

# Social Innovation Fund Pay For Success Transaction Structuring RFP

Application Overview

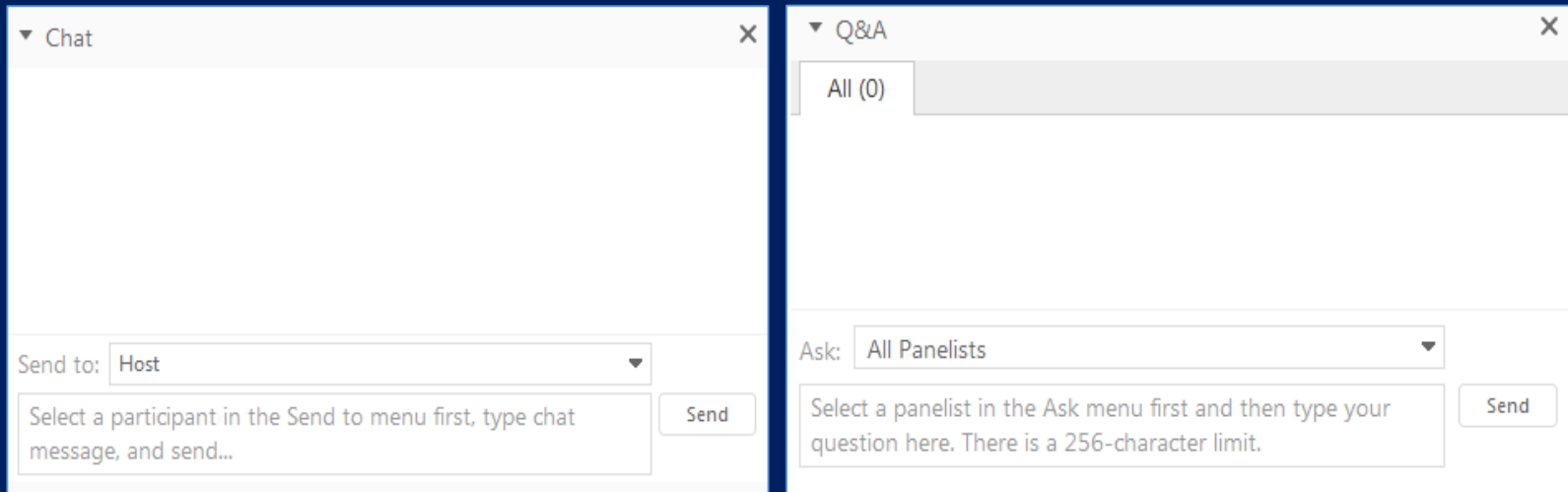
October 4<sup>th</sup>, 2016



Welcome

All participant phones will be muted to ensure audio quality. If you have any questions or concerns throughout the presentation, please use the Chat or Q&A function (pictured below).

The Webinar will be recorded and made publicly available on the LISC website at: [www.lisc.org/our-model/financing/lending/pay-success/](http://www.lisc.org/our-model/financing/lending/pay-success/)



# Introductions

- **Malini Nayar**  
Director of Business Development and Pay for Success
- **Anna Smukowski**  
Pay for Success Program Manager
- **Brysan Brown**  
Pay For Success Program Associate

# Agenda

- Overview of Local Initiatives Support Corporation (LISC)
- Social Innovation Fund Pay For Success Program and Goals
- LISC Social Innovation Fund Pay for Success Transaction Structuring Opportunity
- LISC Selection Criteria
- Next Steps
- Q & A and other resources

# Overview of Local Initiatives Support Corporation and our role in Pay for Success

# Local Initiatives Support Corporation (LISC)



# LISC and Pay for Success

LISC has a track record of supporting initiatives rooted in data-driven research and best practices. The Pay for Success (PFS) model further allows LISC to:

- Identify partners and programs that work, expanding their capacity and creating financial structures that leverage investment dollars – enabling LISC and our partners to validate and scale solutions more broadly
- Create a culture of continuous improvement and accountability and to monitor ongoing program performance in the social sector
- Build and manage a network of high performing service providers, investors and back-end payors interested in outcomes-based funding
- Leverage our track record and expertise in transaction structuring to bring more PFS projects from development to implementation





# Social Innovation Fund Pay for Success Program and Goals

# CNCS Social Innovation Fund PFS Transaction Structuring Award

The Corporation for National and Community Service (CNCS) awarded \$6 million through the SIF Pay for Success Transaction Structuring Competition to advance the field of Pay for Success financing. Through the award, Social Innovation Fund (SIF) aims to:

