

2016 Social Innovation Fund Pay for Success Competition Round 2

Frequently Asked Questions

Version: 09.15.2016

The Notice of Federal Funding Availability (Notice) and the application instructions are the primary sources of information about the requirements of this funding competition. This document is intended to provide further clarification, where necessary, and does not supplement nor duplicate those documents.

The Social Innovation Fund (SIF) will host technical assistance (TA) conference calls or webinars for potential applicants. The schedule of these calls and the other applicant resources, including the answers to frequently asked questions, will be posted on the SIF webpage. Potential applicants are strongly encouraged to visit the website to access these resources and for updates. General inquiries may be directed to SIFApplication@cns.gov.

Questions added since the original version of this document are identified by an asterisk (*).

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Application Materials

1.1. Where do I get an application?

Applicants apply for SIF funds via the CNCS online grants management system called eGrants. The application instructions explain how to complete the application in eGrants. The Notice of Federal Funding Availability contains the selection criteria and other information necessary to complete an application. To create an eGrants account and begin an application, please go to the eGrants website: <http://www.nationalservice.gov/egrants/>

1.2. Is there a way to upload attachments/appendices so graphics, maps, charts, etc. can be included?

No, there is not. Beyond what is requested in the application, attachments and supplementary materials are not accepted. The only supplemental documentation that will be accepted is the match verification letter. Additional materials, including recommendation letters, will not be reviewed.

***1.3. The NOFA references current SIF projects. How do we learn what projects are currently being funded?**

A description of the SIF PFS Awardees and their projects can be found here: <http://www.nationalservice.gov/programs/social-innovation-fund/our-programs/pay-success>.

Eligibility and Proposed Activities

2.1. Can a for-profit organization apply?

For-profit entities are not eligible for SIF funding, as Recipients, Subrecipients, or Service Recipients. However, for-profit organizations may be contracted by Recipients or Subrecipients to in order to complete activities proposed in the application. In addition, for-profit organizations can participate as providers of funding for the match requirement.

2.2. Are current SIF Recipients eligible to apply to the 2016 PFS Competition? Can the PFS award address a similar focus as a current award?

Current SIF Recipients are eligible to apply. If a current SIF Recipient applies, it must seek funding for a program that is distinct from the program currently being funded. This may include a project with a similar focus as long as the program is distinct. A distinct program may include one with a similar program model but conducted with different Service Recipients and/or Subrecipients, or with the same Service Recipients or Subrecipients but for different PFS projects. A distinct program may also include one with a different program model than currently being funded by SIF. Ultimately, CNCS will determine whether the applicant's program meets the criteria for distinct.

2.3. If two or more organizations plan to apply for Social Innovation Fund funding as an eligible partnership, how definitive of a structure needs to be in place at the time of application? Do the organizations need to have a legal agreement signed at the time of application submission, or is intent to partner or collaborate sufficient until funds are awarded?

Intent to partner or collaborate is sufficient to apply. Each eligible partnership should have a legal agreement, such as a memorandum of understanding that outlines each of the partners' responsibilities, which must be available for the purposes of CNCS/SIF monitoring. During the review process, CNCS may request additional information about the roles and responsibilities of each partner. Before final award, all partners and collaborating organizations will be required to formally agree to the full terms and conditions of the award, including those included in the Assurances portion of the application in eGrants. Eligible partners are encouraged, but not required, to share the costs of the application cash matching requirement in order to demonstrate the seriousness of the partnership. Further, under an eligible partnership, both entities are subject to CNCS monitoring. Separate grant awards and reporting may be required.

2.4. How might an “eligible partnership” be structured?

There are a variety of structures that could function as an eligible partnership. The defining characteristic of a partnership, however, is that the two entities have a signed memorandum of understanding identifying their respective roles and responsibilities with regard to carrying out the program. Below is one illustrative example:

Example: State X has grown increasingly interested in encouraging PFS throughout the state, especially since the state recently passed legislation expressing support for PFS. State X and Outcomes Unlimited (OU), a non-profit organization that promotes outcomes-focused funding, decided to jointly apply for an award to fund an open competition for Service Providers that need development support. OU would be responsible for conducting an open competition and supporting the Service Providers, and the state would provide marketing and outreach assistance and matching funds.

2.5. What is the difference between a partnership and a contractual arrangement between two parties?

A partnership is a relationship which is generally accompanied by the partner applicant aiding the lead organizations in carrying out or running the Pay for Success program. A partner may also contribute match funds or services to the program. Both entities are subject to CNCS monitoring. A contractual arrangement is one in which the Recipient purchases goods or services needed to carry out the PFS program. The Recipient would need to follow the procurement standards in 2 CFR 200.317-200.326 to retain an entity in a contractual relationship.

