

Corporation for National and Community Service

2010 Social Innovation Fund

Local Initiatives Support Corporation

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2010 Social Innovation Fund
Local Initiatives Support Corporation
Section 1 – Application

PART I - FACE SHEET

APPLICATION FOR FEDERAL ASSISTANCE		1. TYPE OF SUBMISSION: Application <input checked="" type="checkbox"/> Non-Construction
Modified Standard Form 424 (Rev.02/07 to confirm to the Corporation's eGrants System)		
2a. DATE SUBMITTED TO CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS): 04/07/10	3. DATE RECEIVED BY STATE:	STATE APPLICATION IDENTIFIER:
2b. APPLICATION ID: 10SI116349	4. DATE RECEIVED BY FEDERAL AGENCY: 04/07/10	FEDERAL IDENTIFIER: 10SIHNY001
5. APPLICATION INFORMATION		
LEGAL NAME: Local Initiatives Support Corporation DUNS NUMBER: 038218772	NAME AND CONTACT INFORMATION FOR PROJECT DIRECTOR OR OTHER PERSON TO BE CONTACTED ON MATTERS INVOLVING THIS APPLICATION (give area codes): NAME: Kevin Jordan TELEPHONE NUMBER: (202) 785-2908 FAX NUMBER: (202) 835-8931 INTERNET E-MAIL ADDRESS: kjordan@lisc.org	
ADDRESS (give street address, city, state, zip code and county): 1825 K Street Suite 1100 Washington DC 20006 County:		
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 133030229	7. TYPE OF APPLICANT: 7a. National Non Profit 7b. National Non-Profit (Multi-State)	
8. TYPE OF APPLICATION (Check appropriate box). <input checked="" type="checkbox"/> NEW <input type="checkbox"/> NEW/PREVIOUS GRANTEE <input type="checkbox"/> CONTINUATION <input type="checkbox"/> AMENDMENT If Amendment, enter appropriate letter(s) in box(es): <input type="text"/> <input type="text"/> A. AUGMENTATION B. BUDGET REVISION C. NO COST EXTENSION D. OTHER (specify below):	9. NAME OF FEDERAL AGENCY: Corporation for National and Community Service	
10a. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 94.019 10b. TITLE: Social Innovation Fund	11.a. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Local Initiatives Support Corporation (LISC) 11.b. CNCS PROGRAM INITIATIVE (IF ANY): SIF - Issue Area Opportunity	
12. AREAS AFFECTED BY PROJECT (List Cities, Counties, States, etc): Chicago, IL; Cincinnati, OH; Detroit, MI; Duluth, MN; Houston, TX; Indianapolis, IN; Minneapolis/St. Paul, MN; San Diego, CA; San Francisco Bay Area, CA	13. PROPOSED PROJECT: START DATE: 08/01/10 END DATE: 07/31/11	
14. CONGRESSIONAL DISTRICT OF: a.Applicant b.Program	15. ESTIMATED FUNDING: Year #: <input type="text" value="1"/>	
a. FEDERAL \$ 4,218,426.00	16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS? <input type="checkbox"/> YES. THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON: DATE: <input checked="" type="checkbox"/> NO. PROGRAM IS NOT COVERED BY E.O. 12372	
b. APPLICANT \$ 4,930,741.00		
c. STATE \$ 0.00		
d. LOCAL \$ 0.00		
e. OTHER \$ 0.00		
f. PROGRAM INCOME \$ 0.00		
g. TOTAL \$ 9,149,167.00	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? <input type="checkbox"/> YES if "Yes," attach an explanation. <input checked="" type="checkbox"/> NO	
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.		
a. TYPED NAME OF AUTHORIZED REPRESENTATIVE: Kevin Jordan	b. TITLE: Program Director	c. TELEPHONE NUMBER: (202) 785-2908
d. SIGNATURE OF AUTHORIZED REPRESENTATIVE:		e. DATE SIGNED: 07/07/10

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Executive Summary

LOCAL INITIATIVES SUPPORT CORPORATION SIF APPLICATION

SUMMARY INFORMATION

Local Initiatives Support Corporation, sole intermediary applicant

Issue based SIF; Economic Opportunity

Request: \$4,218,426/year for 3 years; Sept. 30, 2010-Aug. 31, 2013

No pre-selected subgrantees

PROGRAM DESIGN

The SIF grant will be used to support community based organizations who will implement an innovative workforce development/asset building model called the Financial Opportunity Centers (FOC). The FOC model focuses on improving the financial bottom line for low-to-moderate income families by helping people boost earnings, reduce expenses, and make appropriate financial decisions. FOCs provide individuals and families with services across 3 critical and interconnected areas: employment placement/skill improvement; financial coaching; and accessing income supports. Through this model we expect clients will improve their long term job retention, net income, net worth, credit score and overall financial stability.

LISC is a national intermediary with offices in 29 urban sites; in 2009 alone, LISC made loans and grants of more than \$600MM. For decades, LISC has run successful national programs through our local offices, including multi-city initiatives in programs such as AmeriCorps. This combination of

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national infrastructure and local field operations provides the backbone of support for individual FOC sites, where national staff supply funding and technical support and local LISC staff monitor site performance. LISC has supported proven FOC pilot sites in Chicago since 2005. After 2 years of operation and continuous improvement, LISC supported organizations to replicate the model in Detroit, Indianapolis, and Minneapolis-St. Paul. In 2009, FOC subgrantees provided a bundle of at least 2 core services to 4,000 clients.

LISC has a history of competitively selecting subgrantees for various funding sources, including annual processes for AmeriCorps awards, as well as operating grants for FOCs. LISC will use a competitive RFP process to select 2 types of SIF subgrantees: those that want to initiate the FOC model; and existing FOC providers that want to improve scale or program quality. Local committees in the 9 SIF cities will review and recommend subgrantees to LISC's national office for selection.

LISC is committed to a long-term relationship with subgrantees, at least 3 years under the SIF. We provide significant subgrantee support ranging from outcome-oriented contracting to technical assistance (TA) and training on different aspects of the FOC model, along with organizational capacity training and monitoring. LISC provides direct TA to every new FOC subgrantee. We work closely with each subgrantee to assess how they can most effectively offer the 3 core FOC services. To ensure data quality, LISC provides ETO data system TA, including an introductory webinar on the data system and follow-up on-site trainings to help integrate the system into line staff's daily work.

ORGANIZATIONAL CAPACITY

LISC net assets: \$146.6MM

Annual grants budget: \$37.3MM (in 2009)

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LISC staff: 317

LISC has effectively managed contracts from the federal government for more than 17 years. Currently, LISC manages more than \$33.1MM in local and federal government contracts. Staff recommend, process, and monitor grants through LISC's Program Action (PA) system, a centralized grants management database. This system tracks all grant data and also allows for the monitoring of award spending. LISC's Grants & Contracts Management team (comprised of trained grant professionals), provide the grants oversight.

COST EFFECTIVENESS & BUDGET ADEQUACY

Proposed Subgrant Amount: \$3.5MM (83%) of requested SIF award (\$7.7M of total SIF budget)

LISC match: greater than 1:1; 54% of total budget to be raised from non-federal sources

Major sources of matching funds: Citi Foundation, \$500,000; unrestricted match, \$1.530 MM

LISC has created a SIF budget that is cost-effective yet supports high-quality program implementation and oversight to achieve FOC outputs and economic success outcomes for the low-income families that subgrantees will serve. The budget has over 80% of the funds going to subgrants, in addition staff time to assist the subgrantees, and evaluation to determine programmatic success.

Program Design

A. GOALS & OBJECTIVES

A.1. SIF PRIORITY ISSUE AREA

LISC is applying as an issue-based Social Innovation Fund (SIF) in the priority area of Economic

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Opportunity. The SIF grant will be used to dramatically expand our innovative workforce development/asset building model--LISC Financial Opportunity Centers (FOC)--from our pilot sites in Chicago, where the model has undergone extensive testing, and our three early expansion cities (Indianapolis, Detroit, and Twin Cities) to five additional cities around the country. Similarly innovative quasi-experimental evaluation research will demonstrate the value of this approach, using high-quality outcomes data in Chicago.

Persistent un/under-employment plagues America's lower-income neighborhoods, despite massive investments in workforce development programs. This is because predominant employment service models like One Stop Career Centers are not designed to move hard-to-employ people into the economic mainstream: these systems ignore crucial disincentives to work, offer one-size-fits-all assistance, and do not reach people who need intensive employment services. The FOC model resolves these issues by making work pay, tailoring bundled services to individual clients, and delivering services through trusted community-based institutions. Based on the Centers for Working Families created by the Annie E. Casey Foundation, the FOC model focuses on improving the financial bottom line for low-to-moderate income families by helping people boost earnings, reduce expenses, and make appropriate financial decisions. Early results from Chicago show dramatic gains in long-term employment, bankability, and earnings compared to typical workforce program outcomes.

A. 2. FOC MODEL & GEOGRAPHIC FOCUS AREAS

The FOCs provide individuals and families with services across three critical and interconnected areas: employment placement/skill improvement; financial coaching; and accessing income supports. First, the ability to find or transition to good jobs is one of the most important aspects of a family's financial security and employment services often provide an entry point through which clients participate in financial coaching and income supports access. FOC employment services include basic job readiness

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training and placement, as well as connection to hard skills training. Second, high levels of debt, back child support, and expenses, undermine the value of work. FOCs offer group-based financial education and individual financial coaching focused on solving specific problems (such as high debt); planning for financial stability; and connections to financial service providers and free tax preparation services. Finally, public benefits play a key role in helping families pay for everyday expenses, but complex eligibility and enrollment processes can be difficult for individuals to navigate; FOCs help clients easily apply for these critical supports. A recent Seedco study shows that people receiving public benefits as a supplement to their working income are 30% more likely to stay employed. AmeriCorps members play a significant role in helping working families access benefits.

The FOC theory of change stipulates that each service works best when delivered in tandem with the others. As clients reduce expenses, obtain public benefits, and remove barriers to employment, the net value of their earnings rises sharply, dramatically increasing their incentives to work longer and earn more. Additionally, the community-based organizations that offer FOC services are often perceived as more trusted, familiar, and accessible--and able to provide a more individualized level of assistance--than government-run providers, especially for hard-to-employ residents like parolees or individuals who are chronically alienated from mainstream financial and labor markets.

By the end of the grant period, LISC will have demonstrated FOCs as a powerful and replicable economic opportunity program, suitable for different types of clients and labor markets, and ready for broader adoption by public agencies as they refashion workforce development programs to better meet the needs of lower-income disconnected job seekers. (This model has already been successfully adopted by the One Stop in St. Louis, based on early results from the Casey Foundation initiative there.)

