



Investing in Employment and Hope

# 2011 REDF SIF Subgrantee Selection Process and Criteria: Guidance for Applicants

*For public dissemination, updated as of June 20, 2011*

## 1 Background and overview of REDF and the Social Innovation Fund

### What is the Social Innovation Fund?

The [Social Innovation Fund](#) (SIF), an initiative established under the Edward M. Kennedy Serve America Act of 2009, aims to improve U.S. communities by targeting public and private funds to expand effective solutions to persistent social challenges. [REDF](#) (Roberts Enterprise Development Fund) is one of 11 organizations selected in 2010 as a recipient of the Social Innovation Fund. REDF is the only intermediary in the country that provides grants and technical assistance exclusively to nonprofit social enterprises that employ low-income people facing multiple barriers to employment.

### What is the amount of REDF's SIF subgrant award?

REDF's SIF award totals \$3 million over two years. 80 percent of this award, in addition to a portion of REDF's matching funds, will be disbursed as subgrants to organizations selected through an open, competitive, and rigorous process. REDF plans to select up to nine organizations to receive SIF subgrants over the award period: six applicants were selected in 2010, and we are planning to select up to three more in 2011. REDF's intent is for a multi-year portfolio relationship with each organization. Actual length of portfolio relationship will be contingent upon scope of work and satisfactory performance as well as availability of funds.

Initial SIF subgrants will be a minimum of \$100,000 per organization, with average subgrants ranging in size up to \$550,000 per organization, to be disbursed through the end of 2012. Additional SIF subgrants may become available pending future appropriations. All subgrantees will be required to provide a 1:1 cash match of their total subgrant in accordance with SIF guidelines. Subgrantee matching funds can include earned income as well as funds 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 match requirement<sup>1</sup>.

### What were the results of the 2010 selection process?

In fall 2010, REDF conducted its first round SIF subgrantee selection process, and [selected six organizations](#) for our portfolio; [results were announced](#) in February 2011.

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<sup>1</sup> The sole exception to this will be federal block grant funds which are given to states and are comingled with other state funds. Because states may use comingled block grant funds without having to account for those costs, they may be used to meet the SIF matching fund requirements. Source: CNCS SIF FAQ Updated March 8, 2010

## When does the 2011 selection process begin?

From June 20 to July 15, 2011, REDF will be opening a second round Request for Qualifications (RFQ) to select up to three additional organizations for our portfolio. We plan to announce final selections in mid-November 2011.

**This document describes the criteria, process, and timeframe for selection of REDF's SIF subgrantees in 2011.**

## 2 What are REDF's goals for the SIF award?

Through the SIF grant, REDF will:

- Support a portfolio of nonprofit social enterprises that employ at least 2,500 low-income young people and adults facing barriers to employment;
- Expand our work to include multiple low-income communities in California, such as Fresno, Los Angeles, Sacramento, and San Diego;
- Conduct a rigorous Social Return on Investment (SROI) analysis and impact analysis to quantify the effect of social enterprises on employee income, receipt of public and employer benefits, education, taxes and incarceration; and
- Produce a growth plan and guide for replication that will inform both the expansion of REDF and the social enterprise model, with the goal of eventually employing tens of thousands of people in the identified target population throughout the U.S.

## 3 Minimum eligibility requirements

To be considered for a REDF SIF subgrant, all organizations must meet the following minimum eligibility requirements:

- A **nonprofit** community organization<sup>3</sup>
- Established for at least 3 years
- Legally able to operate in the State of California
- Willing to participate in a rigorous evaluation of outcomes
- Currently employ, or seek to employ, **REDF's target population** (low-income California residents facing barriers to employment) through social enterprise.

**REDF's target population** is defined here as:

- Residing in California **AND**
- Experiencing poverty (200% of US Federal Government Poverty Guidelines) for 6 months or more prior to engagement **AND**

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<sup>3</sup> For purposes of the SIF, nonprofit community organizations which may receive subgrants will include: 1) organizations described in section 501(c)(3) of the Internal Revenue Code and exempt from taxation under section 501(a); and 2) any entity or organization described in sections 170(c)(1) or (2) of the Internal Revenue Code. Source: CNCS SIF FAQ Updated March 3, 2010.

- Experiencing one or more of the following barriers to employment:
  1. Young adults at risk (either meeting definition for adults as defined in #2-4 below, or being neither employed nor enrolled in school)
  2. History of incarceration or criminal conviction
  3. Mental health issues or mental health disabilities
  4. Other circumstantial barriers to employment, including history of homelessness, substance use, history of trauma

While applications involving more than one organization are welcome, the lead organization submitting the application must meet all minimum eligibility requirements.

