization will not be hoodwinked or bamboozled by something that's coming through, but that you have the expertise and the knowledge and the smarts to be able to select sub-recipients and to be able to support your transaction coordinators and your technical assistance providers.

[Anna Fogel] Great. The next question in the chat box is from Michael. He asks, "On transaction coordinators, if the grantee has already selected a pool, is that okay?"

[Michael Smith] If the grantee has already selected a pool of transaction coordinators, is that okay? I think that is fine so long as the city or state has an opportunity to select from it.

[Anna Fogel] Okay, the next question is from Laura. Laura, thanks for her typing this into the chat box since it seems like the voice question didn't work. So Laura asked, "In looking at the interactive map, I see no intermediaries working in Oregon. How does a nonprofit in Oregon participate? Will SIF release of parties that submitted a letter of intent? So, oh, SIF release a list of parties that submitted a letter of intent that would help nonprofits find intermediaries?"

[Michael Smith] We are not planning on releasing the list of organizations that submitted a letter of intent. However, once we have our applicants selected, we will certainly release those -- or, excuse me, once we have our grantees selected, we will release that list. We will release their applications. We will publicize their competitions. But we think it's more important, obviously, for you to know who the final recipients are who will be running those open competitions, as opposed to the broader list of people that may or may not apply.

[Anna Fogel] And just one other thought, Laura, the interactive map online is of the current SIF intermediaries. However, this Pay for Success competition will work through SIF Pay for Success intermediaries, so this doesn't reflect the grantees that will be selected for this project -- for this competition. And as Michael said, those will be announced on our website in September.

[Host] So we do have raised hand. We have, Ophelia Bitanga Isreal. Your line is open.

[Ophelia Bitanga Isreal] Hi, thank you. I had a question on Page 11 of the NOFA and identify sub-recipients as states, municipalities, regional governments, and partnership nonprofit organizations. But when I reviewed the notes from the webinar on June 30th, it sounded a lot more like the sub-recipients of TA services would specifically be government agencies or government entities. When we were

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

considering this grant, we were looking at it from the nonprofit side. So is that correct to say that sub-recipients of TA services should only be government agencies?

[Michael Smith] No, nonprofits are certainly eligible to be sub-recipients. I think, you know, the way that it is mostly worked now, and which is probably why you may have heard that on the last call, is most times it's the state or local government that is going through this feasibility study or doing the transactions. So while nonprofits could be recipients, again, at the end of the feasibility studies, like, you need to get to a feasibility study: Could this work in a certain place? And at the end of transactions you have to get through an actual structured deal. And so, in either one of those cases, while the nonprofit could be the grant recipient or the sub-recipient, it's going to end up being a more diverse set of players that would have to be involved. The same is true if you selected a government as the sub-recipient.

[Ophelia Bitanga Isreal] Okay, thank you.

[Michael Smith] Of course.

[Host] Then we have Rosie Stafford. Your line is open, Rosie.

[Rosie Stafford] Hi. Yes, I was calling to see -- I'm following up the question that you said I might need to follow up offline, so you can direct me there if that's necessary. What I was wondering, if organizations such as a United Way, have a multicounty reach and they want to explore the feasibility of their nonprofit organizations doing Pay for Success deals, they would host the open competition with those organizations, but then there's the potential to scale across United Ways around the country and sharing that model. Is that in line with the requirements?

[Michael Smith] The way you described it, if it just ended there, probably not. If it ends at a feasibility study that shows how that model can actually be implemented with a payer, and per the previous conversation, most of the times that's been a government, but certainly could be some other sort of payer, then that would be fine. But if it just ended at, we have a cadre of potential strong solutions, that doesn't meet the intent of the competition.

[Rosie Stafford] Great. Thanks.

[Michael Smith] Of course.

[Host] And that was our last raise hand at this point.

[Anna Fogel] Great. So we'll go back to the chat box. The next one is from William who asks, "Can a nonprofit partner with an existing intermediary to provide TA or deal structuring services?"

[Michael Smith] I don't see why not. Of course.