LISC's proposed SIF will support FOC expansion in Chicago, greater Cincinnati, Detroit, Duluth,

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Houston, Indianapolis, San Diego, San Francisco Bay Area, and Minneapolis-St. Paul. From Census Bureau and U.S. Department of Labor data on LISC's National Neighborhood Monitoring Database, which contains all Federal demographic, economic, and social data at the neighborhood level, we know that all of these cities exhibit significant economic need. In 2000, the last year for which sub-jurisdiction data are available for most indicators, poverty rates in the low-and-moderate income neighborhoods that typify FOC service areas averaged 25%, ranging from 19% in Indianapolis to 28% in Cincinnati. On average, more than 30% of low-mod area residents had no high-school diploma (ranging from 18% in Duluth to 43% in Houston). Unemployment averaged 10.1% (from 7.4% in St. Paul to 14.4% in Detroit). Employment data from the Department of Labor show that the numbers of employed residents declined between 2002 and 2008 by 6.3%, ranging from a 3% increase in Duluth to a loss of 28% in Detroit.

A. 3. MEASURABLE OUTCOMES FOR IMPROVEMENT

In the short-term, FOCs will measure outcomes according to: 1) the number of clients placed in employment and/or job training, as well as completion of training; 2) the number of clients completing personal budgets and balance sheets; 3) clients' use of savings account to save small amounts of money to help weather financial emergencies; and 4) the number and amount of public income supports received. In the long-term, FOCs will measure: 1) changes in net income, which account for earnings increases and expense declines; 2) credit scores, which capture people's income, assets, and risk management; 3) changes in net worth, which is a good measure of long-term financial health; and 4) employment retention, using a benchmark of 12-36 months.

Although we track this core group of indicators for each client, different outcomes are more meaningful for different clusters of clients. For example, the most important initial measurement of future family economic success for ex-offenders is job retention and improvements in net income; while increasing net worth and improving credit scores are priorities for clients with a stable employment history.

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To produce solid evidence of program performance, each FOC site: collects extensive data on the services provided to clients and the outcomes they achieve; generates quarterly service delivery and outcomes reports; and participates in periodic program reviews. Sites use Social Solutions' Efforts to Outcomes (ETO) software, configured for LISC; each receives training on its use and LISC staff and subgrantees routinely monitor data quality. The system's monthly reports are monitored at all levels: with directors of community-based organizations, LISC staff who manage the local networks, and LISC's national FOC Program Director. These reports are used to inform program modifications and improvements. A full-time program officer, dedicated to managing the ETO system and training the FOC staff on its use, also monitors data quality. This data will support evaluation of SIF program effectiveness. LISC will contract with Economic Mobility Corporation to assess FOC impacts on the financial health of families.

A. 4. LISC ORGANIZATIONAL & STAFF QUALIFICATIONS

LISC is a national intermediary with offices in 29 urban sites; in 2009 alone, LISC made loans and grants of more than \$600MM. For decades, LISC has run successful national programs through our local offices, including multi-city initiatives in programs such as the charter school finance and the AmeriCorps program. This same combination of national infrastructure and local field operations provides the backbone of support for individual FOC sites, where national staff supply funding and technical support and local LISC staff monitor site performance.

LISC has managed a proven FOC pilot site in Chicago since 2005. After two years of operation and continuous improvement, LISC replicated the model in Detroit, Indianapolis, and Minneapolis-St. Paul. In 2009, FOC subgrantees provided a bundle of at least two core services to 4,000 clients. LISC's national FOC Program Director developed one of the original Centers for Working Families pilot

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projects and managed it successfully for several years before joining LISC. He was also part of the team, led by the Casey Foundation, that developed the client measures of success and refined the program model. To support the network, LISC created a data tracking system that is now utilized by all FOCs across the country. LISC's research and assessment group is well-positioned to manage the third-party program evaluation.

B. USE OF EVIDENCE

NOTE: Evaluations, research products, and other LISC resources cited throughout this narrative are available online at http://www.lisc.org/section/ourwork/national/family/_cited.

B.1. EVIDENCE OF IMPACT

The best way to ensure a portfolio of high-impact sites is to continue our effective subgrantee selection practices, including adherence to the core program model, selection of high-capacity site sponsors, emphasis on collection of client outcome data, and aggressive program management to identify and correct areas of lagging performance. To produce solid evidence of program performance, each FOC collects data on the services provided to clients and the outcomes they achieve, generates quarterly service delivery and outcomes reports, and participates in periodic program reviews; SIF subgrantees will follow these practices. LISC will require low-performing sites to reform program practices, and failure to improve will lead to defunding.

Analysis of data collected by FOCs has yielded promising results: clients that receive a bundled package of employment and financial services show strong gains in net income, net worth, and employment retention compared to those that receive a more limited package of services. An early review by Abt Associates found that 25% of clients receiving bundled services achieved a "major economic outcome," three times higher than the 8% of those receiving only one service. Results from Chicago FOC analysis

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are more impressive: of those who remain attached to the program, 56% record gains in net income; 42% show increases in credit scores; 43% increased net worth.

Both the Abt Associates and LISC analysis tracked program participants through the service pipeline and measured participants' responses upon program entry and throughout their program participation. SIF subgrantees will deliver a similar set of services at correspondingly high levels of service quality. Although the core model has evolved in practice, each subgrantee follows the model as developed under the Center for Working Families initiative, which is being evaluated by Abt Associates. Reports from Abt have presented preliminary evidence of the effectiveness of the core model, which has been enhanced throughout program evolution.

Additional research is ongoing in Chicago, including cluster analysis of client financial behavior carried out by Project Match, and an Economic Mobility program evaluation currently underway, supported by the MacArthur Foundation. Throughout 2009 and early 2010, each site has been ramping up its data quality monitoring and reporting to support more extensive outcomes analysis.

B.2. EVALUATION PLAN

To evaluate FOC effectiveness, LISC will contract with the Economic Mobility Corporation (Mobility) to conduct an evaluation using a quasi-experimental design to assess the impact of the FOCs on the financial health of families, and lay the groundwork for continuing assessment of FOC program operations over time. The evaluation will address the following research questions:

- 1) Does participation in the FOC increase the likelihood that, two years after program entry, individuals: obtain employment and are consistently employed; complete education/training; receive income supports, such as child care assistance; and experience increases in net income, net worth or credit

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scores?

2) Does participation in the FOC result in greater changes, two years after program entry, in: individuals' income from employment and/or income supports; the amount of savings held in a savings account; and individuals' total net income, debt-to-credit ratios, net worth and credit scores?

3) Are some individuals more likely than others to benefit from the FOCs? What factors contribute to these differences, such as age, race, education, duration of participation, and the mix of services received?

Mobility will conduct a quasi-experimental longitudinal study of Chicago FOCs that includes two components: a comparison of FOC client outcomes to a comparison group of similar employment seeking clients; and a comparison of FOC client outcomes to data on SIPP respondents. First, LISC is meeting with the City of Chicago's workforce system to develop a comparison group to compare the outcomes of program participants from selected FOC sites to those of similar individuals who seek City employment services. (The City has been very supportive of the model, funding employment services at all the FOCs.) Mobility will use regression techniques and incorporate control variables in the analysis to hold constant the differences between the two groups. The study will gather information from:

1) A baseline survey at the time of program entry with 800 FOC participants and 800 comparison group members to gather data about participants' income, expenses, assets/debt, and attitudes toward saving and consumption as well as demographic data such as age, race, education and work history;

2) A follow up survey 24 months after program entry to gather updated data on such outcomes as use of FOC services and application for income supports. LISC will dedicate significant resources to the follow-up survey to attain a minimum response rate of 75% of those who complete the baseline survey.

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3) Data from administrative records, including credit score data from credit agencies six, 12, 18 and 24 months after program entry, and quarterly employment and earnings data from the Illinois Department of Employment Security;

4) For FOC participants, data collected in ETO about the types of services received, duration of program participation, and frequency of program contact. We will collect similar information for comparison group members through the 24 month follow-up surveys.

Second, evaluators will compare participant outcomes from selected FOC sites to a sample of propensity-score matched nonparticipants based on income and geographic location (similar labor markets) using data from the Census Bureau's Survey of Income and Program Participation (SIPP). The SIPP contains longitudinal data on income and employment from a national sample of adults, including an oversampling of low-income households. Data collection for the 2008 SIPP panel began in September 2008 and continues through December 2012, and thus, provides data on the outcomes of interest for a period that roughly matches the data collection period for the proposed study. Analysis of SIPP data will serve two purposes. First, we will use SIPP data as another way to assess FOC impacts. While the One Stop comparison group will allow us to assess the value added of combining employment assistance with financial and income support counseling, the SIPP comparison group will enable us to assess the effect of the full model, as it is unlikely that the SIPP comparison group will have received services similar to those provided by FOC sites. Second, we will assess the feasibility of using the SIPP data to construct a valid comparison group for evaluating the effects of the FOC model nationwide.

B.3. USES OF EVIDENCE

In recent years, LISC has invested heavily in the sponsorship, dissemination, and use of research in

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community development--and thereby encouraged research in an area otherwise not known for extensive performance measurement. This gap exists, in part, because standard impact research methods that work well for programs targeted to identifiable clients do not work well for non-linear systems, like urban communities, where individual beneficiaries cannot be identified. Despite this mismatch, LISC has taken advantage of methodologies that have worked well in the spatial context, such as interrupted time series and difference-in-difference methods, and adapted them for use in analysis of community development program performance. For programs where client outcomes are expected, as in FOC, we have adopted research methodologies closer to true quasi-experimental designs.

LISC research falls into four overlapping categories: 1) impact studies that develop and analyze evidence that community development investments produce value; 2) program and performance analysis intended to support reforms of existing programs; 3) policy research that brings evidence to bear on state and Federal policies and programs (LISC foreclosure research helped inform Federal policy on neighborhood stabilization) and 4) development of new methodologies for assessing neighborhood change; these include a new housing market index that allows policymakers to assess the comparative strength of neighborhood housing. In each of these broad categories, specific research efforts draw on state-of-the-art work in the field, some of which was carried out by LISC research staff prior to creation of the R&A group in late 2005.

Until recently, LISC pursued spatial revitalization through specific investments in real estate projects, counting on community-based project sponsors to carry out other activities essential to neighborhood change. But new studies have pointed to the importance of highly-targeted systemic support for these efforts. LISC contributed to this literature with *Neighborhoods in Bloom*, which synthesized a time series analysis of change in neighborhood quality in our Richmond revitalization program. Based on these and other studies, LISC offices now embrace this targeting approach. LISC's commitment to

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research-driven program management is best exemplified by the Sustainable Communities program assessment, directed by our Research and Assessment team (R&A). In addition to qualitative analysis of community change efforts in 12 target neighborhoods, this effort uses an innovative neighborhood monitoring system that compares change in target neighborhoods with a statistically-defined set of comparison neighborhoods, matched to each of 64 target neighborhoods in 17 cities. Analysis tests for neighborhood outcomes linked to adoption and implementation of a well-tested approach to comprehensive change.

Additional efforts to use sophisticated social science evidence for program improvement include commissioning New York University to carry out econometric analysis illustrating the impact on neighborhood quality of low-income tax credit projects funded by LISC's New York Equity Fund; similar analysis is taking place in Chicago and Philadelphia and is expected to lead to a set of performance guidelines for the neighborhood and commercial revitalization efforts. LISC also pioneered the use of performance-based operating support programs in community development, as documented in several reports funded by Living Cities. Grantees execute agreements that contain performance targets, which form the basis for LISC staff monitoring and funding decisions. LISC has introduced a new monitoring function, in which each target neighborhood is tracked over time using a series of performance indicators. Where indicated, LISC staff and partners will adopt practices to address performance shortfalls. In the FOCs, quarterly data review meetings are integral to the program management process discussed elsewhere in this proposal.