#### 4 What are REDF's criteria for evaluating SIF subgrantee applications?

Each SIF subgrantee application will be assessed against the following nine criteria (assuming they meet minimum eligibility requirements):

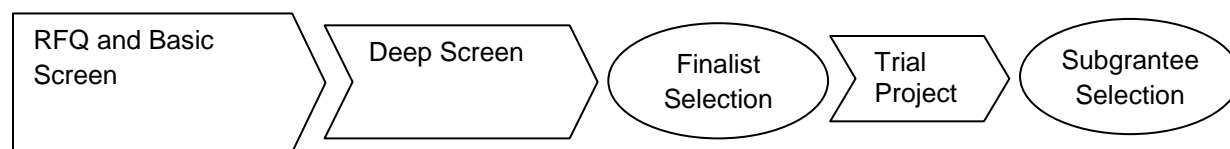
1. **Organizational Capacity** – The applicant has sufficient staff, systems, and resources to execute on its stated mission and to partner with REDF. The applicant is of sufficient size (preferably over \$3M annual budget) to be successful in reaching goals, but not so large (preferably under \$50M annual budget) that social enterprise is one of many priorities.
2. **Mission Fit** - The applicant's mission is aligned with REDF; specifically, employment through social enterprise is a strategic priority for the organization and central to achieving its goals.
3. **Target Population Fit** - The applicant's target population is aligned with the individuals REDF serves. The applicant is committed to providing employment, support services, job placement and/or job retention assistance to individuals from the target population who reside in California, with a preference for employing individuals from the following California counties: San Francisco, Alameda, Contra Costa, Orange, San Mateo, Santa Clara, Sacramento, Los Angeles, San Bernardino, San Diego, Riverside, and Ventura.
4. **Leadership Strength and Commitment to Social Enterprise** - The applicant's leadership team is experienced, strategically-focused, and displays a commitment to social enterprise.
5. **Financial Strength** - The applicant is in strong financial health and exhibits financial sustainability. The applicant is willing and able to receive Federal funding, and meet matching fund and other SIF requirements.
6. **Evidence and Evaluation** - The applicant has experience with data collection and evaluation methods, and has a history of using data to improve outcomes and performance. The applicant uses evidence-based practices in its work, and/or the applicant demonstrates a strong evidence base. The applicant is able and willing to participate in a rigorous outcome evaluation that could include use of a control group to compare outcomes and willingness to allow for similar clients to be randomized into evaluation study groups if needed.

7. **Experience with Social Enterprise** - The applicant has a strong track record of operating an employment-focused social enterprise and/or demonstrated experience with the “building blocks” of social enterprise, which include one or more of the following: earned income activities; employment of the applicant’s target population; job training and/or placement services.
8. **Potential Impact and Scale** – The applicant has strong potential to successfully develop, expand, and/or replicate social enterprise. Current or future social enterprise opportunities proposed by the applicant have the potential for significant impact and are aligned with REDF’s strategic long-term goals.
9. **Fit with REDF Engagement Style** - The applicant displays an ability and willingness to partner with REDF, including openness to REDF’s hands-on engagement style and advice. Potential exists to build a trusting relationship with REDF.

Each RFQ application is given a rating of “green,” “yellow,” or “red” against each of the nine criteria. All criteria are weighted equally. The ratings are used to rank and prioritize further screening of an application. In addition to the above criteria, REDF will further narrow the applicant pool and make final selections of applicants in the context of establishing a portfolio that reflects the following:

- Strength of applicants and applications (as assessed by reviewers)
- Geographic diversity
- Population diversity (e.g. disconnected youth, homelessness, formerly incarcerated, etc.)
- Social enterprise business model diversity
- Potential for cross-portfolio synergies and scale
- Meeting the needs of a rigorous evaluation

## 5 What is the process for selecting 2011 REDF SIF subgrantees?



**Proactive stakeholder outreach (May to June 2011).** REDF issues a notice of availability of REDF SIF subgrant funds, including the purpose and intended outcomes of REDF’s SIF subgrant, eligibility criteria, description of subgrantee selection process and criteria for selection, and a link to the REDF web page where the RFQ will reside. REDF engages a broad set of California partners, stakeholders, and channels to widely publicize the RFQ.

**Request for Qualifications (RFQ) (June 20 to July 15, 2011).** An RFQ is announced and posted on REDF’s website for one month. All organizations, including prior applicants and those who have a prior relationship with REDF, must submit a complete RFQ application in order to be considered for a SIF subgrant. The goal is to form a pool of pre-qualified applicants

from which REDF SIF subgrantees are selected, and to prioritize the applications for further screening.

**One conference call for questions and answers with potential applicants will be held on Tuesday June 28, 2011 at 10:00AM Pacific Time. Additional details on this conference call can be found on REDF's website at <http://www.redf.org/rfq>.**

**Basic Screen (July 15 to late July, 2011).** REDF staff and/or consultants read all RFQ responses and attachments, conduct analysis on the information presented, and review whether or not the application meets eligibility criteria. Each application is then given an initial set of "red," "yellow," or "green" ratings according to the nine criteria listed above. (Note: REDF staff members or consultants who have ever worked closely with an applicant organization will not review nor rate that applicant's submission). Applications that receive 5 or more "red" ratings are not considered qualified for further consideration. The remaining applications form a qualified pool of eligible applicants.

