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**United States Department of the Treasury  
Office of Economic Policy**

**Notice of Funding Availability (NOFA):** Social Impact Partnerships to Pay for Results Act (SIPPRA) Projects

**Announcement Type:** Initial announcement

**Funding Opportunity Number:** UST-SIPPRA-2024-002

**Catalog of Federal Domestic Assistance (CFDA) Number:** 21.017

**Application Deadline:** Applications under this NOFA must be submitted no earlier than February 12, 2024 and no later than 11:59 p.m. Eastern Time April 15, 2024 electronically via [www.Grants.gov](http://www.Grants.gov).

**Funding Ceiling:** \$47 million (\$40.9 million for social impact projects, \$6.1 million for evaluations)

**Period of Performance:** Expected 48-60 months but project dependent.

**Anticipated Time to Awards:** October 15, 2024. There will not be a rolling review.

**For More Information:** Potential applicants are advised to review the Federal Register Notices for previous awards and other materials at <https://home.treasury.gov/services/social-impact-partnerships/sippa-pay-for-results>. Questions may be directed to Matthew Cook, SIPPRA Director, at [SIPPRA@treasury.gov](mailto:SIPPRA@treasury.gov).

**Summary:** The Department of the Treasury (Treasury) is issuing this Notice of Funding Availability (NOFA) to invite applications from State and local governments for awards under the Social Impact Partnerships to Pay for Results Act (the “Act”). An award recipient will receive payment if a specified outcome of the social impact partnership project is achieved as determined by the project’s independent evaluator. The payment to the Awardee must be less than or equal to the value of the outcome to the federal government over a period not exceeding ten years from the date implementation commences. Awards made under this NOFA will be administered by Treasury or by another federal agency with expertise in the social benefits addressed in the proposed project. Treasury expects to award up to approximately **\$40.9 million** in such competitive project grants under this NOFA. Treasury will prioritize projects that directly benefit children in order to meet the statutory threshold that 50 percent of awarded funds be used on awards that directly benefit children. In addition, State and local governments receiving project grants will be eligible to receive a grant for up to 15 percent of the project grant amount to pay for all or a portion of the cost of a statutorily required independent evaluation, which will

be paid regardless of whether outcomes have been met. Treasury expects up to approximately **\$6.1 million** to be available to pay for the costs of independent evaluations under this NOFA.

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## **A. Program Description**

### **1. Program Purpose and Authorizing Legislation**

In 2018, Congress appropriated \$100 million to Treasury to implement the Social Impact Partnership to Pay for Results Act (the “Act”), which established a new grant demonstration program to encourage funding social programs that achieve results (the “SIPPRA program”).<sup>1</sup> Under this NOFA, Treasury announces the availability of approximately \$40.9 million for payments for successful outcomes of social impact partnership projects through grants to State and local governments, and, for required project evaluations, the availability of up to approximately \$6.1 million. All awards provided through this NOFA are subject to funding availability.

As stated in the Act, the purposes of the SIPPRA program are

- (1) To improve the lives of families and individuals in need;
- (2) To redirect funds away from programs that, based on objective data, are ineffective, and into programs that achieve demonstrable, measurable results;
- (3) To ensure federal funds are used effectively on social services to produce positive outcomes for both service recipients and taxpayers;
- (4) To establish the use of social impact partnerships to address some of the Nation’s most pressing problems;
- (5) To facilitate the creation of public-private partnerships that bundle philanthropic or other private resources with existing public spending to scale up effective social interventions already being implemented;
- (6) To bring pay for performance to the social sector, allowing the United States to improve the impact and effectiveness of vital social services programs while redirecting inefficient or duplicative spending; and
- (7) To incorporate outcomes measurement and randomized controlled trials or other rigorous methodologies for assessing program impact.<sup>2</sup>

### **2. Funding Type**

The Act provides funds for two types of awards: (1) social impact partnership project grants, including grants to pay for independent evaluations for such projects, and (2) feasibility study grants. This NOFA only relates to funds for social impact partnership project grants and funds for the cost of a grantee’s independent evaluation. An awardee under this NOFA will receive a disbursement only if the awardee achieves one or more outcomes specified in the award agreement and if such outcomes are validated by an independent evaluation. The federal payment to the awardee for each specified outcome must be less than or equal to the value of the outcome to the federal government over a period not exceeding ten years from the date implementation commences. Payment for the independent evaluation will be made regardless of

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<sup>1</sup> For more information, please see the program webpage at <https://home.treasury.gov/services/social-impact-partnerships/sippa-pay-for-results>.

<sup>2</sup> See 42 U.S.C. 1397n.

whether outcomes have been met.

### **3. Limitations**

#### **a. Treasury Discretion to Make Awards**

Treasury may make awards to all, some, or none of the applicants under this NOFA and may make awards for amounts less than the amounts requested by applicants. Treasury is placing an upper limit on the amount of each project award—not including the associated independent evaluation—of \$10 million.

#### **b. Savings to the Federal, State, or Local Government**

According to the Act, projects may only be awarded if they produce savings to the federal, State, or local government, as defined in Section A.5 Outcome Valuation Methodology.

#### **c. Positive Benefit Cost Analysis (BCA)**

For this NOFA, Treasury will only consider applications that have a positive Benefit-Cost Analysis (BCA), as explained in Section A.5 Outcome Valuation Methodology.

#### **d. Directly Benefit Children**

The Act requires that “[n]ot less than 50 percent of all Federal payments made to carry out agreements under this section shall be used for initiatives that directly benefit children.”<sup>3</sup> Treasury will prioritize the funds available under this NOFA for projects designed to directly benefit children in order to meet the 50 percent threshold laid out in statute. To meet this threshold, taking into account the composition of the awards issued under the previous NOFA, 65 percent of the total possible award amount under this competition will be reserved for projects that directly benefit children. Other projects will be considered as long as Treasury reaches 50 percent of the overall available funding with its awards. Treasury will consider a project to “directly benefit children” if 1) the target population is children (aged 0-19 at the beginning of the intervention); or 2) the target population is parents of children. If the project benefits parents, in order to be considered a project that directly benefits children, the application must present strong evidence demonstrating a close logical, causal, and consequential relationship between the project’s effect on parents and the resulting positive effect on the parents’ children, and being a parent must be a part of the intervention’s eligibility criteria. Portions of projects can directly benefit children without having the entire project directly benefit children. Treasury welcomes questions regarding whether a specific project concept would qualify as a project that directly benefits children.

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<sup>3</sup> See 42 U.S.C. 1397n-2(f).

#### 4. Pay for Results Framework

This section provides an overview of the main features of the SIPPPRA program’s social impact partnerships: the pay for results model, outcomes, outcome payments, partnership formation, and the independent evaluations. Social impact partnerships are part of a pay for results model where groups of stakeholders including state and local governments, service providers, philanthropy, intermediaries, or others seek to produce outcomes that result in social benefit and federal, State, or local savings. Treasury, the Commission (Section E.2.c Phase 3: Consistency Review and Commission Recommendation), and the Interagency Council (Section E.2.d Phase 4: Interagency Council Certification and Treasury Determination) expect that approaches to these partnerships will differ across applications.

Applications under this NOFA must provide all required application elements set out in the Act at 42 U.S.C. § 1397n-1(c)(1)-(24).

##### a. The Pay for Results Model

The pay for results model mandated by the Act differs from many other federal grant programs, in which the federal government funds the cost of programs and services prior to implementation of the programs. Under the pay for results model (also referred to as the “pay for success” model), the federal government agrees to make payments only if specific, pre-determined, measurable outcomes are achieved. If the intervention does not achieve the pre-determined outcomes, then the federal government will not make an outcome payment. The Act provides that the federal government’s payment for an outcome must be less than or equal to the value of the outcome to the federal government over a period not exceeding ten years from the date implementation commences. Value to the federal government in this NOFA is defined as the net benefits from a BCA. For additional information, see Section A.5.a Federal Value for the SIPPPRA Program.

##### b. Outcomes

The Act requires that the social impact partnership “produce one or more measurable, clearly defined outcomes that result in social benefit and federal, State, or local savings.”<sup>4</sup> An outcome is a positive impact on a target population that an Applicant expects to achieve as a result of an intervention over the duration of a project. The partnership’s ability to identify, achieve, and agree upon suitable outcomes is a key determinant of whether pay for results is the appropriate funding instrument for addressing the identified social issue. The statute identifies the following outcomes:

- 1) Increasing work and earnings by individuals in the United States who are unemployed for more than 6 consecutive months.
- 2) Increasing employment and earnings of individuals who have attained 16 years of age but not 25 years of age.
- 3) Increasing employment among individuals receiving Federal disability benefits.
- 4) Reducing the dependence of low-income families on Federal means-tested benefits.

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<sup>4</sup> See 42 U.S.C. 1397n-1(b).

- 5) Improving rates of high school graduation.
- 6) Reducing teen and unplanned pregnancies.
- 7) Improving birth outcomes and early childhood health and development among low-income families and individuals.
- 8) Reducing rates of asthma, diabetes, or other preventable diseases among low-income families and individuals to reduce the utilization of emergency and other high-cost care.
- 9) Increasing the proportion of children living in two-parent families.
- 10) Reducing incidences and adverse consequences of child abuse and neglect.
- 11) Reducing the number of youth in foster care by increasing adoptions, permanent guardianship arrangements, reunifications, or placements with a fit and willing relative, or by avoiding placing children in foster care by ensuring they can be cared for safely in their own homes.
- 12) Reducing the number of children and youth in foster care residing in group homes, child care institutions, agency-operated foster homes, or other non-family foster homes, unless it is determined that it is in the interest of the child's long-term health, safety, or psychological well-being to not be placed in a family foster home.
- 13) Reducing the number of children returning to foster care.
- 14) Reducing recidivism among juvenile offenders, individuals released from prison, or other high-risk populations.
- 15) Reducing the rate of homelessness among our most vulnerable populations.
- 16) Improving the health and well-being of those with mental, emotional, and behavioral health needs.
- 17) Improving the educational outcomes of special-needs or low-income children.
- 18) Improving the employment and well-being of returning United States military members.<sup>5</sup>
- 19) Increasing the financial stability of low-income families.
- 20) Increasing the independence and employability of individuals who are physically or mentally disabled.
- 21) Other measurable outcomes defined by the State or local government that result in positive social outcomes and Federal savings.<sup>6</sup>

An outcome is measured by one or more indicators that are specific, unambiguous, and observable. The outcomes must be measured for the duration of the intervention period.<sup>7</sup> These outcomes must result in social benefit and savings to the federal, State, or local government. Outcome measurements are used to calculate the value to the federal government as discussed in Section A.5 Outcome Valuation Methodology.

### c. Outcome Payments

The federal government will only make a payment if the evaluation successfully shows, using the outcome valuation methodology described in Section A.5 Outcome Valuation Methodology, that an Awardee achieved the pre-determined outcome levels as a result of the intervention. To

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<sup>5</sup> This may include improving the employment and well-being of United States military members as they transition to civilian status either as non-activated members of the National Guard or Reserves or as they become Veterans of the Armed Forces.

<sup>6</sup> See 42 U.S.C. 1397n-1(b).

<sup>7</sup> The duration of a SIPPPA project may not exceed 10 years. 42 U.S.C. 1397n-2(c)(1)(C).

qualify for an outcome payment, an Awardee’s project must meet one or more positive outcome targets.<sup>8</sup> An outcome payment must be less than or equal to the value of the outcome to the federal government over a period not exceeding ten years from the date implementation commences, and for projects under this NOFA, Treasury is capping outcome payments at \$10 million. Under this NOFA, an applicant may propose one or multiple project outcomes and receive separate payments at separate points in time for each outcome achieved depending on how the partnership designs the intervention.

#### d. Partnership Formation

The State or local government as the eligible applicant may work with other entities, referred to as “partners,” to successfully achieve the outcomes. In addition to the Applicant, the partnership may include investors, service providers, and intermediaries. The Applicant also may fulfill one or more of these roles. Below are examples of possible partners:

- *Investor(s)* are entities that, if the Applicant is not doing so, provide the funding for the social service interventions. Investors may be not-for-profit or for-profit entities or public sector funds. They accept the risk that they will not be repaid in the event that the target outcome(s) are not achieved as a result of the intervention.
- *Intermediary(ies)* may be selected by the Applicant to coordinate the pay for results arrangement. The role of the intermediary may include (1) being responsible for achieving the negotiated outcome(s) for the target population by contracting with service providers; (2) raising funds from investors (if applicable) to cover the operating costs of implementing the services or programs; (3) changing or modifying service delivery methods and providers, with concurrence of the other partners, including the independent evaluator and, if applicable, investors; and (4) if outcome target(s) are met, receiving outcome payments from the Awardee and making payments to the investors, if applicable. The partnership is not required to include an intermediary organization, and a service provider, described below, may also serve as an intermediary.
- *Service provider(s)* deliver the intervention designed to achieve the outcomes sought in a pay for results partnership agreement. An applicant, or, where applicable, an intermediary arranges with a service provider to provide services and/or administer the interventions. Note that a service provider may be a State or local government agency.