LISC also has a track record of sharing evaluation with grantees through our technical assistance and knowledge-sharing departments, which help translate the best thinking in community development into practical action. LISC hosts periodic national staff learning sessions devoted to strategy development, local best practices, and recent research in the field. LISC produces reports for external distribution that

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highlight best practices and innovation. Furthermore, LISC presents numerous webinars marketed to LISC and the community development field. In 2010, LISC consolidated our research and field-building functions into the Institute for Comprehensive Community Development (<http://www.lisc.org/section/ourwork/national/iccd>), dedicated to dissemination of best practices through training, technical assistance and applied research. LISC R&A will play a guiding role in the development of the Institute's research component, which will disseminate and help put into practice R&A research findings.

C. COMMUNITY RESOURCES

As described in Section III.B, LISC expects to have \$4.93MM in match funding, compared to a CNCS request of \$4.218MM. LISC will seek national funding from a group of funders who have expressed significant interest in the FOC model. Also, in the 9 LISC SIF cities local funders will be solicited to provide funding to the SIF. Currently both national and local funders provide funding for FOCs and others have expressed interest.

D. DESCRIPTION OF ACTIVITIES

D.1. SUBGRANTING APPROACH

LISC will ensure a portfolio of high-impact SIF sites by using existing subgrantee selection practices, such as adherence to the core program model and capacity of the site sponsors. LISC has a history of competitively selecting subgrantees under various federal and non-federal funding sources, including annual RFP processes for HUD Section 4 funding, CNCS-AmeriCorps awards, as well as operating grants for FOCs. For the SIF LISC will use a competitive process to select and fund two types of organizations: 1) those that want to initiate the FOC model; and 2) existing FOC providers that want to increase scale and improve program quality. The process for selecting both sets of organizations will begin with an RFP, followed by a webinar to describe our expectations. The RFP will be sent to known

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workforce development and financial counseling organizations within each city, as well as announced in local print or online publications. In the 2nd and 3rd year of the SIF, Year One subgrantees will submit program reports and receive continuation funding, provided they are complying with the contractual agreements and meeting outcome targets.

Selection factors for new FOCs will be matched to the capabilities appropriate for new program start-ups: core organizational strength, existing mix of services, experience in using data for program improvement; history of partnering with other organizations; approach to implementing the model; connections to the community; commitment to the FOC theory of change; financial management; existing funding base; and sources of matching funds. The RFP for existing FOCs will emphasize quality improvement and scale, as well as LISC's interest in program delivery innovations that can be replicated throughout the FOC network. Reviewers will also consider applicants' current performance, the level of bundling of FOC core services, the number of clients served, documented client outcomes, fiscal management, and source of match. A committee of LISC local staff, funders and community partners in each city will review applications and conduct site visits to screen potential subgrantees. Local committees will make funding recommendations to the LISC National FOC Director, who as part of a national team including LISC's VPs for Sustainable Communities and Grants Management, and the Directors of Research and AmeriCorps, will make the final funding decisions.

D.2. EXPERT & COMMUNITY STAKEHOLDER ENGAGEMENT

LISC has a tradition of policy and thought leadership in community development, as well as an exceptional track record in "system-building"--the development of strong partnerships among government, financial institutions, corporate leaders, philanthropies, community organizations and other stakeholders. LISC's Sustainable Communities strategy emphasizes the importance of comprehensive change, which demands engagement of leaders across housing, economic development,

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education, and health. The approach relies on a tested community-building model that calls for community organizing, formation of neighborhood and civic partnerships, and strong local intermediation to keep partners engaged. We also have strong partnerships with local funders and experts in workforce development and asset building. For example, to support the FOC model, we are actively engaged with the United Way in five communities, with community foundations in two, and the workforce investment boards in three. LISC also partners with groups that bring asset building expertise, such as the Center for Economic Progress in Chicago. LISC program officers in six of the SIF cities have strong workforce development and asset building backgrounds, as does LISC's national Program Director for Family Income and Wealth Building.

D.3. TECHNICAL ASSISTANCE (TA) & SUPPORT

LISC is committed to a long-term relationship with subgrantees, at least three years under the SIF. We provide significant subgrantee support ranging from outcome-oriented contracting to TA and training on different aspects of the FOC model, along with organizational capacity training and monitoring. LISC's practice is to provide direct TA to every new FOC subgrantee. We begin by hosting a webinar that describes the FOC model and helps subgrantees understand services and outcomes expectations outlined in the contracting process. Our staff then works closely with each subgrantee to assess how they can most effectively offer the three core FOC services. LISC follows up with site visits with each organization to provide in-depth TA on model implementation. Finally, we lead a daylong retreat with each new subgrantee to develop a client flow and long-term client retention strategy.

To ensure data quality, LISC provides ETO TA, including an introductory webinar on the data system and follow-up on-site trainings to help integrate the system into line staff's daily work. Regular webcasts provide refresher trainings or address specific TA needs that may emerge. LISC staff reviews quarterly outcomes reports with subgrantees to ensure that data is informing program management.

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LISC has a history of helping subgrantees build capacity. For example, in 2008 and 2009, LISC sponsored two six-day financial coaching trainings for 50 FOC financial coaches, and sent 24 people to a national asset learning conference. LISC staff and consultants plan on continuing this type of activity through the SIF.

Because LISC has been at the forefront of capacity building training for community-based organizations, we see the value of embedding project-based TA within overall organizational development. All grant disbursements are reviewed and approved by LISC's Grants and Contract Management department (GCM), which analyzes monthly reports on compliance and spending. LISC program staff conduct at least one compliance visit to subgrantees to review program expenditures and ensure an adequate infrastructure for administering federal funds. This may lead to further TA or other resources, such as upgrading accounting software or updating policies and procedures. At these visits, LISC program staff also follow-up on financial and A-133 audit reports that subgrantees have submitted.

To promote cross-subgrantee learning, LISC hosts webinars, with presentations from LISC and FOC staff; and facilitates site visits to established, successful FOCs for new subgrantees. LISC sends FOC staff to national meetings of organizations implementing the Centers for Working Families model; one such conference is scheduled for July 2010, and LISC will utilize SIF funding to sponsor an FOC convening in 2011.

LISC will engage local funders to help SIF subgrantees meet their match requirements. We have a successful track record of helping local partners raise funds to ensure effective program operations and long-term sustainability. For example, LISC Indianapolis raised over \$200,000 for subgrants, and helped FOCs raise equal amounts of private funding by promoting the model and linking funders to

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specific centers. LISC also helps FOCs raise money for core program operations from government funding sources; in Chicago, LISC helped four FOCs qualify for HUD Housing Counseling funds.

D.4. ACCOUNTABILITY & EFFECTIVENESS

We use two main tools to assure subgrantee accountability and effectiveness: our contracting process; and services delivery and outcomes tracking. LISC establishes core expectations for each grantee around program process and service delivery. Grantees submit appropriate numbers for each outcome based on their staff capability and the population to be served and suggest other types of outcomes they will achieve. LISC then reviews outcomes projections and we jointly develop performance measurement metrics.

LISC holds data review meetings with FOCs to review service delivery and outcomes reports, address points of concern, and strategize ways to improve. For example, one FOC had difficulty persuading public benefits recipients to pursue the other core services; quarterly data review meetings with LISC helped the organization realize that their education-seeking clients might be a more appropriate target population for the comprehensive set of FOC services. By shifting their outreach accordingly, the FOC was able to dramatically increase their numbers of people seeking all three sets of services. LISC holds ourselves accountable by providing a well functioning data tracking system and TA on its use. We also provide content training to the FOCs to help them improve performance of line staff. During the quarterly meetings or during regular managers' meetings, subgrantees discuss their needs and hold us accountable for addressing them.

D.5. USING DATA FOR PERFORMANCE IMPROVEMENT

LISC is committed to using evidence to improve FOC subgrantee performance and invests in the accumulation and analysis of quality data. The core model has evolved in part based on evaluation

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findings. For example, an Abt Associates report found that clients who stay connected to FOC services for 18 months or more show demonstrably better outcomes; LISC now requires a client retention strategy for each subgrantee and monitors FOC client retention rates.

In daily operational management, LISC use service delivery data to monitor grantees. Quarterly reviews of reports with site managers compare service delivery practices and intermediate client outcomes to targets. Where these indicators fall short, site managers are directed to alter the service delivery, for example, to achieve better bundling. In two instances, subgrantees have been de-funded for failure to achieve outcome targets. As described above, LISC requires subgrantees to utilize the ETO data tracking system, provides TA on its use, and holds quarterly meetings with subgrantees to review data findings.

Organizational Capacity

A. ABILITY TO PROVIDE SOUND PROGRAMMATIC OVERSIGHT

A.1. ORGANIZATIONAL HISTORY

LISC is the largest nonprofit intermediary in the country whose mission is to support community-based organizations (CBOs) by providing training, technical assistance, and financial investment to transform distressed neighborhoods into healthy communities of choice and opportunity. Founded in 1980, LISC has invested \$9.6 billion in communities and leveraged \$29.5 billion from public and private sources to support revitalization efforts. This has created 253,000 affordable homes and apartments, 38.5MM square feet of retail and community space, 225 playing fields for over 420,000 children, 132 schools that serve 46,200 students, and 157 childcare facilities for 16,500 children.

LISC's research about effective community revitalization has led us to organize our efforts around a strategy called Sustainable Communities (SC), which concentrates and targets resources to create opportunities for low-income residents to raise their earnings, build assets and gain access to quality

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education, health care, jobs, services and recreational amenities. Our work has demonstrated a critical need to build an interconnected web of social supports in order to improve quality of life for low-income people and their communities.

A.2. LISC'S EXPERIENCE IN ECONOMIC OPPORTUNITY

A key part of LISC's SC initiative is increasing family income and wealth. To this end, LISC established Financial Opportunity Centers (FOCs), based on the Centers for Working Families (CWF) model created by the Annie E. Casey Foundation, to help families in economically distressed areas of the country achieve financial stability. The model focuses on improving the financial bottom line for low-to-moderate income families and helping people change their financial behavior in a way that encourages a long-term commitment to increasing income, decreasing expenses and acquiring assets. The FOCs provide families with: 1) employment placement and career improvement services; 2) financial education and coaching; and 3) access to public benefits. In some FOCs, these core services are enhanced by more specialized assistance such as homeownership counseling or legal assistance. All services are bundled together and provided to clients for a comprehensive approach to income and wealth building. LISC now supports and oversees 32 FOCs through CBOs in 10 cities: Chicago, Cincinnati, Detroit, Houston, Indianapolis, Milwaukee, Minneapolis/St. Paul, Newark, San Diego, and San Francisco Bay Area. In 2009, LISC's FOCs served over 12,000 clients, 4,000 of which received at least two bundled core services.