- Increase knowledge around best practices for capacity building initiatives and PFS project structuring;
- Accelerate the development of the field to enable adoption of outcomes-focused funding models; and
- Attract capital to finance effective solutions to challenges facing low-income communities nationwide and to high-performing organizations

Awardees include:

- Harvard Kennedy School Government Performance Lab
- Local Initiatives Support Corporation
- Sorenson Impact Center at the University of Utah's David Eccles School and Social Finance



# LISC SIF Pay For Success Award Competition

## Award Amount

Approx. between **\$300,000 to \$635,000** in services

## Number of Awardees

**3 to 4** Service Recipients

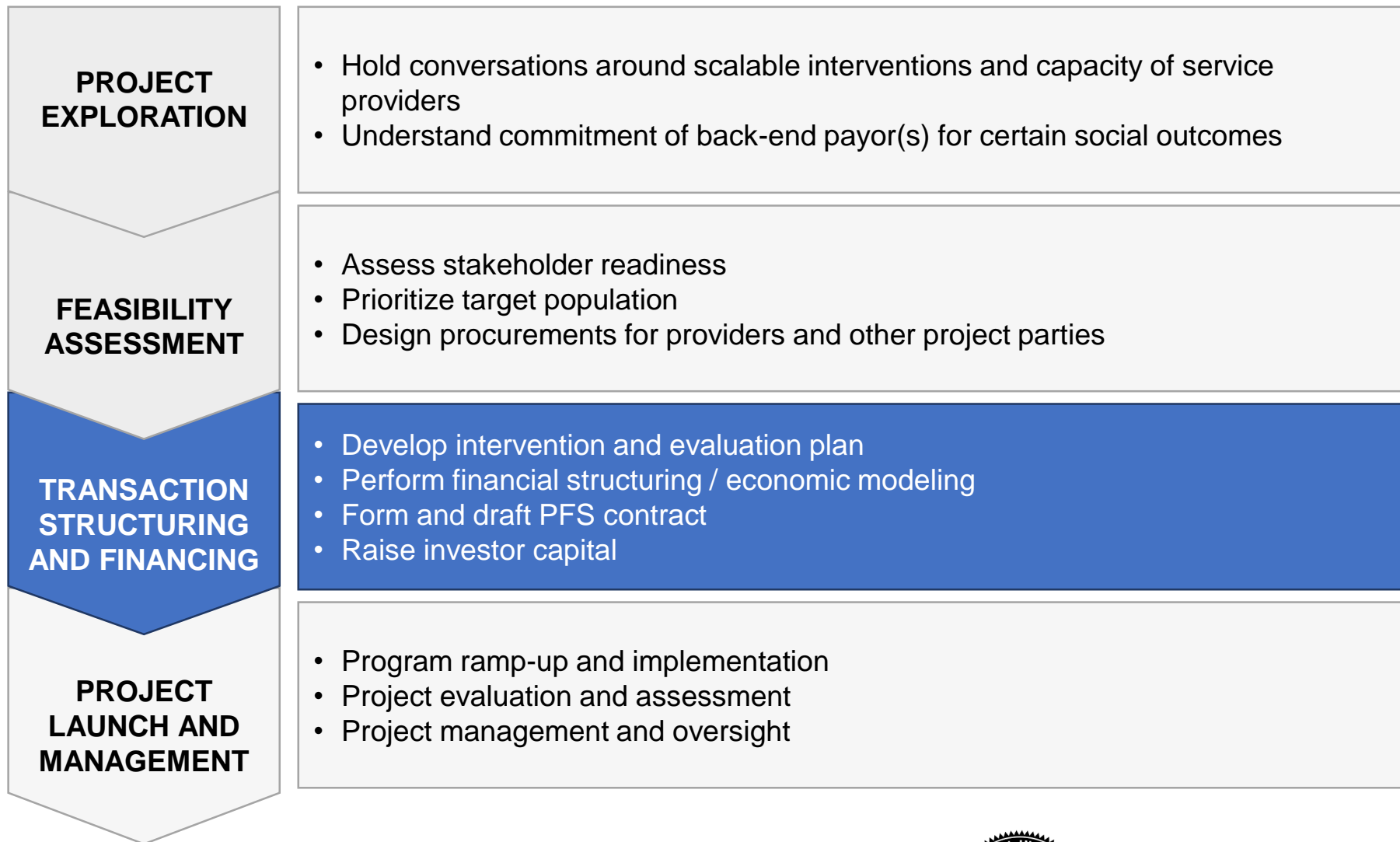
## Term

**12 to 18** months

## Award Services

- **Transaction structuring services** including assistance with various aspects of project management, capacity building, evaluation design, raising investment capital and support for ramp-up activities;
- **Access to a network of PFS practitioners and investors** with a wide range of expertise, including subject areas and evaluation;
- **Tailored, project specific evaluation plans** to ensure projects are on track to launch while complying with PFS project design, maintaining a sufficient level of rigor and increasing the program model's level of evidence base;
- **Tools and resources** to help move projects towards implementation, including assistance with developing a work plan and financial model, negotiating contracts, service provider capacity building, outcomes monitoring and data collection systems; and
- **Participation in collaborative field-building activities** including convenings, presentations, webinars and listservs by PFS SIF Partners and Networks

# What is PFS Transaction Structuring?



LISC Social Innovation Fund Pay for  
Success Transaction Structuring  
Selection Criteria

# Application Materials

Application materials are available on the LISC website at: [www.lisc.org/our-model/financing/lending/pay-success/](http://www.lisc.org/our-model/financing/lending/pay-success/)

## Letter of Intent

Letter outlining applicant's contact information, proposed issue area and engaged partner organizations; strongly encouraged

## Application Guide

Instructions, timeline and detailed information about the funding opportunity, eligibility and application process along with the instructions for the application narrative

## Application Executive Summary

Mandatory form for application review that allows assessment of applicant's compliance with Minimum Eligibility Criteria

## Application Workbook

Required excel templates for the intervention's budget and work plan

## Key SIF and LISC Pay for Success Terms

Glossary of common Pay for Success terms contained throughout application materials