2.6. Can an organization that applies for a SIF PFS award also be a contractor on a separate project?

Yes, an organization that is a SIF recipient may be contracted by a separate Recipient or Subrecipient to perform components of a project. Recipients and Subrecipients must retain contractors consistent with Federal procurement guidelines, in CFR 200.218-200.326.

2.7. We work in coordination with other Federal agencies in our activities. Is this something we should mention and if so how is it best to do so?

You should mention any current partnerships that are relevant to the SIF PFS program you are proposing and that would enhance your proposal.

2.8. Can a Subrecipient or Service Recipient be pre-specified in response to this Notice, based on a retroactive agreement formed on the basis of a competitive process?

No, a Subrecipient or Service Recipient may not be pre-specified in response to this solicitation, even if based on a previously held competitive process.

***2.9. The NOFA lists possible Developmental Support activities that a Recipient may engage in. Are activities related to getting Investors also permissible?**

Yes. As stated in the NOFA, applicants may provide funds or services for other methods that build general readiness of Service Providers to engage in SIF PFS projects. For example, an Applicant may provide support for the Service Provider(s) to host site visits, participate in interviews, and conduct other activities related to getting Investors, or assisting as Investors do due diligence reviews.

***3.0. My organization is a national affiliate model. Do we qualify for this grant competition?**

This competition is open to nonprofit organizations, public or nonprofit universities, state and local governments (and other political subdivisions), tribes, as well as faith-based organizations. Eligible nonprofit organizations include those defined in 2 CFR 200.70. Please refer to the eligibility requirements under Section C of the *Notice* to determine your eligibility.

***3.1. Applicants may apply to provide services or funds to eligible entities under the second programmatic approach, “Developmental Support for SIF PFS Projects.” Does that mean that the competition must be limited to jurisdictions that are currently receiving or have in the past received assistance through the SIF PFS program?**

Yes, that is a correct interpretation. The support provided must be to entities currently receiving (or who have previously received) services or funds through the SIF PFS Program.

***3.2. For the service providers, could the assistance be open to national offices of intervention models that have been considered in SIF PFS feasibility studies even if it is not clear that they will be selected for a PFS contract?**

That is fine, as long as the intent is to ready them to engage in SIF PFS projects. We understand that not all activities to ready service providers for PFS will ultimately result in them being involved in a SIF PFS project.

*** 3.3. Does the service provider capacity building assistance need to be focused on a specific jurisdiction that has received SIF PFS technical assistance? Can it build capacity in a national service provider that could be applied to multiple jurisdictions, including some that have not received SIF PFS technical assistance?**

The assistance needs to be focused on readying them for engagement in a SIF PFS project. We would expect your program to be designed with that intent in mind.

***3.4. Can a grantee “sole source” for contractors?**

Selection of contractors must follow federal guidelines, which are detailed in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. *Sole source is an option under the Uniform Guidance, but there are specific requirements for doing so. (See 2 CFR §§200.317 - 200.326)*

***3.5. Can third party evaluators count as subrecipients of federal funding for the 80/20% split?**

An entity that is engaged for the purpose of conducting an evaluation would not be considered a subrecipient, but rather a contractor.

Funding / Funding Restrictions

3.4. Are Recipients only “paid for success” or will they receive the funding upfront?

If selected as a SIF PFS Recipient, after the award is made and the cooperative agreement is signed, funds will be disbursed to the recipient’s U.S. Department of Health and Human Services (HHS) Payment Management System (PMS) account. Recipients must follow 2 CFR 200.305 “Payment”, which specifies rules for the drawdown of the funds.

Recipients that are states will be subject to the requirements of the Cash Management Improvement Act which direct Recipients to draw funds as needed for Recipients’ and Subrecipients’ immediate needs. For more information, see <http://fms.treas.gov/cmia/>.

3.5. If at least 80% of Federal funding must be spent on services or awards to Service Recipients or Subrecipients, what can the remaining funding be used for?

Recipients may use the remaining funds for other direct and indirect costs associated with implementing recipient activities including hosting a competitive Service Recipient or Subrecipient selection process, providing support to Service Recipients or Subrecipients, supporting the program-wide evaluation, and other activities designed to contribute to measurable outcomes of their portfolio. However, applicants should keep in mind that their overall budget (both Federal and matching funds) will be evaluated as described in the *Notice*.

As explained in the *Notice*, after the award is made, in certain cases, CNCS may consider granting the Recipient permission to access funds within the 80% for Recipient projects that may directly or indirectly benefit the Subrecipients or Service Recipients. Examples where this permission may be granted could include projects that build data capacity and infrastructure for subrecipient or service recipient projects, or initiatives to build a learning community among the subrecipient/service recipient cohort. At the time of the application, however, applicants must submit a budget that allocates at least 80% of Federal funding to Subrecipients or Service Recipients.

