



Investing in Employment and Hope

REDF SIF Subgrantee Selection Process and Criteria: Guidance for Applicants

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1 Background and overview of REDF and 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 with multiple barriers to employment.

REDF's SIF award totals \$3 million over two years, and 80% 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, rigorous process. REDF plans to select up to 9 organizations over the next two years to receive SIF subgrants: 5 to 7 organizations in Year 1, and 2 to 4 organizations in Year 2. Subgrants will be a minimum of \$100,000 per organization, with average grants ranging in size from \$220,000 to \$420,000. 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 requirement¹.

This document describes the criteria, process, and timeframe for selection of REDF SIF subgrantees over the next two years.

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 with multiple barriers to employment;
- Expand our work to include multiple low-income communities in California, such as Fresno, Los Angeles, Sacramento, and San Diego;

¹ 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

- 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

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

- A **nonprofit** community organization²
- Established for at least 3 years
- Legally able to operate in the State of California
- Operates in at least one of the following 15 California counties: Alameda, Contra Costa, Fresno, Los Angeles, Marin, Napa, Orange, Sacramento, San Diego, San Francisco, San Mateo, Santa Clara, Solano, Sonoma and Tulare
- Willing to participate in a rigorous evaluation of outcomes
- Currently employ, or seek to employ, **REDF's target population** (low-income individuals with multiple barriers to employment) through social enterprise.

REDF's target population is defined here as:

- Residing in one of the 15 target California counties listed above **AND**
- Experiencing poverty (150% of US Federal Government Poverty Guidelines; for 2010, \$16,245 for 1 person) for 6 months or more prior to engagement **AND**
- Experiencing one or more of the following barriers to employment:
 1. Young adults at risk (either meeting definition for adults as defined in #2-5 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
 5. Have not finished high school / GED and are not enrolled in school or in a vocational skills program

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

² 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.

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

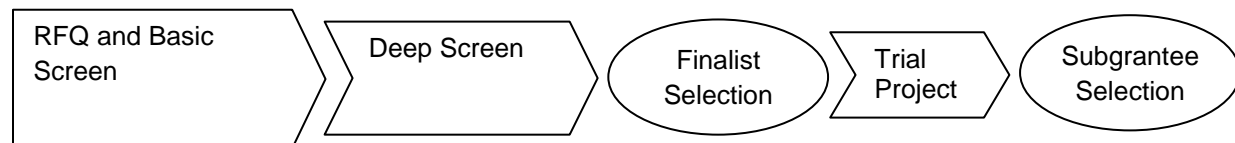
Each SIF subgrantee application will be assessed against the following nine criteria (assuming they meet minimum eligibility requirements):

1. **Organizational Capacity** - The Applicant has sufficient organizational (staff and systems) capacity to execute on its vision and mission, and to partner with REDF to achieve employment goals. The Applicant is of sufficient size (preferably over \$3 million annual budget) to support a social enterprise, but not so large that social enterprise is only one of many priorities (preferably under \$50 million annual budget)
2. **Mission Fit** - The Applicant's mission is aligned with REDF; in particular, that employment through social enterprise is an important method for advancing the Applicant's mission
3. **Target Population Fit** - The Applicant's target population is aligned with REDF's target population, and the Applicant is committed to providing employment to this population, as well as wraparound support services and job placement/retention assistance
4. **Leadership Strength and Commitment to Social Enterprise** - The Applicant's leadership is strong, strategically-focused, and displays a commitment to social enterprise
5. **Financial Strength** - The Applicant is in good financial health and exhibits financial sustainability. Additionally, it is willing and able to both receive Federal funding and provide matching funds
6. **Evidence and Evaluation** - The Applicant has prior experience with evaluation and data collection, has a track record of positive outcomes, and uses outcomes data to improve performance. The Applicant is able and willing to participate in rigorous evaluation of outcomes relating to SIF funding
7. **Experience With and Potential for Social Enterprise** - The Applicant has experience and demonstrated effectiveness in running employment-focused social enterprise(s), and/or a co-applicant with that experience. If the co-applicant runs the social enterprise, the Applicant must have demonstrated experience with job training and placement. Additionally, the Applicant offers evidence of potential for future social enterprise success
8. **Fit with REDF Engagement Style** - The Applicant displays an ability, willingness, and openness to partner with REDF, including openness to REDF's hands-on engagement and advice. There should be potential to build a trusting relationship with REDF
9. **Potential Impact and Scale** - Current or future social enterprise opportunities have the potential for significant scale and social impact. In particular, the Applicant should have strong potential to support either the growth or start-up of a sustainable, scalable, and/or replicable social enterprise model