# Letter of Intent

Applicants are encouraged to submit letters of intent (LOIs) indicating their intent to apply for services to [payforsuccess@lisc.org](mailto:payforsuccess@lisc.org) by 5:00 PM PST / 8:00 PM EST on October 21<sup>st</sup>, 2016

- Name of applicant organization
- Applicant point of contact details:
  - Name
  - Title
  - Mailing address
  - Phone number
  - E-mail address
- A brief description of the proposed Issue Area(s), target population and intervention of PFS Program
- Proposed target geographic location of PFS program
- To the extent identified, name(s) of partner organizations and their anticipated roles in deal (e.g., service provider, back-end payor, evaluator, independent assessor, investor). Please indicate if a partner organization plans on serving as the Service Recipient in lieu of applicant

# Application Instructions

Applications must be submitted electronically to [payforsuccess@lisc.org](mailto:payforsuccess@lisc.org) using the subject “SIF Application Submission” by November 10<sup>th</sup>, 2016 at 5:00 PM PST / 8:00 PM EST

- **Executive Summary** (Executive Summary template can be found [here](#))
- **Proposal Narrative:** Application narrative is limited to 25 pages (double-spaced, Arial 12 point font, one-inch margins, numbered pages). The page limit does not include the Executive Summary, Table of Contents, Excel Workbook, Appendix or Supplementary attachments
- **Excel Workbook** (Excel Workbook template can be found [here](#))
  - Draft implementation work plan
  - Draft project budget
- **If applicable, evidence of nonprofit status:** Documentation that the Service Recipient meets the requirements of section 501(c)(3) of the Internal Revenue Code
- **A preliminary financial model** or other data that illustrates net financial and social benefits to the back-end payor
- **Most recent audited financials**, including A-133 audit if applicable
- **Letter of support from back-end payor:** Applicant must at a minimum be involved in preliminary discussions with a government or other back-end payor

Optional Materials to be submitted:

- Copies of any feasibility studies that relate to the proposed PFS program



# Minimum Eligibility Criteria

LISC has established Minimum Eligibility Criteria for proposals, including:

- Applicant is:
  - 501 (c) 3 nonprofit organizations, including hospitals, faith-based organizations or universities;
  - State, local or tribal government; or
  - Quasi-governmental agencies described in 170 (c)(1) or (2) of the IRS
- Applicant targets one or more of the SIF Focus Areas:
  - Youth Development
  - Economic Opportunity
  - Healthy Futures
- Well-defined program and the presence of a low-income, sizable target population
- Intervention with at least a preliminary level of evidence
- Preliminary financial model / data illustrating net financial and social benefits to back-end payor
- High-performing Service Provider(s) with experience with proposed interventions
- Engaged back-end payor commitment evidenced through letter of support