A.3. FEDERAL GRANT MANAGEMENT & SUBGRANTEE MONITORING

LISC has effectively managed contracts from the federal government for more than 17 years. Currently, LISC manages more than \$33.1MM in local and federal government contracts, including one of the nation's largest federally funded capacity building programs through the U.S. Department of Housing and Urban Development (HUD). Since 1993, LISC has received \$171MM under HUD's Section 4

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Program to provide training, technical assistance, and pass-through grants to CBOs to help them build organizational capacity needed to revitalize distressed neighborhoods. In 2009 alone, LISC awarded HUD Section 4 grants to 245 CBOs in 38 states.

LISC local offices assess CBOs for their ability to manage federal funds and to deliver programmatic impact. Staff recommend, process, and monitor grants through LISC's Program Action (PA) system, an internally developed, centralized grants management database. This system tracks all grant data including grantee information, program activity and production statistics; and also provides reporting options to allow for the monitoring of award spending.

In order to receive and disburse federal funds, each LISC program must develop workplans that outline requirements of each funder, such as the methods used to select community grantees, the program approach, a timeline for core activities, projected outcomes, and a budget. LISC's Grants & Contracts Management (GCM) team (comprised of trained grant professionals) reviews the workplans to ensure that they meet internal and external program standards, are compliant with federal regulations, and are quality products. Workplans undergo a second round of approvals by national staff, then GCM sets up accounts in our financial systems to allow spending. Using data provided by the PA system, LISC's GCM department, together with LISC's Legal department review each grant request to ensure that it complies with funder requirements, the approved workplan scope and term, as well as federal OMB Circulars (such as A-133) and Codes of Federal Regulations (such as 2 CFR 215 and 2 CFR 230). Further, LISC's financial systems have controls that will not allow spending until these requirements are met. GCM maintains all contract and grant files in audit-ready condition.

After a grant is made, local staff conduct regular monitoring of the grants. This occurs through daily, weekly, and monthly communication. Likewise, LISC conducts compliance site visits to review back-up

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documentation for each grant expense, follow-up on audits, as well as provide technical assistance to grantees on strengthening their infrastructures to manage federal funds. LISC local staff also have an array of national resources to support the grantees, such as publications, sample policy and procedure manuals, as well as webinars, trainings and tools on federal requirements, such as new regulations under FFATA and ARRA.

A.4 EVALUATION EXPERIENCE

LISC has a strong practice of evaluating our programs through qualitative and quantitative analysis, and internal and external evaluations. Five years ago, LISC created a Research and Assessment division (R&A) to incorporate rigorous data analysis and evaluation into all of its program development and implementation. R&A conducts neighborhood impact and performance research; provides direct support to local LISC programs engaged in program impact analysis; and uses research findings to educate funders and policy makers, as well as to develop or refine effective programs. It also aims to promote a community point of view in policy research on special topics such as affordable housing, business development and public safety. Since the inception of R&A, it has carried out or supervised more than two dozen research projects.

Examples of research that R&A has conducted include evaluations of commercial corridor revitalization programs and income and asset-building initiatives; performance analyses of federal programs including capacity building, low-income housing tax credits, volunteer service programs, and others; and econometric analyses of the impact of community development initiatives such as low-income housing tax credits and targeted neighborhood investment programs. In addition, R&A staff have developed new methodologies to analyze neighborhood change and track conditions over time, for example on the spatial patterns of residential mortgage loan performance, development of neighborhood level indexes of foreclosure risk and housing market strength, analysis of changes in

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neighborhood employment markets, and new ways to blend quantitative and qualitative analysis methods.

Among the signal accomplishments of the group is the creation of the National Neighborhood Monitoring Database, consisting of all Federal sources of neighborhood-level information on housing markets, employment, education, and other dimensions of neighborhood quality. This unique database supports LISC's extensive neighborhood tracking effort and is an unprecedented resource for assessment of program performance and impacts in the community development field.

Where possible, LISC R&A works in partnership with other research and policy organizations, including the Urban Institute's National Neighborhood Indicators Partnership and the Center for Housing Policy. Through its work on the SC initiative, LISC R&A has created a network of qualitative and quantitative research consultants, which is working in cooperation with local LISC staff in 10 cities across the country to examine the process and outcomes of comprehensive community change.

A.5. ENSURING HIGH QUALITY & INDEPENDENT EVALUATIONS

Both internal and external evaluation processes are organized to ensure the methodology and findings are reliable and objective. Evaluations rely on methods and data that are universally accepted within the research community, causal logic models that directly address the research questions, and external evaluators to ensure an objective perspective. For example, the Sustainable Communities (SC) evaluation utilizes publicly available local and national data that are used by researchers across fields and geographies to track neighborhood change; thus the study can be easily replicated. The SC reports include information on its research logic and causal models that can be assessed by outside entities. By including external participants in the evaluation, either through the use of local data warehouses or contractors to conduct local qualitative research, LISC ensures objectivity and independence of its

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findings.

Along these same lines, LISC has contracted with prominent researchers in the field to evaluate the impacts of the low-income housing tax credit program (NYU's Furman Center for Real Estate and Urban Policy and RWJ Ventures in Chicago) and the Philadelphia commercial corridors program (Econsult Corporation), with members of the Urban Institute National Neighborhood Indicators Partnership, and university-based researchers including the Wharton School at the University of Pennsylvania and the University of California, Berkeley.

Likewise, LISC has a strong practice of ensuring our programs stand up to external scrutiny. LISC has organized several independent evaluations of its major programs by such organizations as Urban Institute, Metis & Associates, and Social Compact. For example, in the summer of 2009, LISC, together with Enterprise Community Partners and Habitat for Humanity International, contracted with Social Compact to conduct an independent evaluation of the HUD Section 4 program. (This evaluation is ongoing.)

To evaluate LISC's proposed programs for the SIF, LISC will engage the Economic Mobility Corporation (Mobility), led by Mark Elliott, formerly of the Ford Foundation and a prominent evaluator in the workforce field. Mobility combines analysis of quantitative data with interviews, focus groups and program observation in order to identify successful strategies and evaluate programs per their objectives and goals. Mobility's clients have included the National Organization on Disability, YearUp, Edna McConnell Clark Foundation, and Per Scholas among others. Examples of Mobility's evaluations can be found at <http://economicmobilitycorp.org/index.php?page=project-profiles>.

A.6. USING & SHARING EVALUATION RESULTS

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LISC has demonstrated its commitment to incorporating evaluation findings into its programs and to sharing its best practices with local LISC offices and other practitioners to better meet the larger mission of community development. In March of 2010, LISC consolidated its research and field-building functions into the Institute for Comprehensive Community Development, dedicated to dissemination of best practices through training, technical assistance, applied research, and policy development. LISC R&A will play a guiding role in the development of the Institute's research component, which will disseminate and help put into practice R&A research findings.

In addition to these new efforts, LISC has improved its community development practice through periodic national staff meetings, organized as learning sessions devoted to planning and strategy development, local best practices, and recent research in the field. LISC also produces reports and publications for external distribution that highlight best practices, lessons learned and innovative community development strategies on issues ranging from comprehensive community development, public safety, food access, multifamily income and asset-building, and others. Furthermore, LISC presents numerous webcasts and webinars marketed to LISC field staff and the community development field as a whole.

Internally, LISC has a number of management structures through which evaluation lessons are translated into program practice. These include monthly meetings of the Program Operations Committee, consisting of senior LISC management, which monitors program operations and discusses reports on LISC national and local programs, including results of evaluation findings.

A.7. REPLICATIONS & EXPANSIONS

As a 30 year-old organization with 29 local offices across the country, LISC's work is predicated on replication and expansion of successful strategies in community development. LISC's most ambitious

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replication effort is through Sustainable Communities (SC), which began in 16 Chicago neighborhoods, but since its inception in 2006, has been extended to 64 neighborhoods in 17 cities. These cities were chosen through an internal competitive process to find local programs best suited for successful implementation of the SC program. The assessment of the SC initiative described in Section II.A.5 was an integral part of the program's expansion to other cities.

LISC's Financial Opportunity Centers also started as a pilot in Chicago, as described in Section II.A.1. There, LISC partnered with Annie E. Casey Foundation, the MacArthur Foundation and several CBOs to create 12 FOCs. Using the Efforts to Outcomes client tracking system to evaluate the FOCs processes and results, LISC was able to create a systematic program model and open FOCs in other places. Since 2006, LISC has successfully opened 20 additional FOCs in nine other cities.

A.8. RESOURCES FOR SUBGRANTEE REPLICATION OR EXPANSION

The FOC program is managed nationally by LISC's Family Income & Wealth Building program, which oversees implementation, expansion, and programmatic compliance of new and existing FOCs throughout the country. LISC provides a number of ongoing capacity-building resources to improve, replicate, and expand the operations of the FOCs including organizational and program development, collaboration, fundraising, community engagement, and evaluation. The types of resources offered through the FOC program are: 1) Integrated Service Training that helps CBOs address organizational development, programmatic compliance, staff capacity, and program delivery including client flow, staffing patterns, and client retention strategies to make it easier for clients to receive all the core services; 2) Financial Coaching Training, a dynamic model of training that combines fundamental coaching skills with financial counseling content; 3) Efforts to Outcomes client tracking system, which enables CBOs to collect client outcome data to conduct evaluations of their various programs and services, staff performance, and financial accountability; and 4) Fundraising for the programs. LISC

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introduces the FOC model to local funders, and raises financial support that helps ensure local buy-in as well as program sustainability. These capacity building services enable LISC to replicate and expand the FOC activities either in current or new sites.

A.9. OVERSEEING MULTIPLE PROGRAMS IN MULTIPLE LOCATIONS

LISC is an experienced leader in building the capacity of CBOs by offering a wide range of products and programs, with a broad geographic scope of services. Through the 29 local offices, LISC can manage multiple capacity building programs over a wide geographic area and utilize economies of scale to maximize resources. Staff members have extensive expertise in managing multiple, simultaneous and large-scale national initiatives; and developing budgets, overseeing products, staff, and subcontractors. LISC delivers managerial oversight, evaluation, and replication of successful approaches; as well as supports quality research and development efforts. For example, LISC's Family Income & Wealth Building program already oversees 32 Financial Opportunity Centers in 10 cities. Because of the nature of LISC's national-local structure, all of its national programs and activities are successfully managed in multiple locations.

A.10. ORGANIZATIONAL MANAGEMENT & STRUCTURE

LISC is led by a 21-member Board of Directors made up of representatives from financial institutions and firms, CBOs, and foundations from across the country. Chaired by Robert E. Rubin since 1999, the Board meets on a quarterly basis to review LISC's financial, operational, and programmatic activities, and to provide guidance and support for LISC's work. Executive management is comprised of LISC's Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and General Counsel and Corporate Secretary. The Executive Team oversees all of LISC's operations and programs, and provides strong strategic direction for LISC. LISC's Vice Presidents, with its Executive Directors, lead national initiatives, oversee local offices, provide resources and expertise to local programs, manage and

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administer government contracts, develop best practices, track national trends, and provide community development expertise to neighborhood revitalization efforts across the country.