#### e. Independent Evaluations

The Applicant must contract with an independent evaluator to determine if the project achieved the pre-determined outcome levels as outlined in the project agreement. To ensure the objectivity of evaluations and to preserve the independence of evaluators, the statute requires that the federal government enter an agreement separate from the project grant to recipients exclusively to fund an evaluator’s work on the project. State and local governments receiving project grants will be eligible to receive up to 15 percent of the project grant to pay for all or a portion of the cost of a statutorily required independent evaluator.<sup>9</sup> Treasury will make the payment for the independent

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<sup>8</sup> See 42 U.S.C. 1397n-2(c).

<sup>9</sup> See 42 U.S.C. 1397n-4(a) and (f).

evaluator regardless of whether outcomes have been met. This separate grant may not be used to pay for other project expenses or for fees associated with project stakeholder participation in the project. The independent evaluator must not have a financial or other stake in the project that would undermine its objectivity, and the Applicant must avoid the selection of an independent evaluator whose objectivity might be impaired. See Section D.2.a.g.4 Independent evaluator qualifications for the independent evaluator's required qualifications.

The independent evaluator must determine whether the intervention achieved the expected outcome(s) following the evaluation design plan. If successful, the federal government will then make a payment or payments to the Awardee based on the agreed upon payment schedule. See Section A.6. Independent Evaluation for more information on the requirements for the independent evaluation.

## 5. Outcome Valuation Methodology

Applications for social impact partnership projects must describe one or more outcome goals for the project, and then determine the value of each outcome to the federal government using outcome valuation. Outcome valuation is the process, at the application stage, for rigorously laying out the evidence and data used to determine the value to the federal government, and thus the appropriate payment from the federal government, for the improved outcomes resulting from project interventions. For projects under this NOFA, *value to the federal government* is defined as the net benefits derived from a benefit-cost analysis (BCA) over a period not exceeding ten years from the date implementation commences.

As explained in detail below, the Applicant must first show that, as a result of the anticipated outcome of the project intervention, there will be savings to the federal, State, or local government. *Savings* is defined as reductions in governmental outlays that are directly the result of the project intervention net of the project's cost. Increased revenues as a result of the intervention are not considered savings. There must be savings for a project to be funded through the SIPRA program.<sup>10</sup>

Applicants must then perform a BCA that will be used to determine the value to the federal government. The Applicant may use savings to the federal, State, or local governments, calculated in the previous step, as one of the benefits used in the calculation.

Using the BCA process, the Applicant will then determine the net benefits of a project outcome, which is the monetized value of the benefits minus the costs. If this number is greater than zero (i.e., benefits exceed costs), then there is a positive value to the federal government. If the net benefit is not greater than zero, there is not a positive value to the federal government, and therefore the project is not eligible for payment. The federal payment to an Awardee must be less than or equal to the value of the outcome to the federal government over a period not exceeding ten years from the date implementation commences. Treasury is placing an upper limit of \$10 million on the amount of each project award (not including amounts for the associated independent evaluation).

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<sup>10</sup> See 42 U.S.C. 1397n-1(b); 42 U.S.C 1397n-5(a)(8).



a. Federal Value for the SIPPPRA Program

Applicants must use benefit-cost analysis (BCA) to determine the value to the federal government, which is the maximum amount that the Applicant can receive as an outcome payment. BCA is a systematic process for identifying, quantifying, and comparing expected benefits and costs of a potential project, policy, or action to society. In executing the BCA, Applicants must account for both social benefits (including savings to a State or local government or to the federal government) that provide positive value to the federal government, and costs, which result in negative value, to determine the net value to the federal government.

The rest of this section provides a recommended guide for calculating benefits and costs through BCA to determine the value to the federal government for the purposes of the SIPPPRA program.<sup>11</sup> Applicants may consult OMB Circulars [A-4](#) and [A-94](#) for additional guidance.

Step 1. Demonstrate savings to the federal, State, or local government

Over the course of the period of performance of a project, interventions *must* provide savings to the State or local government or to the federal government, in the form of reduced outlays as described below. This step is a threshold requirement and must be presented as a separate calculation in the application, prior to those savings being incorporated into the BCA as a social benefit of the project outcome.

The federal, State, and local savings calculation analysis requires estimating the savings—reductions in outlays<sup>12</sup>—that accrue to the federal, State, and local governments that are the result of the intervention, over the period of performance of the project. The savings calculation must incorporate increases in costs due to intended or unintended impacts of the intervention. In some cases (particularly where there are complex program interactions), it may be necessary to estimate baseline outlays and compare outlays under the intervention to arrive at an appropriate estimate of savings. The application must provide sufficient information (e.g., all data sources, related literature, assumptions, and justifications) to show how the Applicant estimated savings that occur as a direct result of the proposed intervention. Applicants must document and submit their estimates of changes to outlays as a direct result of each proposed intervention such that these analyses can be replicated. Only Applicants with federal, State, or local savings will be considered for the SIPPPRA program.<sup>13</sup> Savings to each level of government should be presented separately to show how outlays are changing at each level of government as a result of the intervention.

The Applicant must carefully consider how the project intervention may cause the substitution of benefits delivered through one social program for another. Specifically, the Applicant must consider how the intervention will affect eligibility for other federal programs and how this will affect the change in outlays. For example, an intervention that increases employment could decrease participation in government assistance programs while increasing eligibility for

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<sup>11</sup> This guide is not intended to be a general guide for BCA and is for the purposes of the SIPPPRA program only.

<sup>12</sup> Applicants proposing to generate value to the federal government only through reductions in federal administrative expenses will not be considered eligible.

<sup>13</sup> See 42 U.S.C. 1397n-1(b); 42 U.S.C 1397n-5(a)(8).

reimbursable employment-based tax credits. Both the decrease in assistance outlays and the increase in refundable tax credit expenditures are changes in government outlays resulting from the project intervention and must be taken into account in the savings calculation.

In estimating the project intervention's effect on the outlays of a government program, the Applicant must carefully consider the funding structure of the program and whether or not the program is oversubscribed, i.e., the program has more eligible individuals than funding available for services, such that when one individual is removed from the program another eligible individual replaces that individual.

For applicants who plan to use savings from Medicaid or CHIP, see Section J. Appendix II: Integration of Managed Care Information/Data for the integration of managed care information/data. This information is required to certify such savings.

Step 2. Assess costs and benefits from the intervention's effect to the "target" population for each time period

The next step of the outcome valuation process is to use BCA to assess the costs and benefits of the intervention on its target population. BCA is a systematic process for identifying, quantifying, and comparing expected benefits and costs to society of a potential project, policy, or action.

Estimated benefits are based on the projected social impacts of the project, valued in monetary terms. There are a wide range of benefits that can be included in a BCA, and which ones to include will be heavily dependent on the type of intervention that is designed. For example, if the program seeks to increase economic opportunity through a job training program, it might be expected to result in increased wages, increased revenues to the federal, State, and local government, and decreased outlays on programs like SNAP or Medicaid.

The savings calculated in Step 1 must be included in the BCA. Such benefits must be adjusted by the Marginal Cost of Public Funds, a cost adjustment which accounts for the distortion effect of taxes on the cost-benefit tradeoff of actions (this effect is referred to as Dead Weight Loss). Because of Dead Weight Loss, the cost of every dollar of public funds (the Marginal Cost of Public Funds) is greater than \$1. For the purposes of consistency within the SIPBRA program, all benefits from government savings must be multiplied by the Marginal Cost of Public Funds of \$1.25.<sup>14</sup> Similarly, any increases in revenues to any level of government must be adjusted by the Marginal Cost of Public Funds. See Appendix I for an example of how to apply the Marginal Cost of Public Funds.

Costs include the resources required to develop the project and the costs to facilitate the project over time. Costs associated with impacted federal, State, and local programs must be included in the estimated cost of the program, and these should also be multiplied by the Marginal Cost of Public Funds.

Applicants are encouraged to use existing research, incorporating analytical tools grounded in

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<sup>14</sup> For further explanation of these principles, see OMB Circular A-94, pg. 17.

microeconomic theory, to quantify the costs and benefits of their expected outcomes. For a greater discussion of analytical tools for BCA see Section K. Appendix III: Benefit-Cost Analysis Tools. When possible, stated preference (for example, surveys of how much an individual values a particular good or service) should be avoided in arriving at any of the core assumptions of the BCA.

### Step 3. Assess external costs and benefits

Applicants' BCA must also consider the effects of interventions that extend beyond the target population. In particular, some interventions may generate positive or negative unpriced external effects, known as externalities. For example, when a person consumes a gallon of gasoline, they pay a price, and receive a benefit. However, that gallon of gasoline also produces air pollutants, both in its production and final consumption. Therefore, when the consumer uses the gallon of gasoline, air pollution is a negative externality of that purchase. Similar externalities, whether positive or negative, must be considered in the Applicant's BCA.

Additionally, when considering external costs and benefits, applicants must guard against double-counting, since some benefits or costs are embedded in other broader measures. To balance this goal with concerns about under-counting meaningful effects by excluding potentially overlapping benefits or costs, it may be helpful to include a range—with the lower-bound estimate prioritizing the avoidance of double-counting and the upper-bound estimate prioritizing avoidance of omitted categories of impacts. See OMB Circular A-4 for additional guidance.

### Step 4. Sum costs and benefits by time period

As illustrated in the example provided in Appendix I: Example of Outcome Valuation Process, for each time period in the analysis, sum the costs and benefits calculated in Steps 1-3. Calculate the net benefits for each time period by subtracting the costs from the benefits.

### Step 5. Appropriately account for inflation and sum across time periods

In order to ensure a meaningful comparison between benefits and costs, it is important that all monetized values used in a BCA be expressed in common terms. Data obtained for use in BCAs is sometimes expressed in nominal dollars from several different years. Nominal dollars reflect the effects of inflation over time and are sometimes also called current or year of expenditure (YOE) dollars. Such values must be converted to real dollars (also referred to as constant dollars), using a common base year, to net out the effects of inflation. Applicants must use the Consumer Price Index (All Urban) from the FY 2024 President's Budget Mid-Session Review for all inflation adjustments.<sup>15</sup> Projects that have benefits and costs beyond 2033 should assume an inflation rate of 2.3%.

In some benefit-cost calculations, after netting out the effects of inflation, a second distinct adjustment, called discounting, is made to account for the time value of money. However, the SIPRA program operates over a relatively short period of time, lowering the impact of

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<sup>15</sup> [https://www.whitehouse.gov/wp-content/uploads/2023/07/msr\\_fy2024.pdf](https://www.whitehouse.gov/wp-content/uploads/2023/07/msr_fy2024.pdf), p. 6.

discounting on value calculations. Therefore, do not discount costs and benefits.

For the BCA used in SIPPRAs, a 10-year time period is allowed in which to accrue benefits.<sup>16</sup> Once each time period is adjusted for inflation, sum across the time periods—up to 10 years.<sup>17</sup> Also, calculate the benefit-cost ratio by dividing the benefits by the costs. Only projects with a benefit-cost ratio greater than one will be considered for SIPPRAs.

For an example of how to apply these steps, see Section I. Appendix I: Example of Outcome Valuation Process.

b. “Tips” for Conducting BCA for SIPPRAs Program Projects

The following recommendations may be helpful to applicants in conducting BCA for SIPPRAs projects.

Tip #1. Avoid any effects of your program to the general economy.

Some changes have big enough impacts to change the prices of goods or services in a market. For example, a national change to the replacement rates for unemployment insurance will have large enough effects to adjust wages for everyone, not just individuals in a program (known as general equilibrium effects). However, programs and policy changes of the size that are eligible under SIPPRAs are not large enough to affect prices. For example, a small job training program for unskilled workers is unlikely to move the market price for unskilled labor. Therefore, when assessing the benefits of the program, the BCA analyst must only consider the additional wages the worker receives and not consider any benefit to employers.

Tip #2. Do not give different weights to different groups or populations of people.

Some BCAs use distributional weights, an approach in which different weights are applied to costs and benefits for different groups. For the purposes of SIPPRAs, Treasury is not considering distributional weights.

Tip #3. Do not use discounting for time preference.

When performing forward-looking BCA, future costs and benefits are sometimes discounted. However, given that the SIPPRAs program operates over a relatively short period of time, costs and benefits will not be discounted for time preference. As explained above, however, adjusting for inflation is required.

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<sup>16</sup> See 42 U.S.C. 1397n-2(c)(1)(B).

<sup>17</sup> As described above, for purposes of meeting the SIPPRAs statutory requirement that a project provide savings to the State or local government, or to the federal government, savings must be achieved by the time of project completion. See 42 U.S.C. 1397n-5(a)(9). However, for purposes of counting savings as benefits towards the BCA calculation, savings may be calculated up to a 10-year time period like other benefits.

## 6. Independent Evaluation

This section addresses post-award independent evaluations, including evaluation design, research methodologies, and expected coordination of activities.