# Application Scoring Criteria and Narrative Sections

Applications will be scored on a scale of 100 points using the criteria below

Category	Points
<b>Executive Summary</b>	---
<b>Section I: Program Design, Impact and Feasibility</b>	
Program Design and Delivery Components	20
PFS Intervention Feasibility	25
Proposed Work plan and Budget	10
<b>Section II: Service Recipient Capacity</b>	
Capacity and Commitment of Service Provider	25
<b>Section III: Partner Capacity and Commitment</b>	
Capacity and Commitment of Selected Partners OR Partner Selection Plan	20
<b>Total Points</b>	<b>100</b>

# Executive Summary

The Executive Summary must be completed for your application to be eligible for review and contains basic information on the Applicant & Partner Information, Proposed Project and Applicant's Financial Position

**Local Initiatives Support Corporation Pay for Success Competition  
Executive Summary**

The Executive Summary must be completed for your application to be eligible for review.

**I. Service Recipient Information**

<b>Organization Name:</b>		
Contact Information: Please provide the following contact information for the applicant lead for the Service Recipient as defined in Section VIII of the Application Guide		
Name:	Job Title:	
Division / Organization:	Email:	
Telephone:	Address:	
State / City:	Zip Code:	
Selection which of the following types of entity(s) best describes the Service Recipient: <input type="checkbox"/> State, local or tribal government <input type="checkbox"/> Organizations described in section 501(c)(3) of the Internal Revenue Code and exempt from taxation under section 501(a) <input type="checkbox"/> Any entity or organization described in sections 170(c)(1) or (2) of the Internal Revenue Code <input type="checkbox"/> Other nonprofit or charitable organization. If Other, please describe.		
Partner Organization(s): To the extent identified, please fill out the name(s) of partner organizations and briefly describe their anticipated role(s) in deal (e.g., service provider, back-end payor, evaluator, independent assessor, investor). Please indicate if a partner organization plans on serving as the service recipient in lieu of applicant.		
Partner Organization	Contact Name, Title and Email	Project Role
e.g. ABC	e.g. XYZ, Director, XYZ@ABC.org	ABC has committed...

**II. Proposed Project Information**

Narrative Overview of Proposal: Please provide a brief overview of your proposal in 300 words or less
Target Geography: See Application Guide Section VII – Supplemental Considerations for guidance

Target Population: See Key SIF and LISC PFS Terminology
<b>Focus Areas and Priorities:</b> LISC will prioritize projects that align with focus areas and priorities of the Social Innovation Fund. Please identify if your program: <input type="checkbox"/> Targets low-income communities, as defined in Key SIF and LISC PFS Terminology <input type="checkbox"/> Aligns with one or more of SIF's Priority Focus Areas: <ul style="list-style-type: none"> <li><input type="checkbox"/> Youth Development – Preparing America's youth for success in school, active citizenship, productive work, and healthy and safe lives, including crime reduction initiatives focused on juvenile delinquency and victimization prevention and response;</li> <li><input type="checkbox"/> Economic Opportunity – Increasing economic opportunities for economically disadvantaged individuals;</li> <li><input type="checkbox"/> Healthy Futures – Promoting healthy lifestyles and reducing the risk factors that can lead to illness.</li> </ul> <input type="checkbox"/> Targets other traditionally underserved and underrepresented geographic areas and populations including, but not limited to: <ul style="list-style-type: none"> <li><input type="checkbox"/> Rural and economically depressed communities</li> <li><input type="checkbox"/> Tribal communities</li> <li><input type="checkbox"/> Disabled populations</li> <li><input type="checkbox"/> Veterans</li> <li><input type="checkbox"/> Other (please specify):</li> </ul>

**III. Financial Management**

Date of last Audit:	
Fiscal period audited:	
Audit Agency / Firm:	
Cash	
Unrestricted Cash	
Total Assets	
Total Liabilities	
Net Assets	
Date of last OMB A-133 Audit (If Applicable):	
if findings reported, please explain:	

**IV. Assurances & Conflicts of Interest**

Is your organization and/or one of its principals presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency?  Yes  No

Applicants are obliged to observe normal and prudent conflict of interest standards. If requested, do you assert that you will declare any actual or perceived conflicts of interest in relation to the Review Panel or other parties as they arise?  Yes  No

