



LISC Pay For Success Transaction Structuring Competition

Frequently Asked Questions

1. **Question:** What services will LISC be providing as part of its award?

Answer: LISC will provide overall project management and support to complete development and ready the project for launch. LISC will directly, or through sub-contractors, design program evaluation, validate the program model as needed, create necessary data/IT infrastructure, provide legal services, develop an economic model that demonstrates the costs and stages of scaling the proposed program as well as outcomes and related payments, raise capital for up-front investment, and close on the contracts between participants.

2. **Question:** Should an applicant have participated in a Social Innovation Fund (SIF)-funded PFS feasibility assessment in the past? Or can we demonstrate that our proposal has worked and we are looking for funding to expand?

Answer: An applicant need not have participated in a SIF-funded feasibility assessment. If your project can demonstrate at least a preliminary level of evidence defined as evidence based on a reasonable hypothesis and supported by credible research findings based on the results of an existing or pilot program, you are eligible to apply. For additional information on levels of evidence please refer to the [Glossary of Terms](#)

3. **Question:** What does deal structuring within one year mean?

Answer: Deal structuring within one year means that LISC will provide its services over a 12-18 month period to take a PFS project from the feasibility stage to a PFS contractual closing, for which investors will be repaid based on achievement of defined outcomes.

4. **Question:** What if an applicant is a government entity versus a service provider? How do we answer the service provider section?

Answer: If the applicant is a government entity, the service provider section should focus on the capacity of the entity that is providing the services of the program/intervention. Typically these entities are high-capacity nonprofit organizations with experience working with the target population and delivering the proposed services. If service provider(s) have not yet been selected, please use this section to describe your service provider selection plan as well as the criteria you will be using to select high quality service provider(s) to implement your proposed intervention.

5. **Question:** What if we are in the process of completing a feasibility study? Can we still apply?

Answer: Yes – if you are in the process of completing a feasibility study and initial results indicate that the project is feasible for Pay for Success, we encourage you to apply. Please indicate in your application when you anticipate the feasibility study to be complete.



6. **Question:** What constitutes a commitment from a back-end payor?

Answer: For purposes of this application, commitment from a back-end payor can be evidenced through a letter of support, commitment letters or memorandums of understanding.

7. **Question:** What, if any, areas of interest or types of interventions are ineligible?

Answer: For list of all prohibited activities, please refer to Section II.B.5. on Page 7 in the document accessible via this link - <https://egrants.cns.gov/termsandconditions/2016SIFPFS-TandC5-13-16FINAL20160523.pdf>

Although the application does not specifically disallow areas of interest or types of interventions, we are looking for projects that align with the three Social Innovation Fund (SIF) Priority Focus Areas:

- **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.
- **Economic Opportunity:** Increasing economic opportunities for economically disadvantaged individuals.
- **Healthy Futures:** Promoting healthy lifestyles and reducing the risk factors that can lead to illness.

8. **Question:** What is the length of the program?

Answer: LISC will be providing services over a 12 to 18 month period. The length of your Pay for Success project will depend on a variety of factors including the nature of your intervention and the timeframe within which outcomes can be achieved. The terms of PFS projects launched to date have ranged from 4 and 17 years.

9. **Question:** Can you better define back-end payor?

Answer: The back-end payor is the entity that makes success payments if the agreed upon outcomes laid out in the PFS contract have been achieved, as determined by an external evaluator. It is generally, but not always, an entity such as a state or local government, which realizes budgetary savings or other beneficial social outcomes upon the achievement of certain programmatic outcomes. It could also be a non-governmental entity, such as a health insurer, that could realize savings as a result of the social services provided through the PFS project.

10. **Question:** Does the back-end payor pay the nonprofit service provider directly or are payments made to a third party?

Answer: The back-end payor typically makes success payments to the investor through an intermediary/fiscal agent; however, the back-end payor may also pay the service provider up-front for a portion of the cost of the intervention. It will depend on program design.



11. **Question:** Do applicants need matching funds?

Answer: No, applicants do not need to secure matching funds. However, LISC will favorably consider any applicants that are able to contribute to LISC's match requirements (LISC is required to match its grant from SIF 1:1 with private capital/in-kind contributions) through either cash or in-kind contributions. If applicants contribute to LISC's match requirements, they will be required to comply with applicable federal policies and LISC may request additional due diligence items to assess an applicant's compliance capabilities. These capabilities include experience managing federal grants and contracts together with requisite staff capacity and infrastructure to comply with federal requirements.

12. **Question:** Should these be national projects or will local projects be considered as well?

Answer: Both local and national projects will be considered for this opportunity. We do not have a target geography for projects. LISC will give priority to applicants that serve low-income communities and / or underserved populations / geographies, including rural and economically distressed communities, tribal communities, disabled populations and veterans that have not previously been served by PFS transactions.

13. **Question:** Are you funding more than one program?

Answer: Yes. Depending on project budgets, LISC will provide services to between three and four projects.

14. **Question:** If a project isn't ready for the November 10th deadline, will there be other opportunities to apply?

Answer: Subject to funding availability, LISC will be accepting projects on a rolling basis until February 28th, 2017. If at that date funds have not been committed, LISC will either extend the rolling period or open up another round of funding subject to SIF approval. Please note, however, that LISC cannot guarantee availability of funding for projects submitted after the November 10th deadline.

15. **Question:** Does the program have to be new or can it be a program that is already in place that could benefit from technical assistance and potential scalability?

Answer: The program can be a new intervention or an existing program as long as it can demonstrate a preliminary level of evidence and is considered viable through a PFS model.

16. **Question:** Given that LISC is only providing services, will selected partners have to raise their own funding for program costs and to scale the program?

Answer: On a case-by-case basis, LISC will support ramp-up activities through sub-contracted capacity/staff resources at the service provider level to bring the project to launch. As part of our more general transaction structuring services, we will also help raise the up-front capital needed to fund program costs and scale the program intervention upon project launch.



17. **Question:** Will applicants receive direct funding from LISC?

Answer: No. Applicants will not receive direct funding (cash) from LISC. LISC will provide only services, either directly or through sub-contractors.

18. **Question:** Can you share examples of a government back-end payor?

Answer: Within the PFS projects that have launched to date, the government back-end payor has ranged from a municipality's Water and Sewer Authority to a State Department of Health and Human Services to a City or County. To find more information on government entities that have served as payors in previous transactions, please visit www.payforsuccess.org/provider-toolkit/pfs-projects for detailed project information.

19. **Question:** If an applicant changes their initial work plan, would they still be eligible to receive LISC services? For example, if the program shifts from youth retention in middle school to a new population, perhaps high school, would this still be a valid project?

Answer: Yes, as long as the newly proposed intervention can demonstrate a preliminary level of evidence and is deemed feasible viable through a PFS model.

20. **Question:** Will there be opportunities to speak directly with LISC staff to ask additional questions?

Answer: Yes, LISC will be holding Office Hours every other week on Friday at 2 PM EST beginning on October 14th. [Click here to register](#) for LISC Pay for Success Office Hours. You may also schedule time to speak with LISC staff to answer specific questions related to the application criteria. Applicants will be limited to a maximum of two hours of engagement time. To schedule, please email payforsuccess@lisc.org.

21. **Question:** When will applicants learn whether they will receive services from LISC?

Answer: LISC will announce award recipients by January 27, 2017.