### a. Overview

By statute, SIPPR program projects must have evaluations conducted by independent evaluators.<sup>18</sup> Awardees can expect to commit significant time and resources to the formal evaluations of their project. All applicants are eligible to receive evaluation funding to support post-award evaluation costs, regardless of whether outcomes are met.

The federal government will fund up to 15 percent of the amount of the estimated project award (not including the cost of the evaluation) for an independent evaluation of the project.<sup>19</sup> The federal government will base its maximum award of funds for the grantee's cost of an independent evaluator on the amount of the top tier outcome payment. The federal government will fund only completed post-award evaluation work. The federal government will not pay for pre-award costs or the portion of an evaluator's contract contemplating evaluation work that is not completed in the event a project terminates earlier than expected.

### b. Evaluation Requirements

The Act requires projects to establish that the outcomes “have been achieved as a result of the intervention.”<sup>20</sup> The evaluation used to determine whether a State or local government will receive outcome payments under SIPPR shall use experimental designs with random assignment or other reliable evidence-based research methodologies that, as certified by the Interagency Council, allow for the strongest possible causal inferences when random assignment is not feasible.<sup>21</sup> The project's independent evaluation must be designed to assess the strength of the causal evidence, i.e., the degree to which the evaluation establishes the causal impact of the intervention on the outcomes of interest not due to other factors.<sup>22</sup>

Randomized controlled trials (RCTs) are generally considered to be the most rigorous type of experimental design. In RCTs, a sample is randomly split into two groups— treatment and control. One will receive the intervention and the other will continue as normal. These studies are designed to minimize the chance that the observed difference in outcomes is due to an alternative explanation.

Treasury will also accept other reliable, evidence-based research methodologies commonly known as quasi-experimental design studies. These are studies with an evaluation design in

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<sup>18</sup> See 42 U.S.C. 1397n-1(c)(22); 42 U.S.C. 1397n-4(b).

<sup>19</sup> See 42 U.S.C. 1397n-4(a) and (f).

<sup>20</sup> See 42 U.S.C. 1397n-1(c)(7).

<sup>21</sup> See 42 U.S.C. 1397n-4(c).

<sup>22</sup> More information on evidence standards in the context of Federal program evaluations can be found at <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>.

which outcomes for the treatment group, or a broader target population that includes both the treatment group and those outside the treatment group, are measured relative to a comparison group. Such a design attempts to approximate an experimental design and can support causal conclusions, without random assignment. Sophisticated analytic techniques are used to control for factors that might be associated with the outcome being analyzed. Applicants that cannot implement an RCT study will not be deemed less competitive or penalized for implementing a quasi-experimental design. Applicants using a quasi-experimental design must address other possible causes of the outcomes, such as selection, other policies, economic conditions, and other confounding factors. This should include a description of the contrast in services that the comparison and treatment group will receive during the project period.

A part of this evaluation will be a statistical significance requirement where the coefficient on the treatment variable is statistically significant (supporting rejection of the null hypothesis of no impact). For purposes of the SIPBRA program, the coefficient will be considered statistically significant if the null hypothesis falls outside of the 80 percent confidence interval. The choice of how to best calculate standard errors and confidence intervals is left to the independent evaluator, who must follow best practices based on the identification strategy. The power calculation (see guideline #12 on pg. 20) required in the evaluation design plan will be a critical input for Treasury to consider when evaluating the application.

Applicants may use classical statistical analysis or Bayesian statistical analysis. For applicants using Bayesian statistical analysis, the appropriate Bayesian tests must be used to show the equivalent of classical statistical significance at the 80 percent level. Additionally, applicants using Bayesian statistical analysis must conduct prior sensitivity analysis to ensure any causal result is not due only to a dominant prior. Applicants using this approach must use high-quality experimental or quasi-experimental evidence to justify the prior distribution.

#### c. Evaluation Design Plan

The Applicant must provide an evaluation design plan that includes a range of information related to design, implementation, statistics, and data. The full list of requirements is available in Section D.2.a.(g)5 Evaluation design plan.

The design plan may evolve during a project's early implementation period (approximately the first 6–12 months) to ensure proper measurement of project outcomes. However, outcome goals may not change without prior approval from Treasury or the administering federal agency. Grantees must submit the design plan to Treasury or the administering federal agency once it is finalized. Elements of the evaluation design plan may be posted on the Federal Interagency Council on Social Impact Partnerships (Interagency Council) website.<sup>23</sup>

#### d. Evidence Standard

The Act requires Treasury to take into consideration the likelihood, based on evidence provided in the application and other evidence, that the State or local government in collaboration with the

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<sup>23</sup> See 42 U.S.C. 1397n-10(3)(J).

intermediary and the service providers will achieve the specified outcomes.<sup>24</sup> The evidence base should consist of well-designed and well-implemented experimental studies or quasi-experimental studies that support the effectiveness of the practice, strategy, or program; and/or large, well-designed, and well-implemented randomized controlled, multi-site trials that support the effectiveness of the practice, strategy, or program. The magnitude of the impact assumed for the SIPBRA project must be derived from this evidence base.

For each project application, the Subject Matter Expert Panel (see Section E.2.b) will determine the strength of the evidence provided, as described further below. Projects with strong or moderate evidence are most likely the best candidates for the SIPBRA program, but all projects will be considered.

- *Strong evidence* means that the evidence base can support causal conclusions for the specific program proposed by the applicant with the highest level of confidence. The evidence must support causal conclusions (i.e., studies with high internal validity) and include enough of the range of participants and settings to support scaling up to the state, regional, or national level (i.e., studies with high external validity). The following are examples of strong evidence: 1) More than one well-designed and well-implemented experimental study or well-designed and well-implemented quasi-experimental study that supports the effectiveness of the practice, strategy, or program; or 2) one large, well-designed and well-implemented randomized controlled, multi-site trial that supports the effectiveness of the practice, strategy, or program.
- *Moderate evidence* means that there is a reasonably developed evidence base that can support causal conclusions. Evidence from previous studies on the program, the designs of which can support causal conclusions (i.e., studies with high internal validity) but have limited generalizability (i.e., moderate external validity). This also can include studies for which the reverse is true— studies that only support moderate causal conclusions but have broad general applicability. The following would constitute moderate evidence: 1) At least one well-designed and well-implemented experimental or quasi-experimental study supporting the effectiveness of the practice strategy, or program, with small sample sizes or other conditions of implementation or analysis that limit generalizability; 2) at least one well-designed and well-implemented experimental or quasi-experimental study that does not demonstrate equivalence between the intervention and comparison groups at program entry but that has no other major flaws related to internal validity; or 3) correlational research with strong statistical controls for selection bias and for discerning the influence of internal factors.
- *Preliminary evidence* means that the evidence base can support conclusions about the program's contribution to observed outcomes. The evidence base consists of at least one non-experimental study. A study that demonstrates improvement in program beneficiaries over time on one or more intended outcomes OR an implementation (process evaluation) study used to learn about and improve program operations would constitute preliminary evidence. Examples of research that meet the standards include: 1) outcome studies that track program beneficiaries through a service pipeline and measure beneficiaries' responses at the end of the program; and 2) pre- and post-test research that determines whether beneficiaries have improved on an intended outcome.

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<sup>24</sup> See 42 U.S.C. 1397n-2(b)(3).

The project narrative must include a theory of change and a logic model that builds from this evidence base. A theory of change must inform the intervention design by reflecting the logical (and evidence-informed) reasoning that supports the expectation the actions taken will lead to the intended outcomes. The logic model builds off this theory of change. A logic model provides a bridge between project design and the evaluation by clarifying the inputs, activities, outputs, outcomes, and impacts that can help to crystalize how each of those things can be measured and tracked.

e. Evaluation Facilitation

The Applicant is expected to participate in and manage several activities to ensure the successful independent evaluation of demonstration projects. These activities include:

- Working with the independent evaluator to facilitate the execution of the overall evaluation strategy and to ensure the intervention is performed according to the evaluation design plan described above;
- Reporting progress and final evaluation results to Treasury and/or the relevant federal agency on schedule;
- Over the course of the performance period, working with the independent evaluator to ensure that project randomization procedures and other evaluation processes are adhered to;
- Working with the independent evaluator to modify evaluation plans, as appropriate.
- Ensuring that the independent evaluator can collect all relevant data and has access to needed datasets.

f. Agreement with Independent Evaluator

Because the evaluation findings provide the basis for pay for results payments to the grantee, the agreement each applicant enters into with an independent evaluator must require an agreed-upon evaluation design and methodology, observed outcome measure(s), and findings regarding outcome targets. The agreement must address the following:

- Plan to obtain relevant datasets from various sources, for example, local agencies, state agencies, or other federal agencies, including the responsibilities of the grantee and evaluator in accomplishing this task;
- Design and coding of a management information system, as needed, that is tailored for research or evaluation, to track participants and obtain individual level data;
- Collection or assessment of individual-level data. The independent evaluator must work directly with the Applicant and other organizations to enter into one or more agreements for the access and use of the data. These agreements must include assuring data quality and adherence to all federal and state data privacy statutes and policies and data security standards;
- Institutional Review Board (IRB) approval or a plan to get IRB approval to ensure the protection of human subjects, to the extent applicable; and
- Submission of progress reports to Treasury, the Interagency Council, and the head of the



relevant agency in accordance with the reporting requirements described in Section F.3.b Evaluation Progress Reports and Section F.3.c Evaluation Final Reports.

If the Applicant is unable to execute an agreement prior to the application deadline, Treasury will accept a draft agreement containing these elements.

## **B. Federal Award Information**

### **1. Type of Federal Award**

Treasury expects to award up to \$40.9 million to fund projects under this NOFA, with an additional amount up to \$6.1 million available to fund the independent evaluations. The total amount awarded under this NOFA will be determined based on the number and strength of applications for projects received and other programmatic considerations. Treasury reserves the right to make no awards or to make awards for amounts less than the amounts requested by applicants. As stated above, Treasury is placing an upper limit on the amount of each project award – not including the associated independent evaluation – of \$10 million.

As noted above, for projects funded under this NOFA, the federal government, under separate agreements with grantees, will also make available up to 15 percent of the project award amount (not including the cost of the evaluation) for the cost of an independent evaluation. These agreements to pay for evaluations will provide for payment regardless of outcomes, but the agreements will limit payments to evaluation work performed.

### **2. Project Period**

SIPPRA funds must be liquidated by September 2033. Therefore, the period of performance for SIPPRA project awards must end by September 2032, to allow for up to six months for final measurement, analysis, evaluation, submission of the independent evaluator's final report, and submission of payment requests to the federal government.<sup>25</sup> Applicants should carefully construct their project timeline to allow sufficient time for all required activities. Treasury expects the period of performance to generally be about 48-60 months, but this will be heavily dependent on the nature of the project interventions. Applicants must specify the intervention period and explain the basis for specifying such period. Requests to extend the period of performance after an agreement is awarded will not be considered.

## **C. Eligibility Information**

### **1. Eligible Applicants**

Only States or local governments are eligible applicants; applications from any other entities will

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<sup>25</sup> The Act provides that the period of performance under the award agreements may not exceed 10 years. *See* 42 U.S.C. 1397n-2(c)(1)(C). Treasury will strive to maximize use of the amounts Congress appropriated to make awards and outcome payments. The Act appropriates funds that are available for ten years to make awards. *See* 42 U.S.C. 1397n-9 and 1397n-13. Federal law generally provides that disbursements of funds awarded within the SIPPRA program 10-year window (e.g., outcome payments) must occur within five years after that 10-year window closes. *See* 31 U.S.C. 1552(a).

not be reviewed. The Act defines the term “State” to mean each State of the United States, the District of Columbia, each commonwealth, territory, or possession of the United States, and each federally recognized Indian tribe. For purposes of this NOFA, the term “State” shall, consistent with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) at 2 CFR Part 200, include any of a State’s agencies or instrumentalities, and the terms “local government” and “federally recognized Indian tribe” shall have the meanings given in the Uniform Guidance. Multiple agencies within a state or local government are eligible to apply, or interjurisdictional groups of state or local governments may apply together. In both cases, a lead applicant must be identified. Local governments for SIPPRAs purposes may include, but are not limited to, cities, counties, school districts, or other special districts.

Eligibility determinations in prior funding rounds have no bearing on and do not guarantee eligibility in this round of SIPPRAs funding. Applicants are also not able to request changes or amendments to agreements based on this NOFA’s criteria if made under the previous NOFA.

## **2. Cost Sharing or Matching**

Cost sharing or matching funds, as defined in the Uniform Guidance,<sup>26</sup> are not required, and the financial contributions from any investors for project implementation are not characterized as cost sharing or matching funds.

## **3. Other**

The identified social problem(s) or other social benefits to be addressed by the intervention must relate to one of the outcomes identified in SIPPRAs and listed in Section A.4.b. Outcomes.