# Section I: Program Design and Delivery Components

Evaluation of project readiness will be based on whether the project has a clearly-defined problem and corresponding intervention, a program delivery plan and well-articulated outcomes

## Intervention

An identified intervention that addresses a clearly-defined problem and with the components needed for implementation, including the level of engagement, duration and expected outcomes, highlighting any innovative and / or transformative elements of the intervention

## Target Population

A defined low-income target population for the intervention along with their alignment to the SIF Priority Focus Areas. Applicants will score more favorably if their program includes research and data demonstrating the need for the intervention within the target geography, a target population of adequate size and suitability for a PFS program, and a plan for identifying and / or recruiting the target population

## Program Delivery Plan

A Program Delivery Plan that includes program location, a participant engagement model and participant interface. Applicants will score more favorably if the program delivery model is realistic, scalable and leverages community relationships, tools and an existing evidence-base

# Section I: PFS Intervention Feasibility

Assessment of project feasibility will be based on the available evidence base, initial cost-benefit analysis and preliminary evaluation plan of target outcomes

## Evidence Base

At a minimum, projects should illustrate a preliminary level of evidence. Preliminary level of evidence is defined as evidence based on a reasonable hypothesis and supported by credible research findings that prove that an intervention(s) improved an intended outcome(s)

## Cost-Benefit Analysis

A preliminary cost-benefit analysis that can be used to create an economic model demonstrating the dollar costs of the intervention and expected dollars saved by the back-end payor as a result of successful delivery of the intervention. A clear link should be drawn between the preliminary cost savings and the evidence base

## Program Delivery Plan

A preliminary plan for evaluating success of the PFS intervention, including any proposed or preliminary quantifiable measures that could be used as outcomes to determine the intervention's success

# Section I: PFS Intervention Feasibility – Levels of Evidence

## Preliminary Evidence

## Moderate Evidence

## Strong Evidence

### Definition

Evidence that is based on a reasonable hypothesis and supported by credible research findings

Evidence from previous studies on the intervention, the designs of which can support causal conclusions but have limited generalizability; can include studies that only support moderate causal conclusions but have broad general applicability

Evidence from previous studies on the intervention, the designs of which can support causal conclusions and that include enough of the range of participants and settings to support scaling up to the state, regional, or national level

### Examples

Outcome studies that track participants through an intervention and measure participants' responses at the end of the intervention, or third-party pre- and post-test research that determines whether participants have improved on an intended outcome

Two or three well designed and well implemented single site Randomized Controlled Trials (RCTs) or Quasi-Experimental Designs (QEDs)

National / large scale multi-site well designed and well implemented QED or RCT, or multiple (three or more) well designed and well implemented QEDs or RCTs in different locations

# Section I: Proposed Work Plan and Budget

Evaluation of steps needed to get to a fully operational, scaled intervention based on the applicant's initial work plan, budget and analysis of key risks and mitigating factors

## Budget

Provide your intervention's current annual operating budget, the estimated budget and costs associated with ramping up your intervention, and the estimated Year 1 budget of a fully operational, scaled intervention

## Work Plan

Outline key activities and milestones the applicant anticipates as necessary to scale their intervention during a project ramp-up phase, along with corresponding responsible parties. Provide a brief narrative summary of proposed milestones

## Key Risks and Mitigants

Identify any possible risks and mitigating factors to the successful launch within the proposed project timeline. Risks could include political, legal, financial or technical

# Section II: Service Recipient Capacity

Assessment that Service Provider capacity ensures the proposed intervention will yield the desired outcomes based upon the existing programmatic expertise of the applicant / Service Provider, including:

**Experience with Target Population**

**Experience with Performance-Based Government Contracts**

**Data Collection and Analysis Capabilities**

**Skills and Capacity for Proposed Intervention**

**Funding and Financial Management**

**Risk Management and Infrastructure**

**Ability to Scale Intervention**

**Leadership Team**

**Knowledge Sharing**

**Ability to Handle External Interventions**



# Section III: Partner Capacity and Commitment

Evaluation of the commitment and capacity of project partners, including the back-end payor and other key partners

## Back-end Payor

Commitment and level of engagement of back-end payor, including how the proposed intervention aligns with the goals of payor, actions taken by payor to ensure funds are available for future outcomes payments, any risks that need to be addressed and any data sharing agreements

## Other Partners

Role and capacity of any other partners who will play a role in transaction structuring and / or program implementation (e.g. financial or legal intermediary, project manager, technical advisor, contractors for services, marketing, etc.)