Locally, LISC's efforts are overseen by Local Advisory Committees (LACs) comprised of business, government, and community leaders that provide programmatic and financial leadership, oversee the distribution of loans and grant awards, identify new funding sources, guide the creation of new programs, and act as LISC's ambassadors to the larger community. The LACs also ensure that LISC's national programs are appropriately applied to local needs. Local Executive Directors implement LISC's field programs with the help of qualified staff.

A.11. KEY PROGRAM STAFF & ROLES

The Social Innovation Fund (SIF) award will be primarily managed by LISC's Family Income and Wealth Building program, led by Kevin Jordan. Prior to LISC, Jordan served as director of the Working Families Department of the Bon Secours Baltimore Health System, where he developed and managed six family asset building and income support programs. The evaluation of the SIF program will be overseen by the Research and Assessment department, and directed by Chris Walker; formerly a Senior Research Associate at the Urban Institute and director of its community development research program, Walker has over 19 years of research experience in studies of community economic development issues.

A.12. INTERNAL ASSESSMENT PROCESSES

In order to maintain high-quality products and efficient and effective programming, LISC continually conducts internal assessments of its grant, loan, and program activities. This data is collected through a centralized Program Action (PA) system that tracks loan and grant activities, and FundWare, which tracks local and national budgets as well as private grants and government contracts that LISC receives. All of LISC's lending activities are also monitored on a regular basis through a company-wide reporting

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process that occurs monthly, quarterly, biannually, or annually, depending on the loan size and status. LISC's production data is supplemented by annual reports submitted by the heads of each department and local office. Executive management uses all of this data to assess each LISC program as it contributes to and meets the goals of LISC's overall mission and objectives.

B. ABILITY TO PROVIDE FISCAL OVERSIGHT

B.1. ORGANIZATIONAL QUALIFICATIONS & ELIGIBILITY

LISC is an existing grantmaking institution and has 30 years of experience investing in nonprofit community organizations as the main means by which it fulfills its mission. As discussed in Section II.A.3, LISC has a well-established system for conducting and monitoring investments to community development corporations, nonprofit arts and cultural organizations, charter schools, small businesses, and other entities. Since 1980, LISC has invested over \$9.6 billion in loans and grants to nonprofit community organizations.

B.2. CAPACITY OF FISCAL OVERSIGHT OF SUBGRANTEES

In addition to the monitoring process described in Section II.A.3, an important step in managing subgrants is identifying CBOs qualified to administer federal funds. This is done through CapMap®, an assessment tool developed by LISC, as well as LISC's formal underwriting and due diligence processes. Both of these systems assess subgrantees' track-record and pipeline, financial reports and systems, skills and experience of staff, and board composition and governance. LISC's Lending Department provides training for all staff on financial analysis and underwriting through an annual, in-depth 4-day workshop as well as webinars throughout the year. Staff in the Lending Department are experts in using CapMap® and in nonprofit financial analysis and assist LISC field staff to assess their community partners. Through such assessments, LISC staff can structure appropriate project assistance and investment to ensure success of a grant-funded program.

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B.3. EXPERIENCE IN OVERSIGHT OF FEDERAL FUNDS TO SUBGRANTEES

Since 2001, LISC has administered more than \$233MM in federal funds to subgrantees. In 2009, HUD conducted an onsite review of LISC's Section 4 contract and indicated satisfaction with LISC's contract management, particularly its internal control processes, in-service compliance training, and information technology systems to effectively track and manage grants. These processes are described in detail in Section A.3.

B.4. EXPERIENCE MANAGING GRANTS

Pass-through grants are one of the important tools that LISC uses to help CBOs become strong and stable neighborhood institutions capable of carrying out a range of community revitalization activities. Through its field offices, LISC provides grant funding to assist organizations to develop affordable housing, commercial space, and community facilities, as well as other community development activities. In 2009 alone, LISC provided 1,241 grants to community organizations totaling more than \$37.3MM. Grants are designed and provided consistent with field office strategies and local community needs. These funds have typically supported: 1) organizational capacity development; 2) strategic planning for the creation of new programs; and 3) implementation of real estate development that furthers neighborhood revitalization goals. LISC's grants are managed by its Grants & Contracts Management (GCM) department, which reviews all funding requests to ensure quality, that they meet internal and external program standards, and are compliant with federal regulations. These processes are described in Section II.A.3. GCM staff are trained by the same organization that was created to train federal employees, Management Concepts, and several members either have or are obtaining certification in federal grant management. GCM is comprised of three Financial Analysts, two Compliance Analysts, three Grant Managers, a Program Coordinator, Administrative Assistant, Deputy Director and Vice President. All have experience working in government and nonprofit organizations, as

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well as in for-profit sectors.

B.5. ORGANIZATIONAL BUDGET

LISC's 2010 operating budget totals \$95.2MM. A \$4.218MM award from the Social Innovation Fund would represent 4.4% of LISC's operating budget.

B.6. ENSURING COMPLIANCE WITH FEDERAL REQUIREMENTS

Because of LISC's long history with federal government contracts, we have developed routine processes for ensuring compliance with federal regulations. As requested by each funder, LISC field offices develop monthly, quarterly and/or semi-annual program reports detailing the subgrants made, technical assistance delivered, outcomes achieved, and an explanation of any delays or problems encountered. GCM ensures that high-quality reports are prepared and submitted to its funders in a timely manner. The GCM team, which is structurally a part of LISC's Finance Department, prepares all federal financial reporting (SF 425s) as requested. This integration enables LISC to submit accurate and timely reports to its funders. Please see Section II.A.3 for additional information regarding GCM's compliance systems.

Budget/Cost Effectiveness

A. BUDGET & PROGRAM DESIGN

A.1. RAISING FUNDS FOR PROGRAM IMPLEMENTATION & SUSTAINABILITY

LISC will continue our strong track record of raising diverse resources to assemble a robust pool of funds to support SIF program implementation and sustainability. Thus far, LISC has obtained \$2.18 MM in match, which is more than 50% of the total CNCS request of \$4.218 MM. Matching funds have been raised from a broad array of private funding sources such as the national Annie E. Casey Foundation and the Citi Foundation, as well as local sources such as three local United Ways and a Community Foundation. These funders are specifically interested in supporting the replication, expansion, and enhancement of the Financial Opportunity Center model. If awarded a SIF grant, LISC is

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confident that we will raise the remaining required match; several national and local foundations have indicated their interest in contributing toward SIF matching funds. As the nation's largest community development intermediary, LISC has a strong track record on raising resources for programs: in 2009, LISC gave out over \$37.3MM in grants.

LISC's two-pronged resource development strategy focuses on: 1) cultivating large national funders; and 2) engaging local foundations in each SIF target city, with the goal of raising at least 100% of each city's SIF allocation from local funds. With this targeted local fundraising and our national funder relationships, LISC expects to generate \$700,000 more than the minimum required dollar-for-dollar SIF match. LISC will award over 80% of our total proposed SIF budget to subgrantees (\$7.7MM out of a total SIF budget of \$9.149 MM).

A.2. BUDGET ADEQUACY

LISC has created a SIF budget that is cost-effective yet supports high-quality program implementation and oversight to achieve FOC outputs and economic success outcomes for the low-income families that our subgrantees will serve. Specific costs in key program areas are detailed below.

Competitive Subgrant Selection Costs

The major costs associated with the subgranting process consist of LISC staff time, in the amount of approximately \$101,000, to manage the nine local subgrant competitions in each SIF target city. We also anticipate an additional \$5,000 for costs such as advertising the RFP.

Program Evaluation Costs

The evaluation, conducted by the Economic Mobility Corporation, is an essential part of the SIF, and the quasi-experimental design proposed by LISC and Mobility is the most rigorous and effective means of

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determining impact and ensuring that the Financial Opportunity Center model is actually helping people positively change their financial status. LISC anticipates that the total 3.5-year cost of the evaluation over the duration of our proposed SIF program will be \$1.5MM. The major Year One costs associated with the evaluation total \$403,558 and include:

- Economic Mobility Corporation staff salary and fringe: \$110,900
- Consultants (interviewers): \$75,000
- Incentives for study participants: \$40,000
- Staff travel: \$11,000
- Survey subcontract: \$50,000
- Other program expenses: \$21,340
- Administration: \$45,318
- LISC Research and Evaluation team- \$50,000

Training and Technical Assistance Costs

Training and direct technical assistance to subgrantees directly affects and improves the outcomes LISC aims to achieve. This model leverages community-based organizations' core expertise in workforce development, financial counseling, and supportive services--but also asks them to think and operate differently to accomplish the comprehensive goals of the FOCs. Orienting subgrantees to an innovative service delivery model that focuses on bundling and long-term client engagement requires a significant amount of LISC staff time for technical assistance. LISC assists subgrantees with their up-front planning, and continues with quarterly site meetings for data and program operations review. We also provide ongoing training and technical assistance (either by LISC staff or outside experts in specialized areas, as necessary) in areas including data entry, bundling enhancement, program improvement, and federal grant compliance. The total costs of providing technical assistance to the subgrantees will include:

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--LISC staff costs: \$265,000

--Consultant costs (for specialized technical assistance): \$60,000

--Travel: \$20,000 (for national staff to the local offices to provide technical assistance and assist with local fundraising). This estimate anticipates approximately 25 trips at an average cost of \$670 per trip, inclusive of hotel, airfare, meals and ground transportation for a total cost of \$16,750; LISC has also budgeted \$3,250 for local travel.

--Subgrantee conference/convening: \$97,000. LISC will hold a national convening to train and facilitate communication among subgrantee sites; this meeting is an important way to share knowledge of the model across the sites and to share new information and best practices in an efficient way. This includes \$35,000 for a consultant to manage the conference development and implementation, \$50,000 for space, meals, materials and trainers, \$4,000 for supplies, and \$8,000 for hotel, airfare and ground transportation.

--Subgrantee webinars: \$7,000. LISC will stage at least 10 webinars for subgrantees; these web sessions are a cost effective way to present information to large groups of people in a timely fashion.

B. MATCH SOURCES

LISC has currently secured over 50% of the match required for the SIF competition: \$2.18 MM out of the CNCS requested \$4.218 MM. These commitments include national funders like the Citi Foundation, and the Annie E. Casey Foundation; and local funders, such as the United Ways of Greater Houston and Greater Cincinnati. LISC has also committed unrestricted funding specifically for this initiative. Match sources and amounts are detailed in Section 2 of our proposal budget, as well as in the match documentation LISC has submitted to the Corporation via e-mail. LISC expects to exceed the SIF minimum dollar-for-dollar match requirement by raising a total of \$4.930MM from non-federal sources to match our SIF award request of \$4.218MM. Out of the total SIF budget of \$9.149MM, LISC's share is 54%, with CNCS share being only 46%.

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After receipt of the SIF designation, LISC has a dual strategy to obtain funding. We will solicit national funding from a group of funders including the Kellogg Foundation, the Bank of America Foundation, and The John T. and Catherine D. MacArthur Foundation. LISC has already met with several national foundation staff who have expressed significant interest in the FOC model and its potential for expansion and replication through SIF.