## **D. Application and Submission Information**

### **1. How to Obtain an Application Package**

This NOFA, found at [www.Grants.gov](http://www.Grants.gov) and [www.Treasury.gov/SIPPRAs](http://www.Treasury.gov/SIPPRAs), contains all of the information and links to forms needed to apply for grant funding. An application package may be obtained from [Grants.gov](http://Grants.gov) by using this NOFA’s CFDA number: 21.017 or by emailing the SIPPRAs Director Matthew Cook at [SIPPRAs@treasury.gov](mailto:SIPPRAs@treasury.gov). Information on how to apply for grants can be found at <https://www.Grants.gov/web/grants/applicants/apply-for-grants.html>.

### **2. Content and Form of Application Submission**

#### **a. Application for Project Award**

Applications submitted in response to this NOFA must include the following:

- a) SF-424, Application for Federal Assistance;
- b) SF-424A, Budget Information for Non-Construction Programs (if applicable);

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<sup>26</sup> See 2 CFR 200.29.

- c) SF-424C, Budget Information for Construction Programs (if applicable);
- d) SF-LLL, Disclosure of Lobbying Activities;
- e) Grants.gov Lobbying Form;
- f) Project Narrative

The project narrative (page limit is 20 pages) must include the following:

- (1) A not more than two-page project overview that will state the name of the project, amount of funding requested, project intervention period, total project timeline, name of service provider, name of intermediary (if any), name of investor(s), name of independent evaluator, if the project directly benefits children, a brief summary of the project, and brief summary of the expected outcomes to be achieved as a result of the intervention.
- (2) The outcome goals of the project, formulated as discussed in Section A.4.b Outcomes, and describing the existing base of evidence and citing available research literature. This section must include a theory of change and logic model for how the intervention will lead to these outcome goals building from the available research. See Section A.6.d Evidence Standard for a discussion of the theory of change and the logic model;
- (3) The project timeline, including the project intervention period;
- (4) A description of each intervention in the project and anticipated outcomes of the intervention including a summary of the value of the anticipated outcomes that is laid out in detail in section #7 of the project narrative attachments;
- (5) A service delivery plan for delivering the intervention through a social impact partnership model, including the proposed payment terms (e.g., the terms of any tiered payment scheme proposed by the applicant) and performance thresholds (i.e., the outcome goal or, in the case of a tiered payment scheme, a range of outcomes);
- (6) The target population that will be served by the project and the criteria used to determine the eligibility of an individual for the project, including how the target population will be identified, how individuals will be referred to the project, how they will be enrolled in it, and the extent to which affected stakeholders will be engaged in the development and implementation of the project and evaluation;
- (7) A succinct summary of the unmet need in the area where the intervention will be delivered or among the target population who will receive the intervention and the expected social benefits to participants who receive the intervention and others who may be impacted;
- (8) A description of whether and how the applicant and service providers plan to sustain the intervention, if it is timely and appropriate to do so, to ensure that successful interventions continue to operate after the period of the social impact partnership;
- (9) Whether (and if so, how and what percentage of) the project will directly benefit children; and
- (10) The Applicant may also consider including information on how the intervention would foster innovation in social policy, yield a diversity of target populations and grantees, advance racial equity and support for underserved communities as described in Executive Order 13985, or include any other non-monetary benefits that could not be included in the BCA. Depending on the number of applications,

Treasury may take these into consideration when choosing awardees.

g) Project Narrative Attachments;

The following items are required to be submitted as attachments to the project narrative:

1. **Project budget:** Provide a narrative for the budget, including amounts expected to be expended by partners. Please limit this to 5 pages or fewer.
2. **Partnership agreements:** Provide a partnership agreement between the Applicant and all project partners. The partnership agreement must either be signed or, if submitted in draft form, must be accompanied by signed letters of intent to enter into such an agreement should the application be successful. The partnership agreement between the applicant and the partners, which must be attached to the grant application, must address each of the following.
  - (1) Clearly defined roles and responsibilities of each partner;
  - (2) A plan for sharing data among the partners, including but not limited to a Memorandum of Understanding or Memorandum of Agreement, which may be conditioned on the award of a grant, that appropriately safeguards the privacy of individuals in the targeted population in accordance with applicable laws;
  - (3) A representation that all project partners have reviewed an independent evaluation plan for the project and an agreement by all the partners to cooperate in the implementation of the evaluation plan as necessary; and
  - (4) A payment arrangement between the applicant and project partners (including the intermediary and/or investors, as applicable), demonstrating that all partners understand that payment by the federal government is conditioned upon the independent evaluator's verification that the project's pre-determined outcome(s) and value generated have been met. This payment arrangement must include a plan and timeline describing each payment point that the project partners have agreed on, and the corresponding outcome targets that will be evaluated in the impact evaluation. Although the federal government generally will make payments to the grantee if the independent evaluator determines that the project achieved the specified outcome as a result of the intervention and the payment is less than or equal to the value of the outcome to the federal government,<sup>27</sup> the federal government is not responsible for making payments to the Awardee's partners.
3. **Partner qualifications.** Please limit this to 3 pages or fewer.
  - (1) Service provider. Describe the expertise of each service provider that will administer the intervention, including a summary of the experience of the service provider in delivering the proposed intervention or a similar intervention, or demonstrating that the service provider has the expertise necessary to deliver the proposed intervention. This description must include a discussion of the capacity of the service provider to deliver the intervention to the number of participants the State or local government

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<sup>27</sup> See 42 U.S.C. 1397n-2(c)(1)(B) and (2).

proposes to serve in the project.

- (2) **Intermediary.** With respect to any intermediary specifically, the application must discuss the intermediary's mission and goals; its experience and capacity for providing or facilitating the provision of the type of intervention proposed; information on whether the intermediary is already working with service providers that provide this intervention or an explanation of the capacity of the intermediary to begin working with service providers to provide the intervention; its experience working in a collaborative environment across government and non-governmental entities to implement evidence-based programs; its previous experience collaborating with public or private entities to implement evidence-based programs; its ability to raise or provide funding to cover operating costs, as applicable; its capacity and infrastructure to track outcomes and measure results, including its capacity to track and analyze program performance and assess program impact; its experience with performance-based awards or performance-based contracting and achieving milestones and targets; and an explanation of how the intermediary would monitor program success, including a description of the interim benchmarks and outcome measures.
- (3) **Investor.** In addition, to the extent the Applicant intends to use investors and has not already identified and received commitments from them, the application must discuss the experience of the State or local government, intermediary, if any, or service provider in raising private and philanthropic capital to fund social service investments.

4. **Independent evaluator qualifications:** Provide a summary explaining the independence of the evaluator from the other entities involved in the project and the evaluator's experience in conducting rigorous evaluations of program effectiveness including, where available, well-implemented RCTs and quasi-experimental analyses on the intervention or similar interventions. When discussing experience, please note both personnel and organization experience. Applicants must address the following qualifications of the evaluator. Please limit this to 3 pages or fewer.

- (1) Experience working with the datasets the project expects to use;
- (2) Prior work in conducting implementation and causal impact evaluation and how their past methodologies and evaluation design experience will be used in the proposed project. Please provide examples of evaluations that they have completed of similar scope and complexity;
- (3) Qualifications of the key personnel designing and overseeing the evaluation and ensuring its quality, including their education or training and type and years of experience;
- (4) Experience in managing similar evaluation protocols (e.g., this type of sampling, data collection, analysis); and
- (5) Experience dealing with unforeseen data or implementation issues in other program evaluations. Provide specific examples and experiences dealing with unforeseen data or implementation issues.

5. **Evaluation design plan:** Provide an evaluation design plan by following the

following guidelines. Please limit this to 10 pages or fewer.

Demonstrate a high-quality design by:

- (1) Explaining how the proposed evaluation is best suited for the project;
- (2) Documenting the project evaluation's research question(s), the data to be collected and analyzed, how data quality and integrity will be maintained, e.g., how attrition will be minimized, and specify overall and subgroup samples;
- (3) Describing how the project will be implemented with fidelity, e.g., how random assignment to treatment and control groups will be ensured;
- (4) Providing and justifying the selected evaluation strategy, i.e., RCT or quasi-experimental design;
- (5) Explaining how the methodology will measure relevant unintended outcomes and/or negative impacts;
- (6) Stating whether the design is likely to generate evidence that can support causal conclusions, as described in Section A.6.d Evidence Standard;
- (7) Describing anticipated challenges, such as attrition, failed randomization, and oversubscription and plans to mitigate them; and
- (8) Showing how the evaluation will be independent of the intervention and financing structure.

Incorporate appropriate evaluation design by

- (9) Describing the metrics that will be used in the evaluation to determine whether the outcomes have been achieved as a result of the intervention including key outcomes and outcome targets; an explanation of how the metrics will be measured; and an explanation of how the metrics are independent, objective indicators of impact that are not subject to manipulation by the service provider, the intermediary, or investors, if any;
- (10) Describing the statistical assumptions required to infer causal effects in the research design (e.g., absence of spillovers, identifying conditions for non-RCTs, etc.). Provide examples of how these assumptions could be violated;
- (11) Proposing all important covariates that will be used in evaluation analysis, including how these measures will be operationalized, and the data used for them;
- (12) Describing anticipated statistical and analytical methods (such as regression equations to be used), power calculations, and minimal detectable impacts for each proposed outcome. Please include the actual power and minimal detectable impact estimates for each proposed outcome;
- (13) Describing what hypothesis testing procedure will be used (e.g., p-values), what hypotheses will be tested, and how the tests will be conducted (e.g., robust standard error estimators, etc.)

- (14) Including the anticipated customized randomization plan if applicable;
  - (15) Describing an approach for coordinating all partners and required evaluation activities, including assisting the independent evaluator in collecting and accessing the necessary data, and include a timeline;
  - (16) Describing an approach for conducting an evaluation of program implementation, potentially using an implementation framework (e.g., the Consolidated Framework for Implementation Research)
6. **Independent evaluator contract or agreement.** Provide a copy of the contract or agreement to be entered into between the State or local government and the independent evaluator. The contract or agreement must address the following information.
- (1) Plan to obtain relevant datasets from various sources, for example, local agencies, state agencies, or other federal agencies, including the responsibilities of the grantee and evaluator in accomplishing this task;
  - (2) Design and coding of a management information system, as needed, that is tailored for research or evaluation, to track participants and obtain individual level data;
  - (3) Collection or assessment of individual-level data. The independent evaluator must work directly with the applicant and other organizations to enter into one or more agreements for the access and use of the data. These agreements must include assuring data quality and adherence to all federal and state data privacy statutes and policies and to all applicable data security standards;
  - (4) Institutional Review Board (IRB) approval or a plan to get IRB approval to ensure the protection of human subjects, to the extent applicable; and
  - (5) Submission of progress reports to Treasury, the Interagency Council, and the head of the relevant agency in accordance with the reporting requirements described in Section F.3.b Evaluation Progress Reports and Section F.3.c Evaluation Final Report.
7. **Outcome valuation:** Provide an attachment detailing the outcome valuation of the anticipated outcomes, as described in Section A.5 Outcome Valuation Methodology. Start by detailing the projected savings to the federal, state, or local government and make clear which level of government anticipates receiving savings. Then, provide a completed BCA that details the monetized benefits and costs including incorporating the federal, State, or local savings as a benefit. Applicants must provide the estimated total value and savings, estimated value and savings per project participant, estimated value and savings per dollar spent on the intervention, as well as the methodology used by the Applicant in arriving at such estimates. Also, provide the estimated savings over the course of the period of performance. Applicants should cite evidence that the reviewers can assess when deriving the estimated benefits and costs. Treasury strongly recommends that the Applicant provide an unprotected Excel spreadsheet that allows a reviewer to view and manipulate all underlying data. Please limit this to 10 pages or fewer.
8. **Legal compliance:** If the Applicant proposes a project including a construction component, the Applicant must identify the State and federal environmental laws,

regulations, and policies that will apply to the project, and the environmental documents required under State and federal laws. If an applicant proposes a project including a transportation component, the applicant must identify applicable federal, State, and local laws relating to that component, and any transportation-related permitting and licensing documents required under federal, State and local laws. The applicant must identify laws applying to the population being served and demonstrate that the project will be in compliance with those laws. The applicant must also comply with applicable federal, State, and local privacy laws. The applicant must also identify any approved waivers of any existing laws or regulations, including but not limited to environmental or transportation laws or regulations, required by the intervention design; if waivers are pending, the applicant must include documentation that it has sought the waiver, that it is under consideration, and when approval is expected to be received. Failure to obtain a necessary waiver may be grounds for termination of a grant.

9. An application may contain additional supporting documentation as attachments, such as an existing feasibility study.

b. Form for Project Award

The project application must be prepared using the following formatting and organizational guidelines:

1. Number all pages.
2. The Project Narrative must:
  - i. include a table of contents;
  - ii. be double-spaced, with text in a single column;
  - iii. be a standard 12-point font, such as Times New Roman;
  - iv. use 1-inch margins;
  - v. not exceed 20 pages in length, excluding the table of contents and appendices. The only substantive portions that may exceed the 20-page limit are documents supporting assertions or conclusions made in the Project Narrative. See each individual attachment for page limits.
  - vi. As appropriate, include graphics, charts, or lists to make the information easier to review.
  - vii. If possible, provide website links to supporting documentation rather than copies of these supporting materials. It is important to ensure that the website links are currently active, accessible, and working.
  - viii. If supporting documents are submitted, applicants must clearly identify within the Project Narrative the relevant portion of the Project Narrative that each supporting document supports.
  - ix. Use appropriately descriptive file names (*e.g.*, “Project Narrative,” “Chart,” “Evaluation Design Plan”) for all attachments.
  - x. All file names must be prefaced with the applicant’s name or initials, *e.g.*, “Land of Ozzie Oz” or “LOO.”