Each RFQ application is given a rating of “red flag” “yellow flag” or “green light” against each of the nine criteria. All criteria are weighted equally. The ratings are used to rank and prioritize further screening of the applicant. 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 success feasibility
- Development of a large enough sample size to meet the needs of a rigorous evaluation

5 What is the Year 1 process for selecting REDF SIF subgrantees?



Proactive stakeholder outreach (August – September 2010). 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) (September 20 to October 15, 2010). A Request for Qualifications (RFQ) is announced and posted on REDF’s website for one month. All organizations, regardless of whether or not they have ever worked with REDF, must submit their applications through the RFQ 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 September 28, 2010 at 10:00AM Pacific Time. Additional details on this conference call are included below.

Basic Screen (September 20 to November 1, 2010). REDF staff and/or consultants read all RFQ responses and attachments on a rolling basis, 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-green flag ratings according to the nine criteria listed above. (Note: REDF staff members 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 flags are not considered qualified for further consideration. The remaining applications form a qualified pool of eligible applicants. Organizations that do not meet eligibility criteria and/or are disqualified during the Basic Screen are informed in writing at this time.

Deep Screen (September 20 to November 5, 2010). 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 (two dates: mid October and mid-November).

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 several experts from government, several from nonprofits/foundations, and several from the private sector, 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 will be made public after all organizations are selected.

REDF uses both the external reviewers' ratings and REDF findings to decide on "finalist" organizations. This happens twice: **late October** for early applicants and **mid-November** for the remaining applicants. 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 (November 1, 2010 to mid-January, 2011). During the Trial Project, REDF and the applicant work together on a short project (up to 8 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, even if the project does not ultimately culminate in a SIF subgrantee relationship
- 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 (November 2011 and January 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 two 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.

In order to meet the goal of timely commitment of grants, REDF may select up to two early-award subgrantees by November 2011. Early-award subgrantees would be selected from those applicants that have already completed a trial project with REDF at any point prior to the RFQ process. All remaining subgrantees will be selected in January 2011. As stated earlier, all applicants are assessed against the same criteria regardless of prior relationship with REDF; the strict measures in REDF's review process ensure objective assessment of all applications.

6 What is the Year 2 process for selecting REDF SIF subgrantees?

For Year 2 subgrantee selection, REDF will re-issue the RFQ several months prior to the start of Year 2, and the process will be similar. Eligible applicants from Year 1 who did not receive a subgrant are welcome to reapply, and they will only have to submit updated information rather than the entire application. Year 1 subgrantees will be eligible for a Year 2 continuation of the SIF subgrant without having to reapply to the RFQ, contingent upon the organization's performance in Year 1 in meeting all of the agreed-upon objectives and requirements of the SIF subgrant.

7 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 (2007, 2008, 2009)
 - Audited financial statements (2007, 2008, 2009)
 - Optional: Annual report (2007, 2008, 2009)
- **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 the following information made public:

1. Organization's name (RFQ Section I, #1)
2. A summary description of the organization's initiative or program for which they hope to gain REDF support (RFQ Section IV, #4)
3. A brief summary of REDF findings regarding the relative merits of the application.

8 Questions

Questions about the REDF SIF RFQ process may be sent by email to rfq@redf.org. Answers to common questions will be posted to REDF's website. Additionally, REDF will host a conference call for prospective applicants on **Tuesday September 28, 2010 at 10:00-11:00AM Pacific Standard 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 information is as follows:

Conference call number: 1-866-411-3188

Participant code: 644-179-6893#

REDF staff will not be available to respond to individual questions about the RFQ from applicants or potential applicants during the selection period (September 15, 2010 through February 1, 2011).