3.6. Do 80% of Recipient matching funds have to be provided to Subrecipients or Service Recipients?

No, there is no requirement that Recipient matching funds “mirror” the use of Federal funds. However, of matching funds that are not used for Service Recipients, the balance must go toward program support costs, including evaluation, knowledge management and Social Innovation Fund program implementation.

3.7. If the Notice says one of the funding priorities is to diversify the geography and issue areas served by PFS, does that mean I should not apply if I want to target an issue area already addressed by PFS, or target an issue in a place where PFS is already being implemented?

We encourage all eligible applicants to apply. Applications that don't address a stated funding priority will not receive priority consideration, but might still be funded.

3.8. Are there government-wide award requirements that apply to Social Innovation Fund Recipients and Subrecipients?

Please refer to the Federal cost principles at: 2 CFR. Subpart E for information on allowable costs in Federal awards. There are government-wide regulations (referred to as the Cost Principles) which govern the costs that may be charged to Federal funds and matching funds under Federal awards. All Social Innovation Fund recipients will be required to comply with the Cost Principles. In addition, there are other government-wide requirements that generally apply to Federal award programs. These are referenced in the assurances which are part of the application in eGrants. A copy can be found in the appendix of the application instructions.

Service Recipients are not subject to requirements to comply with Cost Principles.

3.9. Can awards be spent to invest directly in a PFS project as a payor or investor, by providing financing as part of a PFS project or providing a guarantee for a project?

No – This competition's funds will be spent on activities which develop the PFS pipeline of projects and lay foundational groundwork for future PFS projects. These funds cannot be spent to fund projects directly as a payor or investor.

4.0. Is the PFS Competition open to programs that target low-income communities outside the United States?

No, SIF funding can only be used to target low-income communities in the United States and U.S. territories.

4.1. Can a SIF award be used to obtain legislation needed in the respective state and/or municipality?

Federal awards, including SIF awards, cannot be used for lobbying purposes. Please see the cost principles at 2 CFR §200.450 for more information.

4.2. Can services be provided to governments and service providers? And does the open competition to select Service Recipients have to target only governments or only service providers?

A Recipient can provide services to all eligible Subrecipients and Service Recipients, which, as stated in the Notice, includes state or local government (as defined in 2 CFR §200.63) entities and nonprofit organizations (as defined in 2 CFR 200.70), or any partnerships of the above. This includes entities within those categories that are service providers. Applicants should propose their strategy for conducting an open, competitive, Subrecipient or Service Recipient selection process.

Budget

4.3. Do applicants have to submit budgets for the total project period or just for year 1?

Applicants must submit annual budgets for all three years of the project period. Costs should be divided by year, using subsidiary budgets to reflect years 2 and 3.

4.4. Do annual budgets need to have the same costs for all three years in the project period?

No, budgets can differ each year of the project period depending on the activities proposed per year.

4.5. Can annual budgets exceed 20% for administrative costs if the budget over the project period includes no more than 20% for administrative costs?

It is not prohibited for more than 20% of an annual budget to be administrative costs as long as the budget for the overall project period includes no more than 20% for administrative costs. However, any annual budget which exceeds 20% for administrative costs must be approved by CNCS on an individual basis. Approval would occur as part of the award process.

4.6. Should the submitted application budget include only the requested award amount or include the total project cost (i.e. including matching funds)?

Budgets should reflect the total project cost, including matching funds. For example, an application for \$500,000 of SIF funding per year or a \$1,500,000 award over 3 years should include a budget for a project cost of \$1,000,000 per year or \$3,000,000 over 3 years.

4.7. Does the indirect cost rate apply to both the federal share and match?

Yes, the Federal Indirect Cost Rate applies to both Federal share and match. Also, if you have already negotiated an Indirect Cost Rate with another Federal agency, you must use that rate to apply to the CNCS award.

***4.8. Once an eligible partnership has been established, which partner’s indirect cost rate is subject to application within the budget?**

For a partnership, a single lead entity should submit an application on behalf of the partnership. The lead applicant’s indirect cost rate would be used. However, once an eligible partnership has been determined through the clarification stage, CNCS would likely require each partner to create separate applications and budgets resulting in individual Notices of Grant Awards and reporting requirements. Each partner has the option of using its own indirect cost rate.