### 3. Unique Entity Identifier and System for Award Management (SAM)

Registration for Grants.gov is a critical prerequisite to applying for a grant. It is a multi-step process that may take several weeks to complete before an application may be submitted. Grants.gov scheduled maintenance and outage times are announced on the Grants.gov website, <http://www.Grants.gov>. The deadline will not be extended due to scheduled maintenance or outages. Applicants may incur significant risk by waiting to the last day to submit by Grants.gov. General information for registering and submitting applications through Grants.gov can be found at <https://www.Grants.gov/web/grants/applicants.html> along with specific instructions for the forms and attachments required for submission. Applicants encountering a problem with Grants.gov may call the Grants.gov Contact Center at 1-800-518-4726 or 606-545-5035 to speak to a Customer Support Representative, or e-mail [support@Grants.gov](mailto:support@Grants.gov). The Contact Center is open 24 hours a day, seven days a week, other than on federal holidays, when it is closed. All required documents comprising the application must be included at the time the application is submitted as set forth in Section D.2 Content and Form of Application Submission.

Applications may be withdrawn by providing written notice to [SIPPRA@Treasury.gov](mailto:SIPPRA@Treasury.gov) at any time before an award is made.

Applicants must register with SAM, a federal government-wide portal used for acquisition and federal assistance processes and maintain an active SAM registration until the application process is complete and, if a grant is awarded, throughout the life of the award. SAM registration must be renewed annually.

Treasury suggests finalizing a new registration or renewing an existing one at least one month before the NOFA application deadline to allow time to resolve any issues that may arise. Applicants must use their SAM-registered legal name and address on all grant applications to Treasury. Treasury will not make an award to an applicant if the applicant has not complied with all applicable SAM requirements.<sup>28</sup>

On April 4, 2022, the federal government stopped using the DUNS Number to uniquely identify entities. Now, entities doing business with the federal government use a Unique Entity ID (UEID) created in [SAM.gov](https://sam.gov). The UEID is a unique, multiple-digit sequence recognized as the universal standard for identifying and keeping track of over 70 million entities worldwide. Applicants for federal assistance are no longer required to go to a third-party website to obtain their identifier. This transition allows the government to streamline the entity identification and validation process, making it easier and less burdensome for entities to do business with the federal government.

Applicants must obtain this UEID number immediately to ensure all registration steps are complete prior to submitting an application. Applications will be identified by the UEID of the State or local government lead applicant. Information on how to obtain a UEID may be found at [SAM.gov](https://sam.gov), or by calling 866-705-5711.

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<sup>28</sup> For more information about SAM, see the information provided by the General Services Administration at <https://sam.gov/content/about/this-site>.

If your entity is registered in SAM.gov today, your UEID has already been assigned and is viewable in SAM.gov.<sup>29</sup> This includes inactive registrations. The UEID is located on your entity registration record. You must be signed into your SAM.gov account to view the entity record. The UEID must be entered in the block with the applicant's name and address on the cover page of the application, block 8c on the Form SF 424, Application for Federal Assistance. The name and address in the application must be exactly as given for the UEID number.

#### **4. Submission Date, Time, and Address**

Applications must be submitted between 9:00 a.m. Eastern Time on February 12, 2024 and 11:59 p.m. Eastern Time on April 15, 2024. Applications must be submitted electronically through Grants.gov. Mail, e-mail, telegram, or facsimile (FAX) submissions will not be accepted.

#### **5. Intergovernmental Review**

This funding opportunity is subject to Executive Order 12372, "Intergovernmental Review of Federal Programs," as amended by Executive Order 12416. Some States require that applicants contact their State's Single Point of Contact (SPOC) to comply with the State's SPOC process established pursuant to Executive Order 12372. Names and addresses of the SPOCs are listed on the Office of Management and Budget's homepage at <https://www.whitehouse.gov/wp-content/uploads/2020/04/SPOC-4-13-20.pdf>. Applications from federally-recognized Indian tribes are not subject to intergovernmental review.

#### **6. Funding Restrictions**

Grants will only be awarded to those entities and for those projects that are eligible as described in Section C. Eligibility Information. As discussed above in Section A.3.d Directly Benefit Children, the Act provides that not less than 50 percent of all federal payments made to carry out social impact partnership project agreements shall be used for initiatives that directly benefit children. According to the Act, projects may only be awarded if they produce savings to the federal, State, or local government, as defined in Section A.5 Outcome Valuation Methodology. For this NOFA, Treasury will only consider applications that have a positive Benefit-Cost Analysis (BCA), as explained in Section A.5 Outcome Valuation Methodology. Treasury is placing an upper limit on the amount of each project award- not including the associated independent evaluation- of \$10 million. The federal government will fund up to 15 percent of the amount of the estimated project award for an independent evaluation of the project.<sup>30</sup> Federal awards will not allow reimbursement of pre-Federal award costs.

#### **7. Ethical Conduct of Funded Projects**

Federal award recipients bear primary responsibility for prevention and detection of research misconduct. They must foster an atmosphere conducive to research integrity and maintain and effectively communicate and train their staff regarding policies and procedures. In the event an application to Treasury results in a SIPPPA program award, the State or local government must

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<sup>30</sup> See 42 U.S.C. 1397n-4(f).

designate an Authorized Representative (AR) who is a paid employee of the State or local government. The AR assures, through acceptance of the award, that the recipient will comply with these requirements. An award recipient must, upon request, make available to Treasury the policies, procedures, and documentation that support the training provided to its staff and providers.

Treasury recognizes that data sharing may be complicated or limited, in some cases, by organizational policies, local Institutional Review Board (IRB) rules, and local, State, and federal laws, and regulations. The rights and privacy of individuals and beneficiaries who participate in the implementation of this intervention project must be protected at all times. This includes human subjects assurance statements that the project has been reviewed and approved by an IRB or determined exempt from review. Data intended for broader use must be free of identifiers that would permit linkages to other data on project research participants and variables that could lead to deductive disclosure of the identity of individual participants and beneficiaries.

## **8. Privacy and Confidentiality**

The Act establishes the Commission on Social Impact Partnerships (Commission) whose principal obligation is to make recommendations to Treasury regarding the funding of SIPPRA demonstration project and feasibility studies.<sup>31</sup> The Commission is subject to the provisions of the Federal Advisory Committee Act (FACA), which generally requires that documents made available to the Commission be made available for public inspection and copying.<sup>32</sup> Treasury may provide to the Commission all complete applications received under this NOFA from eligible applicants and expects to make these applications available for public inspection and copying. However, FACA also provides that trade secrets and commercial or financial information that is privileged or confidential under the Freedom of Information Act (confidential business information) need not be made publicly available.<sup>33</sup> In order to comply with FACA's public disclosure requirements while protecting confidential business information in accordance with FACA, each applicant may submit a package of proposed redactions of confidential business information. The Applicant may omit pages for which it does not propose any redactions in this package. Proposed redactions must be highlighted in a way that leaves the material proposed to be redacted visible to Treasury staff. Treasury will review the redactions proposed by each applicant. The Applicant should notify Treasury staff at [SIPPRA@treasury.gov](mailto:SIPPRA@treasury.gov) if they intend to submit any redactions.

## **E. Application Review Information**

### **1. Criteria**

The panel assigned to an application will score that application in accordance with the criteria set forth in the scoring rubric below, which reflects the application content requirements under the Act,<sup>34</sup> and the considerations that Treasury, in consultation with the Interagency Council and the

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<sup>31</sup> See 42 U.S.C. 1397n-6.

<sup>32</sup> See 5 U.S.C. App. 2 10(b).

<sup>33</sup> See *id.*; 5 U.S.C. 552(b)(4).

<sup>34</sup> See 42 U.S.C. 1397n-1(c), 1397n-1(d).

head of the relevant federal agency, is required by the Act to consider when granting awards.<sup>35</sup> The scores will serve as a reference in subsequent phases of review, discussed below. Treasury is not required to make awards in rank order. The panel scores will not be binding with respect to subsequent phases of review. Furthermore, Treasury may reject applications that show significant deficiencies with respect to any one component that is critical to the success of the project under the pay for results model, *e.g.*, an application that does not identify an evaluator that is independent from the other project participants, regardless of the applicant’s total score.

**Subject Matter Review Scoring Rubric**

i.	Value and Savings		30 points
	I.	Savings to federal, state, and local government	10 points
	II.	Value to the federal government	20 points
ii.	Likelihood of Achieving Outcomes		40 points
	I.	Evidence demonstrating intervention can be expected to achieve desired outcome	15 points
	II.	Project budget and service delivery plan	15 points
	III.	Project partners	10 points
iii.	Quality of Evaluation		25 points
	I.	Evaluation design and metrics	15 points
	II.	Evaluator independence and experience	10 points
iv.	Capacity and Commitment to Sustain the Intervention		5 points
TOTAL			100 points

i. Value and Savings

This section has two components: savings to the federal, State, and local governments and value to the federal government. The magnitude of the estimated savings or value will not be a factor in the overall score of the application.

I. Savings to federal, State, and local governments

The Act requires Treasury to take into consideration the savings to the federal, State and local governments.<sup>36</sup> The term “savings” refers to reduced outlays, whether by the federal or State or local government, as applicable, as a result of the project.<sup>37</sup> There must be savings to the State or local government, or to the federal government, for a project to be funded through the SIPRA

<sup>35</sup> See 42 U.S.C. 1397n-2(b).

<sup>36</sup> See 42 U.S.C. 1397n-2(b)(4), (5).

<sup>37</sup> See 42 U.S.C. 1397n-2(b)(5).

program.<sup>38</sup> Increased revenues as a result of the intervention are not considered savings.

The panels will ensure that the Applicant meets the threshold requirement of the presence of federal, State, or local savings. Then, they will assess the quality of the methodology used by the Applicant to arrive at the estimates, how likely the Applicant is to achieve these savings, and comprehensiveness of the estimated savings.

Applicants must include in the application the estimated total savings, estimated savings per project participant, and estimated savings per dollar spent on the intervention. Applicants must also provide the estimated total savings over the period of performance.

## II. Value to the federal government

The federal payment to the State or local government for each specified outcome achieved as a result of the intervention must be less than or equal to the value of the outcome to the federal government over a period not exceeding ten years from the date implementation commences.<sup>39</sup>

Value calculated for the purpose of this NOFA is discussed in Section A.5.a Federal Value for the SIPBRA Program and includes social benefits as well as savings through the BCA. The federal payment to the State or local government for each specified outcome achieved as a result of the intervention will be limited to the value of the outcome to the federal government, which is the net benefit derived from the BCA.

The panel will determine how likely the project is to achieve the value determined through the BCA, how accurate the justification is that the proposed intervention will produce the value proposed by the Applicant, and the comprehensiveness of the Applicant's estimate. The panel will also review the data and approach to ensure it can easily be replicated, and that the data were sufficient for the analysis. The panel will take into account the extent to which the benefits exceed costs.

Applicants must include in the application the estimated total value, estimated value per project participant, estimated value per dollar spent on the intervention, and the ratio of benefits to costs.

### ii. Likelihood of Achieving Outcomes

SIPBRA requires Treasury to take into consideration the likelihood, based on evidence provided in the application and other evidence, that the State or local government in collaboration with the intermediary and the service providers will achieve the specified outcomes.<sup>40</sup> Projects showing a greater likelihood of achieving outcomes will receive more points from the panels, as detailed below.

#### I. Evidence

The panels will review the applicant's identified target population, outcome goals, proposed

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<sup>38</sup> See 42 U.S.C. 1397n-1(b); 42 U.S.C 1397n-5(a)(8).

<sup>39</sup> See 42 U.S.C. 1397n-2(c)(1)(B).

<sup>40</sup> See 42 U.S.C. 1397n-2(b)(3).

intervention(s), and description of the unmet need in the area where the intervention will be delivered or among the target population that will receive the intervention.<sup>41,42</sup> In connection with this consideration, panels will assess Applicants' compliance with the statutory requirement to provide evidence demonstrating that the intervention can be expected to produce the proposed outcomes.<sup>43</sup> More points will be given for applications providing strong evidence in support of the likelihood of achieving the outcomes; in particular, points will be awarded for evidence based on previous interventions or interventions similar to the proposed intervention that were shown to produce the desired outcomes as a direct result of the intervention and not as a result of other factors. See Section A.6.d Evidence for greater detail on evidence standards.