In addition to the national fundraising, LISC will solicit local funders in the nine SIF target cities, all of which have a robust local funding environment. In each of the cities, LISC field offices are a vital part of the community development infrastructure, with well-developed local funder relationships and a track record of securing local funding for many of their ongoing and new initiatives, including startup money for Financial Opportunity Centers or funding for other workforce development initiatives. Many of the LISC SIF sites have already secured local match to help build out the FOC model in 2010 (shown in our SIF budget and the match documentation). In several communities, local funders have approached LISC about contributing SIF matching funds, but were unable to provide the required letter by the April 8th deadline. Based on past and present relationships, we are confident that the local funding community will match the federal SIF funds.

Through this strategy of seeking national funding and local funding sources, LISC believes we will not only be able to secure the required 1:1 match, but raise \$700,000 in additional funds.

Clarification Summary

RESPONSES, 7-7-2010:

1. BASELINE DATA FOR POPULATIONS SERVED BY FOCs

In the previous quarter (April-June 2010), among FOC clients whose indicators at intake are known, the demographics are as follows.

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ALL CENTERS & CITIES

Race/Ethnicity/Gender: 61% African American; 32% Hispanic/Latino; 5% Caucasian; 55% female

Age: 42% 18-35; 52% 36-64

Economic Status: 76% with incomes below Federal Poverty Line (FPL); 15% at 100-200% of FPL; 6% over 200% FPL

Employment Status: 26% employed; 18% unemployed and receiving Unemployment Insurance (UI); 56% unemployed and not receiving UI

Housing Status: 15% homeowners; 10% homeless; 29% renters (unsubsidized); 13% renters (subsidized)

Education Status: 26% no HS diploma or GED; 42% HS/GED; 31% some college or more

Criminal Background: 20%

CHICAGO FOC #1

Race/Ethnicity/Gender: 4% African American; 95% Hispanic/Latino; 1% Caucasian; 59% female

Age: 33% 18-35; 64% 36-64

Economic Status: 65% with incomes below Federal Poverty Line (FPL); 28% at 100-200% of FPL; 7% over 200% FPL

Employment Status: 15% employed; 42% unemployed and receiving UI; 43% unemployed & not receiving UI

Housing Status: 34% homeowners; 1% homeless; 35% renters (unsubsidized); 6% renters (subsidized)

Education Status: 47% no HS/GED; 31% HS/GED; 22% some college or more

Criminal Background: 5%

CHICAGO FOC # 2

Race/Ethnicity/gender: 99% African American; 69% female

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Age: 51% 18-35; 46% 36-64

Economic Status: 91% with incomes below Federal Poverty Line (FPL); 6% at 100-200% of FPL; 3% over 200% FPL

Employment Status: 22% employed; 10% unemployed and receiving UI; 68% unemployed and not receiving UI

Housing Status: 1% homeowners; 0% homeless; 15% renters (unsubsidized); 31% renters (subsidized); 52% other

Education Status: 38% no HS/GED; 32% HS/GED; 30% some college or more

Criminal Background: 30%

2. DURATION OF CLIENT ENGAGEMENT & TIMEFRAME FOR SELF-SUFFICIENCY

FOC services are broadly available to community residents who seek help for a variety of employment, financial, and income support needs. Those who participate in the package of bundled services go on to work with the program anywhere from 6 months to 3 years, although most register gains well before the end of that period: the majority of these clients see increases in net income within 6 months (mostly from new/better jobs, or new receipt of public benefits), and increases in credit score and net worth within 12-18 months. LISC monitors and evaluates client outcomes at these approximate intervals using point-in-time measures of net income, net worth, or credit score.

But it takes anywhere from 18 months to 3 years of work for clients to change their behavior in such a way that it meets program goals of "financial capability," defined as client ability to weather most of life's financial hardships. Operationally, this test is met when clients: (1) sustain a strong credit profile over time; and (2) maintain beneficial credit relationships with mainstream financial institutions. Financial coaches then help clients put improved credit to use--for example, to apply for better jobs and better apartments; and to purchase cars, and other utilities at better rates and under better terms than they

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would be able to access otherwise.

This conception of self-sufficiency emphasizes the long-term nature of behavioral change required to achieve and sustain financial capability. This means that clients do not "graduate" from FOC "programs" in the traditional sense. Rather, FOC coaches actively encourage clients with steady work and some level of financial capability to continue working with their financial coaches to meet their saving and asset building goals.

3. USE & IMPACT OF INCENTIVES

LISC has worked to make the FOC model attractive to clients, developing a program that can engage and benefit clients with minimal use of material incentives. Indeed, there is little evidence that those types of program incentives are effective. That said, clients have an incentive to participate. These incentives come in several forms.

First, nearly all FOCs are built on a workforce platform--a service that attracts residents who want help with employment. If the program has a good reputation, residents will come in great number for assistance. Indeed, 80% of the people who engage in FOC services do so with employment as their presenting issue, and no incentives are needed beyond new jobs and skills enhancement as a probable outcome. While almost all the FOCs offer participants "work supports" or "support services," such as modest amounts of transportation assistance, these are not viewed as incentives: they are integral to any successful workforce program. Second, with respect to access to income supports and financial coaching, LISC stopped short of offering incentives, and designed the program to make these services a mandatory part of the basic FOC workforce program. No incentives are needed for the delivery of income support services, as the benefits themselves are incentive enough for clients: in 2009, FOCs in Chicago connected 1,265 participants to benefits worth over \$1.45 million.

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LISC uses a few specific tools, that help people reach their goals quicker and can be seen as incentives for working on their financial behavior. Almost all the FOC's have contracts with TransUnion and the Credit Builders Alliance, through which they obtain clients' credit scores/reports. LISC absorbs this cost for the FOCs, making the credit score free to clients in financial coaching. Most clients want to see this information: it makes the initial financial coaching session far more attractive; and it helps identify the debt and credit issues clients need to address.

The second incentive deployed through financial counseling is a new credit building product--specifically for FOC clients--called Twin Accounts. Chicago launched this product in June 2010 specifically to engage FOC clients with low credit scores or no score at all in the credit building process. The product is a hybrid of a credit builder loan and an Individual Development Account (IDA); each participant is issued a loan (in this case, a 12-month loan for \$500). Loan proceeds then go directly into a new "locked" savings account, where they remain until the loan is completely paid off. Unlike traditional credit builder loans, LISC then matches each on-time loan payment dollar for dollar. Clients who make all of their loan payments on time end up with \$1,000 at the end of the program. The match is a critical incentive for two reasons: it makes the product more attractive to participants; and it rewards a critical credit building behavior (the on-time payment of current debt) as well as contributes to establishing a savings pattern.

4. LOCAL ENGAGEMENT WITH THE PRIVATE SECTOR

First, each Center is part of a larger, LISC-supported neighborhood initiative aimed at the development and execution of a comprehensive neighborhood plan. As such, almost all the FOCs leverage the community's ties to new, existing, and expanding businesses and initiatives in the neighborhood, approaching employers about using local talent for local jobs. Second, all of the FOCs have longstanding

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relationships with private employers within and outside their neighborhoods, and these, too, are leveraged to benefit FOC participants. In the coming months, LISC will partner with another private sector entity, CareerBuilders.com, to launch a new FOC Career Site in the Chicago area that will help FOC clients connect their resumes to potential employers. Nationally, LISC has a number of corporate partners who provide funding, innovative ideas, and training to our sites. These partners include Bank of America, Citi, Wells Fargo, and JP Morgan Chase, as well as many local banks. Credit Unions also partner with the FOCs on financial products such as banking/checking accounts, and specific lending products geared towards FOC clients.

5. INNOVATIVE ASPECTS OF THE FOC PROGRAM MODEL

Taken together, 5 aspects of the FOC model are innovative within the context of traditional practices in workforce development and asset-building: (1) the emphasis on financial outcomes in addition to traditional outcomes of employment alone; (2) bundling of employment, financial counseling, and public benefits supports; (3) financial coaching; (4) community-centered program delivery; and (5) an adaptive national system of support.

First, nearly all of the FOCs in LISC's network rest on a platform of a new or existing workforce development programs. For decades these programs have ignored financial and income support services, focusing only on wage levels, wage increases, and job retention. By adding on financial and income services, the FOC model forces workforce practitioners to look beyond wages as they seek to help their clients build financial stability: wages alone do not lift low-income families out of poverty. Wages must be viewed in light of the family's other pressing financial issues, such as bad credit, limited access to mainstream banks, excessive medical debt, identity theft, and access to benefits.

Second, bundling recognizes that each of the three services works best in tandem with each other. This

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and other aspects of the FOC theory of change as it pertains to bundled services is described elsewhere in this proposal, but suffice it to note that as clients reduce expenses, obtain public benefits, and remove barriers to employment the net value of wage income rises sharply--which dramatically increases incentives to work longer and earn more.

Third, financial coaching is integral to the FOC model. Instead of relying on group-based financial education classes and workshops, all LISC-supported FOCs offer financial services through one-on-one coaching by experienced financial service professionals. These sustained personal interactions with clients help them to articulate a financial vision, define their own goals and strategies, benefit from advice on how to refine and implement these strategies, and keep themselves accountable for progress.

LISC has pursued this course since the inception of the FOC network for three key reasons: 1) group-based financial education classes simply do not attract low-income individuals; 2) the complicated debt and credit issues of low-income families require one-on-one attention; and 3) only through one-on-one counseling will LISC be able to document what happens to clients over time, and then learn from this data about what works and what does not. Finally, LISC-supported FOCs deploy only experienced financial counselors, as this is generally not a skill set that can be learned on the job.

The benefits of the coaching model are clear beyond the form of services delivery. Clients are encouraged to think about their economic and financial future in the long term. They adopt goals that they believe are reasonable, and they recognize that in addition to employment, specific behavior changes will be needed to realize their goals. And coaches help clients accomplish their goals by providing advice, helping them keep track of their progress, and pointing out, in a supportive way, where clients fall short along the way. LISC coaches have found that this combination of longer-term thinking and specific goals exerts a powerful influence over client behaviors--the critical ingredient of

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future financial health.

Fourth, FOCs are community-centered: bundled services and long-term coaching are delivered through trusted community institutions. This is important both to program outreach (many clients distrust government agencies) and to the effectiveness of the coaching model, in which trust between client and coach--integral to the model's success--is reinforced by the coach's affiliation with a neighborhood based organization. Further, as found in Demetra Nightingale's study of the model for the Annie E. Casey Foundation, the FOC approach is not just a service delivery technique: organizations have changed the way they do business, incorporating outcomes-based thinking into their core operations.

Fifth, FOCs are implemented, managed, monitored, and evaluated with the support of both local LISC staff and national staff responsible for overall direction of the program. In other words, this is not simply a model that is made available nationally, without substantial support throughout implementation. Especially noteworthy is the active oversight provided by LISC's local offices, which are able to guide local adaptation of the approach by community-based providers. LISC provides the approach, the training, and the national support; localities adapt the approach for use in specific neighborhoods and platforms for delivery.

These five elements of the model combine to make it very different from traditional case management approaches. In fact, LISC has found that traditional case managers have proved to be largely ineffective in delivering the FOC coaching/bundled services approach. FOC financial counselors are intentional in defying the norms of traditional case management, and LISC has invested significant funds to get FOC counselors trained on coaching methods.