[Anna Fogel] The next question is from Jessica, who asks, "Can you provide us with a bit more detail on the reporting required of grantees and then what is in the NOFA. What are the system requirements for grantees to communicate and make information available for compliance reports in the national evaluation?"

[Michael Smith] I probably can't provide much more information than what's in the report. In terms of the national evaluation, to be completely frank with everyone on the line, we haven't even selected the firm that's going to do the national evaluation, so the scope of work isn't even complete yet. So we will expect the grantees to cooperate with the national evaluation and provide data, you know, maybe do focus groups. We try to keep as much of that as a part of the general progress reports. You know, we don't want to become a burden, but they will be required to comply and support the national evaluation. Otherwise, I think we've provided as much detail as we can provide in the Notice of Funding.

Social Innovation Fund: Pay for Success Q&A Session

July 16, 2014

[Anna Fogel] And, Jessica, just so you know, to give you a sense, if this is what you're asking about, the quarterly reports and the semiannual reports and financial reports are submitted through eGrants, so you'll continue to use this set system. And so that's sort of the system requirements for that. But if you have more specific questions, feel free to follow up with us by e-mail.

The next question, David, I believe we've already answered your question on whether there is any designation of priority points or administration priorities. The next question is from Julia, who asks, "Can you give an example of how a local government could be a sub-recipient?"

[Michael Smith] Sure. So on the feasibility side of things you could have, let's say, a university, since that came up earlier, who is looking for local governments who are interested in going through feasibility studies to implement solutions related to childhood obesity. And so they would run, the university, an open competition. Maybe it's just local governments in the northeast, maybe it's national. Maybe it's just local governments with populations of less than 200,000. There are multiple ways that this could work. And those local governments would apply. The university would select one of them or five or them, according to their selection criteria, and then the university would do a couple different things. One, they would provide an actual expert technical assistance provider to go be with that city and get in their business and help them figure out, you know, if there it's feasible for them to implement a Pay for Success deal in their community. And that's going to be looking at the nonprofit service providers that are there. That's going to be looking at who the payers who could be, who the financing could come from. It's going to be looking at the data systems and just going through all the things that would be necessary in order to get through to the feasibility study.

They might also provide some capacity building grants. Maybe it's determined that it could be feasible be but you need a better way of tracking your data, so they'll put that in place and test it. So that, hopefully, gives you at least one example of how a local government would be a sub-recipient. But there are many, many others that I'm sure are out there.

[Anna Fogel] I know we're reaching time, so I'm just going to take the last question from Paula, who asked, "I want to be a sub-grantee, and is there a listing available now for potential intermediaries that have submitted intent?"

[Michael Smith] So I think someone asked a similar question. We're not going to release the notice of intent because it's just that, and it doesn't mean that they'll all actually apply, and it certainly doesn't mean that they're all going to receive awards. So when we have actual awards, in September, we will publicize those widely.

[Anna Fogel] And I know I said that was the last question, but just one more from Caroline because I've received this is number of times. She asked about the funding, "It is my understand that funding is awarded for three years, but that a continuation application will be required each year to verify funding; is that correct?"

[Michael Smith] That's not correct. Well it's somewhat correct. So the way this works is we are default -- our default position will be to provide all three years up front. In the case where we provide all three years up front, you don't have to fill out any sort of continuation application each year. You have to meet certain milestones. You have to go through the progress reports, check in with your program officers, et cetera, but you wouldn't have to do continuation. There could be some cases where maybe you're a somewhat new organization, maybe you're a somewhat small organization, and we decide we want to start you slower and we'll only do a year of funding or two years of funding. In those cases, if you need to get to the second or third year, then you would have to do a continuation application.

[Anna Fogel] Great. And I know we've reached the hour, so thank you all for all your questions, and as always, just feel free to call up or e-mail with any additional questions.

Social Innovation Fund: Pay for Success Q&A Session July 16, 2014

[Michael Smith] And did we have any that we didn't get to in the chat? Great. So thank you, again, very much. We appreciate your time. Lots of information. FAQs are on our website, nationalservice.gov/sif, and spread the word, the deadline is July 31st. We look forward to getting these great ideas. Have a wonderful week. Bye-bye.

[Host] That concludes today's webinar. Thank you.