## II. Service delivery plan, project budget, and partnership agreement

The likelihood of success of a SIPBRA program project is in part determined by whether the project is designed, structured, and implemented in a way that will foster success. To this end, the panels will assess the thoroughness and comprehensiveness of the applicant's service delivery plan for delivering the intervention. Panels will review the criteria used to determine the eligibility of an individual for the project, including how the target population will be identified, how individuals will be referred to the project, and how they will be enrolled in it.<sup>44</sup> Applications will be assessed based on the soundness of the methodology for identifying the target population and the thoroughness of the applicant's plan for referring and enrolling individuals, including assurances that the process avoids targeting easier-to-serve individuals from the target population for enrollment. The panel will consider whether, to the extent applicable, the Applicant has demonstrated that members of the target population are not being unfairly discriminated against in the selection, referral, and enrollment process. (See Section F.2.b, Non-discrimination laws and regulations). Panelists will also review the extent to which the target population and related community will be engaged in the development and implementation of the project and evaluation.

The panels will also assess the Applicant's project budget, including projected costs, and the project timeline.<sup>45</sup> The panels will assess the strength of the partnership agreement to the extent not covered under other components of the panel's scoring criteria. Applications will be assessed with respect to the thoroughness of the budget, timeline, and partnership agreement and the extent to which the intervention is achievable under the budget, service delivery plan, timeline, and partnership agreement. To the extent the Applicant intends to use investors and has not already identified and received commitments from them, the panel will consider the experience of the State or local government, intermediary, or service provider in raising private and philanthropic capital to fund social service investments.<sup>46</sup>

## III. Project partners

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<sup>41</sup> See 42 U.S.C. 1397n-1(c)(1), (2), (4), (14).

<sup>42</sup> See 42 U.S.C. 1397n-1(c)(8).

<sup>43</sup> See 42 U.S.C. 1397n-1(c)(3), 1397n-2(c)(1)(D).

<sup>44</sup> See 42 U.S.C. 1397n-1(c)(18).

<sup>45</sup> See 42 U.S.C. 1397n-1(c)(6), (16), (17).

<sup>46</sup> See 42 U.S.C. 1397n-1(c)(11).

Because the likelihood of success is also determined by the capabilities of the project partners, the panels will assess the assigned responsibilities and the qualifications of the partners. This will include an assessment of the applicant's description of the roles and responsibilities of each entity involved in the project, including, to the extent applicable, any State or local government entity, intermediary, service provider, investor, or other stakeholder.<sup>47</sup> The panel will also assess the relevance and depth of expertise of each service provider and capacity of each service provider to deliver the intervention, as described by the applicant.<sup>48</sup> Likewise, the panel will review the relevance and depth of experience of any project intermediary and the capacity of the intermediary to fill the roles assigned to it.<sup>49</sup>

### iii. Quality of Evaluation

#### I. Evaluation design and metrics

The Act requires Treasury to consider the expected quality of the evaluation of the proposed intervention that the independent evaluator will conduct. The panels will assess the project's evaluation design including the rigor and strength of the design, its capacity to determine that the outcomes were as a result of the intervention, feasibility of implementing the evaluation, the quality and availability of the required data, and the Applicant's explanation of how the metrics used in the evaluation are independent, objective indicators of impact.

#### II. Evaluator independence and experience

Panels will review the independence of the evaluator from the other entities involved in the project and the evaluator's experience in conducting rigorous evaluations of program effectiveness. Types of experience that will be reviewed include experience with the chosen evaluation design method on the intervention or similar interventions, the datasets the project expects to use, conducting implementation and causal impact analyses, managing similar evaluation protocols, and dealing with unforeseen data or implementation issues in other program evaluations. The qualifications of the individuals designing and overseeing the evaluation and ensuring its quality, including their education or training and type and years of experience, will also be taken into account.

### iv. Capacity and Commitment to Sustain the Intervention

Finally, the Act requires Treasury to take into consideration the capacity and commitment of the State or local government to sustain the intervention, if appropriate and timely, and if the intervention is successful, beyond the period of the social impact partnership.<sup>50</sup> Panels will consider applicants' submissions with respect to State or local government and service providers' plans to sustain the intervention.<sup>51</sup> Although the primary focus will be on the project period, panels will provide additional points to applications that demonstrate a commitment from the State or local government and service providers and the availability of sufficient funding to

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<sup>47</sup> See 42 U.S.C. 1397n-1(c)(12), (d)(8).

<sup>48</sup> See 42 U.S.C. 1397n-1(c)(10), (13), (23).

<sup>49</sup> See 42 U.S.C. 1397n-1(d).

<sup>50</sup> See 42 U.S.C. 1397n-2(b)(7).

<sup>51</sup> See 42 U.S.C. 1397n-1(c)(24).

extend the project, if appropriate, beyond the project period.<sup>52</sup>

## 2. Review and Selection Process

The following is the review process for determining the award recipients. Each step is explained in greater detail below.

- Phase 1: Completeness and Eligibility Review
- Phase 2: Subject Matter Expert Panel Review
- Phase 3: Consistency Review and Commission Recommendations
- Phase 4: Interagency Council Certification and Treasury Determination
- Phase 5: Review of Federal Awardee Performance and Integrity Information System Information Data and Risk Evaluation

### a. Phase 1: Completeness and Eligibility Review

In the first review phase, Treasury will review all applications to determine eligibility and completeness, which will consist of a technical review to determine whether the applicant is a State or local government; whether the proposed project can qualify as a pay for results project as set forth in Section A.4.a The Pay for Results Model; whether the proposed project qualifies as an eligible project as set forth in Section A.4.b Outcomes; and whether each of the application content requirements set forth in Section D.2 Content and Form of Application Submission, has been satisfied. Prospective applicants are encouraged to consult the SIPPRAs FAQs on Treasury's SIPPRAs website page to help them determine if their proposed project is suitable under the pay for results model.<sup>53</sup> An application received from an ineligible entity or for an ineligible project will be rejected. Applicants are required to establish that the proposed project is an eligible project. Incomplete applications may, at Treasury's discretion, receive further consideration. Treasury expects to afford applicants a reasonable opportunity to fix any such issues, as appropriate.

### b. Phase 2: Subject Matter Expert Panel Review

Treasury will assign complete applications submitted by eligible applicants to a panel of subject matter experts who will be selected based on their knowledge of the social benefit(s) or problem(s), technical expertise in the type of intervention, experience working with the target population that is the subject of the application, or other considerations. Review panelists will be selected from relevant federal agencies. Reviewers will be screened for conflicts of interest.

The panel will review the applications based on the criteria laid out above.

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<sup>52</sup> As noted above, an applicant may discuss the commitment to scalability and building capacity or plans to maintain project benefits and/or continue the intervention beyond the project period in the event the intervention successfully addresses the needs of the target population. An applicant may include plans to make adaptations within its environment to strengthen or expand its proposed intervention beyond the period of performance.

<sup>53</sup> Department of Treasury, SIPPRAs- Pay for Results, <https://home.treasury.gov/services/social-impact-partnerships/sippra-pay-for-results>.



c. Phase 3: Consistency Review and Commission Recommendations

Following the panel review, Treasury will review application scores for consistency among subject matter experts on each panel and across panels and rank the applications. The Act establishes the Commission on Social Impact Partnerships (“the Commission”) whose principal obligation is to make recommendations to Treasury regarding the funding of SIPBRA program projects and feasibility studies. The nine-member advisory commission established by the Act consists of a non-federal Chair appointed by the President and eight non-federal members chosen by congressional leaders.<sup>54</sup> The members of the Commission are required to (1) be experienced in finance, economics, pay for performance, or program evaluation; (2) have relevant professional or personal experience in a field related to one or more of the outcomes listed in this division; or (3) be qualified to review applications for social impact partnership projects to determine whether the proposed metrics and evaluation methodologies are appropriately rigorous and reliant upon independent data and evidence-based research. The Commission will review the applications and make recommendations to Treasury.

d. Phase 4: Interagency Council Certification and Treasury Determination

The Act establishes the Federal Interagency Council on Social Impact Partnerships (“the Interagency Council”). This eleven-member body is chaired by the Director of the Office of Management and Budget and its other members are representatives from the Departments of Labor, Health and Human Services, Agriculture, Justice, Housing and Urban Development, Education, Veterans Affairs, and Treasury; the Social Security Administration; and the Corporation for National and Community Service. The Interagency Council has 10 enumerated responsibilities including certifying Federal savings, providing subject-matter expertise, and advising the Secretary of the Treasury.<sup>55</sup>

The Interagency Council is required to certify that applications contain rigorous, independent data and reliable, evidence-based research methodologies to support the conclusion that the project will yield savings to the State or local government or the federal government if the project outcomes are achieved before Treasury makes its award decision,<sup>56</sup> and accordingly, will determine which applications warrant certification based on these criteria.

Treasury, in consultation with the Interagency Council and the head of any federal agency (or their designee) administering a similar intervention or serving a population similar to that served by the project, will review the applications, taking into account the statutory considerations referenced above as well as the recommendations made by the Commission and the Interagency Council certification (or absence thereof). Depending on the number of meritorious applications, Treasury may consider how the intervention would foster innovation in social policy, yield a diversity of target populations and grantees, advance racial equity and support for underserved communities as described in Executive Order 13985, or any other non-monetary benefits that could not be included in the BCA.

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<sup>54</sup> See 42 U.S.C. 1397n-6.

<sup>55</sup> See 42 U.S.C. 1397n-5.

<sup>56</sup> See 42 U.S.C. 1397n-5(a)(8).

e. Phase 5: Review of Federal Awardee Performance and Integrity Information System Information Data and Risk Evaluation

As required by the Uniform Guidance, Treasury will review and consider any information about an applicant that is in the Federal Awardee Performance and Integrity Information System (FAPIIS) before making any award in excess of the simplified acquisition threshold (currently \$250,000) over the period of performance. Each applicant may review information in the designated integrity and performance systems accessible through SAM and comment on any information about itself that a federal awarding agency previously entered and is currently in the designated integrity and performance system accessible through SAM. Treasury will consider any comments by the applicant, in addition to other information in FAPIIS in making a judgment about the applicant's integrity, business ethics, and record of performance under federal awards when completing the review of risk posed by applicants as described in the Uniform Guidance.<sup>57</sup>

Further, as required by Appendix XII of the Uniform Guidance, non-federal entities (NFEs) are required to disclose in FAPIIS any information about criminal, civil, and administrative proceedings, or affirm that there is no new information to provide.<sup>58</sup> This applies to NFEs for which the total value of active grants, cooperative agreements, and procurement contracts received from all federal awarding agencies exceeds \$10,000,000 for any period of time during the period of performance of an award or project. This means that Treasury may reject an application based on the information contained in FAPIIS even if the applicant otherwise achieves a high score under the 100-point scoring rubric discussed in Section E.1 Criteria, above.

### **3. Application Clarification and Feedback**

During the course of the review process and risk assessment evaluation, Treasury may ask some applicants to provide confirming or clarifying information. Treasury staff uses such information to inform funding recommendations. A request for confirmation or clarification does not guarantee a grant award. If an applicant does not respond by the deadline to a request for information, Treasury may remove its application from consideration. Upon request, Treasury expects to provide feedback to unsuccessful applicants after grant awards have been announced.

### **4. Anticipated Announcement and Federal Award Dates**

The deadline for submitting projects under this NOFA is April 15, 2024. Treasury will begin its review following this deadline. Review will not be conducted on a rolling basis. Treasury anticipates notifying the Applicant of the award decision six months after the application deadline.

## **F. Federal Award Administration Information**

### **1. Federal Award Notices**

Before a grant is awarded, Treasury may enter into negotiations with the applicant regarding

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<sup>57</sup> See 2 CFR 200.205.

<sup>58</sup> See 2 CFR Part 200, appendix XII.

program components, staffing and funding levels, and/or administrative systems in place to support grant implementation. If the negotiations do not result in a mutually acceptable submission, Treasury reserves the right to terminate the negotiations and decline to fund the award.

Treasury expects to announce the results of this competition by Q1 FY 2025. Treasury will provide successful applicants with a Notice of Award (NoA) that will set forth the amount of the award and other pertinent information. The NoA is the legal document issued to notify an applicant that an award has been made. Treasury expects that the NoA will also include standard Terms and Conditions and any Special Award Conditions related to participation in the SIPPPRA program. A copy will also be sent to the electronic mail address listed on the SF-424. The applicant's signature on the SF-424, including electronic signature via E-Authentication on <http://www.grants.gov>, constitutes a binding offer by the applicant.

Note that any communication between Treasury and applicants prior to the issuance of the NoA and prior to the execution of any award agreement is not authorization to begin performance on the project.

Unsuccessful applicants will be notified of their status by electronic mail to the applicant listed on the SF-424. Unsuccessful applicants may apply under subsequent NOFAs, if any.

## **2. Administrative and National Policy Requirements**

Successful applicants selected for awards must agree to comply with additional applicable legal requirements upon acceptance of an award. All grants are subject to the Office of Management and Budget's (OMB's) regulatory requirements for grants codified in the Uniform Guidance. Grantees must agree, as part of their award agreement, to comply with all requirements under 2 CFR Part 200, as applicable. Subpart E of 2 CFR Part 200 is not applicable to the project award, but federal funding for the independent evaluator is subject to Subpart E of 2 CFR Part 200.