Financial coaches insist that clients focus on a critically important set of economic outcomes, not just a

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range of services. Unlike case managers who take it upon themselves advise and chart a course for their clients, coaches approach their clients as people who are "creative, resourceful, and whole." As such, they help their clients think through what they want--their vision for themselves and their families. Coaches then diagnose what clients already know about how to get to that vision, what they still need to learn, and what keeps each client from taking the necessary steps toward that vision. Instead of taking on the problems of each client, coaches help clients hold themselves accountable for taking the steps they need to take, one by one. Coaches at FOCs empower their clients to take action, instead of enabling their clients to rely on program for answers.

Further, unlike traditional programmatic goals which are short term in nature- such as job placement or public benefits receipt, FOC outcomes are long-term. Coaching has a future orientation, rather than near-term problem solving bent. Case management helps clients by indentifying a problem and then referring clients to services. The coaching model recognizes that it takes significant behavior change to achieve goals that are longer-term and escape chronic dependency on the emergency services that case management typically arranges.

In sum, and as documented by Michael Collins's study for the Annie E. Casey Foundation, *Financial Coaching: A New Approach for Asset Building*, coaching is unlike other forms of service delivery in that it is: client-centered (the client decides what they want and need); future-oriented (focused on long-term financial capability); continuously available over as long a period as the client wishes; and most importantly, focused on mutually-agreed upon changes in client behaviors, not just participation in programs.

RESPONSES, 6-30-2010:

1. ESTIMATE OF FOC EXPANSION NUMBERS

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With the expansion of the model proposed in LISC's SIF application, we will increase the number of people served by 75% or to 7000 people receiving two out of three core services in the first year. We also believe that by the end of the second year that number will be a 100% growth in the clients receiving two out of three core services, as compared to calendar year 2009 data. We assume about 24 existing FOCs will apply for the SIF and if they have a good applications and meet all the criteria, will receive an award that lets them grow their efforts by 20-25%. We also assume approximately 20 new centers will apply and based on LISC's experience, in the first year, each center helps about 100 people receive at least two out of three core services.

2. SERVICE BUNDLING STIPULATION FOR SUBGRANTEES

As mentioned in our initial application narrative, analysis of data collected by sites shows that clients that receive a bundled package of employment and financial services show strong gains in net income, net worth, and employment retention compared to those that receive a more limited package of services. Further, these gains are more substantial than those typically recorded in other non-bundled programs.

LISC currently requires our existing FOC subgrantees to provide both financial coaching and the employment placement services. In addition they must have a strategy to help people with public benefits access within 12 months after receipt of funding.

We will continue this practice in the SIF sub-granting process. This includes a requirement that subgrantees must: 1) provide both individual counseling in employment placement and financial coaching/counseling; and 2) have a plan for how they will provide public benefits access within 6-12 months of starting the program.

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3. ASSISTING SUBGRANTEES WITH DEVELOPING EVIDENCE-BASED TOOLS

LISC proposes to continue and strengthen the technical assistance support for grantee outcomes tracking, analysis, and program improvement that has worked well in the past. There are three basic components to this approach: (1) development and use of appropriate outcomes indicators; (2) investment in data systems and grantee staff capacity; (3) implementation of outcomes and performance analysis procedures. (Going forward, these three existing methods will be supplemented by a fourth: development of evaluation methodologies adaptable for local use.)

First, at the outset LISC specifies a set of outcomes that each sub-grantee is required to track (although they are free to supplement the required measures with additional indicators of their own). These outcomes are stipulated in the contracts executed at the inception of each grant. LISC staff works closely with each grantee to assess how the three core services will be offered and how outcomes will be documented. LISC staff then conducts site visits with each organization and provides in-depth technical assistance on model implementation. These outcome measures include employment placement and retention, budget development, improvements in net income and credit score, and screening for public benefits.

Second, to produce solid evidence of program performance, each FOC site collects extensive data on the services provided to clients and the outcomes they achieve, generates quarterly service delivery and outcomes reports, and participates in periodic program reviews. Throughout 2009 and early 2010, each existing site has been ramping up its data quality monitoring and reporting to support more extensive outcomes analysis. Sites use Efforts to Outcomes (ETO) software purchased from Social Solutions and configured for LISC.

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Each site receives training on ETO use and LISC national and local staff routinely monitors data quality and require sub-grantees to certify accuracy. A full-time program officer, dedicated to managing the data entry system and training the FOC staff on using the system, monitors data quality. An initial webinar on the system is presented to new sub-grantees, with on-site follow-up to help integrate the system into line-staff's daily work. Regular webinars on changes to the system are held as well as direct technical assistance based on needs of the sub-grantees.

Third, grantees need analysis methods and other support to carry out program progress monitoring and appropriate program corrections. The first step is to identify the appropriate performance benchmarks. Different types of clients are expected to reach outcomes at their own pace; for example, ex-offenders face far more difficult personal and social challenges than do those with some track record of successful employment. Under this grant, LISC and its evaluation team will develop benchmark performance measures appropriate to each major type of client served. Once a program is operational, LISC national and local staff reviews outcomes reports with sub-grantees--initially on a monthly basis, and then quarterly as the program progresses--to ensure they understand the report and to ensure that data are reviewed for program management.

Quarterly reviews of data reports with site managers compare service delivery practices and intermediate client outcomes to targets set for each sub-grantee. Particularly important, especially in the first year of operation, are "service bundling" indicators, which track client receipt of services; where these indicators fall short, site managers are directed to alter the service delivery sequence, for example, to achieve better bundling.

Based on quarterly data, LISC has sometimes recommended appropriate training and technical assistance, which may include asking sub-grantees to improve service delivery in the three core areas,

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sometimes involving expert consulting help. For example, we worked with an Indianapolis FOC that was having trouble getting public benefits recipients to take advantage of job placement or financial coaching services. Based on the results of the quarterly data review meetings, they changed their target population and began to recruit clients from their adult educational program rather than public benefits-seeking clients. As a result, the numbers of people seeking all three sets of services increased dramatically.

Sub-grantees to be selected under the grant will follow these practices. As data accumulate, they will form the evidentiary base for assessment of program outcomes in all sites. Those sites showing weaker performance relative to similar sites and the national comparison group (described below) will be required to reform program practices, which if unsuccessful, will lead to de-funding.

Finally, LISC's investment in FOC outcomes identification, data collection, and performance management creates ideal conditions for future analysis of program impacts in FOC sites. The national evaluation funded under this grant will design research able to estimate program effects relative to comparison groups of those not receiving FOC bundled services. These design materials, as well as examples of subsequent analysis will be made available to every site for potential adoption by sites and their local research partners outside the SIF grant activities. (It should be noted that such research is very expensive, amounting to some multiple of FOC operating budgets in any year. Therefore, such evaluation activities are likely to be episodic and infrequent.) Further, the national SIF evaluation will carry out an innovative approach to comparison group identification, in which we rely on the Survey of Income and Program Participation. If this effort is successful, it will offer sites and their research partners a low-budget option for more routine impact analysis than possible with the specially-tailored comparison groups just noted.

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4. ESTIMATED SUBGRANT AMOUNTS

We believe the average sub-grant will be between \$150,000 and \$160,000. This is based on the fact that an average cost of this model is around \$300,000 and the sites will need to provide 50% of the funding as a match.

5. SAMPLE FOC SUBGRANTEE BUDGET

Financial and employment coaching/counseling staff is the major cost to the model. Another important cost is funding related to helping clients alleviate specific situations such as obtaining a drivers license or paying fees to obtain paperwork, drug tests, etc. that are often conditions of employment.

Sample FOC Sub-Grantee Budget

PERSONNEL

Self Sufficiency Director (.5 FTE)	\$27,000
Data Collection Specialist (.5 FTE)	\$20,000
Financial Coach	\$42,000
Benefits Coach (AmeriCorps Member)	\$15,000
Job Developer (.5 FTE)	\$18,000
Workforce Development Case Manager	\$36,000
Total Salary and Wages	\$158,000
Payroll Taxes @ 8%	\$12,500
Fringe Benefits @ 15%	\$23,400
Total Payroll Taxes/Fringe Benefits	\$35,880

NON-PERSONNEL

Supplies and Office Equipment	\$15,000
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Communications and IT Support	\$6,500
Contract Services	\$5,000
Rent	\$13,000
Facility Maintenance	\$1,000
Staff Training and Travel	\$7,000
Property & Liability Insurance	\$5,000
Client Assistance Funds	\$25,000
Total Non-Personnel	\$77,500
Management Allocation @ 10%	\$26,800
TOTAL EXPENSES	\$298,200

6. LEVERAGING LOCAL RELATIONSHIPS & PARTNERS

By the end of the grant period, LISC will have demonstrated the FOCs to be a powerful and replicable economic opportunity program, suitable for different types of clients and labor markets, and ready for broader adoption by public agencies as they refashion workforce development programs. Fortunately, LISC is well-positioned to create and exploit opportunities for this broader, systemic shift in the way in which some aspects of workforce development programs are delivered. This positioning rests on three basic pillars, each having demonstrated effects on our ability to influence the other actors whose efforts are critical to sustaining and expanding the FOC model locally and nationally.

First, LISC's core mission is to improve the quality of life and opportunities in low-income neighborhoods. We do this in part by making direct investments in communities, but as intermediaries, one of our most important contributions is to the construction of systems of support, involving government agencies, financial institutions, community organizations, anchor institutions (such as

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hospitals or universities), elected officials and other stakeholders. Independent research has demonstrated our effectiveness in this arena.

Over the past three years, LISC's system-building efforts have broadened with LISC's new Building Sustainable Communities Initiative, which calls for comprehensive neighborhood change in multiple neighborhood domains such as housing, economic development, income and asset-building, education, and health. To secure the financial and political commitments required to support broad change, local LISC offices have expanded staff capabilities, diversified our Local Advisory Committees, and more actively intermediated activities of agencies and philanthropic funders across these various domains. Each of our proposed SIF locations are Building Sustainable Communities sites; and all will benefit from the new comprehensive thrust LISC has embraced.

Second, with respect to the FOC model specifically, our efforts in communities have produced a number of system-building effects, including efforts to:

--Attract new financial support from private funders that are not part of the old-line workforce development system. For example, we have actively engaged United Way funders in five communities. In two other communities, we have engaged local community foundations as FOC supporters. In Chicago, new support has come from multiple local foundations. This broadening of funders is critical ingredient in local program sustainability.

--Layer in new funding from public sources that are typically not used to support workforce development. Examples include new sources of State funding in Detroit, and in Chicago, HUD funding for housing counseling, HUD/Chicago funding from the Community Development Block Grant, and food stamp outreach support from HHS, through Seedco, a national supporter of workforce development efforts.

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--Change the menu of strategies and programs supported by the Workforce Investment Boards (WIBs). In our strongest sites--Chicago and Indianapolis--where we operate the most mature FOC programs, the WIBs have initiated new funding for neighborhood-centered delivery of workforce development services. In fact, the Executive Director of the LISC Indianapolis office now serves on the WIB, an illustration of the broadening partnerships typical of our work under Building Sustainable Communities.