Match

5.1. What sources of matching funds are allowable?

Matching funds may come from state, local, or private sources, which may include state or local agencies, businesses, private philanthropic organizations, or individuals. Federal funds may not be used towards the SIF PFS Recipient or Subrecipient match requirements. For Recipients up to 50% of the match can come from third party, in-kind contributions. Service Recipients are not required to match Federal funds. For Subrecipients, up to 100% of the match can come from third party, in-kind contributions.

5.2. Can loans be used to meet the match requirement?

Loans cannot be part of the 10% match of year one funding that is required at the time of application; the 10% match at the time of application must be met by nonfederal cash. However, applicants can incorporate low-interest or no-interest loans as a small part of a diverse and sustainable plan for raising the match over the project period. Ultimately, raising the match is the responsibility of the Recipient and Subrecipient, and it must be raised and spent on an annual basis. If an applicant is proposing to use loans as part of a diverse portfolio of match funds, applicants must demonstrate a viable, strong plan to repay such loans. CNCS will only fund applicants that demonstrate strong, feasible sustainability and match raising plans with reputable, reliable funding streams.

5.3. Can you give an example of how the match works?

The PFS Competition requires a 100% match of the SIF PFS award for both the Recipient and Subrecipients.

An example of how an organization could meet this match requirement is below:

Pay for Success Advisory Services, Inc. (PASI) applies for an award of \$500,000 per year – or \$1,500,000 over 3 years. They plan to reach the match through the following:

- 1) 50% of the match will be third party in-kind services and in-kind donations, including pro-bono legal services, and software to analyze data valued under 2 CFR. 200.306. However, the value of in-kind services may not be included as a component of the 10% cash match required at the time of application.

- 2) The remaining 50% of their award will be matched in non-federal cash from:
 - a. Foundations; or
 - b. The local city government. PASI plans to work with their local city government on a grant project, and the city provides government funding in the form of block awards to provide part of the match.

At the time of application, one of the foundations is willing to write a letter to commit to providing \$50,000 and meet the required 10% of the first year matching requirement for the application as required in C.2 (Match) of the NOFA.

An example of how a Subrecipient could meet this match requirement is below:

Anytown, USA is awarded \$200,000 funds from a SIF Recipient. To meet this match, Anytown, USA may choose to allocate one full-time contractor (valued at \$100,000 per employee for 12 months under 2 CFR 200.306(f)) and add an additional \$100,000 in non-federal cash match, perhaps from a local reserve fund, to cover the remaining cost of the match. This represents Anytown, USA meeting 50% of the match through third-party, in-kind contributions and 50% non-federal cash.

5.4. When providing documentation of 10% of the first year match requirement, how does the applicant demonstrate that its unrestricted cash-on-hand can be used as match?

Applicants may demonstrate cash-on-hand by a statement from the Chief Financial Officer or other officer that the organization has established a reserve of otherwise uncommitted funds for the purposes of performing a Social Innovation Fund grant. A bank statement or report of assets is not sufficient without the accompanying statement that the funds are uncommitted.

5.5. Given that SIF may provide three years of funding up front for the project, does the three years of match also need to be available up front?

No, it does not. However, in its application for funding, the applicant must demonstrate that they have cash-on-hand or commitments toward meeting 10% of the year one match. The value of in-kind services may not be included as a component of the 10% cash match required at the time of application. In addition, applicants must demonstrate that they have strong fundraising capability and have the capacity to generate the match for funding in years 2 and 3.

5.6. Does the match requirement have to be met by the lead organization in a partnership, or can the match be shared with partners?

The Recipient is responsible for raising matching funds and can rely on multiple sources, including cash from partners.

5.7. Where can I find information on valuing in-kind donations?

2 CFR 200.306 is the regulation on match. It provides that in-kind donations must be valued in accordance with 2 CFR 200.434 (Contributions and Donations).

***5.8. How can the match funding be used?**

There is no distinction between how matching funds and federal funds may be used. Federal rules apply to the federal funds awarded as well as to the match funds.

***5.9. What are the consequences of failing to raise the matching funds?**

The SIF will regularly monitor grantee performance and compliance with grant requirements, such as the match. Any continued and future funding decisions will factor in past performance. In addition, it is important to note that federal funds must be expended on a 1:1 basis, meaning you would have to pay back funds if you overspend on the federal share side.

***6.0. Can an applicant use a reduced overhead rate as match?**

Yes, a reduced overhead rate can be used as match. CNCS allows applicants to include administrative (indirect) costs in application budgets, using one of three methods specified in the *Notice*. If an applicant has a federally approved indirect cost rate, it must use it. The applicant, however, may use a rate lower than its federally approved indirect cost rate.

***6.1 Can contractors contribute match?**

Yes. While we specify what can be used as match, the grantee has the flexibility to identify its non-federal match sources.