### **a. Administrative Program Requirements**

Awards under this NOFA are subject to federal laws, regulations, and policies concerning grants. Below is a non-exhaustive list of requirements with which the applicant will need to comply:

- i. Lobbying Restrictions at 31 CFR Part 21.
- ii. Government-wide Debarment and Suspension Requirements at 31 CFR Part 19.
- iii. Government-wide Requirements for Drug-Free Workplace at 31 CFR Part 20.
- iv. Award Term for Trafficking in Persons at 2 CFR Part 175.
- v. Environmental Requirements

Treasury approval of financial assistance is subject to compliance with applicable federal and State environmental requirements. As discussed under Section D.2.a(g)8 (pg. 22) Legal Compliance, the Applicant must identify the State and federal environmental laws, regulations,

and policies that may apply to the project and the environmental documents that may be required under State and federal laws. Pursuant to the National Environmental Policy Act of 1969, as amended (NEPA), project applications will be evaluated in accordance with Treasury's NEPA procedures and categorical exclusions. Grantees whose projects do not fall within Treasury's categorical exclusions will be required to assist Treasury in conducting an Environmental Analysis and an Environmental Impact Statement for the project, as applicable.

#### b. Non-discrimination Laws and Regulations

All grantees, partners, and sub-recipients, if applicable, must comply with applicable non-discrimination statutes and regulations. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000-2000d7), which prohibits discrimination on the basis of race, color of national origin, and Treasury's implementing regulations, 31 CFR part 22; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex, and Treasury's implementing regulation 31 CFR part 28; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), which prohibits discrimination on the basis of disability; (d) the Individuals with Disabilities Education Act, as amended (20 U.S.C. 1400 et seq.); (e) the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101-6107), which prohibits discrimination on the basis of age, and Treasury's implementing regulations, 31 CFR part 23; (f) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (g) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (h) Section 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290dd-3 and 290ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; and (i) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing.

#### c. Transparency Act Requirements

Applicants must ensure that they have the necessary processes and systems in place to comply with the reporting requirements of the Federal Funding Accountability and Transparency Act of 2006 (P.L. 109-282, as amended by § 6202 of P.L. 110-252) (Transparency Act). All Applicants, except for those excepted from the Transparency Act, must ensure that they have the necessary processes and systems in place to comply with the sub-award and executive total compensation reporting requirements of the Transparency Act, should they receive funding. Upon award, Applicants will receive detailed information on the reporting requirements of the Transparency Act, as described in 2 CFR Part 170, Appendix A. No sub-award of an award made under this NOFA may be made to a sub-recipient that is subject to the terms of the Transparency Act unless that potential sub-recipient acquires and provides a Unique Entity Identifier.

#### d. Access to Records/Oversight

By accepting a project award under this NOFA, the Awardee agrees to make available to Treasury, the Comptroller General, agency Inspectors General, the administering agency, or any of their authorized representatives, all data and documents that might be needed, including

contracts and agreements, regardless of whether outcomes are achieved and payment is received, in the Awardee's possession or available to the grantee. Awardees must also agree to provide timely and reasonable access to program operating personnel, project partners, and participants. This evaluation may make use of program management information system data, local administrative data, financial data, and program progress reports. It is critical that Awardees keep this information up to date and accurate for performance measurement, evaluation, and auditing purposes. Awardees may be required to: (1) provide access to pertinent documents; (2) host site visits; (3) facilitate interviews with grantee staff, partners and the independent evaluator; (4) attend grantee meetings; and (5) provide additional data. By accepting a project award under this NOFA, the Awardee also agrees to participate in a national cross-site evaluation in the event that the federal government conducts one.

e. Intellectual Property Rights

Intellectual property rights relating to the activities of the Awardee and all partners in the project, including the evaluator, intermediary, and service provider(s) are subject to 2 CFR 200.315.

f. Record Retention

Applicants must follow federal guidelines on record retention, which require Awardees to maintain all records pertaining to grant activities for a period of not less than three years from the time of final grant close-out.

g. Requirements Applicable to Construction and Real Property Acquisition

Additional requirements may apply to projects involving construction or the acquisition of real property. Applicants should discuss such projects with Treasury staff prior to submitting an application.

h. Other Requirements

Awardees must comply with existing laws and regulations governing the subject area of the project and the relevant federal agency administering the project. If the intervention design requires exceptions to any such existing laws and regulations, the applicant must obtain a waiver from the governing federal, State, or local agency.

i. Special program requirements

i. Evaluation Agreement

For each social impact project grant approved by Treasury, the head of the relevant federal agency, as recommended by the Interagency Council and determined by Treasury, will enter into an agreement with the grant recipient to pay for all or part of the independent evaluation for the project up to 15 percent of the award amount. Under the Act, the head of the relevant federal agency may not enter into an agreement with a State or local government unless the head determines that the evaluator is independent of the other parties to the agreement and has

demonstrated substantial experience in conducting rigorous evaluations of program effectiveness including, where available, well-implemented RCTs and quasi-experimental analyses on the intervention or similar interventions.

ii. Federal Register Publication of Notice of Award

The Act provides that not later than 30 days after entering into an agreement for an award, Treasury must publish a notice in the Federal Register that includes the following information about the award.

- The outcome goals of the project.
- The target population that will be served by the project.
- A description of each intervention in the project.
- The expected social benefits to participants who receive the intervention and others who may be impacted.
- The detailed roles, responsibilities, and purposes of each federal, State, or local government entity, intermediary, service provider, independent evaluator, investor, if any, or other stakeholder.
- The payment terms, the methodology used to calculate outcome payments, the payment schedule, and performance thresholds.
- The project budget.
- The project timeline.
- The project eligibility criteria.
- The evaluation design.
- The metrics that will be used in the evaluation to determine whether the outcomes have been achieved as a result of each intervention and how these metrics will be measured.
- The estimate of the savings to the federal, State, and local government, on a program-by-program basis and in the aggregate, if the agreement is entered into and implemented and the outcomes are achieved as a result of each intervention.

Additionally, the Act requires that this information, along with progress reports and final reports relating to each project, be posted on a website established and maintained by the Interagency Council.

iii. Changes to the Statement of Work

Upon grant of an award, the proposal will become the grant's statement of work. Treasury discourages any post-award changes to the target population, outcome(s), intermediary, and independent evaluator. Under extenuating circumstances, Treasury and/or the relevant federal agency administering the grant at its sole discretion may approve revisions to the statement of work. Changes to the intervention strategy and source of up-front project funding may be made with prior written approval from Treasury or the administering federal agency. To start this process, the Awardee must timely notify Matthew Cook, SIPBRA Director, at [SIPBRA@Treasury.gov](mailto:SIPBRA@Treasury.gov) of these changes as they occur and provide appropriate documentation to update the statement of work.

### 3. Reporting

Awardees must agree to meet the reporting requirements as listed below or as otherwise specified in the award agreement. Administrative reports must be submitted electronically to Treasury or to the relevant federal agency, as specified in the award agreement.

#### a. Performance Report

An Annual Performance Report form must be submitted within 90 days of the end of each calendar year of the award period of performance. A final performance report is due 90 calendar days after the period of performance end date. Each report must summarize project activities, including the current stage of program implementation; progress towards achieving the outcome goals, including number of people served; significant milestones of the Awardee, intermediary, investors, if any, and evaluator; and related results of the project. It must thoroughly document the partnership activities and decision-making structure used to implement the pay for results model. These reports may be made publicly available. Upon award, Treasury or the administering federal agency will provide detailed formal guidance about the data and other information that is required to be collected and reported on either a regular basis or special request basis.

#### b. Evaluation Progress Reports

Not later than two years after a project has been approved and biannually thereafter, the independent evaluator must submit a written report to the head of the relevant federal agency and the Interagency Council summarizing the progress that has been made in achieving each outcome specified in the award agreement. Data in evaluation progress reports and final reports will be made available to all federal agencies represented on the Interagency Council, and data content requirements will be specified in the agreement between the grantee and the head of the relevant federal agency.

When an Awardee's intervention has achieved one or more outcomes, pre-defined outcome target(s) have been met, and the grantee wishes to receive an outcome payment in accordance with the outcome payment structure originally proposed, the independent evaluator must submit to the head of the relevant federal agency and the Interagency Council a written report that includes the results of the evaluation conducted to determine whether an outcome payment must be made.

The report must include information on the unique factors that contributed to achieving or failing to achieve the outcome in the context of the intervention. This must include, but is not limited to, any major change in policy or law that may have affected the project intervention and the challenges faced in attempting to achieve the outcome. The report may also include information on what was learned during the evaluation including how to improve future service delivery or implementation.

The report must also assess the degree to which the project was delivered as intended, including a discussion of how closely the project's theory and intended procedures aligned with actual

project implementation. The report must include information related to the intervention model, including whether it has evolved and whether the intervention was delivered with fidelity to the plan. The report should detail how staffing, recruitment/identification and screening of participants, selection, and enrollment were different from what was expected at the outset.

The progress report must include an assessment by the independent evaluator of the value to the federal government as discussed and defined in Section A.5.a Federal Value for the SIPPR Program. In calculating the value to the federal government of the completed outcome(s), the independent evaluator may only take into consideration the benefits from the BCA achieved as a result of the outcome(s).

The Interagency Council will submit these reports to Treasury and to each committee of jurisdiction in the House of Representatives and Senate within 30 days of receipt.

### c. Final Evaluation Report

Within six months of project completion, the independent evaluator must submit a final report to the head of the relevant federal agency and the Interagency Council. The report must assess the effects of the intervention and include a discussion of the findings and implications, as well as a definitive statement about whether the predetermined outcomes have been met and whether the State or local government has fulfilled each obligation of the agreement. This must include information on the unique factors that contributed to the achievement or failure to achieve outcomes, including but not limited to any major change in policy or law that may have affected the project intervention, a description of the research methods, e.g., randomization of treatment and control groups, if applicable, data, sample size and characteristics, measures, and other factors, as well as findings, including impacts – for exploratory and confirmatory, short and long-term, subgroup analyses, and other findings.

The report must also assess whether, and the degree to which, the project was delivered as intended. This must include a discussion of how closely the project's theory and intended procedures aligned with actual project implementation. This portion of the report must include information related to the intervention model, including whether it has evolved and whether the intervention was delivered with fidelity; staffing; recruitment/identification and screening of participants; selection and enrollment; and how the intervention was implemented. The report must also discuss information regarding the improved future delivery of this or similar interventions.

The independent evaluator's final report for a project must include an assessment of the value to the federal government as discussed and defined in in Section A.5.a Federal Value for the SIPPR Program. In calculating the value to the federal government of the completed outcome(s), the independent evaluator may only take into consideration the benefits from the BCA.

The Interagency Council will submit this final report to Treasury and to each committee of jurisdiction in the House of Representatives and Senate within 30 days of receipt. This report will be made publicly available.



## **G. Federal Awarding Agency Contact**

For further information about this NOFA, please contact Matthew Cook, SIPPPRA Director, at [SIPPPRA@Treasury.gov](mailto:SIPPPRA@Treasury.gov). Applicants should e-mail all technical questions to [SIPPPRA@treasury.gov](mailto:SIPPPRA@treasury.gov) and must specifically reference NOFA/CFDA 21.017, and include a contact name and phone number. This NOFA is also available on Treasury's SIPPPRA Web site at <https://www.treasury.gov/SIPPPRA> and at <http://www.Grants.gov>.

## **H. Other Information**

Treasury has determined that this NOFA imposes new information collection requirements subject to the Paperwork Reduction Act of 1995. The information collection for the Project Narrative, Administrative Reporting, and Records Retention provisions contained in this NOFA has been approved under OMB control number 1505-0260. Other information requirements gathered via the SF-424 family of forms have already been approved under the following OMB control numbers: Information for Federal Assistance covered under 4040-0004, Budget Information for Non-Construction Programs covered under 4040-0006, Budget Information for Construction Programs covered under 4040-0008, Disclosure of Lobbying Activities covered under 4040-0013, Assurance for Non-Construction Programs covered under 4040-0007, Assurance for Construction Programs covered under 4040-0009 and Key Contacts, Project Abstract and Project/Performance Site Location covered under 4040-0010.

## I. Appendix I: Example of Outcome Valuation Process

This example is meant to be a guide to the process of outcome valuation, not a specific recommendation of how to account for the costs and benefits of particular types of interventions.