**Deep Screen (late July to late August, 2011).** Each applicant is assigned a priority for deep screening based on the initial RFQ application rating sheet (higher ratings are given higher priority). During the Deep Screen, REDF staff and/or consultants collect additional information (only as needed) through staff/management interviews, additional document requests, reference checks, and/or site visit(s) where appropriate. The nature and depth of information asked for will depend on outstanding questions identified during the RFQ application review. Ratings are adjusted as needed, based on new information collected during deep screen.

**External Review and Finalist Selection (mid-to-late August, 2011).** REDF sends all applications that meet eligibility criteria to a panel of external reviewers (depending upon the volume of applications, only the top-rated applications may be sent). The External Review Panel includes representatives from government, nonprofit/foundation, and private sectors, all of whom identify in writing that they have no conflict of interest with the applicants they are screening. Each external reviewer receives a package that includes the application, attachments, rating sheet, and a summary of relevant information collected during the Deep Screen and/or during prior interactions with REDF. A minimum of two external readers read and rate each application using the same criteria and ratings. The names of external reviewers may be made public after all organizations are selected.

REDF uses both the external reviewers' ratings and REDF findings to decide on "finalist" organizations. Some finalists will be recommended to engage in a Trial Project with REDF. Other finalists who have already worked on a project with REDF at any point will not be required to do so again.

**Trial Project (late August to mid-October, 2011).** During the Trial Project, REDF and the applicant work together on a short project (up to seven weeks long) to define and answer a

strategic question of mutual interest relevant to social enterprise – and in the process, get to know each other better. Goals of the Trial Project include:

- Answer outstanding questions from the Deep Screen
- Give the organization a sense of what it is like to work with REDF
- Give REDF a sense of what it is like to work with the organization
- Determine the scope of what would be achieved through a potential REDF portfolio relationship
- Create and deliver end product(s) that are useful to the organization
- Assess the organization's current state of financial and measurement systems, especially regarding readiness for social enterprise startup or growth as well as readiness for Federal funding and rigorous evaluation

**Subgrantee Selection (late October to early November 2011).** Three members of the External Review Panel, including one representative each from the nonprofit, for profit and government sectors, are included in an advisory group that also includes members of REDF's Board. Following completion of the Trial Projects, the advisory group reviews and comments on the finalist recommendations; REDF Board and staff then make the final subgrantee selections. All applicants will be informed of their application status after final selections have been made.

## 6 How do I apply?

In order to be considered for a SIF subgrant, all applicants must fill out a complete response to the [REDF SIF Request for Qualifications](#) and provide the supporting documentation requested. The RFQ can be found at <http://www.redf.org/rfq> once launched.

**Documents:** Before beginning the RFQ, REDF recommends gathering the documents listed below. Unless otherwise indicated, all documents are **required** for a complete application. Applicants will be asked to upload electronic versions of all required files in Word, Excel, or PDF format.

- **Section II: Organization Information**
  - Board of Directors list, including backgrounds or biographies
  - Senior leadership or management team list, including backgrounds or biographies
  - Organizational chart
- **Section III: Financial Information**
  - IRS Form 990 (2008, 2009, 2010)
  - Audited financial statements (2008, 2009, 2010)
  - Optional: Annual report (2008, 2009, 2010)
- **Section IV: Mission, Strategy, and Target Population**
  - Optional: Strategic plan (most recent)
- **Section VII: Measurement and Evaluation Experience**
  - Optional: Measurement outcomes or data reports

- Optional: Evaluation report(s)

**Technology:** The RFQ is a web-based application form. REDF recommends using one of the following web browsers for accessing the RFQ (either PC or Mac):

- Internet Explorer (versions 7 and 8)
- Firefox (versions 3 and above)

Applicants will be asked to create a username and password, allowing them to save and return to their application at a later time, and/or to edit and review before submission.

**Transparency:** In order to make the Social Innovation Fund application process as transparent as possible, all applicants should expect to have portions of their application made public, including name of applicant(s), target population, services provided, and a summary of the initiatives or programs for which they seek REDF support.

## 7 Questions

Questions about the REDF SIF RFQ process may be sent by email to [rfq@redf.org](mailto:rfq@redf.org). Answers to common questions will be posted to REDF's website. Additionally, REDF will host a web-based conference call for prospective applicants on **Tuesday, June 28, 2011** from **10:00 to 11:00 AM Pacific Time**. Prospective applicants are welcome to join the call and ask questions about the REDF SIF RFQ at this time. This call will be recorded, and the recording will be made available on REDF's website after the call is concluded. Call-in and login information will be posted to REDF's website at <http://www.redf.org/rfq>.

**REDF staff will not be available to respond to individual questions about the RFQ from applicants or potential applicants during the selection period (July 15 through November 30, 2011).**