--New partnerships with groups that bring asset building and tax preparation expertise, such as the Center for Economic Progress in Chicago, which would not otherwise be engaged in community-based program delivery.

Third, our efforts to promote system change at the local level are backstopped by parallel national efforts to communicate the model and its lessons to others in the workforce development field and beyond. Over the last year or so, the LISC Director of Family Income and Wealth Building has participated in national conferences sponsored by the United Way, People for the American Way, and CFED. LISC has accepted a leadership role in the Annie Casey Foundation's Centers for Working Families network, organizing and is co-hosting the 2010 national conference. Participation in this conference is illustrative of the diverse sectors engaged in this form of workforce development, with presentations from Federal agency representatives, universities and other research organizations, local United Ways, national and local foundations, financial institutions, community colleges, and community-based organizations implementing the model.

Efforts like these complement LISC's ongoing efforts to communicate about its work, including reports and publications, and numerous webcasts and webinars marketed to the community development field

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as a whole. In March of 2010, LISC inaugurated its new Institute for Comprehensive Community Development, dedicated to dissemination of best practices through training, technical assistance, applied research, and policy development. The Institute will become an important vehicle for communication to the broader field of community-based programs delivery.

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2010 Social Innovation Fund
Local Initiatives Support Corporation
Section 2 – Clarification Questions

Round 1 Clarification Questions:

1. Please provide your estimate of how many more individuals will be served by your proposed expansion of FOC. Please detail how you arrived at the estimate.
2. You note that, the "FOC theory of change stipulates that each service works best when delivered in tandem with the others". Do you have evidence to support this assertion? Also, why in your competitive subgrant selection process are you not requiring that subgrantees provide more than one service (or all three FOC services) if provision of a bundle of services is central to achieving your desired outcomes?
3. How do you propose to assist subgrantees in developing evidence-based tools for assessing their own progress?
4. Do you have an estimate of the average size of a subgrant under your proposed SIF?
5. What are the major costs to a subgrantee of implementing the FOC model? Please provide a sample subgrantee budget.
6. In the cities where FOC's operate, how do you leverage local relationships and partners to increase the impact of the FOC model, inform public discussion, and effect broader systems change? How do you ensure that the program doesn't operate in a vacuum? Please be detailed in your response.

Budget Clarification:

1. Please provide a corrective action plan related to finding 2008-1 in your A-133 audit for the period ending 12/31/08.
2. Provide a breakout of cost in Section 1E - Supplies: Convening Cities Conference \$4,000.
3. Provide a breakout of cost in Section 1F - Contractual: Convening Cities Conference \$35,000.
4. Provide more narrative related to the Data Consultant services shown in Section 1F-Contractual \$15,000.
5. Provide details or a breakdown of the item in Section 1F-Contractual: Consultants \$45,000.
6. Provide details or a breakdown of costs in Section 1H-Other Costs: FOC Subgrantee Conference: \$50,000
7. Please provide the Corporation (via email to Kent Mitchell) a copy of your indirect cost rate agreement letter supporting the 18.8% claimed in the application.

Round 2 Clarification Questions:

1. Please provide baseline data (at in-take) about the population that is served by an FOC site. For example: age; gender; employed or unemployed; if employed, average wage; if unemployed, for how long; etc. We are seeking to better understand who might benefit from an FOC expansion. Understanding you have multiple sites, please select one or two of the most representative.
2. How long do clients tend to stay engaged with an FOC? Within what time frame do you expect clients to achieve self-sufficiency or no longer need FOC services?
3. What incentives do you offer your clients to receive FOC services and what do you know about the impact of these incentives?

4. In your local communities, how do you work with the private sector to facilitate economic self-sufficiency?
5. Please provide copies (via email to Kent Mitchell) of the Abt analysis and Chicago analysis referenced in your response to clarification question #2.
6. Besides bundling of services and measurement, what is innovative about the FOC program model or delivery? How would you respond to a critique that the model is simply traditional case management?

2010 Social Innovation Fund
Local Initiatives Support Corporation
Section 3 – Budget

Local Initiatives Support Corporation (LISC)

Local Initiatives Support Corporation

Application ID: 10SI116349

Budget Dates: 08/01/2010 - 07/31/2011

	Total Amt	CNCS Share	Grantee Share
Section I. Program Costs			
A. Project Personnel Expenses	494,532	145,000	349,532
B. Personnel Fringe Benefits			
FICA	37,832	11,093	26,739
Health Insurance	110,528	32,408	78,120
Retirement	0	0	0
Life Insurance	0	0	0
Total	\$148,360	\$43,501	\$104,859
C. Travel	28,100	9,500	18,600
D. Equipment			
E. Supplies	8,700	4,200	4,500
F. Contractual and Consultant Services	448,000	250,500	197,500
H. Other Costs	7,761,800	3,506,050	4,255,750
Subgrants	0	0	0
Total	\$7,761,800	\$3,506,050	\$4,255,750
Section I. Subtotal	\$8,889,492	\$3,958,751	\$4,930,741
Section II. Indirect Costs			
J. Federally Approved Indirect Cost Rate			
Indirect Costs	259,675	259,675	0
Total	\$259,675	\$259,675	\$0
Section II. Subtotal	\$259,675	\$259,675	\$0
Budget Totals	\$9,149,167	\$4,218,426	\$4,930,741
Funding Percentages		46.1%	53.9%
Required Match		n/a	
# of years Receiving CNCS Funds		n/a	

2010 Social Innovation Fund
Local Initiatives Support Corporation
Section 4 – Budget Narrative

Budget Narrative: Local Initiatives Support Corporation (LISC) for Local Initiatives Support Corporation

Section I. Program Costs

A. Project Personnel Expenses

Position/Title -Qty -Annual Salary -% Time	CNCS Share	Grantee Share	Total Amount
National FOC Staff - Program Director: - 1 person(s) at 112000 each x 75 % usage	0	84,000	84,000
National FOC - Assistant Program officer: - 1 person(s) at 45000 each x 50 % usage	20,000	2,500	22,500
National Research & Development - Program Director: - 1 person(s) at 148000 each x 15 % usage	0	22,200	22,200
Local - FOC Site Administrator Indianapolis and Chicago: - 2 person(s) at 85000 each x 80 % usage	50,000	86,000	136,000
National FOC Staff- Program Officer for Data: - 1 person(s) at 60000 each x 75 % usage	15,000	30,000	45,000
National Research Staff- Associate: - 1 person(s) at 75000 each x 10 % usage	0	7,500	7,500
Local LISC- Expansion SIF Site Administrator: - 7 person(s) at 63333 each x 40 % usage	60,000	117,332	177,332
CATEGORY Totals	145,000	349,532	494,532

B. Personnel Fringe Benefits

Purpose -Calculation	CNCS Share	Grantee Share	Total Amount
FICA: .0765 %	11,093	26,739	37,832
Health Insurance: 22.35%	32,408	78,120	110,528
Retirement:	0	0	0
Life Insurance:	0	0	0
CATEGORY Totals	43,501	104,859	148,360

C. Travel

Purpose -Calculation	CNCS Share	Grantee Share	Total Amount
National FOC Staff Travel for Site Visits: 25 trips @670/trip, including hotel, airfare, and local ground transportation	8,000	8,750	16,750
LOCAL SIF Administrators Travel for Site Visits: 9 people, almost one 1 visit percenter/month- 37 centers, X 10 months @ \$8/visit	1,500	1,750	3,250
National FOC Staff Travel for Conference: 3 staff - 1 trip @ \$675/trip, including hotel, airfare and ground transportation	0	2,025	2,025

Local SIF Administrators Staff Travel for Conference: 9 staff- 1 trip @ \$675/trip including hotel, airfare and local ground transportation	0	6,075	6,075
CATEGORY Totals	9,500	18,600	28,100

D. Equipment

Item/Purpose -Qty -Unit Cost	CNCS Share	Grantee Share	Total Amount
CATEGORY Totals	0	0	0

E. Supplies

Item -Calculation	CNCS Share	Grantee Share	Total Amount
Office Expenses & Supplies: Including one chair, desk, & computer(\$1500) etc.. for 1 APO position	1,500	1,500	3,000
Convening Cities Conference and Materials: Materials & Supplies for the subgrantee conference: A/V rental @ approximately \$1500; \$2,500 for printed training materials	2,000	2,000	4,000
General Office Supplies: General Office Supplies @ \$2000	700	1,000	1,700
CATEGORY Totals	4,200	4,500	8,700

F. Contractual and Consultant Services

Purpose -Calculation	CNCS Share	Grantee Share	Total Amount
Convening Cities Conference - Management Consultant: Consultant services including conference registration, on-site management, location identification, program development. Approx. 56 days of consultant work, not to exceed per diem of \$617/day	10,500	24,500	35,000
Data Consultant: To assist new sub-grantees on integrating Efforts to Outcomes data system into the work of the line staff. Approx. 24 days of consultant work, rate not to exceed standard CNCS per diem of \$617/day	0	15,000	15,000
Consultants: To work with LISC to assist the new Financial Opportunity Centers to implement client flow and bundling strategies. Approx. 75 days at a rate not to exceed CNCS per diem of \$617day	0	45,000	45,000
Evaluators: External Evaluation (total cost for three years is \$1,500,000)	240,000	113,000	353,000
CATEGORY Totals	250,500	197,500	448,000

H. Other Costs

Purpose -Calculation	CNCS Share	Grantee Share	Total Amount
Subgrants:	0	0	0
Subgrants for up to 45 organizations to implement the FOC model:	3,500,000	4,200,000	7,700,000

FOC Subgrantee conference- 100 people to attend, fees include trainers, conference materials and meals. Est. cost \$500/person; trainers' fees not to exceed \$617/day:	0	50,000	50,000
Subgranting process costs- expenses associated with managing the subgrant competition, including advertising rfp:	2,250	2,250	4,500
10 Webinars to provide training and t/a to all subgrantees @ \$700/webinar (hosting fees):	3,500	3,500	7,000
Grantee (LISC) staff criminal background checks:	300	0	300
Criminal background checks for subgrantee staff, per CNCS guidelines (to be included in subgrantee budgets):	0	0	0
CATEGORY Totals	3,506,050	4,255,750	7,761,800
SECTION Totals	3,958,751	4,930,741	8,889,492
PERCENTAGE	45%	55%	

Section II. Indirect Costs

J. Federally Approved Indirect Cost Rate

Calculation -Cost Type -Rate -Rate Claimed -Cost Basis	CNCS Share	Grantee Share	Total Amount
: Total Direct Costs: with a rate of 18.8 and a rate claimed of 18.8	259,675	0	259,675
CATEGORY Totals	259,675	0	259,675
SECTION Totals	259,675	0	259,675
PERCENTAGE	100%	0%	

BUDGET Totals	4,218,426	4,930,741	9,149,167
PERCENTAGE	46%	54%	

Source of Funds

Section	Match Description	Amount	Type	Source
Source of Funds	Citi Foundation	500,000	Cash	Private
	The Annie E. Casey Foundation	150,000	Cash	Private
	LISC unrestricted funds & cash on hand designated specifically to the Financial Opportunity Centers	1,530,000	Cash	Private
Total Source of Funds		2,180,000		