A city is setting up a program with the hopes of reducing property and violent crimes by building in time in the work schedules of police officers to build relationships with members of the community. This city is divided into 100 police precincts, half of which are randomly assigned to participate in the program. The program will run for 10 years. For each of the 50 participating precincts, the per year cost of the program is \$50,000 in 2023 dollars. The expectation is that participation in the program will result in five fewer violent crimes and 40 fewer property crimes each year. For the sake of simplicity, it is assumed that the program's effects are constant over time, and end immediately after ten years. Applying these estimates to average crime rates over the previous 10 years yields the estimates presented in the table below.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Crime Reduction	40	40	40	40	40	40	40	40	40	40
Violent Crime Reduction	5	5	5	5	5	5	5	5	5	5

### *Step 1- Demonstrate savings to the federal, State, or local government*

The program will incur additional outlays in the form of program costs but will lower outlays on criminal justice costs. The net result is a reduction in outlays. The program will cost \$50,000 each year. Reduced criminal activity results in lower costs to the city from criminal justice activity from reduced arrests and police costs, court costs, and the costs of incarceration. Drawing from Autor et al. (2017), the cost of criminal justice activity of each property crime is assumed to be \$2,781 and the cost of each violent crime is assumed to be \$19,519.<sup>59</sup> It is assumed that there will be 40 fewer property crimes and 5 fewer violent crimes each year. Thus, the total savings are  $10 \times (2,781 \times 40 + 19,519 \times 5 - 50,000) = \$1,588,350.00$ .

Savings Breakdown	
Federal Savings	\$ (500,000.00)
State & Local Savings	\$ 2,088,350.00
Total Savings	\$ 1,588,350.00

### *Step 2- Assess costs and benefits from the intervention's effect on the target population for each time period*

<sup>59</sup> Autor, David H., Christopher J. Palmer, and Parag A. Pathak. Gentrification and the amenity value of crime reductions: Evidence from rent deregulation. No. w23914. National Bureau of Economic Research, 2017. [https://www.nber.org/system/files/working\\_papers/w23914/w23914.pdf](https://www.nber.org/system/files/working_papers/w23914/w23914.pdf).

The distribution of property and violent crimes in the hypothetical city in this example are assumed to be the same as Cambridge, Massachusetts from 1992-2005, making a direct application of estimates from Table A2 of Autor et al. (2017) possible.<sup>60</sup> There are two categories of benefits (prevented criminal costs) that accrue to the target population. The first is the benefit of reduced “victimization costs,”—i.e., the monetary value of the disutility of being a victim of a crime. Based on estimates from Cohen and Piquero (2009), the victimization cost of a violent crime is \$66,923 (in 2023 dollars) and the cost of a property crime is \$1,830 (in 2023 dollars).<sup>61</sup> The second benefit is the reduced “offender productivity costs,” i.e., the opportunity costs resulting from incarceration. These are approximated using lost wages. For violent crimes, the reduced offender productivity costs are \$9,644 per crime and for property crimes, the reduced offender productivity costs are \$1,149 per crime.

There are both costs and benefits that accrue to taxpayers as a result of the intervention. First, the program will cost \$50,000 each year. Second, reduced criminal activity results in lower costs to the city from criminal justice activity. As stated above, drawing from Autor et al. (2017), the cost of criminal justice activity of each property crime is assumed to be \$2,781 and the cost of each violent crime is assumed to be \$19,519. These figures are all multiplied by 1.25, the Marginal Cost of Public Funds used in SIPRA.

### *Step 3- Assess external costs and benefits*

Crime imposes external costs on the community beyond the costs imposed on those directly affected. In other words, even if you are not directly the victim of a crime, there is still disutility from living in an area where others are victimized. However, there is little revealed-preference-based evidence on the willingness to pay to reduce criminal activity to prevent the disutility of crimes being committed against others. Thus, for this example, it is assumed that the external costs and benefits (other than criminal justice costs assessed in Step 3) are zero.

### *Step 4- Sum costs and benefits by time period*

The table below gives the yearly costs (\$50,000 to run the program) and the benefits (victimization cost reduction, productivity cost reduction, and criminal justice cost reduction) of the program.

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<sup>60</sup> Autor, David H., Christopher J. Palmer, and Parag A. Pathak. Gentrification and the amenity value of crime reductions: Evidence from rent deregulation. No. w23914. National Bureau of Economic Research, 2017. [https://www.nber.org/system/files/working\\_papers/w23914/w23914.pdf](https://www.nber.org/system/files/working_papers/w23914/w23914.pdf). These estimates are themselves based on Cohen, Mark A., and Alex R. Piquero. "New evidence on the monetary value of saving a high risk youth." *Journal of Quantitative Criminology* 25 (2009): 25-49. <https://link.springer.com/article/10.1007/s10940-008-9057-3>.

<sup>61</sup> All 2008 cost estimates are adjusted using CPI-U for all urban consumers. These cost estimates are based on a weighted average of the various crimes which constitute the category. The distribution of property and violent crimes in the hypothetical city in this example are assumed to be the same as Cambridge, Massachusetts, making a direct application of estimates from Table A2 of Autor et al. (2017) possible.

		Marginal Cost/Benefit										
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Formula
		<b>Benefits</b>										
Property Crime Reduction	Victimization Cost	\$ 73,200.00	\$ 73,200.00	\$ 73,200.00	\$ 73,200.00	\$ 73,200.00	\$ 73,200.00	\$ 73,200.00	\$ 73,200.00	\$ 73,200.00	\$ 73,200.00	\$1,830X40
	Productivity Cost	\$ 45,960.00	\$ 45,960.00	\$ 45,960.00	\$ 45,960.00	\$ 45,960.00	\$ 45,960.00	\$ 45,960.00	\$ 45,960.00	\$ 45,960.00	\$ 45,960.00	\$1,149X40
	Criminal Justice	\$ 139,050.00	\$ 139,050.00	\$ 139,050.00	\$ 139,050.00	\$ 139,050.00	\$ 139,050.00	\$ 139,050.00	\$ 139,050.00	\$ 139,050.00	\$ 139,050.00	\$2,781X1.25X40
Violent Crime Reduction	Victimization Cost	\$ 334,615.00	\$ 334,615.00	\$ 334,615.00	\$ 334,615.00	\$ 334,615.00	\$ 334,615.00	\$ 334,615.00	\$ 334,615.00	\$ 334,615.00	\$ 334,615.00	\$66,923X5
	Productivity Cost	\$ 48,220.00	\$ 48,220.00	\$ 48,220.00	\$ 48,220.00	\$ 48,220.00	\$ 48,220.00	\$ 48,220.00	\$ 48,220.00	\$ 48,220.00	\$ 48,220.00	\$9,644X5
	Criminal Justice	\$ 121,993.75	\$ 121,993.75	\$ 121,993.75	\$ 121,993.75	\$ 121,993.75	\$ 121,993.75	\$ 121,993.75	\$ 121,993.75	\$ 121,993.75	\$ 121,993.75	\$19,519X1.25X5
		<b>Costs</b>										
Direct Cost		\$ 62,500.00	\$ 62,500.00	\$ 62,500.00	\$ 62,500.00	\$ 62,500.00	\$ 62,500.00	\$ 62,500.00	\$ 62,500.00	\$ 62,500.00	\$ 62,500.00	\$50,000X1.25
<b>Total Net Benefits</b>		\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	

*Step 5 Appropriately account for inflation and sum across time periods*

Finally, all dollars are put in constant (year 10) dollars assuming inflation grows at the rate set out in the FY 2024 Mid-Session Review of the Budget of the U.S. Government. Year 1 is 2024, and this example runs through 2033.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Net Benefits	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 700,538.75	\$ 7,005,387.50
Net Benefits in Year 10 Dollars	\$ 859,632.58	\$ 840,305.55	\$ 821,413.05	\$ 802,945.31	\$ 784,892.78	\$ 767,246.11	\$ 749,996.20	\$ 733,134.12	\$ 716,651.14	\$ 700,538.75	\$ 7,776,755.59

This analysis shows a positive net benefit of \$7,776,755.59, which is the outcome payment cap for this intervention. The benefit-cost ratio is 12.2.

## **J. Appendix II: Integration of Managed Care Information/Data**

### *For applicants who plan to use savings from Medicaid or CHIP: Integration of Managed Care Information/Data*

Treasury anticipates that applicants may have projects affecting individuals who receive managed care services from Medicaid or CHIP. To ensure that the calculations of benefits from reduced health care spending in these contexts properly demonstrate that those benefits accrue to the federal government or other public payers rather than to managed care organizations, applicants proposing projects that include a managed health care component must include a section in their application entitled “Managed Health Care Information.” This section must include, at a minimum, answers to the following questions, as applicable:

- To what degree will participants in the intervention be covered by comprehensive, risk-based managed care during the period of the demonstration?
- For intervention participants covered by a managed care organization, how would savings accrue to the federal government rather than the entity taking on risk?
- What services, if any, will be carved out of managed care for this population?
- If multiple capitation rates are used, which rate cells (by eligibility group or other category) will be used for the SIPBRA program project participants?
- With what frequency will capitation rates for the population covered by comprehensive, risk-based managed care be redetermined during the period of the SIPBRA program project?
- How would this intervention lead to reduced capitation rates?
- While the level of impact cost and utilization data will have on a capitation rate will vary, if the anticipated intervention effect is small and/or the population impacted by the intervention makes up a relatively small proportion of the rate cell (or grouping of Medicaid beneficiaries with similar characteristics for the purposes of determining a capitation rate), it may be unlikely that the effect will be large enough to change the capitation rate, even if the cost and utilization reductions occur. Is the impact of the intervention effect (or impacted population size) meaningful relative to size of the managed care program?
- For the population covered by managed care, what proportion of individuals covered under the relevant rate cell(s) are participants in the intervention?
- Is the proportion sufficient to trigger changes in the capitation rate under current procedures? If not, please be specific about how you will work with your State Medicaid Agency to ensure cost and utilization changes among this population due to the intervention are captured and incorporated into adjustments to the capitation rate.
- Please clarify if you will have access to robust historical (e.g., at least 2 years) data to ensure that the comparison group is matched as well as possible to the actual cost or claims data to accurately assess federal savings through the evaluation.
- Please note that lags in realization of governmental savings in managed care contexts, relative to those in Fee for Service contexts, will not preclude consideration so long as the savings are realized within the ten-year time period and the BCA procedures discussed above are followed.

## K. Appendix III: Benefit-Cost Analysis Tools

The value that individuals place on policies, goods, or other actions can be difficult to assess as changes in the welfare of individuals cannot be directly observed. Therefore, the BCA analyst must rely on individuals revealing their preferences through the choices they make. For example, if a person chooses to purchase car A over (equally priced) car B, it is reasonable to assume they prefer car A over car B. If a person chooses to not pursue further education when they are able to do so, it is reasonable to assume that they believe the costs of the next period of education exceed the benefits.

BCA should rely on revealed preference, either within the target population, or based on careful research in other contexts. When possible, stated preference (for example, surveys of how much an individual values a particular good or service) should be avoided in arriving at any of the core assumptions of the BCA.

Two examples of tools that high-quality studies employ are: 1) “willingness-to-pay,” a measure of the maximum amount individuals are willing to spend to obtain a given benefit; and 2) “willingness-to-accept,” the minimum amount individuals are willing to accept to relinquish or forego a given benefit. Market prices provide a valuable starting point for measuring willingness-to-pay and willingness-to-accept, but they can also be estimated through revealed preference or other methods.

Revealed preference methods have the benefit of being based on observable behavior often involving market transactions. These methods can be particularly useful to establish values of certain benefits and costs that are reflected in observable tradeoffs that people actually make. For example, it is possible to ascertain willingness to pay by observing how much an individual purchases at different prices. Cohen et al. (2016) use a rich data set on Uber rides (a ride sharing app) to assess individuals’ willingness to pay for a ride by observing whether they go through with the purchase after observing the price. While such detailed data are rarely available in other contexts, willingness-to-pay calculations can often be made even for outcomes that are never directly priced, such as the value of a statistical life (VSL).<sup>62</sup> Another example is an intervention may try to reduce teenage overdoses through an education program. The primary benefit of such a program would be reduced mortality, and thus the applicant would use existing estimates of the VSL to multiply by the estimated number of lives saved. Existing estimates of the VSL are often calculated by observing how much people are willing to spend to reduce their risk of death in certain contexts. For example, some studies use the additional amount that a firm must pay its employees to induce them to work a relatively riskier job (a compensating differential) to estimate the VSL. Other studies use willingness to pay for car features that will reduce the probability of death in certain types of accidents but cost more than equivalent cars without these features. For further guidance on using VSL estimates in BCA, consult the March 2021 Department of Transportation Guidance, March 2021.<sup>63</sup> BCA may rely on revealed preference,

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<sup>62</sup> Cohen, Peter, Robert Hahn, Jonathan Hall, Steven Levitt, and Robert Metcalfe. *Using big data to estimate consumer surplus: The case of uber*. No. w22627. National Bureau of Economic Research, 2016. [https://www.nber.org/system/files/working\\_papers/w22627/w22627.pdf](https://www.nber.org/system/files/working_papers/w22627/w22627.pdf).

<sup>63</sup> Department of Transportation, Treatment of the Value of Preventing Fatalities and Injuries in Preparing Economic Analyses, 2021. <https://www.transportation.gov/sites/dot.gov/files/2021-03/DOT%20VSL%20Guidance%20-%202021%20Update.pdf>.

either within the target population, or based on careful research in other contexts.