## Partnership Capacity

Ability of the stakeholders to effectively manage partnerships and challenges with other organizations, including government entities

# Supplemental Considerations

There are four additional factors that LISC will use to make its final selection decisions

1

## Diversifying PFS Participation

Projects located in jurisdictions that have not previously participated in PFS and new issue areas, geographies, interventions or target populations that have not yet participated in PFS

2

## Targeting Underserved and Under-represented Geographies

Projects serving low-income communities and / or underserved / under-represented populations / geographies including rural and economically distressed communities, tribal communities, disabled populations and veterans

3

## Match Funding

Projects that are able to contribute to LISC's match requirements either through cash or in-kind donations

4

## Project Sustainability

Projects with a high likelihood of continuing programs after the PFS project term

Next Steps

# Next Steps

## Download Application Materials

Visit [www.lisc.org/our-model/financing/lending/pay-success/](http://www.lisc.org/our-model/financing/lending/pay-success/) to download your application materials, including:

- Application Guide
- Application Executive Summary
- Application Excel Workbook

## Ask Questions

Email [payforsuccess@lisc.org](mailto:payforsuccess@lisc.org) with any questions or set up time to speak to LISC staff. All interested applicants are eligible for up to two hours to engage with LISC staff to answer specific questions related to the application criteria and applicant's eligibility

## Submit a Letter of Intent

All applicants are encouraged to submit letters of intent indicating their intent to apply for services to [payforsuccess@lisc.org](mailto:payforsuccess@lisc.org) by October 21<sup>st</sup>, 2016

## Stay updated!

Sign-up for the LISC Pay for Success mailing list to receive the most up-to-date information on the competition [here](#)

# Timeline

## Nov. 10<sup>th</sup> Deadline Application Timeline

September 15 <sup>th</sup> , 2016	Application Form and Guide released
September 15 <sup>th</sup> – November 10 <sup>th</sup> , 2016	Open Information Period for Applicants
October 21 <sup>st</sup> , 2016	Letters of Intent (LOI) accepted
<b>November 10<sup>th</sup>, 2016</b>	<b>Applications Due at 5:00 PM PST / 8:00 EST</b>
Mid-December, 2016	Due Diligence Interviews for Selected Applicants
January 27 <sup>th</sup> , 2017	Awards Announced

## Rolling Deadline Application Timeline

September 15 <sup>th</sup> , 2016	Application Form and Guide released
September 15 <sup>th</sup> – November 10 <sup>th</sup> , 2016	Open Information Period for Applicants
Ongoing	Letters of Intent (LOI) accepted
<b>November 10<sup>th</sup>, 2016 – February 28<sup>th</sup> 2017</b>	<b>Applications accepted on rolling basis, as funds are available</b>
Ongoing	Due Diligence Interviews for Selected Applicants
March 2017	Awards Announced

# LISC Pay for Success Office Hours

## LISC Pay for Success Office Hours

Every 2 weeks on Friday starting Friday, October 14, 2016

2:00 pm | Eastern Daylight Time (New York, GMT-04:00) | 1 hr.

Meeting number (access code): 647 264 505

Meeting link: <https://lisc.webex.com/lisc/j.php?MTID=m59c113839266b6c75fff4dde2905c84a>

Join by phone: +1-415-655-0002

Passcode: 647 264 505

Add to Calendar

When it's time, [join the meeting](#)

# Thank you to our funders!



*The Social Innovation Fund is a program of the Corporation for National and Community Service, a federal agency that engages millions of Americans in service through its AmeriCorps, Senior Corps, Social Innovation Fund (SIF), and Volunteer Generation Fund programs, and leads the President's national call to service initiative, United We Serve. For more information, visit [NationalService.gov](http://NationalService.gov).*

*In 2009, President Obama authorized the creation of the Social Innovation Fund as part of the Corporation for National & Community Service to find solutions that work, and make them work for more people – by proving, improving and scaling effective models. SIF and its non-federal partners have invested nearly \$1 billion in effective community solutions since the program's inception. Launched in 2014, the SIF Pay for Success (PFS) program is designed to help cities, states, and nonprofits develop Pay for Success projects where governments pay service providers only when there are demonstrable results.*

**Note: Pay for Success (PFS)** is a general term for performance-based contracting between government and social service providers, where government only pays providers if target outcomes are achieved, e.g. reduced recidivism or improved health outcomes, as opposed to providing cost reimbursement payments.

Q & A